

groupnews



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welcome

ON BEHALF OF THE STRACON BOARD AND EXECUTIVE TEAM, I TAKE THIS OPPORTUNITY TO THANK OUR EMPLOYEES, CLIENTS, SUBCONTRACTORS AND SUPPLIERS FOR YOUR ONGOING SUPPORT, AND WISH YOU ALL A SAFE AND PROSPEROUS FESTIVE SEASON.

Welcome to this edition of STRACON Group News. We were extremely pleased with the positive feedback following our inaugural issue earlier in the year, and trust that you will find this second edition as enjoyable.

The past six months have been busy, with key highlights including the successful first railing of coal from Takitimu Mine, marking the commencement of Eastern Corporation's supply of coal to Fonterra's Clandeboye Dairy Processing Plant in South Canterbury, New Zealand; the commissioning of the Cerro Corona Copper Gold mine in Peru, where STRACON's contract has been extended by Gold Fields; and the formation of a relationship with John Holland Mining of Australia, to pursue a contract mining opportunity in New Zealand.

The development of STRACON's greatest resource, our people is a key area of focus for our management team. We have recently engaged Sheffield, an industry leading Human Resources consultancy firm, to work with STRACON to strengthen and enhance our Human Resource management capabilities across our business.

> STEVE DIXON
CHIEF EXECUTIVE OFFICER

STRACON continues to support the local communities within which we operate, and some of our ongoing efforts in this area of our business are featured throughout this edition.

The current global financial crisis which has led to a sharp fall in various commodity prices, including those produced by a number of our clients, is a reminder of the challenges we face on a day to day basis. As a contracting organisation, we are acutely aware of the importance of productivity and cost management, however during these uncertain times we must make additional concerted effort to work with our clients to ensure we maximise efficiencies and reduce costs wherever possible.

As we reflect on this past year, I would like to reaffirm our commitment to creating and maintaining a safe workplace for all our people. We must remain motivated to eliminate unsafe work practices to ensure each and everyone one of our employees returns home to their family safely.

On behalf of the STRACON board and executive team, I take this opportunity to thank our employees, clients, sub-contractors and suppliers for your ongoing support, and wish you all a safe and prosperous festive season.

- EL BROCAL PROJECT UPDATE
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- CERRO CORONA PROJECT UPDATE
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ANDREW COX AND TIM WILLIAMS

el brocal project update

Peru
By Andrew Cox | Project Manager



A MONTH OF CHANGE

November has brought about some changes for the El Brocal Opencast Project. The world economic crisis has led to rapid and dramatic drops in metal prices, with lead, zinc and silver all falling by almost 50 percent in value. In light of this our client Sociedad Minera El Brocal has put the Western High Wall Push Back Project on hold, and is now reviewing the whole pit expansion project with a view to redefining the economic zones using higher cut-off grade.

Initially our TEREX shovel was moved down to the intermediate zone on the Western Batter, however a combination of narrow work areas, contact with ore, and a slippery ramp made for challenging conditions and less than optimal productivity.

In consultation with the client, it was agreed to move the Shovel to the old in-pit waste dump, where a project has been defined with better strip ratios

and shorter haul distances, which will be undertaken until the end of the year while the world waits to see what metal prices will do.

The Shovel began moving in-pit (or re-handle) material in early November. Due to the soft nature of this material, and the potential for floor problems in the rainy season, we are working the Shovel on 12 metre benches instead of our usual six metre ones. These coincide with the old dump surface levels, where we have a competent material to run the CAT trucks on.

The second big change for the month has been the arrival of Tim Williams to replace Andrew Cox, who has been Project Manager on site for over three years.

Tim joined Consorcio Pasco (GyM—STRACON) in the second week of November. He has 18 years experience in both underground and open-pit operations. Before joining us Tim spent four years in the Geita Gold Mine operation in Tanzania, East Africa. We welcome Tim and wish him all the best for the future at the Brocal Project. ■



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reefton

project update

New Zealand

By Chris Huggins | Project Administrator

PRODUCTION

Production at Reefton continues well, with the West Coast's famous climate remaining the main challenge! For the year to date we are four percent ahead of our target for ore delivered to the ROM, and have achieved 99 percent of the target for total movement.

NEW ROSTER GENERATES EXTRA LEAVE

The month of October saw the introduction of our new roster system, which entails moving to a three day/ three night/three off panel, with six days off every four cycles. This reduces the total of 243 days worked per year under the old roster, to 209 days per year under the new one, effectively giving each shift worker an extra 34 days off per year.

