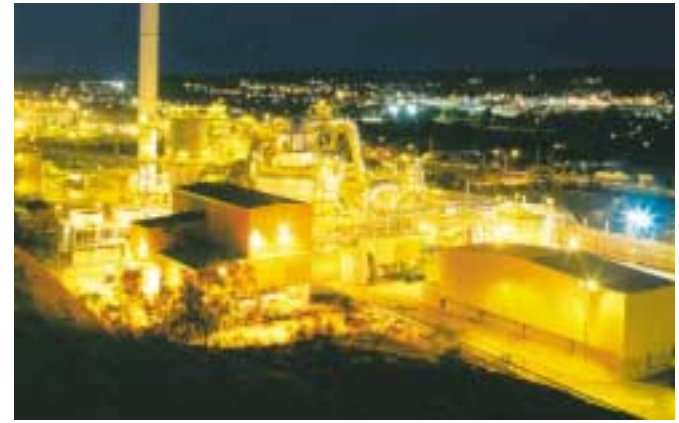
WMC RESOURCES LTD ABN 76 004 184 598

WMC RESOURCES LTD//2002 SUSTAINABILITY REPORT

Fly-in, fly-out at Leinster Nickel Operations.

This icon indicates that more information is available on the internet.

SECTION//ONE OVERVIEW



Andrew Michelmore Chief Executive Officer.
Right Mount Isa acid plant, Queensland Fertilizer Operations.

Chief Executive Officer's review

During 2002, WMC Limited received overwhelming shareholder approval to demerger to form two Australian-based public companies – WMC Resources Ltd and Alumina Limited. Out of that process, WMC Resources has emerged with a suite of long-life, low-cost, world-class nickel copper, uranium and fertilizer assets.

For 2002, we present information, usually found in our annual reports to shareholders, in a printed business performance report. To support that report, we have published this detailed sustainability report and seven individual sustainability reports on our performance at our Leinster, Mount Keith, Kwinana and Kalgoorlie nickel facilities; at Olympic Dam, our Queensland Fertilizer Operations and Hi Fert. Published electronically, these sustainability reports are available from our website (www.wmc.com).

WMC Resources retains an ongoing commitment to sustainable development, transparency and openness and to triple-bottom-line (economic, environmental and social) performance reporting.

In a difficult year due to depressed prices for some of our products, compounded by operational issues that interrupted production, we maintained a strong environmental and social performance.

Our overall safety performance continues to improve. During 2002, our main measure of workplace safety – the lost-time plus medically-treated injury frequency rate – was 11.5 per million hours worked, down 21 per cent from 14.6 during 2001, and down 30.3 per cent from 16.5 during 2000. Our injury rates remain at less than one-third of the minerals industry average.

We remain committed to an incident-free and injury-free workplace but, tragically, on 13 September 2002, Daniel Comrie, a 33-year-old contractor employed by Roche Mining at Mount Keith Operations in Western Australia, died when the edge of a haul road on which he was driving in the open cut mine collapsed.

SECTION//ONE OVERVIEW

Right Underground crew at the start of shift, Leinster Nickel Operations.

Chief Executive Officer's review continued

Our environmental performance during 2002 focused on reducing non-compliance incidents. During the year, we recorded 40 environmental non-compliance incidents – a significant reduction over previous years. This reduction reflects the efforts of our operational people, and the impact of investment in plant and equipment to improve our environmental performance.

This sustainability report carries more information than previous reports on our human resources planning and our interactions with employees. We describe our approach to these interactions through our People System, and point to challenges we face in recruiting and retaining skilled people – especially in remote areas of Australia.

A feature of our community interactions during 2002 was the considerable effort we made to deliver on our public commitment to establish and operate successfully, in concert with local communities, an indigenous employment program across our sites. A program strength is its sustainability, as indicated by an 84 per cent rate for indigenous retention in employment.

WMC Resources continues to help shape sustainable development policies and practices for the minerals industry and sustainability reporting in general. We have again been ranked among industry leaders in the 2003 Dow Jones Sustainability Index.

We continue to have our sustainability report independently verified by PricewaterhouseCoopers. Their assessment again is that this report presents a fair and objective view of our performance.

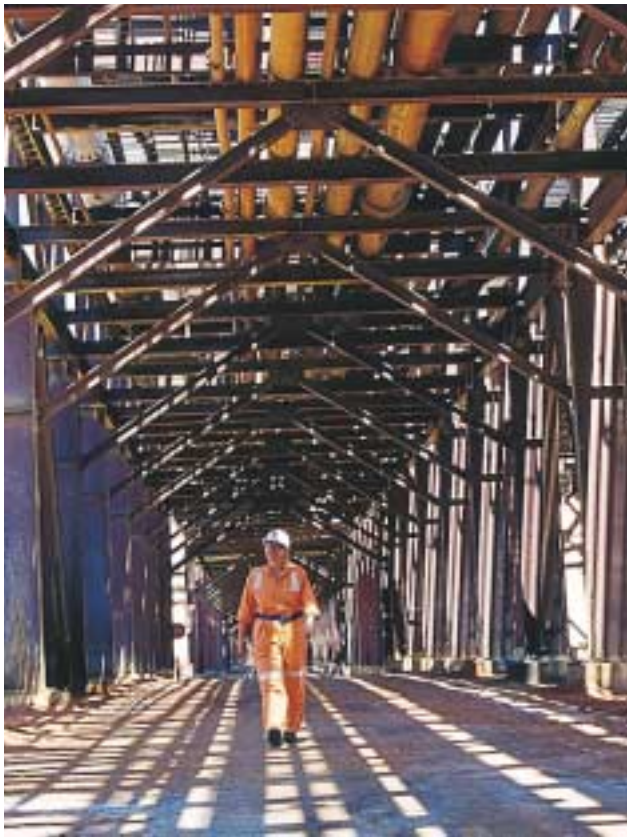
Incorporating sustainable development principles into all aspects of our activities remains a work in progress for WMC Resources. We have travelled a long way since our first environment report in 1994–95. We acknowledge the need for such broad-based reporting, and recognise its value to our reputation in relation to securing and maintaining our public licence to operate.

Andrew Michelmore
Chief Executive Officer
23 February 2003

SECTION//ONE OVERVIEW

Below The main piperack in the broadway at Olympic Dam.

Who we are



Who we are

WMC Resources is a major diversified resources company. Established in 1933 as an Australian gold exploration and mining company, we now concentrate on discovering, developing, producing, processing and marketing minerals, metals and fertilizers.

WMC Resources produces nickel, copper, uranium oxide, phosphate fertilizer and a range of intermediate products from premium Australian resources assets – a fully integrated nickel mining, concentrating, smelting and refining business in Western Australia; Olympic Dam, a copper-uranium business in South Australia; and our Queensland Fertilizer Operations, a high-analysis fertilizer production complex, supported by Hi Fert, our Australian east coast-based fertilizer blending and distribution arm. We are preparing our future through focused exploration, development projects like Corridor Sands and a skilled team reviewing strategic options, acquisitions and alliances.

Long-term success requires more than world-class assets. It is achieved by employing and retaining highly skilled and motivated people, continual improvement, uniform processes, innovation and technology, high standards of ethical conduct and corporate governance, responsible environmental and safety management, and strong community partnerships.

Vision

WMC Resources is a minerals company determined to be BEST. We are committed to optimal **B**ottom-line performance, **E**nvironmental responsibility, the **S**afety and wellbeing of our people, and to **T**eamwork and leadership.

Our mission

Our aim is to create shareholder value by finding, acquiring, developing and operating or participating in mineral resource projects around the world.

Our values

Fundamental to creating and maintaining shareholder value is our commitment to:

People – They constitute our single most important advantage. It is only through the combined efforts of our people that we will grow and prosper.

Integrity – Caring about how we get results. We are committed to a future based on the fundamentals of our *Code of Conduct,* and ensuring our actions match our words.

Leadership – This provides the environment for all our people to realise their potential and focus on our goals.

Performance – We aim to continuously improve all that we do, measuring what is important and driving for excellence.

Innovation – Differentiating our business through innovation.

Policies

Our code of conduct

- We treat each other with respect and dignity
- We respect the law and act accordingly
- We are fair and honest in our dealings
- We use WMC Resources' property responsibly
- We are accountable for our actions and their consequences.

Our community policy

As an integral part of the community, we recognise and act on our responsibilities. We work with communities to develop and nurture positive relationships built on mutual understanding and respect.

Building these relationships into long-term partnerships is essential for our business success. To achieve this we:

- value and respect human rights
- engage by listening, considering and responding
- communicate in an open and transparent manner
- respect cultural diversity and protect cultural heritage
- require our behaviour to be consistent with this policy.

As we invest in exploration, development, production and closure we, in consultation with host communities, government authorities and other organisations:

- encourage and support community development
- encourage and support initiatives to enhance social benefits such as environment, health and education
- identify and facilitate opportunities for employment, training and business relationships directly and through our contractors and suppliers.

We monitor, continuously improve and publicly report our activities and our performance.

Our environment policy

The company is committed to achieving compatibility between economic development and the maintenance of the environment. It therefore seeks to ensure that, throughout all phases of its activities, WMC Resources personnel and contractors give proper consideration to the care of the flora, fauna, air, land and water, and to community health and heritage that may be affected by these activities.

SECTION//ONE OVERVIEW

Right Kym Thomas, Water Resources Technician, in the reverse osmosis plant, Olympic Dam. The plant desalinates water from the borefields in the Great Artesian Basin.

Who we are continued

To fulfil this commitment, the company will observe all environmental laws and, consistent with the principles of sustainable development, will:

- progressively establish and maintain company-wide environmental standards for our operations throughout the world
- integrate environmental factors into planning and operational decisions and processes
- assess the potential environmental effects of our activities, and regularly monitor and audit our environmental performance
- continually improve our environmental performance, including reducing the effect of emissions, developing opportunities for recycling, and more efficiently using energy, water and other resources
- rehabilitate the environment affected by our activities
- conserve important populations of flora and fauna that may be affected by our activities
- promote environmental awareness among company personnel and contractors to increase understanding of environmental matters.

Our health and safety policy

WMC Resources strives to develop a culture that supports its health and safety values by encouraging behaviour and implementing processes that ensure the health and safety of all employees, contractors, customers and the communities associated with our worldwide operations.

In support of this, we believe that:

- no business activity will come before health and safety
- all incidents and injuries are preventable on and off the job
- accountability for health and safety rests with every individual
- individuals must identify, assess and manage hazards
- legal obligations are the foundation of our health and safety standards
- individuals will be trained and equipped to ensure an incident-free workplace.

The Global Reporting Initiative

In structuring this sustainability report, WMC Resources drew on assurance principles proposed by the Global Reporting Initiative. These principles include an independent verification process that is a hallmark of WMC Resources' reporting in recent years.

An evolving framework, the Global Reporting Initiative assists organisations to publicly report – accountably, inclusively and transparently – the triple-bottom-line (economic, environmental and social) dimensions of their activities, products and services.

Since our last report, the Global Reporting Initiative has revised its *Sustainability Reporting Guidelines* to recommend that sustainability reports be structured as follows:

- vision and strategy
- profile
- governance structure and management systems
- performance indicators
- contents index (for ease of access and to encourage alignment with initiative guidelines).

The *WMC Resources Ltd 2002 Business Performance Report*, outlining our company performance for the year, includes highlights of our sustainability performance. Our business performance report is supported by a printed financial report. WMC Resources also produces this detailed website-based sustainability report and seven website-based operations reports (www.wmc.com).

While we are not yet in full accordance with the Global Reporting Initiative's recently released guidelines, we believe our 2002 suite of reports address triple-bottom-line reporting, and offer a high degree of comparability and transparency.

We note the Global Reporting Initiative's observation that comprehensive economic, environmental and social reporting is still in a 'youthful state', and we concur with the view that such reporting is evolving; a work in progress.

In line with this, we are reassessing our approach to environmental performance indicators and targets, as outlined on page 30 of this report. Further, in 2003 we will investigate processes for more formally reporting against a range of social performance indicators (see page 34). For a summary of 2002 performance against objectives, see page 44.

SECTION//TWO
SUSTAINABLE DEVELOPMENT

Right John Charles, Logistics Coordinator, handling AussieGold phosphate fertilizer, Queensland Fertilizer Operations, Townsville.
Far right Nickel-in-concentrate being transported from Mount Keith to Leinster for drying prior to dispatch to the Kalgoorlie Nickel Smelter.

The meaning and language of sustainable development

WMC Resources has adopted the 1987 Brundtland definition of sustainable development, which refers to development that meets the needs of the present without compromising the needs of future generations.

The Brundtland definition can be broken into four conditions for sustainable development:

- fulfilling this generation's material and other needs for a better quality of life
- meeting those needs as equitably as possible
- while respecting ecosystem limits, and
- building the basis for future generations to meet their needs.

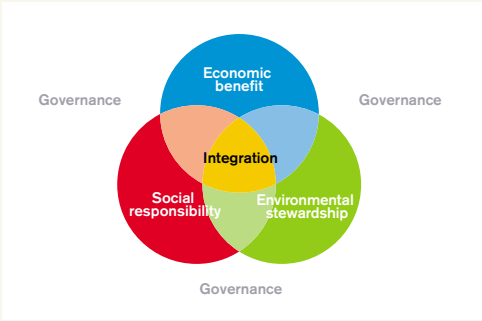
Achieving sustainable development requires decision-making that integrates economic, environmental, social and governance goals. Such decision-making includes:

- *win-win-win* decisions where economic, environmental and social goals are all advanced
- *trade-off* decisions; a difficult area involving gains and losses that may require complex and time-consuming dialogue and consultation, particularly when associated with using natural resources
- *no-go* decisions that are non-negotiable, such as breaches of human rights.

The way resource companies integrate their economic, environmental and social business decision-making also contributes to sustainable development. This extends across exploration, designing and operating projects, interacting with host communities and other stakeholders, providing for the working conditions of employees and contractors, corporate giving and final closure and subsequent rehabilitation of operations.

SECTION//TWO SUSTAINABLE DEVELOPMENT

The meaning and language of sustainable development continued



The three overlapping circles depict our economic, environmental and social activities – the triple-bottom-line approach. These activities take place within a governance framework that includes our code of conduct, and our commitment to accountability, openness and transparency. The overlap of the circles represents the degree to which our decision-making is integrated.

The language used around sustainable development is often confusing, and meanings are interchanged. 'Corporate social responsibility' refers to the obligations to society that business organisations are expected to acknowledge and reflect in their actions. 'Corporate citizenship,' as depicted in the diagram by World Economic Forum Chief Executive Officers, is the process by which a business acts to fulfil these responsibilities to society, and includes:

- good corporate governance and ethics
- responsibility for people
- responsibility for environmental impacts
- a broader contribution to development.

However, some see adopting 'corporate social responsibility' principles as harmful to business due to higher costs and management distractions associated with the wider business goals, consultations with stakeholders and adoption of more exacting, self-chosen environmental and social standards.

For WMC Resources, securing our licence to operate is critical to accessing and being able to process and sell mineral resources. Our reputation as a good corporate citizen – as being responsive to broader stakeholder expectations while acting responsibly in the long-term interests of our shareholders, employees and the communities within which we operate – has a strong influence on our securing such licence.

This report outlines, among other things, WMC Resources' corporate role and social responsibility relating to government, stakeholder expectations and communication.

Global corporate citizenship

People
- Product and worker safety
- Labour standards
- Human rights
- Equal opportunity and access

Corporate governance and ethics
- Corporate values and purpose
- Transparency and accountability
- Tackling corruption

Environment
- Local and global environmental quality
- Cleaner production processes
- Eco-efficiency
- Environmental technology

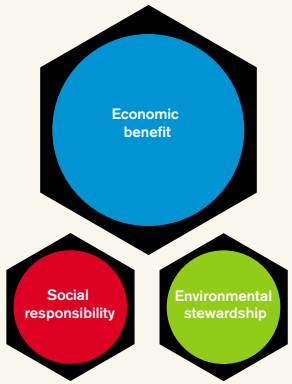
Contribution to development
- Enterprise development
- Community investment
- Education
- Health/HIV AIDS
- Digital divide

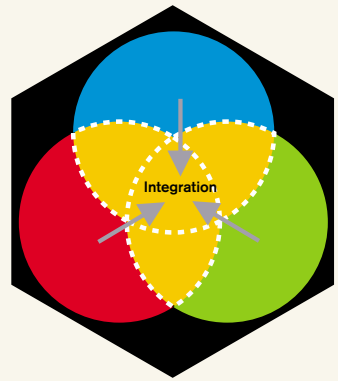
Source: World Economic Forum. *Global Corporate Citizenship: The Leadership Challenge for CEOs and Boards*, page 6.

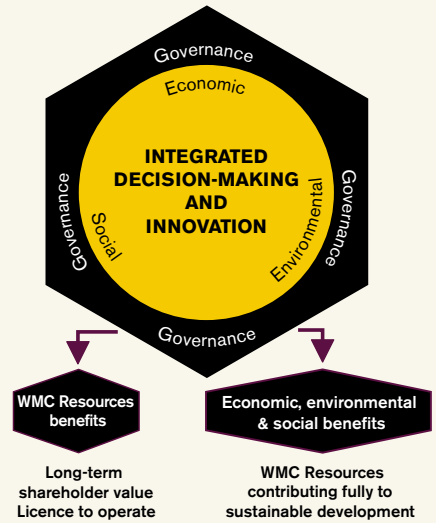
SECTION//TWO SUSTAINABLE DEVELOPMENT

WMC Resources and sustainable development

Our first sustainability report in 2001 used a four-stage diagram to describe our journey to sustainable development; to being an organisation able to fully and openly account for our economic, environmental and social activities. We place our progress on this journey between phases two and three as reported last year.







