

SMC News

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Simpson Family

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WAJARRI DICTIONARY LAUNCH

Tony Cheng
Managing Director



Welcome to the Fourth Edition of SMC News which I hope will be very informative on SMC activities over the last few months. It has been a very busy few months, particularly with some high profile Sinosteel visitors from China including our Sinosteel President Jia, and VP Jiang. Both have also taken the time out to visit our Blue Hills site and were kindly offered the excellent hospitality of our friends at Gindalbie for a visit to the Karara mine site.

To say that there is a lot of focus on our operations in Western Australia would be quite correct. As many people know, the investment made in SMC was significant, and the supply and export of iron ore generally seems to be the focus of most Australian business news.

I doubt there is a newspaper produced in Australia that does not have a daily mention of what China's demand for iron ore is or how its investment strategy is working. In short there are a lot of demands on China in this constrained international economic climate, and therefore it is important that we realize that major investment decisions take time not only to make, but once made also take time to realise their potential. It is important to incorporate a long view and not react in haste to short term market conditions.

On a more local note, SMC has the move to Blue Hills to undertake while we wait for the port solution for Weld Range. This continuity of our operations is important to us and our stakeholders and we look forward to discussing this with our neighbouring shires when the logistic options have been scoped appropriately.

We have also recently had a restructure of the SMC Board, and I am pleased to announce that I now hold the position as Chairperson of SMC as well as my operational role as Managing Director. This streamlining of the board will enable us to ensure decision-making is more timely. The current SMC Board also includes Directors Debin Liu, Wenliang Pan and Ian McCubbin.

I see my Wajarri friends Colin and Gavin are in this edition, so please enjoy reading SMC News.



**Smc's Phil Allsopp
With Gavin Egan
And Colin Hamlett**

For Wajarri Elders and community members, the launch of their first language dictionary in March was an important day to celebrate a project more than 25 years in the making.

Elders and representatives gathered on stage as the Wajarri Dictionary was launched on Wajarri country at the Murchison Shire Settlement (200km north of Mullewa) in front of a strong crowd of more than 200.

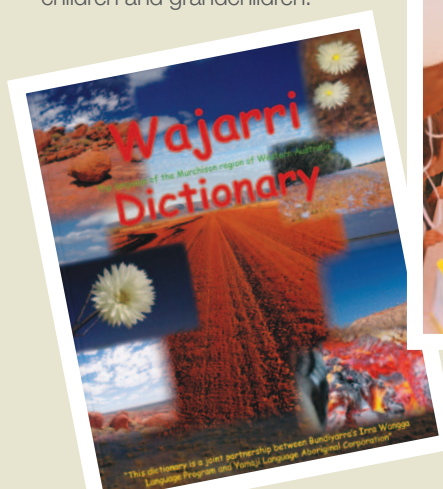
SMC sponsored this valuable project which seeks to preserve the traditional language of the Murchison region, and provide a tool for current and future generations to be able to revive and share the language. SMC General Manager Phil Allsopp was invited to speak at the launch was particularly impacted by the pride the project has brought to the Wajarri people.

"This was a very emotional event for many people who were connected to the dictionary. Many elders who contributed to the project throughout the years were unfortunately not around to see the finished product; however, it was good to see such positive representation by their families and fellow elders at the launch," said Phil.

The dictionary contains over 2,500 entries, along with illustrations, photographs and maps of country. It is the product of a partnership between Bundiyyarra's Ira Wangga Language Programme and the Yamaji Language Aboriginal Corporation, who produced the dictionary with the help of over 100 Elders, linguists and community members.

MC for the day was Ira Wangga's Godfrey Simpson, and attendees observed a minute of silence before being treated to a song by Elder and Songman Ross Boddington and a Wajarri cultural performance.

Of particular importance during the proceedings was a reading of the names of contributors to the project, which included many who have since passed on. They leave their contribution to the dictionary as a legacy to their very proud children and grandchildren.



ABORIGINAL RESPECT POLICY

Indigenous culture and heritage considerations form an important part of company decision-making at SMC. This is because we recognise that working with local Indigenous groups is essential to ensure our projects develop in a sustainable and culturally acceptable way. Our new Aboriginal Respect Policy reflects a strong commitment to work collaboratively and respectfully with Aboriginal people for win-win outcomes.