The new roster has required an additional nine Operations and three Maintenance staff. Responses to recruitment efforts have been positive and we are confident we will soon have our full complement of staff.

We believe the new roster will improve working conditions for staff, while having the additional bonus of reducing equipment downtime—the end result making Reefton an even better place to work!

TRAINING

Employing extra staff means that we are welcoming them to STRACON, and inducting and training them in our standard operating procedures. This is undertaken by our own training staff, with some external assistance.

STRACON is also setting up supervisor training modules that include:

1. Alliance Induction
2. Environmental Standards
3. Geotechnical Issues
4. ORE Management
5. Health & Safety—including:
 - a. Incident Investigation
 - b. Job Safety Analysis
 - c. Hazard Management
 - d. Risk Management
 - e. People Management

HEALTH & SAFETY

In addition to re-thinking training requirements, the high importance placed on health and safety has seen a number of new initiatives implemented in the last few months:

- “Take Out” is a new system that has been instigated involving a one-on-one process between the Health and Safety Officer and any employee or sub-contractor talking about the current task being undertaken, what hazards are present, what controls are in place and what additional controls could

improve the safety of the task. The objective is to encourage a two-way awareness of specific tasks and the relevant working conditions.

- The Hazard Alert forms have been redesigned and the volume of internal safety alerts increased to a minimum target of five per month, with an additional five external safety alerts also being presented.
- One work procedure will be run through each day, rotating through the crews, as a reminder to basic site rules and processes.
- An award system with a Safety Award Certificate and hardhat sticker issued for LTI free days of 180, 365 & 730; barbecues will also be held to celebrate three months LTI free, and other functions for six months and one year LTI free periods.
- Woollen hats, drink-coolers and Alliance clothing are issued to employees completing an initial training and induction session, presented by Alliance Manager Paul Miles; coffee mugs have been ordered for all staff. These will have the employee's name, Alliance logo and a safety message on each mug. ■

NIGEL WEST



CARLOS FERNANDEZ, JUAN GONZAGA, WALTER DAVILA, CARLOS ESCOBAR, WALTER PRADO, MARCO TEJADA AND JORGE CHACALTANA

cerro corona

project update

Peru

By Marco Tejada | Project Manager

With the commissioning of the process plant completed and commencement of metal production, August 2008 saw the start of a new challenge at Cerro Corona Mine for Gold Fields La Cima (GFLC) personnel and its contractors.

STRACON continues its relationship with the company with a Maintenance contract covering more than 90 items of major and auxiliary equipment. Working together with three different sections of GFLC (Project Operations, Logistics and Process) there is the intention of ensuring a high level of equipment availability across the fleet.

Work in a new mine can be a daily challenge, and to date every week has seen at least one emergency in the middle of the night. However our mechanics have always been ready to

give a hand, no matter if it is only to change a hose or repair a genset.

This month, in conjunction with relevant GFLC staff, we began training sessions for local Process area operators in order to improve standard equipment operating procedures. Our mechanics have also been participating in GFLC workplace safety meetings at the invitation of the company, with the objective of improving safety in all areas. We appreciate the open and collegial approach that is being taken towards health and safety on the work site, and look forward to continuing to work together with GFLC in these areas.

2009 will be a year of challenges for the new mine with new projects such as “Las Aguilas” Tailings Dam. ■



takitimu

project update

New Zealand
 By Luis Seminario | Project Engineer

NORM RODGERS, PHILL REINSFIELD AND SHIRALEE MARTIN

Since our first edition of STRACON's newsletter there have been a number of high-lights for the project:

- On 25th August the first train load of coal was dispatched from the mine, marking the commencement of the supply of coal from Takitimu to Fontera.
- Project production has increased from 732,000 bcm to 1,335,000 bcm of overburden/interburden material, and from 37,400 tonnes to 101,600 tonnes of coal as at the end

of October,exceeding the contractual scheduled targets by 43 percent for the current year.

- Our new Hitachi excavators and Komatsu dump trucks have now clocked over 1,000 hours each, and their availability has been close to 100 percent.
- Block 2 of the pit has now been stripped to coal, and Block 3 is now being worked, with half of the Block now exposed to the top of the UM1 coal seam. Ground water has been

our biggest challenge in the pursuit of coal seams.