Is WMC Resources here?

Phase 1

A company in which financial and technical issues predominate.

Governance issues focus on legislative compliance.

Senior management's focus is on minimising liabilities and responding to those external pressures that have the potential to damage company reputation.

A closed culture.

Phase 2

A company whose management starts to view environmental and social aspects as more than just adjuncts to business. Moving towards the triple-bottom-line: accounting for economic, environmental and social factors.

Developing systematic approaches to managing community, environmental, health and safety management. Approaches include policies, standards and performance measures.

Emergence of an open and transparent culture, including non-financial public reporting.

Phase 3

A company that has successfully extended triple-bottom-line considerations beyond corporate management into its operational areas. A commitment to a sustainable development strategy and development of continuous disclosure of sustainability performance. Company values and a code of conduct underpin decision-making.

Adopting integrated risk management approaches. Setting stretch performance targets to minimise environmental impacts, reduce waste, and strengthen community partnerships and trust through engagement and openness.

Phase 4

A company that views the environmental and social aspects of business as opportunities for growth to sustain long-term shareholder value.

A company that addresses sustainability challenges through innovative solutions and is responsive to changing community expectations.

Environmental and social considerations are fully integrated into day-to-day business decision-making.

Possible performance indicators

Social responsibility
- Social and cultural diversity
- Employee commitment
- Community partnership
- Safety and health
- Stakeholder engagement
- Community investment
- Capacity building

Economic benefit
- Revenues
- Earnings
- Net cash flow
- Shareholder return
- Access to capital
- Taxes and royalties
- Return on capital

Environmental stewardship
- Waste management
- Emission reductions
- Product stewardship
- Energy and resource conservation
- Technology
- Biodiversity conservation

Governance
- Code of conduct
- Company values and behaviour
- Policies
- Management systems
- Standards and guidelines
- Openness and transparency
- Reporting
- Integrated risk management

SECTION//TWO SUSTAINABLE DEVELOPMENT

Below Sand dune vegetation at Olympic Dam.

WMC Resources and sustainable development continued

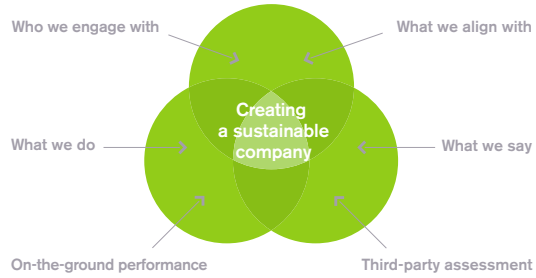
This report, and its supporting seven operation-based reports, also outlines WMC Resources' progress – at corporate and operational levels – in contributing to sustainable development through corporate citizenship activities.

External evaluation by others that we are a sustainability leader, such as the Dow Jones Sustainability Index, is based on our sustainability performance. They judge us by our words and actions, those we engage, and our alignments and associations. For us, this is still a journey – a work in progress – as illustrated.

WMC Resources' progress towards sustainability

What we say
- Commitment to our employee code of conduct and its extension to our contractors
- Openness and transparency through reporting
- Our policies and standards and their extension to our contractors
- The position we take on public policy issues
- Our commitment to reducing our greenhouse gas emissions through the Greenhouse Challenge program

What we do
- Senior management commitment to sustainable development
- Participation in the Global Mining Initiative
- Implementation of our management systems
- Governance arrangements including our code of conduct committee
- Environmental protection measures including target setting
- Implementation of integrated risk management



What we align with
- Principles of the World Business Council for Sustainable Development and the International Council on Mining and Metals
- Australian Minerals Industry Code for Environmental Management
- Global Reporting Initiative's *Sustainability Reporting Guidelines*
- World Economic Forum's Global Corporate Citizenship Statement on Corporate Social Responsibility

Who we engage with
- Shareholders
- Our host communities
- Governments
- Regulators
- Our peers through sector associations
- Non-government organisations
- Other stakeholders

On-the-ground performance
- Operations and new projects
- Exploration
- Corporate

Third-party assessment
- PricewaterhouseCoopers verification
- Dow Jones Sustainability Index
- External Advisory Group

What we say
- Community programs including sponsorships and donations
- Indigenous training and employment initiatives
- Our people policies including employee share plan, individual performance appraisal and opinion surveys

SECTION//TWO SUSTAINABLE DEVELOPMENT

Below Randall Vince, Driller's Offsider, conducting underground exploration drilling at Olympic Dam.

WMC Resources and sustainable development continued

The 2003 Dow Jones Sustainability Index

WMC Resources has been included in the Dow Jones Sustainability Index for the third consecutive year. We are listed as a sustainability leader in the Basic Materials sector. This year, the Dow Jones Sustainability World Index (DJSI World) tracked corporate sustainability performance across the economic, environmental and social dimensions of more than 300 companies, across 59 industry groups in 23 countries.

Being selected as a company committed to sustainable development in this index has the potential to increase investor demand for our stock and enhances our company's reputation as a sector leader in sustainability performance, effectively managing all aspects of business risk.

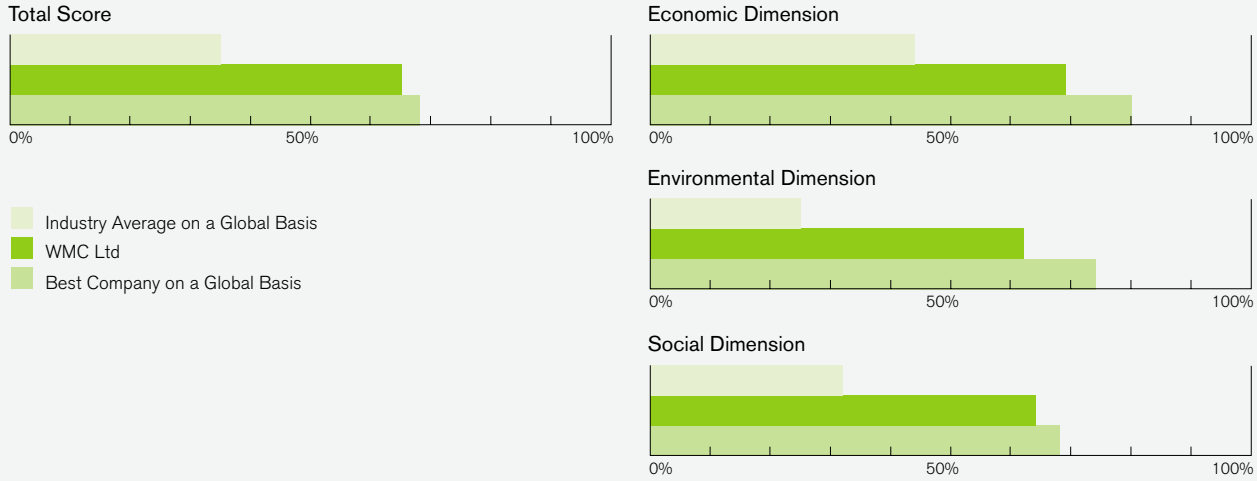
Sustainability Leader
Member of DJSI World

WMC Ltd.
Mining

Sustainability Performance

WMC has an excellent overall sustainability performance compared to the industry average. As the company states, sustainable development at WMC means growing shareholder value by operating in a safe, environmentally and socially responsible manner and integrating environmental and social aspects in our decision-making. This is illustrated through WMC's strong capabilities in dealing with corporate sustainability in all three dimensions. WMC's management capabilities in the economic dimension are very strong compared to the industry. It performed particularly well in scorecards/measurement systems and customer relationship management. In the environmental dimension, WMC scored well above the industry average with a clear out-performance in environmental management using appropriate key indicators to measure environmental performance. WMC produces a leading sustainability report which – particularly in the social dimension – the engagement with external stakeholders and various employee initiatives is transparently documented. The company also strongly emphasizes a modern remuneration and benefits scheme and strives to continuously improve workforce capabilities.

Sustainability Scores



Industry Group Overview: Mining

The relative positioning of components within each industry group on a global basis is illustrated below, based on cluster scores of the economic, environmental and social dimensions. Companies with identical cluster scores are listed alphabetically, and the sector leader is listed first. For more specific data, see page 46.

Legend: p = poor a = average b = best

		Economic					Environmental					Social				
		p		a		b	p		a		b	p		a		b
DJSI World	Rio Tinto															
	WMC Resources															
	BHP Billiton Group															

Next company in line for selection should a company be deleted from the index:

Anglo American Plc.																

Extract from the 2003 Dow Jones Sustainability Index Assessment: WMC Limited.

SECTION//TWO SUSTAINABLE DEVELOPMENT

Below Heavy repair and maintenance being undertaken inside the workshop at Mount Keith Operations.

Sustainable development public policy

Over the last 20 years, the global mining and minerals processing industry has been at the forefront of public policy debate and scrutiny associated with sustainability. Initially focused on environmental issues – typically land access disputes involving exploration and resource development, and the environmental impacts of mining and minerals processing – sustainability issues have broadened considerably in scope and complexity in the last five to 10 years. Regulatory attention – particularly from Europe – to the safe use, recycling and disposal of metals in products and, increasingly, social issues dominate the sustainability policy agenda.

As part of a global industry, our operations are often governed by international regulations, operating standards and guidelines developed by United Nations, European Union and World Bank agencies. For this reason, WMC Resources joins with other leading minerals and metals processing companies to represent its views on sustainable development issues through international associations and business groups. We also engage with these groups because they aim to be at the leading edge of implementing sustainable development to help drive improvements in performance.

GMI
Global Mining Initiative

The Global Mining Initiative

In our 2001 sustainability report, we described our involvement, along with other major minerals companies, in the two-year Global Mining Initiative project. Concluded in 2002, the initiative's aim was to help improve the industry's sustainability performance and responsiveness to changing community attitudes and expectations. Key outcomes include:

- An independent Mining, Minerals and Sustainable Development study funded by the industry at arm's length, through the World Business Council for Sustainable Development. The study, *Breaking New Ground*, involved research and compiling information and available data as well as an extensive multi-stakeholder regional dialogue. Completed in April 2002, the study is the most comprehensive and authoritative critique of the contribution of this global industry to sustainable development. A copy of the executive summary can be downloaded, or a full copy purchased, from Earthscan (www.earthscan.co.uk).
- Establishing the International Council on Mining and Metals as the resources industry's global voice on sustainable development matters.
- An international minerals conference, in May 2002, to discuss the outcomes of the study and to help set industry direction.

A vision of the minerals sector

The MMSD (Mining, Minerals and Sustainable Development) process sought to create a picture of what the minerals sector would look like if it were to maximise its contribution to sustainable development. In this vision of the future, the minerals industry is integrated throughout the value chain and in providing mineral services rather than primary products. To raise the performance of all, a leading group of companies – both large and small – provides a model and supports the efforts of others.

Legal and regulatory frameworks will be complemented by voluntary initiatives, such as mine site or company-wide verification. These measures will be developed through transparent and inclusive processes, defining concrete performance standards at the global, national, and local levels. Governments will have sufficient capability and willingness to impose sanctions on those who will not meet these standards. There will be fair and accepted mechanisms to facilitate access to information, public participation in decision making processes, and access to justice to resolve disputes.

All actors will have sufficient capacity to meet higher standards, to define and enforce constructive interventions, and to monitor performance and facilitate sustainable development objectives. Costs will be much better internalised, and there will be a concerted effort to address the legacies of abandoned mines.

There will be clear incentives for all actors. Companies that perform well will retain their social licence to operate – including lower operating costs, favourable borrowing terms, and lower insurance rates. Governments will benefit from harmonious social, economic, and political relations. Labour will enjoy better working conditions and better health. NGOs will play a positive role in meeting society's needs. Consumers will be assured that their use of mineral products is supporting sustainable livelihoods. And communities overall will have better standards of living and greater involvement in decision-making processes.

Extract from the executive summary of Breaking New Ground, the Mining, Minerals and Sustainable Development study 2002.

'The MMSD project has set out quite clearly the challenges. It is imperative that we do more to ensure that mining's (environmental) fallout is mitigated and that local communities – in particular the millions of artisanal [small scale] miners – share in the benefits. The Global Mining Initiative (which initiated MMSD) has mobilized an unprecedented coalition for change and has identified many important issues where cooperation and collective action can make a difference.'

Kofi Annan, Secretary-General, United Nations

SECTION//TWO SUSTAINABLE DEVELOPMENT

Right Nathan Blake, Pastoral Manager, with solar panels installed on a station near Leinster. Solar power is environmentally friendly and reduces diesel costs.

Sustainable development public policy continued

World Business Council for Sustainable Development

WMC Resources is a member of the World Business Council for Sustainable Development. The council's aim – as the pre-eminent global organisation providing business leadership towards sustainable development – is as a catalyst for change and to promote eco-efficiency, innovation and corporate social responsibility. The World Business Council for Sustainable Development is governed by a council, comprising the chief executive officers of its member companies. The council meets annually to determine the organisation's priorities and to discuss strategic issues connected with sustainable development. During 2002, WMC Resources' Chief Executive Officer at the time, Hugh Morgan, served on the council's executive committee.

Through the World Business Council for Sustainable Development, member companies cooperate on sustainability projects that are relevant to their businesses. WMC Resources has participated in a sustainable development-reporting project that gives practical guidance on reporting, monitoring and measuring along with encouragement to council member companies that are compiling sustainable development reports. The project also seeks to improve communication between member companies and the financial community in response to the increasing calls on company time and resources to respond to questionnaires associated with the establishment of screened investment products. The report is available from the council's website (www.wbcsd.org).

International Council on Mining and Metals

Established in October 2001 as part of the Global Mining Initiative, the International Council on Mining and Metals is the global voice for the industry, focused on sustainable development and improving the sector's performance. During 2002, Chief Executive Officer at the time, Hugh Morgan, continued to serve on the council's executive committee that oversees its management. WMC Resources' representatives are active in the council's working groups.

The council played a central role during the Global Mining Initiative's international conference in Toronto, May 2002, where participants discussed the way forward for the industry following release of the Mining, Minerals and Sustainable Development study. At the conference, International Council on Mining and Metals member chief executive officers adopted the Toronto Declaration, identifying issues of highest priority raised by the study and to be addressed by the council and member companies (www.icmm.com).

Public commitments in the Toronto Declaration, made on behalf of the industry, include:

- the council developing a sustainable development charter
- developing 'best practice' protocols that encourage third-party verification and public reporting
- engaging in constructive dialogue with key constituencies
- working with the World Bank to enhance effective community development management tools
- working with the IUCN – the World Conservation Union – on biodiversity protection.

World Economic Forum

The World Economic Forum is an independent international organisation committed to improving the state of the world (www.weforum.org). The forum provides a collaborative framework for world leaders to address global issues, particularly to engage its corporate members in global citizenship. The forum produced a joint statement on *Global Corporate Citizenship: The Leadership Challenge for CEOs and Boards*, to which WMC Resources is a signatory.

Developed in partnership with the Prince of Wales International Business Leaders Forum, the statement recommends a framework for action that senior business executives can use to develop a strategy for managing their company's impact on society and its relationships with stakeholders. The framework comprises four elements:

1. **providing leadership:** setting the strategic direction for corporate citizenship in the company and engaging in the wider debate on globalisation and the role of business in development
2. **defining what it means for your company:** defining the key issues, stakeholders and spheres of influence which are relevant for corporate citizenship in the company and industry
3. **making it happen:** establishing and implementing appropriate policies and procedures and engaging in dialogue and partnership with key stakeholders to embed corporate citizenship into the company's strategy and operations
4. **being transparent about it:** building confidence by communicating consistently with different stakeholders about the company's principles, policies and practices in a transparent manner, within the bounds of commercial confidentiality.

SECTION//TWO SUSTAINABLE DEVELOPMENT

Below Setting traps to monitor bilby numbers within the Arid Recovery Project reserve near Olympic Dam.

Sustainable development public policy continued

World Summit on Sustainable Development

Held in Johannesburg, South Africa, during August and September 2002, the World Summit on Sustainable Development's central theme (following on from the 1992 Rio Earth Summit) was alleviating poverty through sustainable development. WMC Resources participated in the business side-events through involvement in activities of the World Business Council for Sustainable Development and the International Council on Mining and Metals. The summit was important in seeking commitments from governments to improving basic minimum living conditions for the poor, such as access to better-quality water and sanitation. Unlike the Rio summit 10 years earlier, the Johannesburg summit saw business-generated economic development as a critical factor in alleviating poverty through sustainable development.

Stakeholder engagement on sustainable development policy

WMC Resources, along with three other resource companies, has embarked on an 18-month collaborative project with World Wide Fund for Nature Australia (WWF), other non-government organisations, an industry union and the CSIRO. This Mining Certification Evaluation Project is to evaluate the potential for applying independent third-party certification of sustainability performance to mine sites.

The project aims to develop and to trial measurable and auditable on-ground performance standards for a mine site that are acceptable to the project participants and stakeholders. The project's starting point is forest and fishery product certification schemes where consumers prefer products that are independently assessed and certified as coming from well-managed natural resources.

'Through this project, WWF is keen to evaluate the scope for the establishment of a credible, voluntary, market-based instrument to drive good environmental, social and economic performance in mining. WWF believes such an instrument would benefit communities, consumers and investors.'