SMC were extremely lucky to have the wonderful Simpson family model for our new Aboriginal Respect Policy Poster. When we decided to go on the hunt for a local Mid West family, our Wajarri Liaison Officer Marion Dingo knew immediately who to contact, and the lovely Edwina agreed to pose with her children. Gerald (3), Leroy (8), Keagan (10), Trent (12), Panaia (13) and Tannika (15) now live in Geraldton, but are no strangers to a range of Mid West locations including Morawa (where they lived for 3 years) before moving to Yalgoo in 1992. The family are all very sporty with Tannika playing Stateside basketball (as do all the kids), and Keagan and Trent are keen players with Geraldton's Towns Football Club.

"There is no doubt," says Edwina, that "Geraldton is now home."

Edwina's Dad, Tim Simpson, is also a respected Wajarri Elder and Native Title signatory who lives at Mt Wittentoom Station in Meekatharra.

SMC is proud of its links to Indigenous culture and heritage in the Mid West and believes that policy must be followed up with action and genuine commitment. The Aboriginal Respect Policy has been approved by the Wajarri Liaison Committee and is now available on the website and in posters around the offices and site. It's important to take the time to read through.

As part of our ongoing commitment to understanding Wajarri culture, in September staff are looking forward to the upcoming cross-cultural training 'On Country' at Weld Range with traditional owner Colin Hamlett.



COLTS RESULT

Aspiring Mid West footballers have been given a taste of a professional football career, with some now a step closer to their dream of playing in the AFL.

SMC Resourcing the Region funds have helped the East Fremantle Football Club (EFFC) establish the Midwest Academy, which provided preseason development and training opportunities to 44 young players in 2001/2012. The program aims to further the development of talented Mid West players, and help with the transition from regional football to city-based opportunities. Perth players have long had access to the WAFL development program, and EFFC Football Manager Damien Gaspar says that living regionally should not be a barrier to young people achieving their full potential on the field.

"This program is about closing the gap and ensuring that for regional players the step to the next level is not overwhelming," he said.

Footballers participated in rigorous fitness, strength and conditioning training as well as life skills, nutrition and sport psychology programs. The identification of new regional talent was also made easier as players undertook weekly testing, with results being forwarded straight to EFFC's talent scouts.

At the end of the program's first year, it is clear that the Midwest boys have improved significantly, reflecting a high level of dedication and hard work. This was demonstrated in a recent practice match, where they team trounced their city counterparts. Twelve outstanding players were also selected to play Colts football in Perth for EFFC in 2012.

100 YEARS OF INDIGENOUS SERVICE

The exact number of Indigenous people who have served Australia in wars, conflicts and peace-keeping operations is not known. However, Indigenous men and women have been part of the Australian Defence Force for well over 100 years. They have been involved in the Boer War (1899 -1902), World War I (1914-18), World War II (1939-45), Korean War (1950-53), Vietnam War (1962-73), and all operations since the end of the Second World War. Many have been formally recognised with medals of distinctive service.

Aboriginal women have also made significant contributions to the defence of the Nation in the armed forces, civilian organisations and wartime industries. Our very own Community Liaison Officer Marion Dingo served in the Navy from 1972 to 1977.

On Anzac May, Marion attended a commemorative event in Geraldton to honour 100 years of Indigenous Service. It was held against the backdrop of this special Indigenous flag.





POLLINATORS SWARM

Geraldton is buzzing as social entrepreneurs from across the region join forces to create positive change in the Mid West, and SMC is right behind them as a sponsor for this band of innovative people.

Pollinators is a not-for-profit organisation that offers support and opportunities to local social entrepreneurs and social ventures. They hold regular events including 'Swarm' which, as the name suggests, is about bringing people from around the region together to share learning and ideas, as part of an 'ecosystem of support'.

Andrew Outhwaite is Executive Officer of Pollinators and says that what Pollinators members have in common is the idea that social bottom line in business is at least as important as a financial profit.

"There is a huge number of people in and around Geraldton whose lives are committed to doing good, essentially through government and community-based organisations interested in making a real difference."

