

GROUP **NEWS**

VOLUME 1 - MAY 2008





WELCOME

We're happy to announce the launch of the inaugural issue of STRACON Group News, a newsletter aimed at increasing communication and integration throughout the STRACON Group.

In future issues we plan to feature people, projects and community activities from our various operations.

In March STRACON celebrated its fifth anniversary. During this relatively short period of time we have grown from one company in Peru with five employees, to a Group of companies with over 500 employees currently operating in Peru, New Zealand and Argentina. We are extremely proud of our achievements during the first stage of the STRACON Group development and history; this would not have been possible without the commitment and perseverance of our employees. On behalf of the shareholders, directors and management of the Group, I take this opportunity to thank each and every one of you for your contribution and that of the Team of which you are a part, to the success of our organisation.

I look forward to sharing some of our achievements with you later this year, in the next issue.

I trust you will enjoy this first issue. Your feedback is welcome and I look forward to hearing your views.

Steve Dixon
Chief Executive Officer

"...We are extremely proud of our achievements during the first stage of the STRACON Group development and history; this would not have been possible without the commitment and perseverance of our employees..."

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Left to right: Marcos Hidalgo, Gabriel Pi, Nilton Champa, Jorge Yantas, Omar Lazo, Andrew Cox, Luis Uzuriaga and Paul Feaver.

El Brocal Project

GyM STRACON JV

Volumes & Fleet Renovation 2007 – 2008

The end of 2007 was meant to be the last big volume year at El Brocal, as per the volumes detailed in the Brocal IV contract. As a result of the reducing strip ratio, the waste volumes tailed off through to 2011, but in reality these volumes were effectively completed during 2007, driven by the increased production of ore to take advantage of the boom in mineral prices.

At mid 2007 there was some uncertainty regarding the volumes going forward, fortunately our client Sociedad Minera El Brocal had begun a review of their reserves based on higher prices, and began an intensive drilling program (which is still ongoing) to redefine possible extensions to the current Pit. The results to date have been very positive and have given rise to what is being called Proyecto La Llave (The Key). La Llave if undertaken in full, will see the pit expand in all four directions, involve moving approx 12 Million BCM of re-handle from the In Pit dump which will add substantial volumes and years of life to the project. It will likely also

involve the construction of a new and processing plant with expanded capacity and situated closer to the open pit.

As a result of the work to date, 2008 volumes have been increased to begin work on the more promising areas of La Llave which has enabled GyM STRACON JV (Consortio Pasco) to upgrade the mining fleet, replacing key high hour items of equipment like the O&K RH-90 shovel and D245s drill. We have also replaced almost all the subcontracted/hired gear on site with equipment owned by the JV.

**by Andrew Cox
Project Manager**

Cerro de Pasco

Cerro de Pasco (population 70,000) is a city in central Peru. It is the capital of the Pasco region, and an important mining center. It is connected by rail to the city of Lima.

At 13,973 feet (4,380m) elevation in the Andes, it is one of the highest cities in the world.



Cajamarca is located in the northern highlands of Peru, and is the capital of the Cajamarca region. It is approximately 2,700 m (8,900 ft) above sea level and has a population of about 135,000 people.

Cajamarca has an equatorial climate so it is mild, dry and sunny, which creates very fertile soil.



Cerro Corona Project



Veronica Vásquez, Compactor Operator.

Since November 2006, STRACON has been contracted to Gold Fields La Cima (GFLC) a South African company who is currently constructing the Cerro Corona mine situated at 3,800 masl near Hualgayoc community, Cajamarca, Peru.

Cajamarca, has a mining history dating back to the XVII century, principally in underground gold mining, however in the 1990s a number of open cut mines were developed in the area, including one of the world's largest gold mines, Yanacocha, a mine which has produced up to three (3) million ozs of gold annually, equivalent to US\$2.7 billion at current gold prices. Cajamarca is home to a number of important mining projects currently under development in Peru including Conga, La Granja and Michiquillay

all of which involve investments exceeding US\$1 billion.

Cerro Corona Project is an open pit copper-gold mine with a 17,000 tpd flotation concentrator plant and a development cost in excess of US\$ 400 million.

The mine has an estimated life of 15 years, with reserves of 3.2 million oz of gold and 1,089 million lb of cooper and is expected to commence production by mid 2008 at an average rate of approximately 300,000 gold equivalent ounces per year.