Michael Rae, Program Leader – Resources Conservation, WWF Australia

The minerals industry and the World Summit on Sustainable Development

The role of the minerals industry in contributing to economic and social development was acknowledged in the summit's final communiqué through its Plan of Implementation:

Mining, minerals and metals are important to the economic and social development of many countries. Minerals are essential for modern living. Enhancing the contribution of mining, minerals and metals to sustainable development includes actions at all levels to:

(a) Support efforts to address environmental, health and social impacts and benefits of mining, minerals and metals throughout their life cycle, including workers' health and safety, and use a range of partnerships, furthering existing activities at the national and international levels, among interested Governments, intergovernmental organisations, mining companies and workers, and other stakeholders, to promote transparency and accountability for sustainable mining and minerals development;

(b) Enhance the participation of stakeholders, including local and indigenous communities and women, to play an active role in minerals, metals and mining development throughout the life cycles of mining operations, including after closure for rehabilitation purposes, in accordance with national regulations and taking into account significant trans-boundary impacts;

(c) Foster sustainable mining practices through the provision of financial, technical and capacity-building support to developing countries and countries with economies in transition for the mining and processing of minerals, including small-scale mining, and, where possible and appropriate, improve value-added processing, upgrade scientific and technological information, and reclaim and rehabilitate degraded sites.

Paragraph 44 of the World Summit on Sustainable Development's Plan of Implementation.

SECTION//THREE
REPORTING AND INDEPENDENT VERIFICATION

Right Steve Howeler, contract mechanic, in the underground workshop at Olympic Dam.
Far right Malcolm Smart, Reduction Operations Superintendent, Kwinana Nickel Refinery.

Independent verification

This is the sixth year that we have contracted PricewaterhouseCoopers to verify our publicly reported sustainability information.

PRICEWATERHOUSECOOPERS

Independent assurance statement to WMC Resources Ltd management

Introduction

PricewaterhouseCoopers is a global professional services firm that provides independent audit and other assurance services. Using specialists in the fields of environment, community, health and safety we adopted an independent assurance approach that, in the absence of generally accepted international standards for providing assurance over sustainability reports, reflects emerging practices and guidance including:

- local and internationally recognised financial and environmental auditing standards, and
- the assurance principles proposed by the Global Reporting Initiative.

Our independent assurance team has an established understanding of WMC Resources through providing assurance services to all of its operational sites over the past six years (excluding Hi Fert). During the reporting period, we liaised regularly with WMC Resources functional managers and staff.

Scope and objective

The information included in the WMC Resources Ltd 2002 Sustainability Report and the reports of the selected operations as defined below (the Reports) is the responsibility of WMC Resources management who requested that we provide independent assurance of the information presented in the Reports.

SECTION//THREE REPORTING AND INDEPENDENT VERIFICATION

Below Glenda Pickersgill, Environment Coordinator, using a waste recycling station at Mount Keith Operations.

Independent verification continued

The objective of our work was to provide assurance over the reports of the Kwinana Nickel Refinery and Queensland Fertilizer Operations (the selected operations), and the corporate function, for the assurance process. We do not express any conclusion on other WMC Resources operations.

The objective of our assurance process is to provide WMC Resources management with an independent opinion on the:

- completeness and accuracy of the performance data in the Reports
- statements made in the Reports.

Performance data

We examined, on a sample basis, the completeness and accuracy of the data in the Reports for the selected operations and the transcription and aggregation of this data at the company level by:

- considering the reliability of the systems and processes for data collection, collation and aggregation
- testing back to supporting documentation
- testing formulae, arithmetic accuracy and graphical representation
- reviewing assumptions and estimates for reasonableness and logic.

Conclusion

Based on the results of our assurance procedures, we believe that in all material respects, the data presented in the Reports is complete and accurate.

Statements made in the Reports

We considered the scope and objectivity of the information presented in the Reports to determine whether the statements made within those Reports were consistent with findings from our assurance procedures and interviews with relevant WMC Resources management and staff.

We also examined, on a sample basis, the selected operations' assessments against the Australian Minerals Industry Code for Environmental Management (the Code) to ensure the scores had been accurately determined against the set criteria.

Conclusion

Based on the results of our assurance procedures we believe that in all material respects, the statements made in the Reports present a fair and objective view of WMC Resources' environment, community, health and safety management performance for 2002.

The 2002 Australian Minerals Industry Environment Code scores presented in the Report, for the selected operations, have been determined using the Code's set criteria and based on the sample assessed. The scores reflect, in all material respects, a fair representation of performance.

Progress

During 2002, WMC Resources implemented its Environment, Health and Safety Data Management System (the System) across all of its sites to integrate the reporting of environment, health and safety information in a consistent format.

WMC Resources also commenced roll-out of the System and its associated Standards. The System has been disseminated to all sites, and gap audits have been scheduled to occur in 2003 to determine implementation priorities for each site. Management has committed to progressive implementation of the System Standards throughout all sites.

This year, WMC Resources has also been progressively introducing a revised environmental incident classification process at all operational sites. This revised guideline facilitates a consistent approach to the classification of environmental non-compliance incidents.

PricewaterhouseCoopers

Global Risk Management Solutions

Nick Chipman

Melbourne

19 March 2003

SECTION//THREE
REPORTING AND INDEPENDENT VERIFICATION

Data consultant's comments

Energetics

This is the seventh year that Energetics has been working with WMC Resources on the environmental data elements of their non-financial public reports and the Greenhouse Challenge reports. WMC Resources continues to improve its data collection and reporting processes by maintaining site-based reporting, identifying gaps and highlighting areas where improvement can be made. This enables sites to determine their own issues of concern, report against parameters that are relevant and important to their operation, and encourages them to assess future impacts when setting new targets.

The key challenge that the WMC Resources operations face is further integration of data management, analysis and setting targets as part of the business planning process. Sites are in the process of assessing suitable indicators and developing targets that are more reflective of their individual operations and will assist in better management of their business.

External Advisory Group

WMC established the External Advisory Group in 1995 to advise on our first environment progress report. Over time, the group's role has broadened to provide advice on a wide range of issues associated with developing and preparing sustainability public reports.

Members are invited to participate by WMC Resources' Chief Executive Officer. They are selected for their individual knowledge, background and expertise in triple-bottom-line (economic, environmental and social) reporting.

At 31 December 2002, External Advisory Group members were Tricia Caswell, Gatjil Djerrkura OAM, Professor Jim Joy, Professor Ian Lowe AO and Alister Maitland.

External Advisory Group's comments

WMC Resources is recognised as a global leader in environmental reporting, winning awards within and outside Australia. The company has been a major influence on the involvement of the mining and minerals industry, together with the World Business Council for Sustainable Development, and the establishment of a global project, the Global Mining Initiative, addressing how the mining and minerals industry should deal with and contribute to sustainability.

While in recent years there has been significant improvement in annual performance, the ongoing challenge is to integrate the environmental dimension into the broader agenda of sustainability and make it operational across the corporation. This means continuing to lead as well as manage and change the culture so that at every site and in every office, sustainability – with its economic, environmental and social dimensions – is included in the everyday processes of designing, planning, measuring and operating. This should be part of the core business of all management, financial and reporting systems. Sustainability must become an integral part of WMC Resources' corporate social responsibility (CSR) as well as part of its contemporary governance and day-to-day work.

In 2002, Ernst & Young published a report *Corporate Social Responsibility – A survey of global companies* where 79 per cent of respondents said CSR was vital and increasing in importance to their business; and 63 per cent said stakeholder engagement was crucial to developing their CSR strategy. Only nine per cent said they had analysed and addressed the risks and opportunities arising.

In times when access to resources is at risk, when security of supply and access to markets is by no means guaranteed, sustainability provides a significant component of strategic risk assessment and management.

WMC Resources, under the leadership of former Chief Executive Officer Hugh Morgan, has been ahead of most in understanding these issues, but there is still much to be done. Only some of the steps have been taken to ensure all of WMC Resources is able to address these challenges.

The External Advisory Group assists WMC Resources in addressing these challenges in an intellectually challenging and productive fashion, so they are properly considered. This should add to shareholder value in the way that all management activities should.

Sustainability is an emerging arena of new analysis and knowledge. The great challenge to management will be to incorporate it into day-to-day practices that ultimately must include adding value to shareholders. Understanding it goes well beyond the content and style of reporting. Real understanding can only develop out of concentrated research and rigorous debate.

With demerger activities, the last two years have been testing times for WMC Resources. Indeed, for this reporting cycle, the External Advisory Group met only twice, reflecting management's focus on other priorities. The company's demerger will have significant implications. One key challenge will be the willingness of WMC Resources to continue to pursue sustainability and all the issues associated with it.

To date, WMC Resources' strategy performance across the environment, health and safety components of sustainability has been strong but there is no room for complacency. All parts of the corporation need to be exposed to, and integrated into, this endeavour. The next stage needs focus, attention and resource support to ensure WMC Resources' core business is sustainable and that WMC Resources is a contributor to the greater challenge of global sustainability for the 21st century.

SECTION//FOUR
OUR APPROACH...

Right Greg Starick, Radiation Safety Technician, Olympic Dam.
Far Right Checking core samples at the West Musgrave nickel project.

...to environment, health and safety

In this section, we outline our approach to managing the environment, health and safety aspects of our business and to engaging the community and our employees.

The minerals industry, and many of the operations undertaken by WMC Resources, is inherently hazardous. There is the potential, if not managed effectively, for our operations to cause long-term impacts to the health of employees, contractors and local community and to the environment. Accordingly, we place special emphasis on managing the environment, health and safety aspects of our business.

It is our objective to:

- provide an incident-free and injury-free workplace, free of fatalities and other significant incidents
- maintain the health and wellbeing of our workforce
- protect the environment from unnecessary impact and degradation
- maximise shareholder value by achieving consistent operations that are free of incidents and interruptions.

We believe that this can best be achieved by:

- operating in accord with an integrated Environment, Health and Safety Management System
- having risk management processes that cover all aspects of our business
- having independent and internal audit programs that ensure our operations comply with legal obligations and company policies, and conform with the requirements of our management system and internal standards
- our people valuing personal safety and environmental protection, understanding their legal obligations and role in environment, health and safety management, being trained and skilled in their work and being engaged in decision-making.

SECTION//FOUR
OUR APPROACH...

Right Bianca Wake, Training Advisor, presenting a full site induction to new employees and contractors, Olympic Dam.

...to environment, health and safety continued

Risk management

Operational risk
- Environment, health and safety
- Critical equipment
- Structure
- Insurance
- Suppliers
- Human resources
- Community

Financial risk
- Currency
- Market
- Commodity

Project risk
- Country
- Contractor
- Process
- Technology
- Construction

Management systems

We continue to bring operational practices and procedures into line with the company's Environment, Health and Safety Management System. This will be achieved through an ongoing program that includes site internal audits, independent verification audits and site-based improvement plans.

Verification audits confirm the degree of effectiveness of site internal audits and that actions arising from internal audits are completed. Sites are also audited to ensure that all incidents are reported according to company standards and procedures.

During 2003, all operations will be assessed against our integrated management system's requirements, and will conform substantially to all system elements by December 2004.

The WMC Resources Environment, Health and Safety Management System framework and group policies are published on the Internet at (www.wmc.com). These provide an overview of system requirements.

Risk management

Our risk management program provides a clear, three-pillared approach that covers financial and business risk, project risk and operational risk.

Our operational risk management program includes:
- detailed reviews at our sites and operations to identify all potential upsets and incidents that can impact on safety, the environment or production, and changes needed to make the risks posed by these potential upsets acceptable
- hazard and operability studies on our plant and equipment to confirm that they can be operated safely
- analysis on tasks and jobs to identify hazards and to allow appropriate controls over the hazards to be initiated.

Culture and behaviour programs

In 2001, WMC Resources launched its Take Time, Take Charge environment, health and safety culture and behaviour program. The program aims to have everyone:
- **s**top before they do any work
- **t**hink through the task step-by-step
- **a**ssess the work for potential hazards
- **r**espond by making changes or seeking assistance if they believe that there is an unacceptable risk of injury or environmental harm.

We have learned through the Take Time, Take Charge program that successful cultural change is achieved by:
- being consistent and relentless in promoting the safety, health and environment message

- maintaining a focus on people as individuals
- recognising and rewarding changed behaviour
- having communications delivered by our front-line supervisors because they are best placed to influence our people.

We are pleased by the extent to which our people have adopted Take Time, Take Charge. We believe that this program's continued development and promotion, coupled with innovative elements such as Take Time, Take Charge – The Difference, a complementary program aimed at emotionally engaging our people in personal safety management, will help us achieve incident-free and injury-free operations.

Our challenge is to maintain the Take Time, Take Charge program's freshness and to increase the skills of our front-line supervisors in driving and reinforcing the need for constant focus by everyone on hazard identification and control.

Fitness for Work

The Fitness for Work program is part of WMC Resources' commitment to ensuring the safety and health of employees, contractors and visitors.

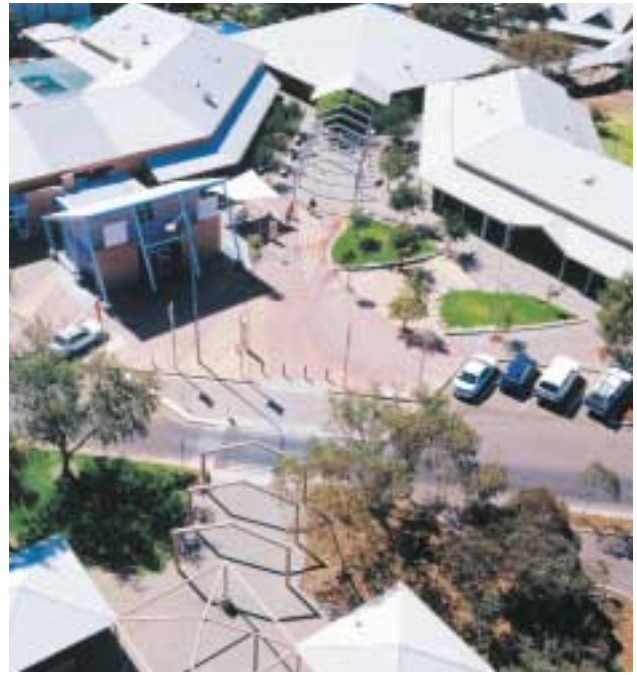
When first contemplated in 1997, the program focused on alcohol and drug issues at our sites. Broader issues soon emerged, including physical and emotional wellbeing, stress and fatigue. When finally endorsed, the program included reference to all of these issues and an intensive education and awareness drive company-wide. See section six for information on our performance during 2002.

SECTION//FOUR
OUR APPROACH...

Right Richardson Place in the centre of the Roxby Downs township near Olympic Dam

...to community

Community relations' activities and outcomes



Our community is essentially self-defining and involves all who are interested in or affected by our activities, including:

- employees
- shareholders
- individuals who are either affiliated or unaffiliated with a larger group
- local host communities
- indigenous people
- representative bodies
- issue-specific pressure groups
- non-government organisations
- industry associations
- politicians and government bodies
- international communities
- customers
- suppliers.

The mission of WMC Resources' community relations is creating and maintaining an environment that supports the company in achieving its business goals. The aim is to actively influence WMC Resources' public reputation, public licence to operate and ability to access land, through community activities and programs. There are three core components to our community interactions.

Community engagement is about identifying priorities, expectations and attitudes. **Community development** is about implementing initiatives and building capacity. **Building relationships** is about creating long-term partnerships. These interactions contribute to acceptance and partnership with our host communities.

Within these three core components, we have five specific areas of focus for our community activities. They are:

- community services
- environment and heritage
- education and training
- employment
- business generation.

We favour initiatives that:

- build capacity
- deliver long-term sustainable results
- benefit the majority
- require partnership
- require the rightful responsibilities of governments or other parties to be fulfilled
- require more than cash payment.

We aim to:

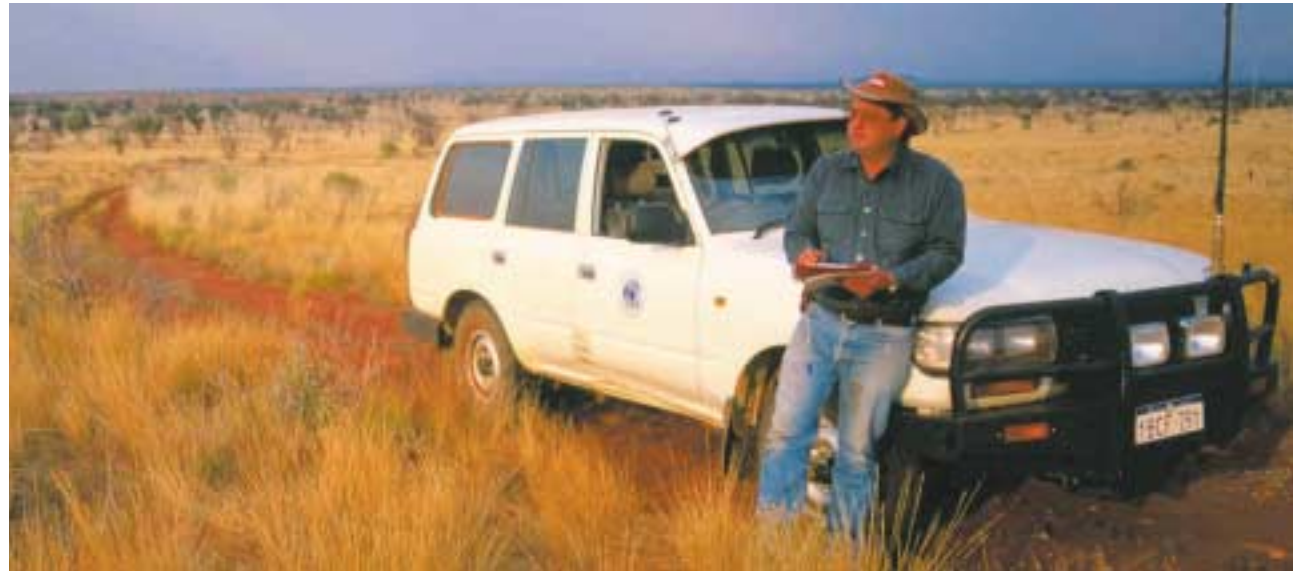
- deliver long-term sustainable outcomes
- build capacity, not monuments
- create partnerships and environments to help achieve mutual goals
- build community capacity and skills that can be transferred to other purposes post-mining
- leave genuine legacies through transferring human, social and financial capital.