Pollinators' events create great opportunities for networking, where isolation in regional areas can sometimes be a barrier to realising these kinds of initiatives. The work of Pollinators' members has already filtered into government, politician's offices, funders, local academic organisations and the charity sector through Pollinator's diverse membership base.

International guest Jeremy Nichols and world leader in accounting for social and environmental value spoke at Pollinators' inaugural Swarm event. His key topic was on how the social impacts of an organisation can be realised in monetary terms in order to optimise resources and initiatives for greatest social benefit (yes it's complicated to explain!).

However, Jeremy provided case studies to demonstrate how important it is for organisations to be clear and strategic about what they do and why they do it. Whilst his examples came mostly from not-for-profit organisations, he believes that any organisation that invests in communities, including major businesses can use these insights.

Pollinator's shared working space and community hub, CityHive is the first venue of its kind in a regional Australian centre, with people travelling from throughout the Mid West to use the space for meetings, events or to work.

"CityHive is quite a leading edge concept globally... that it is able to occur in a region like ours which is quite progressive is thanks to organisations such as SMC who are willing to invest in innovative projects, especially ones that are designed to have positive outcomes for the whole community, said Andrew.

Pollinators are truly leading the way when it comes to sustainability and innovation in the state and SMC are a proud supporter of the great work they do in the Mid West.

For more information about Pollinators visit their website at www.wildpollinators.org

BLUE HILLS PRESIDENTIAL VISIT

SMC hosted Sinosteel President Jia Baojun for two days in May as part of his whirlwind visit to Western Australia.

President Jia visited SMC's head office in Perth before travelling north to our Blue Hills operation in the Midwest. After a tour of this exciting new project, he was shown around Gindalbie's Karara mine site. This included a visit to the village where our employees will be housed once SMC transitions to its Blue Hills operation.

Field trips such as these are important in helping our parent company to gain a better understanding of SMC's local operations through visiting them firsthand.

In Perth, General Manager Phil Allsopp and Business Services & Finance Manager Tony Muir took the opportunity to deliver presentations about SMC's operations and where the business is headed. Sinosteel's primary interest is in how the company is progressing from a cost perspective.

"Discussions were strongly focussed on financial performance and President Jia eagerly awaits a full summary report of the Koolanooka project, which will be developed once operations wind up there at the end of the year," said Phil.

SMC and Sinosteel enjoy a strong relationship and President Jia left happy and reassured that SMC is on track for the future. "He enjoyed his visit to Blue Hills, and was satisfied with both the company's performance to date as well as the future of our operations in the Midwest" reflects Phil.

Premier Colin Barnett also took some time out of his extremely busy schedule to meet with President Jia to talk about the future of development in the Midwest.



President Jia Visiting Blue Hills

SMC 6 SNIPPETS



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Tony and Scarlett

BUBS BONANZA

Is it something in the water at SMC? There have been a plethora of arrivals recently which just goes to prove that at SMC we are a productive lot (even if a little tired from lack of sleep!)

- Congratulations to John (Ti) Wang and his wife Melissa on the arrival of their bub Yuxiao who was born a very healthy 4.65kg on the 8th of May. At two months he is looking super cute and is only waking up his tired parents once during the night!
- Peter Jones and his wife Lesley have had a little girl Emily Grace, who was born on the 29th of June weighing almost 4 kg. SMC's gift hamper was well enjoyed by all, especially the chocolates which Peter was kind enough to eat and a big balloon that big brother Charlie carried around for an hour!
- Tony Muir and his wife Abigail welcomed their beautiful new baby girl a couple of weeks ahead of schedule at a petite 2.6kg

on the 22nd July. Tony says mum and baby are doing great!

- Stuart Griffiths and his wife have added a third to their brood, with the birth of baby girl Remi Margaret on the 6th August
- Finally Laura Leach and her husband Nic have just welcomed gorgeous Audrey Leach, born on the 23rd of August at 3.54kg.

...to top it all off Scott Whitehead and his wife Melissa are also expecting their first addition in January 2013



Stuart and Remi Margaret



John and Yuxiao

MARATHON EFFORT

Rachel D'Esterre, our Contracts and Procurement Manager completed the 42.2 km Gold Coast Marathon in a great time of three hours, 39 minutes and 51 seconds. She says the hardest part was the 6 months of training leading up to it during which time she pounded approximately 1000kms of concrete around Perth!