- While for the last two years all overburden material has been carted out of the pit, in October we finally established an in-pit dumping area.
- The project team, now consisting of 15 personnel, has completed 2 years without an LTI. A fine achievement. Well done and thank you everybody! ■



“ THE PROJECT TEAM, NOW CONSISTING OF 15 PERSONNEL, HAS COMPLETED 2 YEARS WITHOUT AN LTI. ”

STANDING LEFT TO RIGHT: VICKI CLARKE, NORM RODGERS, PHILL REINSFIELD, DALE THOMPSON, DREW ROGERS, MARK WARDS, NATHAN BOOTH, DANIEL ROFF AND ALAN BLACK
 SEATED LEFT TO RIGHT: LEITH COMPTON, SHIRALEE MARTIN, ROB PHILLIPS AND NEVILLE BOKSER





glen eyrie downs

project update

New Zealand
 By Luis Seminario | Project Engineer



AMT

maintenance package

By Chris Huggins | Project Administrator

At Reefton we have recently implemented the AMT (Asset Management Tool) maintenance package. This is a great tool and will enable us to closely monitor our costs and performance. With the important benchmark data now so readily available, we have installed a Key Performance Indicator reporting area within the workshop so all workshop staff can see the equipment and maintenance team's performance and trends.

Liz Marcelo, a previous employee of GyM STRACON in Peru, has assumed the role of Maintenance Planner at Reefton. Liz has more than eight years experience as a diesel mechanic and equipment administrator. We welcome Liz and are confident her presence will greatly improve our planning and forecasting strength in the workshop.

The new wash-bay will soon be completed and will complement our maintenance infrastructure, enabling us to carry out repairs and inspections in a cleaner and tidier environment. This will not only improve the efficiency and quality of repairs and reduce downtime, but also the presentation of our equipment. ■



STRACON was awarded a contract by Southdown Holdings Limited in September for the removal of wilding pine and weed control at Glen Eyrie Downs in Omarama, in the South Island of New Zealand.

Over an area of approximately 590 Ha, the scope of work involves removing wilding pines including stumps, and raking and burning the debris and discing ready for seed planting in an area of approximately 590 hectares.

The client plans to initially use the land to grow wheat and barley for ethanol production and canola for biodiesel. The future plan for the area is to divide the land into a number of dairy farms.

A crew of six experienced operators led by George Shaw started the works in early October 2008, and the contract is expected to be completed during February next year. ■

riverside park

project update

New Zealand
 By Luis Seminario | Project Engineer

In June STRACON was awarded a contract to carry out the earthworks construction phase of Stages 1 and 2 of the Riverside Park Subdivision. This new development is located in Albertown, close to the Wanaka township in the Southern Lakes District.

Earthworks involve the movement of approximately 130,000 m³, and consists of stripping topsoil, cut to waste, cut to fill and topsoil re-spreading operations. When completed the development will

EARTHWORKS INVOLVE THE MOVEMENT OF APPROXIMATELY 130,000 M³, AND CONSISTS OF STRIPPING TOPSOIL, CUT TO WASTE, CUT TO FILL AND TOPSOIL RE-SPREADING OPERATIONS.

have a total of 224 sections ranging from 700m² to 1,850m² in size.

The client, Infinity Investment Group, aims to maintain the highest standards in recreational living,



SIMON GARRICK



and it is proposed that Riverside Park will have a true community feel with neighborhood reserves, a communal complex and swimming pool, extensive walkway linkages and mountain-biking trails, all facilitating an active lifestyle.

At the end of October, a crew of eight experienced operators led by the Project Supervisor Jeremy Bennett had completed 6,100 work hours without any LTIs, and STRACON is expecting to complete the project and deliver the works to the quality standards required by mid December 2008. ■



news

MACRAES GOLD MINE CIVIL WORKS

NOVEMBER 2008
 Oceana Gold has engaged STRACON to construct a drainage system associated with the Southern Pit at Macraes Gold Mine, Otago, New Zealand. STRACON has undertaken various construction works at the mine since 2003.

Work activities on site started mid October with a crew of three people, including Site Supervisor, Ron Seaton. ■



CONSTRUCTION OF ROCKY GULLY RESERVOIR

SECOND RESERVOIR AT CORONET PEAK SKI FIELD

DECEMBER 2008
 STRACON Civil Ltd. has been awarded a further contract to construct a second reservoir at the Coronet Peak Ski Field. Construction of the reservoir will commence immediately, with completion expected in April 2009.

The Sarah Sue Reservoir is required to provide water for artificial snow making during the winter months. STRACON completed a similar size project last construction season, Rocky Gully Reservoir.