In summary, our approach in community relations is to seek to engage our community and ensure there are no surprises through a process of informed consent.

Monitoring our performance

Critical to any process is a management system designed to focus effort on achieving an agreed and desired result. In community relations, we apply 'plan-do-check-act' to any activity from individual engagement to implementing programs and initiatives. This process is reinforced externally through engagement with communities and individuals, and internally by weekly, monthly and annual reporting, and conferences involving community staff.

SECTION//FOUR OUR APPROACH...



Right Peter Hoffman, Logistics Advisor, at West Musgrave.

...to employees

WMC Resources operates in a global industry subject to intense competition for access to world-class ore bodies. Within Australia, we have world-class assets in our nickel, copper-uranium and fertilizer businesses. Complementing these assets is the critical contribution of our people in developing and maintaining a competitive advantage.

At the forefront of our strategic thinking and planning is the need to retain our skilled and experienced employees while meeting the emerging generation's aspirations and addressing the challenges of remote workplaces. To this end, we provide opportunities for employees to develop their skills, contribute to workplace and business improvements, and to be recognised for that contribution.

Foundations of our approach

We care about how we get results. The *WMC Resources Code of Conduct* guides the way we do business and our actions. Each employee is asked to apply the code's principles to their relationships with each other and with everyone they come into contact during the course of their work.

The code and its supporting behaviour are embedded in our recruitment and selection processes, our training and development systems, our performance management systems and our reward programs.

Our People System

We are developing the WMC Resources People System, which includes our 'people principles'. These principles will articulate our aspirations for the relationship that WMC Resources seeks to have with its employees, namely, a partnership between each person and the organisation that engages people and has everybody contributing and growing. These partnerships will continue to be built on trust, integrity, teamwork, involvement and shared goals consistent with the principle that we treat each other with respect and dignity.

These principles will be actioned through our people policies, programs, processes and procedures that address:

- leadership
- organisational effectiveness
- employee availability, capability, contribution and support
- employment relationships.

We will embed these principles throughout the organisation to ensure that they underpin our People System and are given substance through employee assistance, support and benefits programs including:

- Fitness for Work requirements
- the Employee Assistance Program
- support and planning for career development
- training and development opportunities
- educational support
- financial benefits in a range of areas.

These initiatives are covered in more detail in section five.

Our People System will incorporate measurement as the basis for continuous improvement. We will continue to monitor the views and concerns of our people through regular employee perception surveys as the foundation for action planning. Indicators such as turnover and staff use of counselling programs will also be monitored.

Attracting and retaining key talent

A key challenge for WMC Resources is attracting and retaining people with the skills, experience and motivation to contribute to its business success.

Workforce demographics are changing. Many prospective employees see the minerals industry as a relatively unattractive employment opportunity. This is due principally to uncertainty arising from the recent wave of industry consolidation, an ongoing push for change and productivity improvements, and the nature of the business, which operates in generally remote locations that are distant to the major cities and their infrastructure, including education for children.

WMC Resources will continue to focus on this challenge through its relationships with educational and professional bodies,

SECTION//FOUR
OUR APPROACH...

Right Maintenance in the workshop at Mount Keith Operations.
Below John Evans, contract fitter, preparing the water line to the solvent extraction plant, Olympic Dam.

...to employees continued

recruitment programs, development opportunities for employees and its remuneration systems. Our core challenge in this area is to develop a compelling employment proposition that excites people to work in the minerals industry and for WMC Resources.

Recognising individual performance

All WMC Resources employees participate in WMC4Me – Be Your Best, an integrated approach to individual performance and accountability that is linked to business objectives, business planning and annual budgeting.

WMC4Me – Be Your Best focuses on role clarity, setting objectives and reviewing performance, identifying individual development opportunities to enhance skills and contribution, and linking performance to remuneration. Senior and other key managers also participate in an annual short-term incentive program that provides variable payments linked to individual and business outcomes.

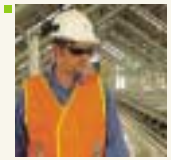
Setting objectives has a broad focus beyond financial and operations parameters to other indicators of overall individual performance. Such measures include health and safety, environment, community, people and key behaviour, that reflect the values embodied in the code of conduct.

Usually, employees have a once-a-year opportunity to receive options to purchase company shares. Employees were again provided with this opportunity in December 2002.

In August 2002, WMC Resources suspended further share option issues to senior management. This suspension reflected community concern with option schemes that diluted shareholder capital, were inconsistent in valuation and not expensed in company accounts or for taxation. A share purchase plan for senior management has replaced option allotments. The plan provides a level of reward for senior management based on WMC Resources' performance against a peer index of resources companies. Actual rewards will vary in line with the performance of the individual senior manager and of WMC Resources on a total shareholder return against the index. All rewards will be directed to purchasing and holding company shares.

SECTION//FIVE
THE ISSUES – 2002

Right Tony Young, Process Technician at Phosphate Hill, Queensland Fertilizer Operations.
Far right Nathan Blake, Pastoral Manager, with wool bales ready for transport near Leinster Nickel Operations.



Environment, health and safety

This section reviews our performance during 2002, our delivery against commitments, opportunities for improvement and issues requiring further effort.

While during 2002 we recorded a general improvement in our environment, health and safety performance over previous years, we failed to provide a workplace free of fatalities and significant incidents.

On 13 September, Daniel Comrie, a 33-year-old contractor employed by Roche Mining at Mount Keith Operations, died when the edge of a haul road in the open-cut mine collapsed, and the truck he was driving fell into the pit. The accident is subject to a company investigation as well as investigation by the Western Australian Department of Industry and Resources.

On 20 February 2002, a fire in the acid plant at our Kalgoorlie Nickel Smelter damaged key operating components and led to the plant being out of service for 26 days. Until the plant partially restarted on 18 March, the smelter furnace was operated at reduced rates to ensure compliance with the local air quality standards set out in the *Environmental Protection (Goldfields Residential Areas) (Sulphur Dioxide) Policy 1992*.

Plant operation was adjusted continuously to ensure that sulphur dioxide emissions did not impact on air quality in the Kalgoorlie township and surrounds.

Throughout 2002, we continued work to mitigate the environmental impacts caused by our operations including air emissions at the Kalgoorlie smelter in Western Australia, and vegetation at Olympic Dam in South Australia.

Injuries to people

In total, 163 employees and contractors at our sites or operations suffered injuries that required medical treatment or resulted in time off work during 2002. This relates to a combined medical plus lost-time injury frequency rate of 11.5. This is 21.2 per cent lower than the injury rate achieved during 2001. Our combined injury rate during 1995, the first year that we kept consolidated records, was 50.

SECTION//FIVE
THE ISSUES – 2002

Right The surrounding environment at Olympic Dam.

Environment, health and safety continued

Our injury rate continues to be around one-third of the total Australian metalliferous mining industry average. We are pleased with the continued decline in overall injury rates, and we believe that it reflects the impact of our safety culture and behaviour programs. However, we are concerned at the gap between the safety performance of our employees and that of our contractors.

On average, contractors suffer injuries at a rate around one-third higher than our employees. We have commenced a program to improve contractor safety and will continue with it until contractor safety consistently matches that of our employees and shows the same rate of improvement.

Throughout 2002, we continued to promote the safety-behaviour campaign Take Time, Take Charge, with toolbox talks, theme posters and other promotional material. We also introduced another element to our culture-change program called Take Time, Take Charge – The Difference. This three-hour program aims to engage our people emotionally in personal safety management. The program was piloted at the Kwinana refinery during 2002, and is being run progressively at other sites.

We believe the programs planned for 2003 and 2004 will achieve further reductions in our injury rates and will bring our performance closer to that of the best companies in our industry. This will be an important step in achieving our objective of having incident-free and injury-free operations.

The nature of injuries

As in previous years, most injuries were to hands and arms. Most involved cuts or impact injuries. During 2001 and 2002, a total of 33 injuries were associated with using angle grinders. To combat this common cause, in 2002 we developed a company-wide standard for using angle grinders. The standard has been tested at Olympic Dam and will be rolled out at all other sites during 2003.

Our operations report incidents and injuries through a common computer-based system called the Environment, Health and Safety Data Management System. This system is a commercial package that has been tailored to meet our specific needs.

The system allows us to track completion of corrective actions arising from incidents and injuries. It also allows us to record and analyse the causes of incidents and injuries. Analysis of injuries by cause is important because it allows us to better direct our corrective actions to prevent future injuries.

During 2002, the most common causes of injuries logged within the data management system were those resulting from muscle effort (15.2 per cent), followed by injuries from flying or moving objects (14.2 per cent). The data available for injury analysis in the data management system is significantly reduced due to the low number of completed investigations. A more comprehensive analysis will be completed in 2003 following close-out of incident investigations.

Serious near misses

We have a system for reporting and recording serious potential incidents. In different circumstances, these incidents could have caused serious injury or death. We require these near-miss incidents to be reported, along with workplace hazards not previously identified, to enable us to address issues before further incidents arise.

Managing sulphur dioxide emissions

Commissioning a $170 million sulphuric acid plant in 1996 has reduced sulphur dioxide emissions from our Kalgoorlie Nickel Smelter by 90 per cent. This made a significant contribution to improving air quality in the Kalgoorlie region.

In addition to significantly reducing emissions, we operate a comprehensive sulphur dioxide monitoring network to ensure emissions do not impact adversely on the environment. This consists of 10 monitoring stations in Kalgoorlie-Boulder, Coolgardie, Kurrawang and Kambalda, operated in conjunction with Kalgoorlie Consolidated Gold Mines and Kanowa Belle Gold Mines and two meteorological monitoring stations.

Due to weather conditions, the plant was only operational for 35 hours while the acid plant was out of service.

During this time the air quality standard of 700 micrograms per cubic metre was not exceeded, according to monitoring of the ambient sulphur dioxide within surrounding environmental protection policy areas. Furthermore, the National Air Quality goal of 571 micrograms per cubic metre was not exceeded within policy areas.

SECTION//FIVE
THE ISSUES – 2002

Right The semi-autogenous grinding mill at Olympic Dam.
Below Jim Kinsey, Occupational Hygiene Technician, monitoring an employee's exposure to contaminants at the Kwinana Nickel Refinery.

Environment, health and safety continued

Of the serious potential incidents reported in 2002, some of the most significant were:

- At Kalgoorlie Nickel Smelter, while performing routine maintenance on the furnace roof, a maintenance technician was struck on the side of the head by a chain block which was under load and had moved when the load shifted.
- At Kwinana Nickel Refinery, a hydro blast operator was changing the configuration of the water blast head. When the unit was activated, the five kilogram cutting head travelled in the opposite direction to the water, striking the operator in the hand and groin, resulting in bruising, lacerations and water burns.
- At Leinster Nickel Operations, firing took place at Perseverance underground while two people were still tagged into the 'hot zone'.
- At Olympic Dam Operations, a blast initiator set off a blast while it was being collected by an operator after it had initially misfired. The operator was not injured but was within the blasting area. Revised blasting procedures will remain in place at Olympic Dam while the blast initiators are redesigned to improve their intrinsic reliability.
- At Mount Keith Operations, a construction team employee sustained lacerations and a complex fracture of the wrist when he fell about three metres into a recently constructed concrete tank.

Health impacts

We measure the impact of our operations on worker health through a range of routine medical assessments – mostly focused on hearing protection and lung function. We also conduct voluntary health and fitness assessments as part of our healthy lifestyles programs.

We also measure workplace exposures to material and agents at all sites to ensure that exposures are under regulatory and company-set limits. This includes monitoring for radiation exposure, airborne fibres, dust and a range of chemical hazards.

Our most focused effort in monitoring workplace exposures occurs at Olympic Dam where our operations are strictly regulated by the South Australian government. Our exposure monitoring test results, which number in excess of 19,000 a year, are reviewed by government regulators monthly, quarterly and annually.

The mining and processing operations at Olympic Dam release natural radioactive materials, mostly dust and gases, into the mine shafts and other work areas. We control exposures of people to these materials by a range of methods, the most important being the use of ventilation air to keep the airborne concentrations of dust and gases to within acceptable levels.

To ensure that we comply with government-set exposure standards, we have an internal procedure that requires remedial action to be taken if measured airborne concentrations exceed one-third of the regulatory standard.

During the July 2001 to June 2002 statutory reporting period, the Olympic Dam Radiation and Occupational Hygiene Group took 12,989 mine-air and gamma radiation tests in the underground mine. In all but 24 of these tests, air radiation levels were below the target levels. Mine ventilation was adjusted in areas where test results were above the target level. Where this did not result in a reduction to levels below the target, the respective work areas were isolated until radiation levels fell to below the target.

Saline aerosol emissions at Olympic Dam

Electric fans, mounted on top of dedicated ventilation shafts, draw ventilation air through the underground mine at Olympic Dam. They also capture a significant amount of the saline water from the existing ground water and eject it as a salt-laden mist. The mist has killed salt-sensitive dune vegetation around ventilation shafts on the mining lease. This is an issue for most underground mines developed below aquifers containing water with a high salt content.

During 2002, we evaluated several options to reduce salt-spray emissions from our mine ventilation shafts and implemented two of these options. We will install a third component of this evaluation during 2003.

Our investigations revealed that significant volumes of water move along the ventilation shaft walls. We installed an internal drainage ring to capture some of this water, reducing emissions by 20 per cent. Drilling bores and pumping water from around the shafts prevents some water entering the shafts, and has enabled us to further reduce these emissions. A test program showed our most successful solution is metal grilles that connect to the front of the ventilation shafts and catch water droplets. We plan to install these mist-eliminating grilles during 2003.

As reported last year, we evaluated other options including structures around the tops of the shafts to capture and collect the water mist, and installing a waterproof sleeve into the shafts to stop the entry of water. Efficiency and safety issues led to us not proceeding with either of these options.

SECTION//FIVE
THE ISSUES – 2002

Right Michael Synan (left), Maintenance Training Advisor, and Warren Willson, Mine Training Advisor, demonstrating underground emergency respirators at an induction training session, Olympic Dam.

Environment, health and safety continued

We undertook a further 6,077 air and surface radiation tests in the Olympic Dam processing plant in addition to those taken underground. These were aimed at verifying the effectiveness of our above-ground radiation control procedures.

In addition to our positional monitoring, we calculate worker exposures every three months based on personal dose monitoring and air radiation test results. This exposure analysis during 2001-02 showed the annual average exposure to our people was less than 18 per cent of the maximum allowable dose. The maximum individual exposure was less than half the allowable dose.

In addition to this work at Olympic Dam, and other routine site exposure monitoring programs, the company continued to address potential exposure issues identified as part of it baseline health hazard review program, initiated in 2001.

The program is required to be undertaken at sites at least every five years, in line with our Environment Health and Safety Management System. The program aims to ensure that exposure standards are being met by having all sites reviewed by experienced and independent industrial hygienists.

Baseline reviews were undertaken at sites from late 2000 through to 2002. As a result of these reviews, 86 priority action plans were developed across our operating sites to address areas where it was identified that there was the potential for exposures to exceed company action levels and statutory limits. These plans have been actioned and 12 had been completed by December 2002. The remaining actions will be completed during 2003 and 2004.

The baseline health hazard review program also identified areas where further, detailed, exposure monitoring is required at sites to confirm that exposure standards are being met. These supplemental exposure monitoring programs have been defined for all sites and these are targeted to be completed by mid-2004. The majority of monitoring will be completed progressively through 2003.

As our nickel smelter at Kalgoorlie was the first site to undertake a program, it was the first to commence supplemental monitoring. In total, 543 monitoring samples were taken at the smelter through 2002 in addition to those required for statutory reporting. These tested for a range of materials including dust, nickel and silica. While these comprehensive test results confirmed that our exposure control programs are generally effective, some results showed potential exposures to dust and nickel above acceptable levels. Action plans have been, or were being developed at year-end to address these potential exposures.

Supervisor training

During 2002, we extended the number of front-line supervisors undertaking our specialist environment, health and safety training as part of the Front-line Management Initiative. We plan to train all supervisors during 2003 and 2004.

Fitness for Work

A major review of the application of our Fitness for Work policy was undertaken during 2002. The review was undertaken by independent, external consultants and covered all Australian operations and offices.

While identifying aspects of our Fitness for Work program that were as good or better than similar industries, the consultants concluded that enhancements and upgrades were required if a comprehensive and truly effective program is to be achieved across the company.