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KARARA VISIT

Stuart Griffiths and Danielle Van Kampen visited SMC's neighbours at the Karara mine site, and were most impressed by their hospitality - check out this exquisite watermelon carving that was part of the lunch spread!

PAINTING PRESENTATION

Our General Manager Phil Allsopp presented Sinosteel Vice-President Jiang and his delegation with a painting of the Geraldton port by local artist Marina Baker during recent visit to SMC.



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KANGAROOS

Whilst on break, Chris White was visited at his home in Greenmount by this very friendly little fellow who is one of six kangaroos who regularly stop by for a feed and a scratch in the evenings before hopping away!

SUPERHEROES IN MORAWA

Some of the mining crew based at Koolanooka got together for a fun filled fancy dress night at the 'local' in Morawa. The Mission: R&R for the superheroes protecting the good citizens of Morawa!



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SINOSTEEL GOLF DAY

Sinosteel Australia's Annual Golf Day was held earlier this year at the pristine Lake Karrinyup Country Club in perfect weather. SMC representatives Stuart Griffiths, Tony Muir, Phil Jefferies and former CFO Brad Farrington took the challenge and ended up coming second overall from a very large field!

Ever gracious players on the green, SMC's team was leading in the closing holes but missed out on the win by one shot. Stuart said, "We thought it was only appropriate that we were not seen to take the Sinosteel Prize, so we deliberately took a bogie on the last hole." However, they each took home space age Clicgear golf carts for their efforts.

Stuart also recently represented SMC in the BGC Contracting and Geraldton Port Authority Golf days, which he won and placed second in respectively.

And at the risk of sounding like he does nothing but play golf, Stuart is hoping to organise an internal SMC golf tournament, which will be an opportunity for SMC staff based in Morawa and Geraldton to get together with Perth employees for what he refers to as "a chat and a chin wag". If you are keen golfer (or even willing to give it a go) please get in contact with Stuart to literally get the ball rolling!

SHANE ON SAFETY



SMC's new OHS manager Shane Cornell is right at home in the mid-west having spent his childhood in Kalbarri and attending boarding school in Geraldton at St Pat's college.

With a diverse background in iron ore, mineral sands, gold, service operations, underground operations and exploration, Shane's depth of experience in OHS and training is a valuable addition to SMC's safety agenda.

An active member of Scarborough Beach's lifesaving club, he competes in the veteran's comp as well as the monthly winter Polar Bears swim meet. In fact, he picked up a place at the Nationals surf comp surf race two years ago. No doubt he'll be happy to elaborate if pressed, just which place he did gain...

Following a reasonably long break from the golfing greens, he's keen to get back out on the course now his daughters aged 19 and 16 don't require as much of his attention.

Shane sees OHS as a core value and a crucial component of any organisation's structure.

"I think if an organisation gets their safety right it quickly allows it to become more efficient. If the safety performance of an organisation is good then it means that the organisation is in control and capable," said Shane.

Being the new kid on the block Shane is keen to familiarise himself with the company and how things work. "I am at the look, listen and feel stage: looking at what the organisation has; listening to what people believe that needs to be worked on and testing whether or not perception versus reality is real."

Health and lifestyle is a key issue for Shane. Managing the overlap of health at work and health outside of work continues to be a priority. He's also acutely aware of the increase in FIFO work rosters saying the lifestyle is not for everyone and needs to be carefully managed.

So after his first few months in the job, his first impressions are positive. He describes the SMC team as small and tight and made up of a genuine set of people.

"All the people I've met both corporately, and out on site, are all genuinely wanting to do the best they can."

SHANE'S SAFETY RAP

It's been three months now since I started at SMC and by the time this newsletter is released I will have been to all of our sites. A number of positive observations have caught my eye in relation to safety since I commenced:

- The involvement of the Safety Reps at Koolanooka in planning and delivering the weekly toolbox meeting
- The participation and consultation of our contractors at the Geraldton OHS forum
- The implementation of an excellent fleet management system (MTData) by our haulage contractors - Catalanos.
- The invigorating "Warm Up For Work" conducted by MACA at the end of their pre-shift meeting and prior to commencing work
- The emerging capability of the Koolanooka Emergency Response Team
- An excellent collaborative Investigation at Koolanooka into a light vehicle near miss followed up by an investigation workshop in Geraldton.