The reservoir is lined with a HDPE liner and will hold approximately 980,000 liters of clean green crispy New Zealand water. ■



VALUING OUR LOCAL COMMUNITIES: TWO HARD-
 WORKING LOCAL WOMEN EMPLOYED CONSTRUCTING
 THE ROCK RETAINING WALL, HARDHATS SECURE OVER
 THEIR TRADITIONAL HEAD-WEAR

160H GRADER CARRYING OUT THE FINAL
 TRIM ON THE NEW SPORTS FIELD



el Brocal Project

JOSE CARLOS MARIÁTEGUI HIGH SCHOOL SPORTS FIELD DEVELOPMENT

SCANIA TIP-TRUCK BRINGING IN WASTE MATERIAL
 FROM THE PIT FOR THE BULK FILL



In early August GyM - STRACON JV was approached by the Mayor of the Tinyahuarco District to help out with earthworks required for the construction of the new sports field at Colegio Jose Carlos Mariátegui—the “Villa Olimpica”—a planned soccer field with an athletics track around the perimeter.

When GyM STRACON JV staff visited the site it was immediately evident that the job wasn't going to be as simple as the dozer cut and fill first described. The existing soccer field had been constructed on naturally sloping terrain with a cross fall of over 4 metres.

In agreement with the engineer responsible for the project it was

decided to truck in 2000m3 of waste material from the pit to level up the lower side of the field. Once this had occurred a smaller cut and fill operation was undertaken to cover the field with the original moraine material, and a grader working with our survey team completed the final trim. Work was carried out during consecutive Sundays, over a three month period.

GyM STRACON were happy to assist in creating what is the first athletics track in the district, which will benefit both the Tinyahuarco locals and surrounding communities, encouraging sporting activities at an impressive 4300 metres above sea level! ■



THE WINNERS OF THE TOURNAMENT WERE, FROM LEFT TO RIGHT:
 ERU WEEDS—2ND STABLEFORD, TOMMY AND JOAN SMITH—3RD MIXED GREENSOME, JIMMY AND ROBIN SMEATON—WINNERS OF THE STRACON MIXED GREENSTONE, VALERY BARCLAY AND ALLAN SMITH—2ND MIXED GREENSOME, GAGE HAORA—1ST STABLEFORD
 ABSENT: MITCHELL HOGG—3RD STABLEFORD

OHAI GOLF CLUB

Mixed Greensome Tournament

NEW ZEALAND

The STRACON Civil sponsored Ohai Golf Club Mixed Greensome Tournament was held on 2 November 2008. The event got off to a great start in brilliant sunshine with a good turnout of local golfers.

NOTE FROM THE OHAI GOLF CLUB MEMBERS:

"Many thanks for your support and the great sponsorship which allowed us to run a very successful and enjoyable tournament. Without this type of support little clubs like ours struggle to host these type of tournaments. Thanks again from all the members of the Ohai Golf Club."



Baker Cup Rugby article

BAKER CUP 2008 - PERU



OLD MARKHAMIAN VETERANS

On Saturday November 15th the fourth annual Baker Cup, sponsored by STRACON, took place in the grounds of Markham College in Lima, Peru. The Baker Cup marks the closing of the local rugby calendar and this year the tournament enjoyed its largest turnout in its four year history.

A total of 21 teams participated, with Markham presenting six teams. There was also a mini tournament within the Baker Cup for the under-16 and under-13 divisions, with the three Lima schools that currently have rugby programs represented (Markham, Newton and Alpamayo). An exhibition game between the three women's rugby teams in Lima was also part of the packed schedule.

The day began at 10am with teams arriving for what was a sunny day that had a good turnout crowd of approximately 500 people Action began at 11am and the tournament was played in its traditional 10 a-side

format with games lasting 20 minutes and broken into two 10 minute halves. Games were simultaneously played

on 3 fields which made for a great spectator experience. Local media covered the event and a pilot for a new rugby show which will premiere in January 2009 was recorded using the tournament as a showcase of how much the sport has grown in Peru since the first championship was held in 1997.

At around 6pm the champions of each category were presented with beautifully crafted trophies donated by STRACON which helped put together the tournament. STRACON's CEO, Mr. Steve Dixon and Markham Headmaster, Mr. David Dowdles attended the tournament and presented the trophies to the successful teams. ■



AFTER 7 HOURS OF NONSTOP RUGBY AND ALMOST 30 GAMES PLAYED THE CHAMPIONS WERE AS FOLLOWS:

- Gold Cup—(Baker Cup Champions) Newton defeated University of Lima
- Silver Cup—Alumni defeated Agraria University
- Bronze Cup—Univ. Catolica defeated Newton Under-19
- The fair play award was won by the Old Markhamian Veterans.