The review's recommendations included:

- greater central support for sites to achieve more site-to-site consistency in applying the Fitness for Work policy
- increasing random drug and alcohol testing at most sites and offices
- improving site 'for-cause' drug and alcohol test procedures and upgraded procedures to manage positive drug and alcohol tests
- increasing employee and supervisor refresher training
- an increased focus on fatigue awareness and management.

We have established a task force comprising representatives from all sites and offices to develop and implement plans to address the review recommendations.

During 2002, we conducted more than 15,000 random drug and alcohol tests across our operations and offices. A total of 2.2 per cent of those tests recorded the unacceptable presence of alcohol or drugs not associated with the use of prescribed or over-the-counter medication. This is in line with the results of 2001 and while it is a substantial improvement over the results in the early years of our Fitness for Work campaign, the level of positive tests remains a concern. We believe a focus on the recommendations of an independent review undertaken in 2002 coupled with increased awareness in the workplace will yield a reduction in the rate across the company.

Product stewardship

Product stewardship includes all activities we undertake to ensure that the safety, health and environmental issues associated with our feedstocks, process chemicals, intermediate products, products, by-products and waste streams are understood by people who may come into contact with or use them.

Our most significant product stewardship efforts are associated with our uranium oxide sales from Olympic Dam where we only sell material to companies vetted and approved by the Australian government.

There are growing expectations for producers of materials to take greater life-cycle ownership for their products. While we comply with all regulatory requirements for product stewardship, we believe that limiting ourselves only to our legal responsibilities fails to meet some stakeholder expectations and we are, accordingly, planning to increase our efforts in this area.

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Right Josh Levett (left), Environment, Health and Safety Advisor, and Helen Tiver, former Environmental Coordinator at the Kalgoorlie Nickel Smelter, at the site of revegetation trials.

Environment, health and safety continued

During 2003, we will continue to focus on our fertilizer sales using the skills of WMC Resources agronomists employed to assist our customers and agents in the safe and best environmental use of our products.

Environmental impacts

Our mining and minerals processing operations impact on the environment through land clearing, creating and modifying landforms, licensed emissions to the air and surface waters, unplanned spills and emissions and through generating waste.

Further impacts arise from our use of valuable natural resources such as water and fossil fuels.

Our operations also affect the environment through our presence in otherwise remote and isolated areas. Human habitation and activities attract birds, animals and plants – often feral, introduced species – that put pressure on the local species and ecosystems.

Disturbed land

We clear land to access mineral deposits and for our operations and support activities. At the end of 2002, the net balance of cleared or otherwise disturbed land affected by current operations was 8,452 hectares. Of this, 255 hectares were cleared during the year.

It is our intention to rehabilitate cleared land as soon as we have no further need for access. In total, 52 hectares of land were rehabilitated during 2002. This is less than the area planned for rehabilitation. The shortfall was caused by general drought conditions across Australia, which made replanting vegetation in some areas almost impossible and in many instances impractical, and changes in operational plans that resulted in less land being available for rehabilitation.

Gypsum rehabilitation trials

Queensland Fertilizer Operations is attempting to determine the feasibility of in-pit storage of gypsum produced as a waste product in making fertilizer. We produce almost three tonnes of gypsum for every one tonne of fertilizer, so gypsum storage is a major issue.

The system being investigated involves back-filling open-cut voids created while excavating overburden and phosphate ore. We are also trialling a new approach to rehabilitating existing gypsum stacks.

Long-term trial results will determine if the in-pit storage proposal can be progressed and whether the closure strategy for the gypsum stacks needs to be revised. Vegetation trials will be incorporated into the program.

We will continue to identify and evaluate potential disposal and re-use options for gypsum produced at Phosphate Hill, if the opportunity arises in the future.

Creating and modifying landforms

Our mining operations create new landforms by way of waste rock or overburden stockpiles and tailings storage facilities. We also create large open voids as part of our open-pit mining, and occasionally we need to re-contour land to divert creeks and stormwater flows around our developments.

All activities associated with creating or modifying landforms are strictly regulated and undertaken only after appropriate studies are completed and licences received.

Emissions and discharges

Our most significant emissions to the air are:

- sulphur dioxide and associated emissions from our smelting operations at Kalgoorlie in Western Australia, Olympic Dam in South Australia and our fertilizer manufacturing operation at Phosphate Hill, Queensland

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Above Mount Keith Operations.

Environment, health and safety continued

- carbon dioxide by-product emissions from both our fertilizer manufacturing operations at Phosphate Hill in Queensland and our nickel refinery operations at Kwinana in Western Australia
- sulphur dioxide, carbon dioxide and nitrous oxides from fuel burning, power generation, mining, processing and transport at all sites.

Our significant air emissions are generally controlled through operating licences, which usually require routine reporting to statutory agencies. Emissions of priority pollutants that exceed threshold levels are reported to, and published by, the Australian government, through Environment Australia, in the National Pollutant Inventory.

During 2002, we emitted about three million tonnes of carbon dioxide and 67,877 tonnes of sulphur dioxide.

Our total emissions of carbon dioxide increased by 5.9* per cent over our 2001 emissions, reflecting a change in the government's emission calculation factors. Our emissions as a proportion of production increased by three per cent.

WMC Resources' total emissions of sulphur dioxide increased by 44.3 per cent over 2001 emissions. This was due mainly to operational issues that reduced the conversion efficiency of the Mount Isa acid plant. These issues notwithstanding, our Mount Isa acid plant recovered 378,284 tonnes of sulphur dioxide in 2002 that would have otherwise been emitted into the atmosphere.

As a proportion of ore milled, our sulphur dioxide emissions have decreased by 31.4 per cent since 1998, reflecting capital investments in sulphur recovery equipment, overall improvement in the operation of our other two acid plants and increased production.

* Updated from the result presented in the *WMC Resources Ltd 2002 Business Performance Report – Concise Report.*

Our approach to greenhouse

WMC Resources participates in the Australian government's Greenhouse Challenge program, part of which requires that we submit an annual report on our progress in reducing carbon dioxide emissions.

The focus of our greenhouse program has been a 'no regrets' program of efficiency improvements that included a review of the underlying technologies involved in the production of our final products.

The review indicated that we should focus on the efficiency of unit processes and combinations of existing technologies to improve carbon dioxide emissions, leading to continuous improvement, with sponsored research into break-through technologies.

In addition, WMC Resources' technology group monitors technological developments and recommends areas of research and development to improve energy consumption efficiencies.

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Environment, health and safety continued

Greenhouse gas emissions

WMC Resources' approach to greenhouse has been to examine our greenhouse emission sources and seek to reduce them through improved operating practices, process efficiency improvements, fuel substitution and new equipment.

Six years of broad energy consumption and greenhouse emission data were compiled annually on a site basis for our environmental progress reports and our Greenhouse Challenge commitments. The project defined our annual energy-use profile through an audit of consumption and emissions – process by process – at each site.

For example, a site carbon dioxide emission profile for the Leinster Nickel Operation is shown in the chart. Leinster milled 2.6 million tonnes of ore in 2000, generating a carbon dioxide equivalent of 147,000 tonnes from two underground operations and a conventional concentrator. The power requirements for grinding the mined ore resulted at the time in a carbon-dioxide equivalent emission four times greater than any other single unit operation.

Analysis of carbon dioxide emissions by unit process, also shown in a chart, highlighted the major greenhouse emitters across the company. It clearly shows comminution circuits are the largest contributor to WMC Resources' emissions, followed by ammonia production, mining equipment diesel consumption, flash furnaces and steam production.

Similarly, analysis of energy expenditure by process shows comminution circuits to be the company's largest energy cost by a factor of two, with diesel mining equipment the second largest energy cost. The 15 carbon dioxide emission sources listed in the unit process chart account for almost 75 per cent of our total annual emissions of 2.75 million tonnes of carbon dioxide equivalent in 2001.

Six processes are responsible for large emissions in excess of 100 kilotonnes of carbon dioxide – over 60 per cent of the total. Significant further inroads in reducing greenhouse gas emissions will require the successful completion of improvement projects targeted at improved efficiency in these areas. Key to improvements will be the difficult task of reducing energy requirements for crushing and milling each tonne of ore.

In 2000, our Greenhouse Challenge savings amounted to 917,000 tonnes of carbon dioxide over 1995 emission rates. That is, there had been significant process efficiency improvement despite an increased total net emissions of carbon dioxide from operational expansions.

So where has WMC Resources greenhouse emissions savings come from to date? Savings over 'business as usual' emission levels came from fuel switching, the use of gas turbine power generation, process efficiency gains and expansion-related savings.

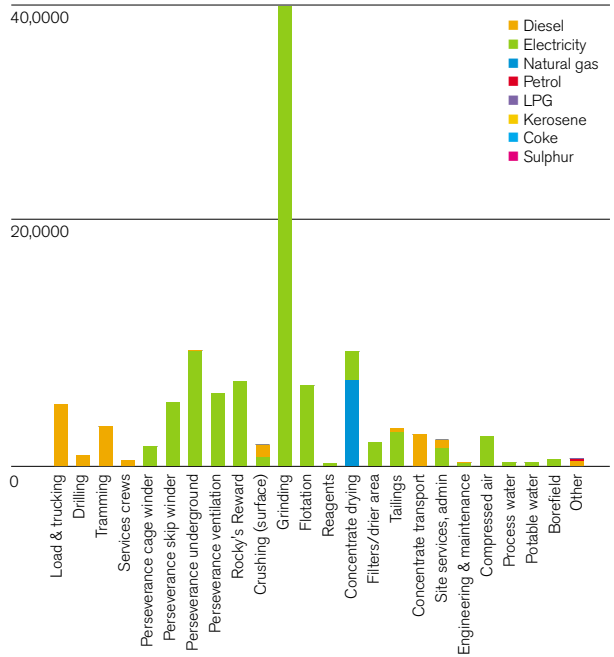
Our Greenhouse Challenge experience has shown that once fuel switching and expansion-related efficiencies have been realised, additional carbon dioxide emission reductions are typically realised through many small but economically beneficial projects. For example, in year 2000 there were 79 'efficiency' projects averaging about 2,000 tonnes a year carbon dioxide avoided per project.

The opportunity for further substantial improvement of existing operations appears limited without major technological break-throughs. This consideration has lead us to establish a program evaluating new technologies opportunities. Greenhouse emission control with subsequent reduction in energy consumption is seen as a key strategy to managing WMC Resources' environmental obligations.

Extract from a paper presented at the CMMI Congress in May 2002 by WMC Resources' Dr Rob La Nauze and John Temos.

1999 Leinster Nickel Operations carbon dioxide emissions

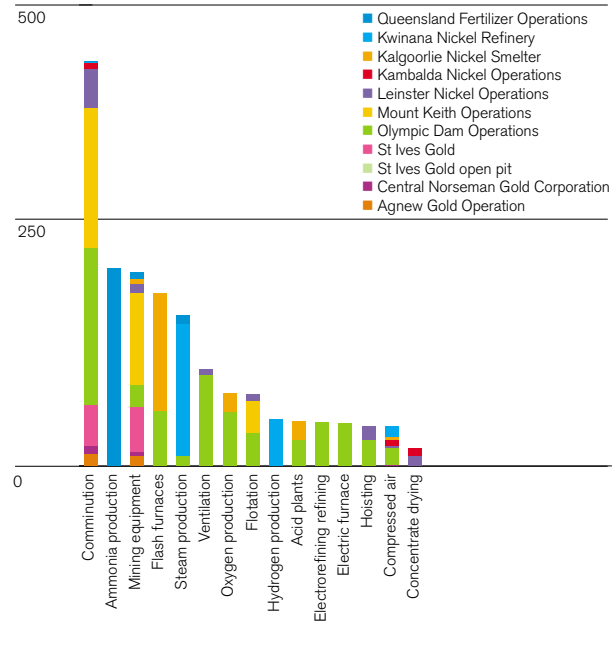
tonnes carbon dioxide emissions



Carbon dioxide-equivalent emissions for unit operations at Leinster Nickel Operations, 1999.

Unit process carbon dioxde emissions

000s tonnes carbon dioxide emissions



Unit process carbon dioxide-equivalent emission for WMC Limited, 1999.

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Below Evaporator tower at the phosphate acid plant at Phosphate Hill, Queensland Fertilizer Operations.

Environment, health and safety continued

Capital improvements

During 2002, Queensland Fertilizer Operations initiated and completed capital improvements costing about $2 million at Phosphate Hill to alleviate our impact on the natural environment.

A new vehicle wash-down pad was commissioned. This pad maximises water recycling within the system. When the old wash-down pad was decommissioned, a considerable quantity of hydrocarbon-contaminated soil was found. This material was removed and the soil land-farmed to remove the contamination.

We upgraded the site's sewerage treatment plant to improve effluent quality and ensure that it is capable of treating peak flows. We are investigating establishing a wetland as a means of re-using effluent water and improving the local environment.

During 2002, there were several acid-water spills from the waste-water pipeline between the phosphoric acid plant and the gypsum stack. On a number of occasions, we had to split the pipeline to remove scale that had built up within the line. Building a second pipeline has provided an alternative that allows continued operation of the plant, and enables us to flush the line with process water rather than acid water. This will ensure there is no contamination if the pipeline needs to be split in the future.

Spills and upsets

In addition to our licensed emissions, plant upsets and unplanned events can lead to emissions and discharges. When these occur, they are recorded as incidents and reported within the company according to a strict reporting procedure.

During 2002, we commenced introduction of enhanced guidelines to achieve greater consistency of incident classification between sites. It focuses on the severity of the incident and whether it constitutes a non-compliance incident with regulations.

The refined process prescribes specific tests to determine the compliance status of environmental incidents or chronic impacts. It focuses on the severity of the incident and whether it constitutes a non-compliance incident with regulations. As a result, some sites are now classifying fewer low-severity incidents as non-compliance incidents.

During 2002, a total of 40 new environmental non-compliance incidents were reported. This is a significant reduction from the previous year and, notwithstanding our classification process changes, it reflects the efforts at our operations to improve environmental performance. These efforts have included capital investments, improved maintenance and operating practices, and increasing environmental awareness among our workforce.

By the end of 2002, all but four non-compliance incidents had been rectified.

Resource use

In addition to the ore we mine, the main resources consumed in our operations are water and fossil fuels. We use fossil fuels directly in on-site power generation, heating, steam-raising and transportation and indirectly in purchasing electricity generated by others. We use water in our mining and minerals processing operations.

Fuel and energy

Purchasing fuel and electricity is a significant component of our overall operating costs. Accordingly, sites gain economically and environmentally from minimising fuel and electricity use.

During 2002, we consumed 673 megajoules of energy per tonne of ore treated. This represents a 4.5 per cent reduction over the 705 megajoules a tonne achieved during 2001. This reduction is due mainly to an increase in the amount of ore processed that has been mined by other companies (0.7 per cent of the reduction), and an adjustment in our energy calculation to exclude natural gas used as a process feedstock (3.2 per cent of the reduction) rather than an energy source. Our total energy consumption was 17,900 terajoules.

Water

While we use potable (drinking quality), mildly saline and hyper-saline water at our operations, much of it is of poor quality and has no alternative use. All water used at our mining operations is ground water. Most comes from aquifers contained on the mining lease or adjacent leases.

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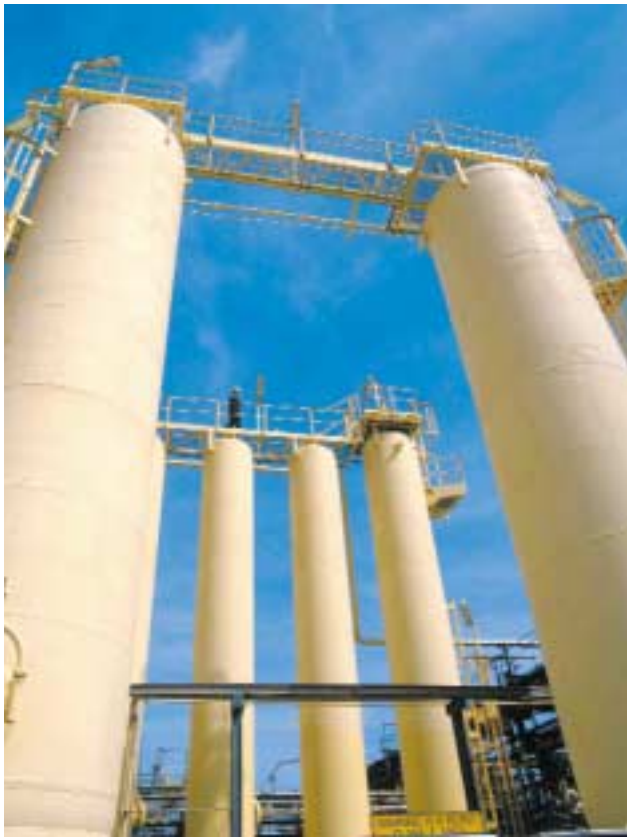
Below Hydrogen purification vessels, Kwinana Nickel Refinery.

Environment, health and safety continued



Water for Olympic Dam is sourced from two bore fields that draw from the Great Artesian Basin. The refinery at Kwinana uses a combination of ground and purchased town water. The smelter at Kalgoorlie uses water piped from the local system.

Total water consumption at our Australian operations during 2002 was 33.5 thousand megalitres. Our water consumption per tonne of ore milled was 1.2 kilolitres, three per cent higher than 2001.

Local fauna and flora

Our mining operations are all in remote locations. There are remnant populations of regionally or locally significant plants and animals around most of our mining operations. We work to understand population dynamics of significant species around our sites and, where necessary, undertake programs to protect their populations and habitats.