SMC has 14 documented safety Standards. These were used as the basis for a simple exercise to engage the team at Koolanooka and the team from the Geraldton OHS forum and get a perception of what each group thought their key risks were based on these 14 Standards.

The outcome was quite interesting in that both groups came out with the same top three risks: Driving & Vehicles, Alcohol & Drugs and Fatigue. For the Geraldton team it provided a great opportunity to discuss and share ideas as to what each contracting company was doing in managing these risks. Our next task is to formally evaluate the controls for each of the three key risks identified and ensure that the controls are in place, effective and working.

In the coming months I want to continue with the good work already started in the reporting and investigation into OH&S events. In addition, making sure all of our managers and supervisors have the capability to raise and manage incidents & hazards, add training information and track actions through to completion to enable MyOSH to continue to develop and mature into a valuable Safety Management Tool.

NAIDOC WEEK SCHOOL VISIT

During NAIDOC week, our Wajarri Liaison Officer visited the beautiful Geraldton Grammar School, speaking to over 200 students. Her talk covered the subjects of family, culture, education, Caring for Country, the environment, as well as her position at SMC. Other Wajarri guests included Godfrey Simpson from the Irra Wannga Language Centre and Edie Maher with Colin Jones Snr & Jnr, who cooked a mean fare for the students.

Head of Curriculum at Geraldton Grammar School, Nicola Davidson said that Marion's talk was both informative and engaging.



"The presentation really seemed to strike a chord with our students, and I could actually see some cogs turning in their heads.

"The students asked some fantastic questions and took some valuable information out of the presentation which is what NAIDOC Week is all about," said Nicola

MEET ED FLIGHT

One of SMC's longest serving loyal employees, Ed Flight joined the company in May 2005 when it was Midwest Corporation. Initially involved in getting Koolanooka up and going, he then moved on to various other projects before progressing to his current role as Field Logistics Coordinator.

His journey has been interesting and somewhat unconventional. As a farmer in Zimbabwe back in 2003, he was confronted at two o'clock in the morning with the news he was being removed from his land and his successful farming enterprise and home was to be relinquished.

His wife and three children were told to exit their farm under the Mugabe regime's land seizure scheme. Accepting his fate and with the welfare of his children his main priority, Ed and his wife had no choice but to begin again. "We lost everything and basically had to start a fresh," said Ed.

"In April 2005 we arrived in Australia. My wife, my three children, myself and 21 suit cases."

Thanks to Ed's wife's teaching credentials the family were able to gain entry via a skilled working visa. While she found employment, farming opportunities for Ed were bleak, so he agreed to help out a friend on the historical Morawa project and was subsequently offered a role as a field technician.

Organisation and management skills carried over from his farming days were obvious strengths, as he co-ordinated infrastructure and logistics requirements such as transport and access roads.

Nowadays, as SMC's Field Logistics Coordinator, Ed sees his role as the link between the office and the field. "I organise virtually anything and everything for them and keep track. If they have any problems they get hold of me and we try and sort them out," explained Ed.

While his involvement is mainly with exploration, Ed said he is becoming increasingly engaged with the operations elements of logistics coordination.

It's fair to say Ed's positive and approachable attitude is apparent. He loves his role, especially the interaction with a wide variety of people and groups. He tries to get to site as much as possible and in his seven years with the company, he has experienced various stages of transition. The Oakajee port is one particular memorable challenge in the exciting ride.

In his down time, the beach and water are keen interests especially fishing and boating as well as the family's annual Ningaloo Reef beach camping trips. Family and sport also interact, with Ed playing the role of hockey dad and making the time to go walking with his youngest daughter.

It's been a great opportunity for him and his family. Seeing how his children have taken so well to Australia, absorbed the opportunities and in his own words 'are flying'.

"The opportunities have been so fantastic for my children. That is my greatest joy to see how my children have flourished," Ed said with pride. "That's what I live for - my children."