STRACON's scope of work at Cerro Corona Project includes:

- Bulk earthworks activities as directed by GFLC, including construction of the ROM pad and haul roads, preparation of

plant site foundations and construction of the Tailings Storage Facility.

- Maintenance of GFLC mining equipment, to ensure a high level of equipment availability, performing all daily servicing, scheduled preventive maintenance and repairs.

- Providing logistical support to the GFLC construction team.

**by Marco Tejada
Site Manager**

Reefton Project

Recent Activity

With the advent of modern extractive technologies, interest in the Globe - Progress deposit was renewed in the 1980's, when Rio Tinto and later GRD Macraes / Oceana Gold carried out extensive exploration programmes over some 20 years. Studies indicated that an opencast operation would be best suited to winning an estimated 500,000 oz of gold over 7 years.

STRACON Mining and Oceana Gold entered into an alliance agreement in May 2006. Initial operations started late June 2006, and to date some 1,460,000 tonnes of ore have been extracted from two production pits.

The Operation

The alliance operates two (110 and 180 tonne) O&K production excavators and nine 92 tonne capacity CAT 777F dump trucks, plus ancillary equipment. Two Atlas Copco L8 drilling machines are used for blast hole and grade control drilling. The mine is a 24/7 operation and STRACON employs 82 operating, maintenance and service personnel, plus 8 supervisory/support staff.

Mining is currently focused on Globe - Progress, General Gordon and Empress pits. Operations to open the fourth Souvenir pit are scheduled to start towards the end of the project life. The floor of the main Globe - Progress pit is planned to be 275 m below the highest point of the original surface. Bench heights are 2.5 m in ore and up to 5 m in waste.

Ore zones are delineated by close grid percussion drilling and sampling, and are only mined during daylight when on-the-spot visual checking is possible. Ore is stockpiled on site and processed via primary crusher, ball mill, sizing, floatation, thickening and filtration to concentrate stage.

The concentrate is trucked some 10km to Reefton railway yard in specially constructed steel hoppers which fit on flatbed rail cars. These are transported to Macraes Gold Mine in East Otago via Palmerston, where final extraction and smelting is carried out.