The introduction of feral animals is often associated with human activity. In addition to rabbits, feral cats and foxes, larger feral animals such as goats affect the ecosystems around our sites. Goats are a particular menace, especially in the effect they have on vegetation and planting associated with site rehabilitation. Managing goats remains a key land management challenge.

Ground water

Our operations have the potential to impact on ground water. Spills from our operations and seepage from tailings storage facilities can penetrate the ground and contaminate ground water.

At our Kwinana Nickel Refinery, we have completed the remediation of contaminated ground water, caused by process spills containing ammonium sulphate during the 1970s and 1980s. The clean up began in 1998 and was completed in 2001. We are engaged in a similar ground water recovery and clean-up program at a tailings storage facility in Baldivis near the refinery. To date $79.9 million has been spent on the combined ground water recovery project and a further $27.8 million is expected to be spent before completing the Baldivis project in 2008.

We actively monitor and log ground water quality at all of our sites. With the exception of the Baldivis contamination, we have no other recorded ground water contamination issues that require remediation.

Risk management

During 2002, we integrated our existing high-level site risks review programs into a single program known as Integrated Operational Risk Management. This brought together separate programs targeting safety, health, environmental, critical equipment, structures and other operational risks.

This improved program allows all risks to be identified and assessed using a common methodology. It also allows the risks to be directly compared using a common acceptance criteria, allowing site management to better focus resources to risk reduction.

The program was piloted at our Queensland Fertilizer Operations in 2002. During 2003, WMC Resources will develop a schedule for the roll out of this program to other sites.

Environmental performance targets

WMC Resources has publicly reported against environmental performance indicators and targets since 1998. In 2002, we reported 2001 performances against metrics and targets developed in 1999.

Recognising that it was time to reassess our approach, we undertook a comprehensive review of environmental targets during 2002.

Based on this review, and in line with the Global Reporting Initiative, we have decided to upgrade our environmental performance measures. It is our aim to have targets that are:

- clearly linked to improved environmental performance as seen by both internal and external stakeholders

Hydrogen controls

The Kwinana Nickel Refinery's hydrogen plant produces gas used in the furnaces, in the reduction plant and in manufacturing hydrogen sulphide. During the hydrogen plant's periodic maintenance and repair shutdowns, we import hydrogen by pipeline from the nearby BP Kwinana Refinery. The BP hydrogen contains low levels of aromatic hydrocarbons – benzene, toluene, ethyl benzene and xylene – which have to be removed and disposed of.

A detailed technical analysis identified that flaring the waste gas through an enclosed ground flare was the safest and most cost-effective disposal option. The calculated noise output of less than 76 decibels (A-weighting), 20 metres from the flare's base, would not increase the refinery's noise impact on the community. We held discussions with local community groups and authorities, neighbouring industry and regulators before applying for approvals to construct and operate this facility.

The approvals process was completed in early December, with construction works commencing immediately thereafter. We expect to complete building the enclosed ground flare during 2003.

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Ground water recovery

During 2001, we began recovering contaminated ground water from beneath the redundant Baldivis tailings storage facility that previously serviced the Kwinana Nickel Refinery. This recovery is part of a plan to remediate this Level 4 non-compliance incident by 2008.

Ground water recovery rates, which are the key to meeting the remediation deadline, depend on our water treatment plant's throughput.

The site's 'dual-pump recovery' technology and operating strategy rely on a target recovery rate of 2,000 litres a minute across all bores. In early 2002, serious problems in all three water treatment plants put the recovery process on hold until the plants could be repaired.

We formed a project team using the Six Sigma improvement tool to improve plant performance. The team worked through the causes of each system failure. It then developed and implemented corrective actions. This involved reconfiguring the plant, replacing the micro-filtration and nano-filtration membranes, and improving operating strategies. This work has resulted in a more robust plant, capable of meeting and sustaining the target throughput over the next six years.

Right Katherine Moseby, Arid Recovery Project Co-ordinator, inspecting animal tracks near Olympic Dam.
Left Kate Smith, Environmental Scientist, replacing membranes in the nanofiltration reverse osmosis plant. The plant has boosted the Kwinana Nickel Refinery's capacity to recover ammonium sulphate from ground water.

Arid recovery – Olympic Dam

Since European settlement, more than 60 per cent of native mammal species have become extinct in the Roxby Downs area of far-north South Australia. Many of these changes result from rabbits and domestic stock competing for food and degrading the landscape, and introduced predators such as cats and foxes.

Initiated in 1997, the Arid Recovery Project at Roxby Downs near WMC Resources' Olympic Dam copper-uranium operations is a joint conservation initiative between WMC Resources, National Parks South Australia, the University of Adelaide and the Friends of the Arid Recovery Project. It also receives funding and support from the Natural Heritage Trust and other agencies. Sound planning, research and the dedicated effort of volunteers – recognised by several major awards – have underpinned the project's success.

The project aims to restore a portion of the South Australian arid zone to near its pre-European state, show that industry and community partnerships can lead to successful conservation outcomes, and conduct research and improve conservation strategies for arid lands. Public awareness of arid zone environmental issues is achieved through displays, tours, publicity and hosting visits and training sessions for indigenous, special interest and education groups.

A rabbit-, cat- and fox-proof fence encloses a 60-square-kilometre reserve – partly on our Olympic Dam mine lease and partly on neighbouring pastoral stations – from which stock and feral animals have been removed. There is now significant vegetation regeneration within the reserve, and small native mammals such as hopping mice are thriving. Locally extinct animals such as the greater bilbies, burrowing bettongs and greater stick-nest rats have been reintroduced, and they too are thriving. There has also been a trial reintroduction of western barred bandicoots.

The project is undertaking feral cat, rabbit and fox control in a buffer zone around the reserve in anticipation that reintroduced species will be able to live in harmony with sensitively managed pastoral and mining activities outside the reserve.

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Right Darren Niejalke, Senior Environmental Scientist at Olympic Dam, has been appointed to the Great Artesian Basin Consultative Committee.
Below Rehabilitation trials on an old tailings storage facility at Mount Keith Operations.

Environment, health and safety continued

- based on our site operating plans so that they have greater relevance to and ownership by sites
- incorporate both lead and lag indicators to reflect current performance and provide a picture of potential future performance
- linked to individual reward systems where this can be meaningfully and practically achieved.

While agreed conceptually, we had not finalised details of our 2003 targets when this report was published. Once agreed, our new targets will be published on our website (www.wmc.com).

Our new site and aggregated corporate targets will cover:

- total and potable (drinking quality) water use
- energy use
- progressive rehabilitation
- sulphur recovery
- Australian Minerals Industry Code for Environmental Management conformance.

During 2003, we will also develop environmental performance measures for our pastoral operations, and these will be published during 2004.

Orphan site management

At 31 December 2002, WMC Resources controlled 13 non-operational sites in Australia, one in Canada and one in the United States of America. We refer to these as 'orphan sites' as they have no on-site personnel.

During 2002, we continued ongoing assessment of environmental risk and financial liability associated with these sites. This ensures that sites are prioritised for remedial action and, having completed rehabilitation works, that the sites require minimal management following their sale, transfer or relinquishment.

While some sites require further environmental rehabilitation before they can be finally closed or relinquished, all sites are considered to be stable and are not having an impact on the surrounding environment.

The sites requiring significant additional rehabilitation are Yeelirrie, the Kalgoorlie Research Plant and South Windarra.

Yeelirrie is a uranium and vanadium deposit in Western Australia, north of Kalgoorlie. Bulk ore sampling and drilling resulted in

Bore drain closure program

During 2002, there was significant progress on the Great Artesian Basin bore drain closure program. The initiative, jointly funded by the Australian and state governments, aims to replace extremely wasteful free-flowing bore drains in the Great Artesian Basin with reticulated poly-pipe networks.

Under the program, bore drain users in each state are required to provide 20 per cent of the program costs. WMC Resources has committed funding to meet this contribution on behalf of all users in South Australia and, since 1997, has committed a total of $1.8 million to closing free-flowing pastoral bores.

During 2002, materials for replacing 50 open bore drains were supplied and installation at many was near completion by year end. Ongoing water savings of about 8,200 megalitres a year are expected from closing these drains. In addition, a further 2,840 megalitres are expected to be saved through rehabilitating four old degraded bores. These savings exceed the total industrial water supply requirements of Olympic Dam's operations in 2002.

Open bore drain replacement and bore rehabilitation will continue into 2003.

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Right The refinery and surrounding environment at Olympic Dam.

Environment, health and safety continued

limited surface disturbance dating from the 1970s. In 2002, WMC Resources completed an extensive rehabilitation program, capping 2,364 exploration drill holes at Yeelirrie. Further works to backfill the trial mining pits and rehabilitate the site are being planned and will be completed subject to negotiations with the Western Australian government.

The Kalgoorlie Research Plant was used to complete ore processing tests for the Yeelirrie project. No further work was undertaken at the site during 2002. The future of the site, including closure requirements, is the subject of discussion with the Western Australian government.

South Windarra, north-east of Kalgoorlie, operated as a nickel mine from 1974 until 1991. Environmental rehabilitation of the site was completed to its current status in 1997. However, the completed rehabilitation has not lead to an appropriate level of sustained revegetation and further work is required. A plan for further work is being prepared for discussion with the Western Australian government during 2003.

WMC Resources continues to negotiate closure criteria for each of these sites before undertaking further rehabilitation and ultimately assessing our options for their sale, transfer or relinquishment.

Legal actions

Other than those reported below, no other environment, health or safety related prosecutions or claims were made against the company during 2002.

Kalgoorlie Nickel Smelter

In 2002, the company was found to have, on 12 June 1996, exceeded statutory limits of ground level concentrations of sulphur dioxide at a designated monitoring station in Kalgoorlie. A penalty of $10,000 was imposed.

Kalgoorlie Nickel Smelter health claim

In 1998, a sub-contractor who worked at our nickel smelter in Kalgoorlie for an eight-week period in 1996 commenced proceedings against WMC Limited, alleging that he suffered injuries from exposure to smelter emissions.

In June 2002, the Full Court of the Supreme Court of Western Australia dismissed the proceedings on the basis that the plaintiff had not complied with the provisions of the Workers' Compensation and Rehabilitation Act 1981. The plaintiff has applied for special leave to appeal this decision in the High Court of Australia.

Olympic Dam

On 29 November 2002, WMC Resources was fined $80,000 in the Port Augusta Magistrates Court for a breach of the South Australian Dangerous Substances Act. The breach related to an incident at Olympic Dam, in September 1999, when two employees of a contractor sustained acid burns while purging a pipe.

Wallabies at Phosphate Hill

During 2001, a baseline fauna survey and risk assessment found purple-necked rock wallabies near the Phosphate Hill camp in Queensland. Rock wallaby populations in other areas of Australia have come under immense pressure from feral animals, particularly cats and foxes.

In October 2002, a follow-up survey to determine the rock wallaby population near the camp and in the region identified significant populations. We have implemented a program to monitor their progress along with feral animal numbers.

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Right Jo-Anne Vaughan, of Life Education South Australia, explaining to students at St Barbara's Primary School, Roxby Downs near Olympic Dam, the importance of safety and healthy living.

Below Sandra Trenowden, President of the Coolgardie Shire Council. Kambalda has almost completed the transition from a company-owned to independent town.

Community

Our progress during 2002

During 2002, our community relations efforts focused on increasing indigenous participation throughout our business, maintaining strong partnerships, and cementing our procedures and management practices for relevance and consistency.

Since WMC Resources formally undertook its commitment to increase indigenous participation in 2000, indigenous people participating in our initiatives have achieved significant outcomes in completing training, securing full-time employment and retaining that employment. A table illustrating these results appears on page 54.

Relationships

Over several years, we have engaged our stakeholders to identify their issues, perceptions and expectations of the company. We do this through:

- community relations coordinators who maintain ongoing contact in their areas
- participating in liaison committees, working groups, professional bodies and associations whose focus is relevant to our activities
- community participation teams who work with, and provide support for, local groups
- Corporate and Community Affairs team members who maintain ongoing relationships with community groups, government ministers and other elected representatives, public service chiefs and their staff, regulatory bodies and media representatives
- senior operations managers who maintain contact with key individuals and agencies in their local communities
- participating in, and making presentations at regional, national and international conferences
- individual employees who give their personal time and effort to participate in local groups and organisations such as police citizens youth clubs, school parents and citizens committees, event committees, hospital boards, charity and fund-raising committees, sporting clubs and associations, and St John Ambulance Australia
- the WMC Resources External Advisory Group, which reflects broad external opinion and feedback on our approach to public reporting and other activities
- verifying agencies such as PricewaterhouseCoopers who review and audit our external reports
- comment and feedback via our website (www.wmc.com).

Social indicators

WMC Resources seeks to ensure its corporate culture is transparent, accountable and appropriate; demonstrates trustworthiness in its actions; and exhibits congruity between policy and practice. We are guided in these actions by our corporate vision, code of conduct and suite of published policies.

All of these elements – culture, trustworthiness and congruity – have been in place at WMC Resources for several years. While they are cited in social performance indicators within the Global Reporting Initiative, we have not yet formally systemised their reporting into a quantifiable process. Rather, we considered that our public reporting demonstrated our performance.

We recognise that for our public reporting to be consistent with Global Reporting Initiative principles, we need to investigate processes for more formally reporting against these indicators. We plan to investigate these during 2003. We also intend studying other Global Reporting Initiative social performance indicators, including those addressing relationship building and community participation in our activities.

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Right Kevin Broadbent, Emergency Services Co-ordinator, and Brian Thomson, Emergency Services Advisor, with a new ambulance purchased through community effort at Leinster Nickel Operations.

Community continued

Sponsorships and donations

WMC Resources sponsors activities primarily within the communities in which we operate. During 2002, we implemented a central sponsorship database and sponsorship assessment program so we can better track, select and manage sponsorships matching our business needs. During 2003, we will outline a sponsorship strategy, policy and guidelines. Major sponsorships during 2002 included:

Malleefowl Preservation Group – Western Australia

WMC Resources is a major sponsor of the Malleefowl Preservation Group, and in 2002 committed support totalling $60,000 over two years. The group is active in the Western Australian northern Goldfields and was a finalist in the 2002 National Landcare Awards.

Western Australian Academy of Performing Arts

In 1997, WMC Resources began a program with the Western Australian Academy of Performing Arts – part of the Edith Cowan University – to promote Aboriginal participation in the arts. Each year, we provide an annual sponsorship of $20,000 for the artist-in-residence program, five scholarships for Aboriginal students to study at the academy in Perth and a state-wide arts competition held each year for Aboriginal high school students.

Kings Park Perth – Western Australia

WMC Resources has committed $30,000 over three years to develop a walkway and construct a viewing platform. This brings our total commitment to this project to $440,000, as well as in-kind technical expertise provided by our people. The viewing platform will include signage that acknowledges WMC's previous contribution to the restoration of the Mount Eliza scarp.

Mining Hall of Fame – Western Australia

The Mining Hall of Fame website has been sponsored by WMC Resources for five years. The sponsorship, to be completed by 2004, is a $330,000 cash and $100,000 in-kind contribution.

Royal Flying Doctor Service – South Australia

WMC Resources again renewed its commitment to the South Australian Royal Flying Doctor Service by providing $30,000 in funding. This assistance enables the employment of two Aboriginal Liaison Officers. We have provided this level of support for four years, and it has assisted the service in enhancing relationships with Aboriginal communities in South Australia.

Roxby Downs – South Australia

WMC Resources supports the Roxby Downs Area School by providing $50,000 in funding. We also support St Barbara's Catholic School with $5,000 of annual funding. During 2002, we contributed $3,500 to Life Education which visited Roxby Downs for the first time, providing a drug education program to all primary and secondary students in the town and in nearby Andamooka.

Regional sports – Queensland

WMC Resources set up a $10,000 sponsorship for regional school sports in the north-west area of Queensland. This program is administered through the Queensland Government's Education Department. Half the sponsorship funds were used to support the North West Schools and District Athletics Carnival in 2002. We also donated $5,000 to the Mount Isa-based Mine Chaplaincy Service, which provides a non-denominational service to employees and contractors.

Political donations

WMC Resources donates to political parties, having regard to policies that impact on it and its shareholders. Party policies are reviewed in detail by the board prior to making any commitment. No political donations were made during 2002.

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Corridor Sands, Mozambique

WMC Resources has agreed to acquire 100 per cent of the Corridor Sands titanium dioxide project in Mozambique. The net cost of the acquisition will be no more than US$87.5 million. The agreement follows the successful completion of a feasibility study in July 2002. The acquisition is consistent with WMC Resources' strategy of growing shareholder value through the control of world-class resources, assets and market positions.

Environmental and social assessment has been a major component of the study. As a result of this process, it is acknowledged that community health is a major issue and that it will need to be addressed through the public consultation and disclosure process. The study identified that the main communicable diseases in the broader project area include malaria, HIV/AIDS, tuberculosis, cholera and hepatitis.

Economic impact

Should the Corridor Sands project proceed, it will have a significant impact on people within Mozambique, the host country – in particular, those in and around the project area, in the nearby town of Chibuto and within Gaza Province. Extensive independent studies show that Corridor Sands would make a significant and sustained contribution to economic development, which would help to alleviate poverty at both local and national levels.

The project's first phase will provide direct employment for nearly 900 people. In its final form, it is expected to employ more than 1,400 people. Of these, 80 per cent are expected to be Mozambican. A substantial workforce will also be required during the project's construction and expansion phases.