Hayden Halsted

Plant Manager
STRACON Group
Lima, Peru

1. **How long have you worked at STRACON?**
Since 13-5-2005.
2. **In what role did you start in the company?**
Site based Maintenance Superintendent.
3. **What did you do before you joined STRACON?**
Co-own and manage a mining and heavy machinery maintenance and repair company in Australia.
4. **What are some of the challenges in your job?**
Time away from my family, managing personalities, managing contracts and controlling costs to achieve maximum production with the lowest possible \$/ton with zero injuries and zero environmental incidents, a lot of travel over great distances.
5. **What do you find rewarding about your role?**
Seeing happy and productive staff.
6. **What has been one of your most memorable moments so far at STRACON?**
All those moments when I have been able to promote somebody and advance their career.
7. **What keeps you busy outside of work?**
My family and studying for my commercial pilot's license.
8. **What is your most common saying?**
Hmmm.



Jaco de Jongh

Operator
STRACON Mining
Reefton, New Zealand

1. **How long have you worked at STRACON?**
One year in December.
2. **In what role did you start in the company?**
777F Operator.
3. **What did you do before you joined STRACON?**
Drove a loader at a sawmill / sawmill worker.
4. **What are some of the challenges in your job?**
Working in wet conditions.
5. **What do you find rewarding about your role?**
Working with a good crew and company.
6. **What has been one of your most memorable moments so far at STRACON?**
The BBQ at last Christmas.
7. **What keeps you busy outside of work?**
Washing, ironing, cleaning the flat, washing the car, etc.
8. **What is your most common saying?**
STRACON 4 life!
Copy workshop.



Maria Wilson

Administrator
STRACON Civil
Cromwell, New Zealand

1. **How long have you worked at STRACON?**
From the day STRACON commenced business in New Zealand.
2. **In what role did you start in the company?**
In Cromwell office.
3. **What did you do before you joined STRACON?**
Worked for BWC Ltd. in the office.
4. **What are some of the challenges in your job?**
Chasing timesheets on pay day.
5. **What do you find rewarding about your role?**
Helping the mechanic source the parts for the gear.
6. **What has been one of your most memorable moments so far at STRACON?**
Moving to a new office.
7. **What keeps you busy outside of work?**
Patchwork and hens.
8. **What is your most common saying?**
How you going?



Kerry Stotter

Chairman
STRACON Holdings Group
Auckland, New Zealand

1. **How long have you worked at STRACON?**
Appointed Chairman 1 January 2007.
2. **In what role did you start in the company?**
As above.
3. **What did you do before you joined STRACON?**
Partner – KPMG, New Zealand for 32 years till 2000, then professional director and trustee.
4. **What are some of the challenges in your job?**
Working with the Board and senior executives to successfully over time, 'transist' the Group from a purely two 'founder – owner - director' led organization, to one led and governed by a more diverse Board which includes now, two independent directors as well as the 'founder – owner' directors.
5. **What do you find rewarding about your role?**
Most particularly the STRACON people at governance and executive levels for who they are and what they have achieved and continue to do so, built upon their expertise, track record, loyalty to the STRACON people and commitment to the STRACON name and brand.
6. **What has been one of your most memorable moments so far at STRACON?**
My first Board meeting in March 2007, as the very new Chairman, at 'Corporate HQ' in Lima, and meeting the Executive Team, plus the travel at that same time, and the visit, to El Brocal, including some hair-raising, for me anyway, driving by other drivers (or so called!!) on the road, (not Steve Dixon), on that particular journey!!!!
7. **What keeps you busy outside of work?**
Happily, my wife Jill, our 5 adult children and 6, very nearly 7, grandchildren, our lovely home in Parnell, Auckland, our very special beach house at Piha Beach, on the west coast out of Auckland, one of the pre-eminent surfing beaches and breaks, in the world, and also my trustee governance work in a number of charitable, arts and culture, and sporting organizations, and finally my love for the game of rugby here in New Zealand, and internationally through the All Blacks and their great contests, especially with the Australian Wallabies, the South African Springboks and the Welsh Dragons!!
8. **What is your most common saying?**
"Don't forget that you can achieve much if you do not care who gets the credit".



SIMPLIFICATION TIPS

emails

- Think before replying to all.
- Write a descriptive subject: it helps the reader prioritize email reading.
- Write what the other person needs to know, not all you know.
- State what you need in the opening paragraph.
- Eliminate redundant information, attachments and previous responses if they are not necessary when replying or forwarding an email.
- If you can call or talk to a person instead of emailing... do it! Human contact is more effective.