**by Chris Huggins
Project Administrator**



New
Zealand

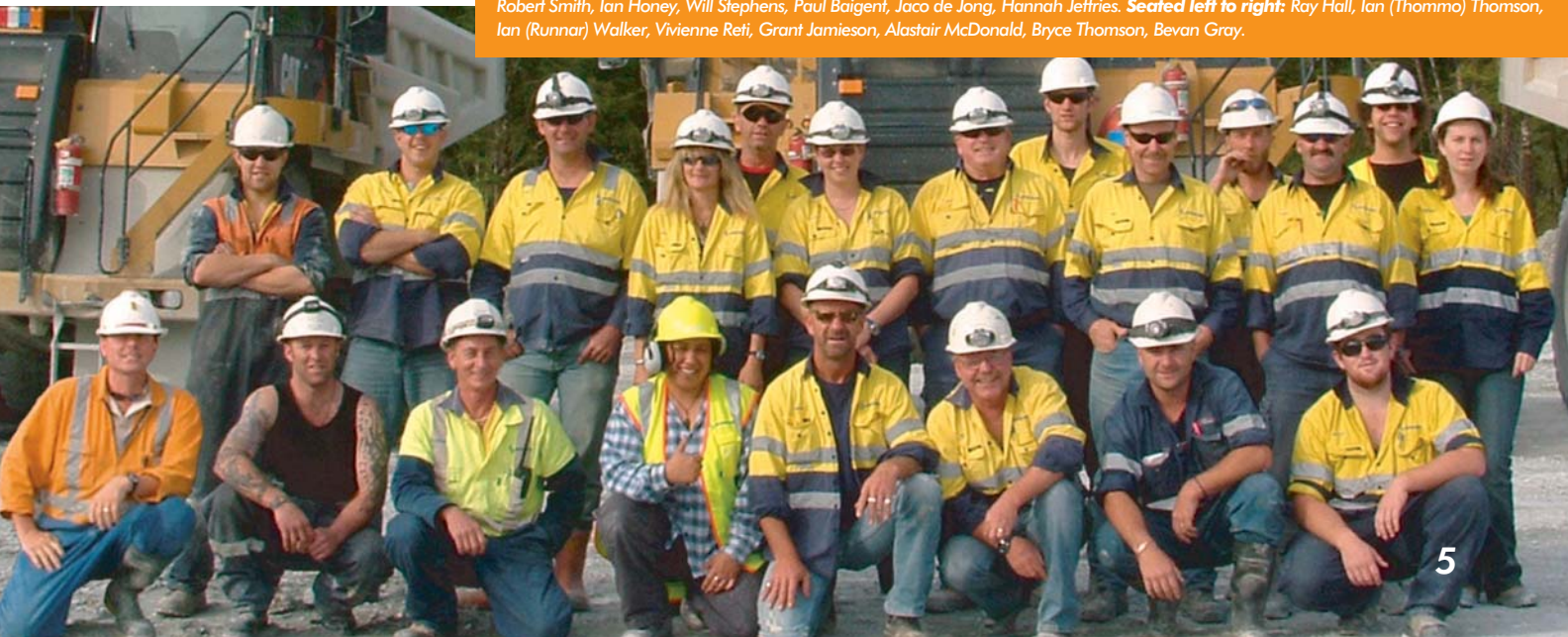
Reefton

Reefton is located in New Zealand's West Coast region, some 80 kilometres northeast of Greymouth, in the valley of the Inangahua River.

EARLY HISTORY

The gold deposits at Globe - Progress outside Reefton have been the focus of mining activity since the late 1870's. The 'old timers' concentrated on the higher grade quartz vein deposits, using underground mining methods. In all some 13,010 Kg were extracted until mining operations ceased in the early 1920's and processing in 1929. The gold is associated with hydrothermal mineralisation hosted in Ordovician age (480 million years old) sedimentary rocks, along a line of structural weakness. Most of the mineralisation occurs in quartz veins and 'pods', where the nature of the gold lent itself to the active technologies of the day. However economic amounts are also present in the surrounding country rock, which has been altered by the high temperatures of the hydrothermal event. These deposits are difficult to extract due to the fine nature of the gold particles, and uncertainty in defining the economic zone.

Standing left to right: Shea McGorlick, Adam Finlay, Ross Fowler, Lou Prichard, Kevin Graham-Hayes, Natasha Buysrogge, Frank Denton, Robert Smith, Ian Honey, Will Stephens, Paul Baigent, Jaco de Jong, Hannah Jeffries. **Seated left to right:** Ray Hall, Ian (Thommo) Thomson, Ian (Runnar) Walker, Vivienne Reti, Grant Jamieson, Alastair McDonald, Bryce Thomson, Bevan Gray.





Rocky Gully Snow Making Reservoir Project.

Coronet Peak Ski Field

Rocky Gully Snow Making Reservoir Project

Ski areas rely on the ability to make snow in order to create and maintain quality skiing conditions on slopes during times of inadequate snowfall. In cold ambient conditions, the process of making snow requires three ingredients (sub-freezing conditions, water, and air) and can consume a great deal of water and energy.

This large demand for water is often a problem for ski areas due to concerns about natural water supplies. Drawing from natural sources during times of low or reduced flow, such as the winter season, can have negative impacts on wildlife. To protect aquatic habitats, ski areas' draw on natural streams and lakes should be minimized by building reservoirs dedicated to snowmaking operations.

In December 2007 STRACON was awarded a contract for the

construction of a 48,000 m³ capacity snow making reservoir at Coronet Peak Ski Field in Queenstown, New Zealand.

The scope of this project involves the site clearance of 12,085 m², a total volume of 30,000 m³ of earthworks associated for the reservoir and the outlet trench, the installation of 1,500 m of pipes (63 mm to 300 mm diameter) for the storm water reticulation and snow making pipe system as well 9,000 m² of liner protection over the internal surface of the reservoir.

The plant fleet consists of:

- 1 x 30t Hyundai excavator
- 2 x 20t Hitachi excavators
- 2 x 25t Hitachi artic trucks
- 1 x 15t Dynapac compactor
- 1 x D155 Komatsu bulldozer

At the end of April 2008, a crew of six (6) experienced operators lead

by Project Supervisor Jeremy Bennett has completed nearly 6,200 work hours without an LTI.