Community partnerships

Through an extensive consultative process, the project has received strong support at the local, village, provincial and national levels. Initiatives to help establish an enduring and mutually beneficial partnership with associated communities include:

- a public involvement process, begun in late 1998, to provide project information to develop a forum to identify issues, concerns and opportunities
- a public consultation and disclosure process, started in March 2000, and developed in line with International Finance Corporation guidelines
- a resettlement and compensation plan, developed early in the project, and approved by the Chibuto Municipality President, the Chibuto District Administrator and the Gaza Province Governor.

Environmental considerations

The feasibility study for the project highlights several aspects that will help to minimise potential environmental impacts.

The project offers optimal land use in an area where land is plentiful and alternative uses are sub-economic. There is every indication that once mined, the land can be restored to a better-than-current condition and be more useful to the local community.

Also, the threat of this project attracting small-scale mining communities to the area, with their attendant serious environmental impacts, is removed as small-scale mineral sands mining is not practical.

Environmental impact assessments identify and evaluate each aspect of the project and suggest ways to mitigate any adverse affects and optimise positive aspects. Assessments of the Chibuto operations, rail spur and electric power-line have received formal approval from the Mozambican authorities. Having such assessments as part of early project planning at Corridor Sands has helped avoid significant adverse environmental effects. They were carried out in line with Mozambique's environmental laws as well as World Bank and International Finance Corporation guidelines.

The environmental impact assessments include an environmental management plan that details:

- a resettlement and compensation plan
- a rehabilitation program
- a waste management plan
- an air pollution strategy
- provision for environmental monitoring
- ecological proposals relating to landform, water and protecting and maintaining faunal habitats.

Studies show no identified natural or socio-economic flaws in any project components.

Above Workers at the Corridor Sands titanium dioxide project, Mozambique.

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Below Michael Rixon (left), Kaiden Lynch and Tyson Richards of the Goldfields Football Academy. The academy is sponsored by the WMC-Sir Lindesay Clark Trust Fund.

Community continued

WMC-Sir Lindesay Clark Trust Fund

Since WMC Resources established the trust 22 years ago, more than $3.5 million has been donated to over 500 recipients in the Western Australian Goldfields and wider Western Australian communities. During 2002, the trust granted $66,545 in local community support.

Managed by eight trustees – four from WMC Resources and four from the community – the trust supports activities that complement our goals, are located near our operations and provide community benefit. Significant trust grants during 2002 included:

- $60,000 to the Goldfields Football Academy in Kalgoorlie to support young indigenous footballers. The Goldfields Academy is the sister school to the successful Clontarf Football Academy in Perth. The trustees agreed to grant $60,000 for the first year, until August 2003. Subject to a satisfactory review at the end of the first year, the trustees will consider granting a similar amount for a further two years.
- $3,410 to Matthew Edge, a 34-year-old Kalgoorlie man, to modify his vehicle for wheelchair support. This has enabled Matthew, who has been a paraplegic for nine years, to gain significant independence.
- $2,135 to Mrs Tammy Bland, from Kalgoorlie, to purchase a spider seating system for her young daughter Caitlyn, who has multiple disabilities.
- $1,000 to the Norseman District High School to develop and implement a Cultural Cohesive Program. About 25 per cent of Norseman's students are from the Ngadjumaja indigenous community. The program aims to foster understanding of the Ngadjumaja people, their values, language and beliefs as well as giving Ngadjumaja children a sense of pride and inclusion in the Norseman education program.

Additional support in South Australia was provided through the WMC-Sir Arvi Parbo fund.

In 2001, the WMC-Sir Lindesay Clark Trust Fund gave $90,000 to the O'Connor Support Centre, Parents and Citizens Association to purchase and fit out a bus for students with disabilities. Last year, we incorrectly reported this amount as $50,000.

Indigenous interaction

Our approach to increasing indigenous participation in our activities is to concentrate on providing opportunities that will assist indigenous people to gain the knowledge, skills, experience and qualifications necessary to win employment or to tender for a business opportunity in their own right.

WMC Resources strongly supports indigenous participation at its operations, and encourages and supports both employment and business opportunities. We offer these for all indigenous people and businesses on the basis of merit and subject to opportunities being identified and available. We do not operate a quota system nor create 'extra' jobs or opportunities specifically for indigenous people that can be at risk in times of economic fluctuation. Rather, we focus on real jobs and real business opportunities that are sustainable over time.

We chose to indicate this commitment by signing on to the Corporate Leaders for Indigenous Employment Program in late 2000 at a time when we were certain we could deliver against our commitment.

Our approach to indigenous employment contains several streams that target specific groups:

Stream	Target group
Pre-employment training	Indigenous people seeking entry to full-time employment at operator or process technician level.
Traineeships	Indigenous people seeking entry to full-time employment at a para-professional level.
Local Community/ Indigenous People contract requirements	Contractors at WMC Resources operations who can provide training, employment and business opportunities for local and indigenous people.
Culturally appropriate training	Indigenous people undertaking training, and WMC Resources and contractor recruitment/selection processes.
Active recruitment	Indigenous people who are skilled and ready for employment and registered with job network agencies.
Pre-vocational awareness courses	Indigenous students in later secondary education undertaking vocational education as part of making the transition from school to employment.
Business development	Indigenous businesses seeking to participate in the minerals industry.

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Right Terrence Campbell (left), Trainee Process Technician, and Barry Wells, Production Superintendent, in the acid plant control room at Mount Isa. They are operating the plant through the digital control system.

Community continued

Training and employment outcomes

By the end of 2002, WMC Resources had completed four pre-employment training programs and one traineeship program since the training programs began in 2000. This involved 47 trainees of whom 41 graduated (87 per cent) with 38 offered jobs – a transition from training to employment rate of 93 per cent. The overall retention in employment rate for those who secured employment in that period is 84 per cent.

At the end of 2002, a total of 60 indigenous people were undertaking training, employed at our operations or in full-time employment as a result of WMC Resources' initiatives.

Our indigenous training, employment, business and community initiatives have delivered economic benefits of over $33 million in the same period, including:

- $31 million in contracts won by indigenous businesses
- $1.3 million in infrastructure, operating and development costs to support indigenous training
- over $700,000 committed to support cultural, educational, sporting and health awareness.

Pre-employment training

Since late 2000, we have conducted pre-employment training programs for indigenous people at our operations in the northern Goldfields of Western Australia. The aim of each program is to provide participants with the skills, attitudes and qualifications they need to gain employment based on merit.

During 2002, we conducted the fourth seven-week program at our purpose-built training facility at our Leinster Downs pastoral station. Seven participants graduated from the 2002 program and secured full-time employment. In total, 38 indigenous people have graduated from the programs. We intend to continue with the program during 2003.

Traineeships

We began our third indigenous traineeship program at our Queensland Fertilizer Operations during 2002. Each two-year program provides formal on-the-job TAFE training, leading to the prospect of full-time employment for successful trainees. Three of the four trainees who started in the first program graduated, with one now in full-time employment with WMC Resources.

Similar numbers of participants joined the 2001 and 2002 programs. Traineeships undertaken at our fertilizer operations are:

- Chemist Level III
- Office Skills Level II and III
- Metalliferous Mining Level II and III
- Chemical, Hydrocarbon, Oil Refinery Level II and III
- Horticultural Level II.

During 2002, one of our graduate trainees, Barry Ah-One, was awarded first prize in the Queensland metalliferous mining section of the Queensland Mining Industry Training Advisory Board Traineeship Awards.

Local Community/Indigenous People contract requirements

In 1998, WMC Resources introduced Local Community/Indigenous People contract requirements to provide real employment, training and business participation opportunities for local and indigenous people through its contractors.

Businesses tendering for contracts with WMC Resources are required, as part of their proposal or tender submission, to declare their intention to develop and implement a Local Community/Indigenous People plan incorporating employment, training and business opportunities. WMC expects that such opportunities will be based on merit, capability, commercial viability and competitiveness.

Culturally appropriate training

WMC Resources instigated the creation of culturally appropriate training and selection tools under a contract with specialist provider, Indigenous Psychological Services. These tools include competency-based training modules to support indigenous people who participate in our training programs.

When we first undertook to increase indigenous participation in employment, the lack of a psychometric test able to deliver feedback comparable to that available for non-indigenous job seekers was a barrier. Over the last two years, Indigenous Psychological Services has researched and developed such a test – an Australian (and possibly world) first. The company has also developed a selection methodology, including a training program, for recruiters and counselling processes.

Active recruitment

A misconception surrounding indigenous participation in employment in Australia is that few trained and job-ready indigenous people are available. While there are nowhere near the number of job-ready indigenous people as there are non-indigenous people, there are many indigenous people seeking employment who possess the skills, qualifications and experience sought by potential employers.

To ensure that information on job vacancies with WMC Resources reaches the widest indigenous audience, during 2002 we began a process of identifying job network agencies we can notify of

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Right Darren Sambo, water cart operator, was employed by a contractor after completing the WMC Resources Indigenous Trainee Program at Leinster Nickel Operations.

Community continued

company vacancies to ensure that suitably-qualified indigenous people registered with them are encouraged to apply and can be selected on merit and capability.

Pre-vocational awareness courses

In conjunction with the state-government-funded Eastern Goldfields Senior High School, in Western Australia, WMC Resources conducts pre-vocational courses for indigenous students at its training facility at the Leinster Downs pastoral station.

Each three-day course can be modified to deliver modules pertinent to students in Year 8 through to Year 12. Common modules include team-building, achieving goals, dealing with racism, life skills, developing confidence, working in a mining culture and developing realistic career objectives.

Students can discuss their aspirations and how they believe they, as individuals, will achieve those aspirations. The course invites students to look outside their immediate environment, confront their 'brick walls', and work out how to move forward. A significant course element involves team building and using the team to achieve the best results. Observation and teacher feedback tell us that students emerge from the course with more self-confidence and purpose.

We conducted two courses during 2002, and three overall since commencing the program in 2001. A total of 28 students have completed these courses.

Business development

WMC Resources was instrumental in helping the Dajarra Aboriginal community, situated close to our Queensland Fertilizer Operations in north-west Queensland, develop a regional indigenous business - Dajarra Maintenance and Services.

As well as directly benefiting the community, part of the rationale for establishing the business was providing people who do not wish to commit to a full-time job with an opportunity to gain skills and participate in employment.

Dajarra Maintenance and Services provides general contract services and maintains a pool of workers to meet its labour requirements. Since its establishment, the business has secured a three-year contract, valued at $400,000, with WMC Resources, and has grown in capacity and resources to a point where it is ready to seek contracts with other mines and industry in the region.

Tools for Change

Today's youth face major challenges in making the most of education opportunities and obtaining employment. We support programs that encourage young people to remain at school and assist their ultimate entry into the workforce. One such program is our highly successful initiative, Tools for Change.

Started by employees at our Kalgoorlie Nickel Smelter, in partnership with the Western Australian Department of Education and the police service, Tools for Change was established in Kalgoorlie in 1997. The program assists students in their transition from primary to secondary school.

During 2002, a total of 490 students took part in this program, with 2,990 participating since the program started. In 2002, the Kalgoorlie-Boulder City Council became a program partner.

Tools for Change results include:

- reducing on-campus orientation time and making it more successful and fun
- identifying issues for new students
- improving student attendance, retention and behaviour
- promoting links between schools, police and industry
- helping build relationships between students from different schools
- an involvement by regional businesses.

An employee who started at our Kalgoorlie smelter during 2002 participated in Tools for Change as a student when the program began in 1997. During 2002, that person participated as a volunteer session leader.

In late 2002, Tools for Change was featured at the Australian Institute of Criminology's annual conference in Melbourne, generating significant interest from other states wishing to adopt the program.

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Below Shearing at the Albion Downs pastoral station, near Mount Keith Operations.

Community continued

On the land

The 14 pastoral leases WMC Resources owns or controls across Australia total 3.2 million hectares, making the company one of Australia's largest operators of pastoral property.

In Western Australia, we focus on wool and sheep production, running about 37,500 sheep and producing 700 bales of wool a year. In 2001, a program to produce fat-tailed sheep for the Middle East export market began and, with the company's acquisition of the dilapidated Yakabindie pastoral station in that year, further diversification into cattle was possible.

To run Yakabindie, we introduced 500 head of breeding cattle, removed most existing fences, which were in poor repair, and erected replacement fencing designed to follow landform rather than artificial systems. A fencing priority was to isolate fragile rangeland from grazing and to protect areas of heritage or cultural value. Most windmills and wells were inoperable, and were replaced with solar-powered pumping systems that also contribute to safe work practices by reducing the need to work at heights. Converting four homesteads to solar power has reduced our diesel use by 60 to 75 per cent.

A total grazing management system reduces the need for contract mustering staff, improves stock recovery and reduces stress on animals during mustering. Permanent self-trapping watering points assist with stock movement and rangeland protection, while monitoring sites in most stocked paddocks provide our managers with valuable information on rangeland conditions. A 64-hectare handling compound for mustering feral goats, built on Pinnacles Station, helps us to reduce their negative impacts on rangeland.

In response to dry conditions throughout 2002, and poor winter rains, we 'drought-proofed' our properties by reducing stock numbers to prevent over-grazing while maintaining our core breeding stock.

During the year, Western Australian Pastoral Lands Board inspections of Yeelirrie, Mount Keith, Yakabindie, Leinster Downs and Dandaraga stations returned positive and encouraging comments on rangeland condition and improvements under our management.

A pastoral traineeship program, begun in 2002 in conjunction with Curtin University, introduces young people to the industry and will help us meet our future staffing needs.

In South Australia, we largely de-stocked our pastoral leases several years ago to regenerate rangeland damaged under prior ownership. We now generate income from kangaroo harvesting, and agisting camels and cattle from neighbouring properties.

While stock agistment is the principal land use for our South Australian pastoral leases, in 2002 we began introducing our own cattle herd. We believe this is a step towards demonstrating the environmental and economic sustainability of our pastoral operations, as it gives us better control over stock numbers and distribution.

In addition to six-monthly photo-point monitoring of vegetation conditions, our people have been involved in mapping the distribution of natural insect pests and weeds, and controlling noxious weeds. A related program allows populations of feral rabbits, foxes and cats to be monitored to test efficiency of different control techniques.

The lowest annual rainfall in recorded history was a major challenge during 2002 for all pastoralists in the Olympic Dam region. Fortunately, our conservative stocking approach and low rabbit numbers preserved much of the vegetation that the winter 2001 rains generated on our leases, helping minimise the drought's environmental and economic impact. The drought also showed kangaroo harvesting and domestic camel production as more resilient alternatives to cattle or sheep in dry conditions.

We believe our pastoral operations have a record of sound management, and of actively and successfully implementing environmental initiatives in the context of our overall objective of increasing income from our pastoral properties while recognising environmental values and responsibilities.

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Below Hedley Widdup (left), Mine Geologist, and Stephen Stokes, Core Processing Technician, discussing exploration drill samples, Olympic Dam.

Employees

Generally, 2002 was a frustrating year for our people due to production-based interruptions, compounded by ongoing public speculation surrounding the future of WMC Resources in the lead-up to the demerger.

During 2002, we continued to provide development opportunities, enhance our performance management system and recognise performance outcomes.

Leadership

Through our People System, we focus on providing leadership through an understanding of the corporation's overall strategic direction, emphasising our values and allowing leaders to communicate the supporting behaviour expected of our people.

Achievements during 2002 included:

- Regular senior management presentations to employees through teleconferencing and Intranet messaging of strategic corporate developments, and face-to-face information sessions which supervisors conducted to cascade relevant information through the organisation.
- Recognising the concerns of our non-operational employees, generated by external speculation about the company's post-demerger future, we implemented a 'living with change' program, enabling employees to provide feedback to senior management on leadership gaps and opportunities to lift performance. Actions included improving communications and information sharing on business issues, and a heightened focus for managers on eliciting employee input on concerns surrounding WMC Resources' future.
- Developing our 'next generation' of leadership and management programs to be rolled out late in 2003 and into 2004. This integrated suite of programs – for all levels of management from line supervisor to senior manager – will focus on reinforcing the role of the manager including developing or reinforcing an understanding of our company's expectations, establishing clear accountabilities and providing the tools and processes to effectively meet the aspirations embodied in our people principles.

Organisation effectiveness

Our People System provides a framework for structuring and designing roles that are consistent with our values and people principles. It also highlights the need for effective planning around the people impacts of technology and changes in business circumstances.

Employee availability

Through our People System, we focus on effective workforce planning linked to business planning. This includes a strategic approach to recruitment – at a time when it is difficult to attract people to remote areas – and a disciplined approach to employee development.

Our employee turnover and time taken to recruit are major concerns. Terminations initiated by employees, for example through resignation or retirement, was 13 per cent to 31 December 2002, compared with 15 per cent during 2001.

During 2002, we analysed employee turnover to better understand areas of concern and the reasons people leave. Part of that analysis involved reviewing exit interviews.

Recruitment takes an average 78 days, with significant differences between sites and types of roles. A more proactive approach – such as using regional radio sponsorship, 'advertorials' in newspaper supplements and attending forums and expos – should reduce recruitment time, along with managing assignments within a determined timeframe. We need to 'sell' our opportunities better to candidates. We have also implemented a proactive sourcing strategy that includes using dedicated recruiters and an enhanced internal search capability to reach a wider pool of candidates.

During 2002, our three-year graduate program provided development opportunities for 25 new graduates in disciplines including mining engineering, mechanical and electrical engineering, chemical engineering, surveying, geo-technical engineering, geology, human resources and chemistry. Under this program, 34 new graduates have joined or will join our organisation during 2003.