Ed with his wife Suzy



Ed's children Shelley, Lauren and Greg



ED FLIGHT Field Logistics Coordinator

Fast Facts about Ed:

LOVES THE BEACH, BOATING, FISHING,
NINGALOO, CAMPING

ENJOYS BEING A HOCKEY DAD
PROUD OF WHAT HIS CHILDREN
HAVE ACHIEVED



ERNIE DINGO DVD

SMC has produced a DVD of Ernie Dingo's performance, 'A Wajarri Story', which was sponsored by SMC as part of the 2011 Geraldton Sunshine Festival.

This recording captures Ernie's first major performance in the region and provides an entertaining reflection on growing up in the Mid West. Joined on stage by a band including well known Wajarri elder Gavin Egan, Ernie is a fantastic performer and 'A Wajarri Story' is well worth a relaxing listen to.

"It was good to come home to see family & friends and have a good yarn and singalong. It was especially good to be able to perform on stage with my big brother. I hope it won't be too long for the next one to catch up. I hope you all enjoy the video as much as we enjoyed having fun on stage," said Ernie

DVDs are available on request so please contact Danielle van Kampen (Perth) or Marion Dingo (Geraldton) if you would like a copy.

GM WRAP

Last month I had the pleasure of presenting at the Mid West Economic & Resources Summit in Geraldton. I used the opportunity to give the delegates a view of the changes SMC has been through, what we currently look like and our future potential. I am the first to admit that my natural style is not that of a salesperson - I like to deliver the facts without gloss, pomp or circumstance, and with the current economic landscape weighing on the industry generally it seemed to me that a sales job was not appropriate. I opted for the steady-as-she-goes approach but highlighted that we are keeping a focus on the future and being ready to take advantage of opportunities as they arise.

The iron ore price is weak, declining quite rapidly over the last few months. And to be frank, SMC has a low grade product that is hard to sell in this market. The Sinosteel Trading sales team is facing a significant challenge placing our product as Chinese steel mills slow steel production in this traditionally quiet period. In fact, some of our lower grade ore shipments are struggling to return a breakeven price for us. It is only through the connections of Sinosteel Trading and their access to customers that we are able to find buyers in what is now a buyers' market.

While there are many opinions out there on what the iron ore market is doing and where it is heading, I try to draw opinion from many and varied sources and to form a consensus view rationalised against what we know of the Chinese market through Sinosteel. So for my two bobs worth; the price will probably hit a low in September or October. The slowdown we are seeing in Chinese demand is driven by a number of factors: the current Chinese leadership replacement process and associated deferment of major domestic economic announcements; the traditional drawdown of iron ore stocks at the end of the northern summer; and a slowing of the Chinese manufacturing industries in response to the weak markets in Europe and the US.

The fundamentals for a moderate recovery of the iron ore price are good and the forecasts suggest a return to around US\$110-120 by mid 2013. The Chinese economy itself remains strong and what we are seeing is a realignment of steel output and domestic urbanisation in line with worldwide demand for manufactured goods. We cannot ignore the fact that Chinese domestic consumption alone continues to be strong, if not stellar like we saw a couple of years ago. So, while probably not cause to pop the champagne corks it is not all doom and gloom.

In response to the fall in the price we have looked at how to accelerate the start-up of Blue Hills. Unfortunately our options are constrained by the complexity of the logistics opportunities and the associated negotiations. Although it does come with a slightly higher logistics cost, the grade at Blue Hills is better than we have at Koolanooka and the product will command a higher price because of that. Our Projects and Commercial teams are already a long way down the track of locking in various logistics pieces to bring the project online in the first quarter of next year.

I have also been pleased to be able to recently announce a suite of new HR policies, which I believe holds us in good stead for retaining and attracting staff to our organisation. The paid parental leave provisions, learning and development standard and a new performance management framework amongst others are certainly leading practice policies and keep us competitive with our peers.

In late August we secured our state environmental approval for the Weld Range project. This was a long and expensive process but we have ended up with a great result that sees a good outcome for both the project and the environment. This is a major milestone for SMC and I acknowledge the hard work of many people to achieve this but especially Wayne Ennor.

I look forward to updating you on our journey.



Phil Allsopp
General Manager