STRACON completed the project on time and delivered the works to the quality standards required.

by Luis Seminario
Project Engineer



Queenstown

Queenstown is a resort town in Otago in the south-west of New Zealand's South Island.

The population of the urban area is 10,422.

Takitimu Project

Coal Mine

In November 2006 STRACON commenced a six month contract for Takitimu Coal Ltd, a subsidiary of Eastern Corporation of Australia. Takitimu is developing an opencast mine near the township of Nightcaps in Southland, 70 km NNW of Invercargill. The development centres on open casting the area formerly mined underground, commencing in the 1880s and running for over 40 years. Since that time production has been modest, peaking with the operations of Coal and Energy Ltd in the 1970s to early 1980s.

During the past twelve months Takitimu has successfully secured a number of coal supply agreements including up to 130,000 t per annum to Fonterra's Clandeboye dairy factory from August 2008. As a result of the increased production requirements and the relationship which has developed between Takitimu and STRACON,

an extension to the contract was awarded to STRACON, to continue with the provision of mining services.

As a result of the extension STRACON has acquired the following new equipment items:

- Excavators:
 - 1 x Hitachi ZX870
 - 1 x Hitachi ZX330
 - 1 x Hitachi ZX225
- Artic Dump Trucks:
 - 3 x Komatsu HM400-2

The project team consisting of 13 personnel led by Project Manager Rob Phillips has successfully completed 31,000 man hours without an LTI and has mined 732,000 bcm of overburden / interburden material and 37,400 tonnes of coal up to April 30 2008.

**by Luis Seminario
Project Engineer**



Nightcaps

Nightcaps is a town in the Southland Region of New Zealand's South Island.

Nightcaps has a more industrial history than most Southland towns due to nearby coal deposits.



Mark Wards and the new service truck.

Ohau Ski Field

Snow Making Reservoir Project

As the saying goes “one thing leads to another” following the award of the contract at Coronet Peak, STRACON was awarded another contract to built a 10,000 m³ capacity snow making reservoir at Ohau Ski Field, located in the Mackenzie Country, 42 km NW of Omarama.

The scope of the contract includes the earthworks associated with the construction of the dam, pipe installation for the pumping, control and drainage systems, in

addition to the laying of geo-textile and geo-membrane over the internal surface of the reservoir. The works started on February 10th 2008.

The crew of four (4) experienced personnel including Bruce Wilson and George Shaw has accumulated 1,300 work hours at the end of March without an LTI.

The project finished on April 2008.

by Luis Seminario
Project Engineer



Ohau - Earthworks for snow making reservoir 10,000 m³ capacity.

East Otago Projects

STRACON has been working in East Otago since 2003, undertaking a diverse range of civil projects for Oceana Gold at Macraes Gold Mine, the Otago Regional Council and a number of private clients.

Some of the key projects undertaken by STRACON in this region include:

- Drainage for Mixed Tailings Embankment construction - Macraes Gold Mine - 2007.
- River protection and maintenance - Otago Regional Council - 2006 / 2007.

- Silt pond embankments construction - Macraes Gold Mine - 2003 / 2004.

The team led by Ron Seaton is currently working for Otago Regional Council in Mosgiel on drainage system improvements, riverside clearance on the water course slopes of the Taieri River and site clearance at Taieri airport. STRACON is also hiring plant to Macraes Gold Mine.

by Luis Seminario
Project Engineer



Drainage for Mixed Tailings Embankment construction Macraes Gold Mine - 2007.



New
Zealand

Omarama

Omarama is a township at the junction of State Highways 8 and 83, near the southern end of the Mackenzie Basin, in the South Island of New Zealand. Omarama is part of the Waitaki District, and at the northern edge of the Otago Province.

East Otago

East Otago is the name given to that part of Otago, in the South Island of New Zealand that lies directly to the north of Dunedin.

Meet Our People

Take a look at our four employees interviewed for this edition



Employee Profile

Ron Reeve

Mechanical Trades Assistant
STRACON Mining Ltd, Reefton.

- Q. How long have you worked at STRACON?
16 months.
- Q. In what role did you start in the company?
Serviceman.
- Q. What did you do before you joined STRACON?
Solid Energy aerial ropeway at NGK, Westport.
- Q. What are some of the challenges in your job?
Lack of common sense and consideration in general.
- Q. What do you find rewarding about your role?
Doing something different each day.
- Q. What has been one of your most memorable moments so far at STRACON?
Moving into the new workshop.
- Q. What keeps you busy outside of work?
Hunting and wrought iron work.
- Q. What is your most common saying?
She'll be right!



Employee Profile

Ian Shaw

Operator
STRACON Mining Ltd, Reefton.

- Q. How long have you worked at STRACON?
16 months.
- Q. In what role did you start in the company?
Felling & clearing native vegetation ready for roading.
- Q. What did you do before you joined STRACON?
I was with ENZA International, exporting apples. Also 17 years in the logging industry.
- Q. What are some of the challenges in your job?
Don't have any really; I guess everyday is a challenge as everyday is just so different.
- Q. What do you find rewarding about your role?
Being a part of Health and Safety helping other personnel aware of safety issues.
- Q. What has been one of your most memorable moments so far at STRACON?
Not that I remember, but my flight in a rescue helicopter after an incident I had.
- Q. What keeps you busy outside of work?
My dogs German Shepherds Pink and Floyd, also going home to Nelson.
- Q. What is your most common saying?
Harden up!!!!



Employee Profile

Niltton Champa

Operations Engineer
STRACON S.A.C.

- Q. How long have you worked at STRACON?
Around a year.
- Q. In what role did you start in the company?
Issuing productivity reports.
- Q. What did you do before you joined STRACON?
I worked for GyM STRACON in Bongará Project, located in the peruvian jungle.
- Q. What are some of the challenges in your job?
To work hard to improve the service to our client, Sociedad Minera El Brocal.
- Q. What do you find rewarding about your role?
To work in a very important industry that contributes to the development of my country.
- Q. What has been one of your most memorable moments so far at STRACON?
There were many times. I like how everyone works to reach the same targets.
- Q. What keeps you busy outside of work?
Spending time with my girlfriend Luisa and visiting some friends.
- Q. What is your most common saying?
A bad day is a good opportunity to start again!



Employee Profile

Callum Elliott

Operator
STRACON Civil Ltd.

- Q. How long have you worked at STRACON?
Since day one, Cromwell based, Mining and Civil.
- Q. In what role did you start in the company?
Operator.
- Q. What did you do before you joined STRACON?
Worked for BWC Contracting (Bruce & Maria Wilson).
- Q. What are some of the challenges in your job?
Everyday is cause ya learn something everyday.
- Q. What do you find rewarding about your role?
Being honest, reliable and just doing the best ya can, in my case rough enough for the bush!!!
- Q. What has been one of your most memorable moments so far at STRACON?
2007 working in the Central Otago area and home at nights!!!
- Q. What keeps you busy outside of work?
Family life, delivering flowers, our girls netball bring it on! A wee bit of fishing and a couple of coldies.
- Q. What is your most common saying?
How ya going today!!!

Social Responsibility

Community Training Program

El Brocal Project

One of the challenges at El Brocal Mine is the close proximity of the operation to a number of communities which surround the project.

The mine site is located adjacent to the town of Colquijirca, which is made up of two communities, Santa Rosa and Central Poblado, totaling around 2,000 people. The project also has direct contact with the communities of Smelter and Huaraucaca as the ore haul road passes through their land, plus indirect contact with smaller outlying communities like Villa de Pasco, Shelby, Vicco and Racracancha.

One of the ways in which GyM STRACON helps the communities is by offering four (4) places in a paid training program, each for a period of one month. The places are shared amongst the principal communities, whose leaders nominate the candidates for participation in the program. The



"Practicantes" April 08: Noemi Nieto Isidro, Jéssica Raraz Luis, Mery Pérez Quinto & Carlos Alvarado Castillo.

nominations are generally based on financial necessity and potential to benefit from the opportunity.

The group of four trainees enters at the start of the month, where they receive an induction before being assigned to the safety department where they provide assistance for fabrication of road signs, installation and cleaning of signs and reflectorized markers in the pit and administrative paperwork.

The programme is currently under review as we are restructuring the one month term to a three month

term and dividing the trainees between Safety, Operations and Administration resulting in a more in depth training experience. This will be developed with the communities during the coming months.

One of the positives for GyM STRACON from this program is that it provides us with the opportunity to get to know some of the local people and gauge their potential for future employment with the company.

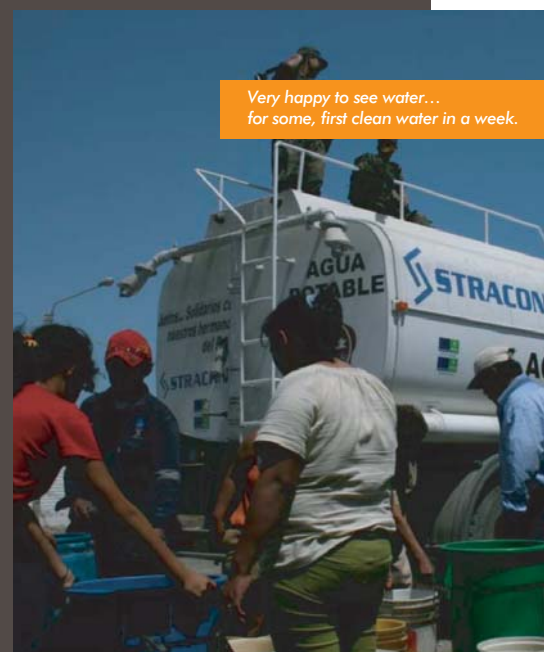
by Andrew Cox
Project Manager

Earthquake Disaster Relief

Following the August 15 - 2007, 8.0 Magnitude Earthquake in Chíncha / Pisco (150 km South of Lima), the STRACON and Maple Oil & Gas management made an immediate decision to assist in the relief operation. Following discussions with Government entities and NGOs, due to the destruction of the water-pipe network, clean water was identified as a critical area where there were limited resources. We sent one of our Freightliner FL112 19,000 Lt water trucks to the tank manufacturer for an immediate upgrade to a

Potable Water classification. This truck, with Rudy Martínez at the wheel & Asunción Mestanza providing mechanical / pumping support, spent a month following the earthquake distributing fresh water to Pisco and the surrounding inland communities. In total more than 2 million litres of water were distributed to homes / communities kitchens & hospitals. We additionally supplied trucks to assist with debris clearing from the devastated Pisco city centre.

by Karl van den Brenk
General Manager



Supporting The Community

Cromwell Rugby Club

STRACON have been the proud sponsors of the Cromwell Rugby Club for the past four years. STRACON has seen the club grow in strength. With generous sponsorship of all its sponsors it has been able to offer positions to a number of overseas players including English, Irish, Fijian, South African and even an Australian. With the help of the import players mixed with some talented young and older experienced guys Cromwell looks set for a really promising season. The highlight of last season was winning the White Horse Cup. Cromwell hadn't held this cup since 1929. The holder can only be challenged for this cup on home ground.

After nine games in the first round, the Cromwell Premiers have won six, drawn one and lost two games. This leaves them in third position on the ladder.

The team has played some entertaining rugby with some great tries being scored in the last couple of games.

Team results so far:

- V Wakatipu Wanderers won 102-12
- V Matakau Combined drew 17-all
- V Wakatipu won 41-20
- V Upper Clutha (9 converted tries) won 69-10
- V Alexandra (played at home) won 23-7
- V Clyde (played at home) won 81-3
- V Arrowtown (played at home) lost 23-31
- V Maniototo lost 13-60
- V Wakatipu Wanderers won 60-13
- 07/06/08 Bye
- 14/06/08 Watakanui (home game)
- 21/06/08 Wakatipu (home game)
- 28/06/08 Alexandra (away game)
- 05/07/08 Upper Clutha (away game)

by Peter Gallagher
President of
the Cromwell Rugby Club

SIMPLIFICATION TIPS

Effective Meetings

- Identify specific and realistic objectives for the meeting.
- Reserve a room and establish an agenda that covers only the necessary topics to fulfill objectives.
- Invite only the people involved in the topic and inform participants of any pre-work needed.
- Ensure the meeting starts on time out of respect to others.
- Identify:
 - Facilitator** - guides the group through the agenda.
 - Time-keeper** - ensures the agenda is followed.
 - Note-taker** - register the agreements/next steps.
- Make sure the note taker shares agreements and next steps including deadlines with those responsible.



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