A total of 70 students worked in our operations Australia-wide as part of our 2002-03 vacation program. WMC Resources also supports the Australasian Institute of Mining and Metallurgy's Australian Student Mineral Venture. This program is designed to provide the 'best and brightest' secondary students with first-hand experience of the minerals industry.

Employment relationships

We continue to engage our employees on individual employment contracts that provide consistent terms and conditions. Development opportunities and recognition of individual contributions are reinforced through this process.

During 2002, no WMC Resources employee lost time due to industrial issues. July 2002 marked six years since WMC Resources lost any working time over industrial issues.

In late 2002, we began a review of our 'fair treatment' processes to ensure they are consistent with our people principles and that

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Right Flight departure times have been modified for fly-in, fly-out employees to help attract suitable candidates at Leinster Nickel Operations.

Employees continued

they provide avenues for our employees to raise concerns with their supervisor.

While the majority of our employees maintained standards agreed in their contracts, 20 were dismissed during 2002, mainly for misusing WMC Resources' computer systems.

Since undertaking an employee perception survey in 2001, we have worked to address issues raised and to sustain that feedback process in areas such as our safety and environmental performance, leadership and decision-making, and collaboration across work areas.

We began the next round of surveys, in 2002, to assess progress in addressing issues raised in 2001 and to ensure that we are aware of emerging issues. This round of surveys will be completed by the end of the first quarter of 2003, providing an opportunity for further improvement.

Employee capability

The People System helps provide our people with the technical, professional, supervisory, management and leadership skills necessary to contribute within their current roles and to grow into new roles.

During 2002, we continued the one-week residential Supervisor Development Program, with a total of 60 employees attending three programs. This program is designed to introduce key workplace competencies to front-line managers and to focus on changed behaviour in the workplace. During 2003, we will integrate the program into a comprehensive suite of leadership programs.

We also continued our front-line management programs with 20 employees receiving their qualifications and a further 200 employees undertaking various modules. These programs provide our front-line supervisors and team leaders with underpinning knowledge, skills and understanding that better enables them to perform to defined standards in the workplace. There are 11 modules including providing leadership in the workplace, establishing and managing effective workplace relationships, and developing and maintaining a safe workplace and environment.

During 2002, a total of 68 employees accessed our Education Assistance Program that provides development through external educational institutions. Our people undertook studies in areas including accounting and engineering.

Employee contribution

The People System supports our integrated approach to individual performance and accountability, based on business objectives. This process – WMC4Me – is linked with business planning and annual budgeting and:

- helps clarify roles, set objectives and review performance
- helps identify individual development opportunities to enhance skills and contribution
- links performance to remuneration.

Setting objectives goes beyond financial and operational parameters to other key individual performance indicators such as those for health and safety, environment, community, people and key behaviour reflecting core values embodied in the code of conduct.

At WMC Resources, there is a clear and strong link between remuneration and individual performance outcomes. Employees meet with their supervisor at least twice each year to discuss performance and development and set objectives for the year ahead. The reviews focus on key behaviour that supports the code of conduct and job goals. Skills development is available to employees to maximise the effectiveness of these discussions.

While most employees discussed their development needs with their supervisor, we are reviewing the outcomes to lift the level of participation, to improve the quality of these discussions and deliver agreed actions.

Employee support

The People System includes support systems, processes and programs that employees can access.

We continued to develop our human resources services so employees are more easily able to access policy and other information on their employment via a central telephone number.

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THE ISSUES – 2002

Right The Country Women's Association at Leinster has 34 members, and conducts a range of activities such as making dolls for donations to hospitals.
Below Clem Ledden (left), Laboratory Coordinator, Mat Horbach, Laboratory Analyst, Ken Stringer, Maintenance Coordinator – Reduction, and Dave Bowden (front), Team Leader – Reduction, Kwinana Nickel Refinery.

Employees continued

An Employee Assistance Program also provides our people and their families with confidential access to qualified counselling services. During 2002, a total of 239 employees and family members used this program.

The 'Take Home a Toshiba' program was introduced in 2002 to provide employees with the opportunity to buy lap-top computers and pocket computers for home use via salary sacrifice.

WMC Resources introduced six-weeks paid maternity leave in 2002, while the company's salary continuance program, after a qualifying period, provides employees with income protection where non-work-related injuries or illness result in extended time off work. Employees are also able to make contributions into a superannuation account set up specifically for their spouse.

Code of conduct

With an offer of employment, people are provided with information about *WMC Resources Code of Conduct*, and they are asked to confirm at that time that they agree to act in accordance with the code.

In December 2002, all employees were provided with a revised booklet reiterating the content of our code of conduct, outlining implementation processes and providing practical advice. Employees were asked by the chief executive officer to reconfirm their commitment to the standards required by the code and by year-end 83 per cent had provided that commitment.

Alan Dundas, Executive General Manager – Operations, was appointed WMC Resources' Code of Conduct Committee Chairman following the retirement of former senior executive, Jack Parry. The committee provides advice to employees on ethical matters and feedback to the chief executive officer. It also seeks external expert advice to provide a broader perspective on ethical and 'corporate social responsibility' matters.

During 2002, the make-up of the committee changed to represent more accurately the locations and composition of our workforce. The committee met twice in 2002, with one of these meetings at our Kwinana Nickel Refinery in Western Australia.

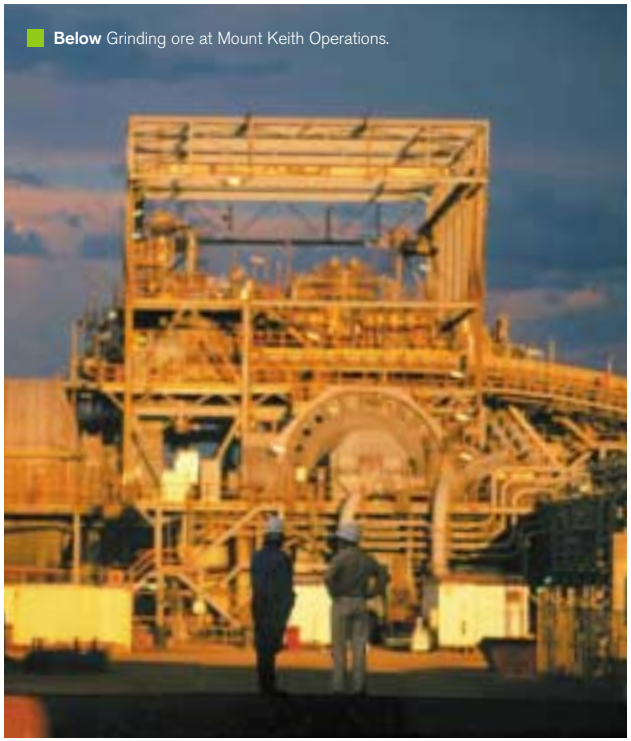
Our code of conduct is not a punitive instrument. It is a guide, and therefore not quantifiable in its own right. During 2002, there were numerous examples of effective and admirable behaviour where the code and its principles may have played some role in employee actions in areas such as providing voluntary assistance to local community projects and to charitable causes.

There were also actions by employees that were inconsistent with the principles of the code and in direct breach of company policies such as a major breach of safety procedures, conflict of interest, abuse of information systems, harassment, failure to be fit for work (for example, substance abuse), theft, fraud and fighting.

SECTION//SIX PERFORMANCE

✓ = complete
○ = progressing according to plan
✗ = progressing but behind expectations
Ongoing = continuing action through day-to-day management

The scorecard



Below Grinding ore at Mount Keith Operations.

Our performance against objectives

The following tables illustrate our performance in 2002 against the critical objectives we outlined in the WMC Limited Sustainability Report 2001.

Environment, health and safety

Objectives 2003 and on	Objectives 2002	Progress
Personal injuries, workplace illness and environmental incidents are rare events.	Continue to promote workplace environment, health and safety through the Take Time, Take Charge program.	○
	Engage our employees in leadership training.	○
	Continue to roll-out our supervisors environment, health and safety training program.	○
	Implement a common task observation program.	✗
	Analyse all incidents to identify common causes.	○
Eliminate significant, business-impacting incidents and upsets.	Continue to improve our Environment, Health and Safety Management System and integrate it into our operations.	○
	Continually improve our risk-management programs to achieve enhanced understanding and control over the significant potential hazards associated with our operations.	○
Continuously improve environment, health and safety processes and performance.	Enhance our audit and assessment program to incorporate requirements for site self-assessment and independent verification auditing.	○
	Implement rigorous critical-action tracking, close-out and reporting processes.	○
Achieve an unambiguous licence to operate from all interested parties.	Consolidate orphan site management.	○
	Independent public report verification.	Ongoing

Community

Objectives 2003 and on	Objectives 2002	Progress
Reinforce procedures.	Develop and implement operating policies, standards and guidelines.	✓
	Identify and record community obligations.	✓
Increase awareness.	Qualify and reinforce community roles, implement ongoing contact and reinforce line management community responsibilities.	Ongoing
Increase partnerships.	Develop and implement a baseline review of host communities and operations.	✗
	Develop a community measurement process.	○
Increase indigenous participation.	Implement indigenous pre-employment training across operations.	○
	Implement a traineeship/apprenticeship process across operations.	○
	Implement Local Community/Indigenous People contract conditions across operations.	✓
Increase profile.	Develop and implement community training and awareness programs.	○

SECTION//SIX PERFORMANCE

Our performance against objectives

✓ = complete
○ = progressing according to plan
✗ = progressing but behind expectations
Ongoing = continuing action through day-to-day management

The scorecard continued

Employees

Objectives 2003 and on	Progress
Enhance our employee development programs and implement the next generation of WMC Resources' leadership programs.	○
Develop an understanding of workforce demographics, particularly the work aspirations of the generations now entering the Australian workforce, particularly for remote mining locations.	○
Continue to provide opportunities for employees to develop their skills and to contribute to operations and business results.	Ongoing
Finalise the 2002-03 employee perception survey and implement improvements based on the outcomes of the survey.	○
Continue to review the effectiveness and relevance of our employee support programs.	Ongoing
Integrate a formal organisation effectiveness review to assess the use of the People System at our locations.	○

Below Tapping nickel matte in the smelter furnace, Kalgoorlie Nickel Smelter.

SECTION//SIX PERFORMANCE

Data and related matters

Dow Jones – Company Performance vs. Industry Average for Specific Criteria

The following bar charts highlight the performance of WMC Ltd. compared to its industry average and best performing company for selected criteria. The criteria selected cover each of the corporate sustainability dimensions: economic, environmental and social.

SAM Research Inc.
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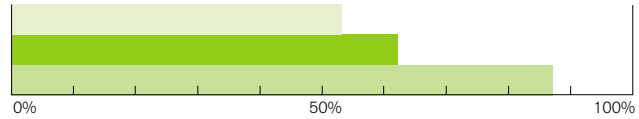
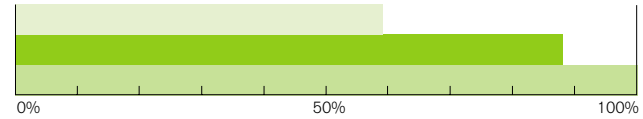
Economic

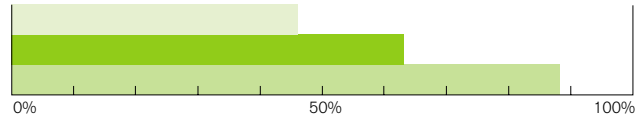
Corporate Governance



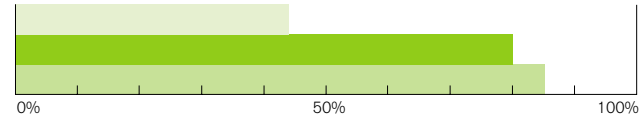
Risk & Crisis Management



Codes of Conduct/Compliance

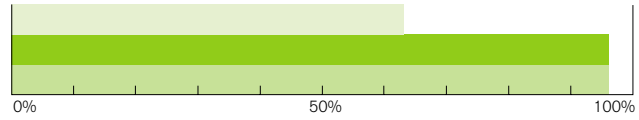


Corruption and Bribery Prevention

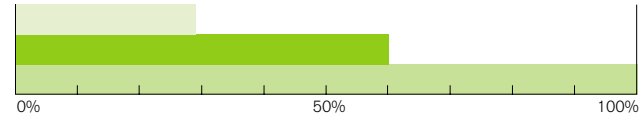


Environmental

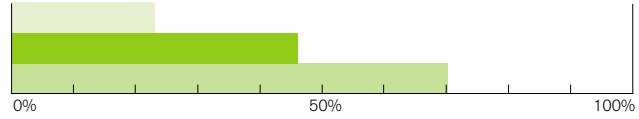
Environmental Management



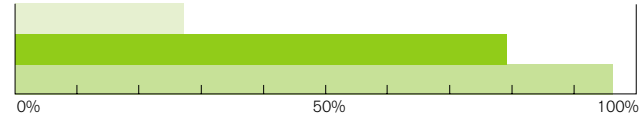
Waste Rock and Tailings Management



Eco Efficiency Performance

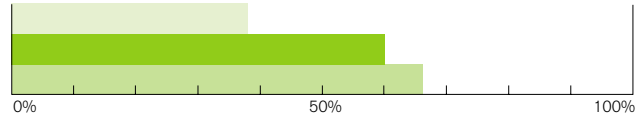


Biodiversity Strategy

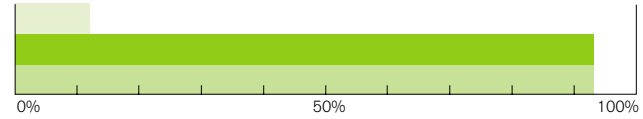


Social

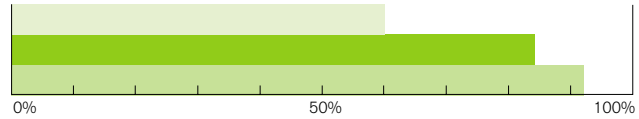
Labour Practices Indicators



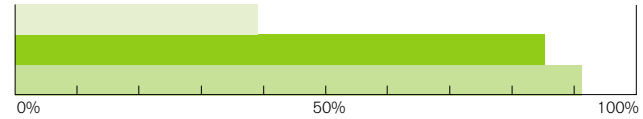
Tracking of Employee Satisfaction



External Stakeholder Relations



Social Impacts on Communities



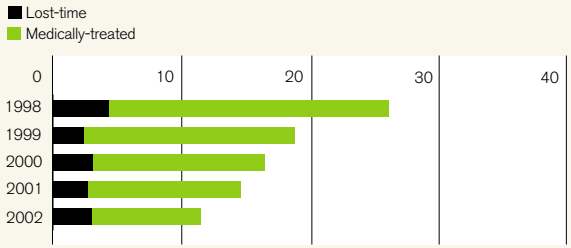
Industry Average on a Global Basis
WMC Ltd
Best Company on a Global Basis

SECTION//SIX PERFORMANCE

Data and related matters – health and safety

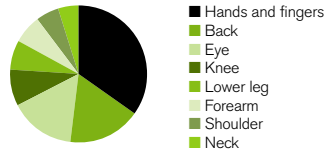
Injury frequency rate

Injuries per million hours worked

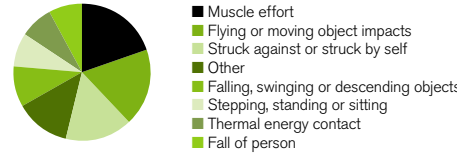


Injuries

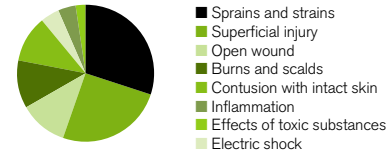
Injuries by body part



Injuries by accident



Injury type



Safety statistics	2002					2001				
	LTI	LTIFR	MTI	MTIFR	(LT+MT) IFR	LTI	LTIFR	MTI	MTIFR	(LT+MT) IFR
Corporate groups	4	6.5	3	4.8	11.4	5	1	5	10.5	11.6
Exploration	0	0	0	0	0	4	8.1	3	6.1	14.2
Hi Fert	4	15.2	4	15.2	30.5	4	12.5	2	6.3	18.8
Kwinana Nickel Refinery	5	6.1	5	6.1	12.3	5	5.3	10	10.6	15.9
Kalgoorlie Nickel Smelter and Kambalda nickel concentrator	0	0	19	16.2	16.2	5	5.4	16	17.2	22.6
Leinster Nickel Operations	5	2.5	28	14.0	16.4	6	3.2	31	16.5	19.7
Mount Keith Operations	3	1.9	3	1.9	3.8	3	2.1	8	5.6	7.7
Nickel management	0	0	0	0	0	1	4.6	2	9.1	13.7
Olympic Dam Operations	17	3.9	47	10.7	14.6	8	2.0	54	13.4	15.4
Projects	0	0	0	0	0	0	0	0	0	0
Queensland Fertilizer Operations	5	3.2	11	7	10.2	6	3.5	25	14.4	17.9
WMC Resources Ltd[1]	**43**	**3.0**	**120**	**8.5**	**11.5**	**50**	**2.8**	**212**	**11.8**	**14.6**

[1] Includes operations, not listed, that were divested during 2001.

LTI lost-time injury – an injury that results in at least one full shift being lost at some time after the shift during which the injury occurred.
LTIFR Lost-time injury frequency rate – the number of lost-time injuries per million hours worked.
MTI Medically-treated injury – an injury that requires treatment by a medical practitioner or equivalent, and/or is beyond the scope of standard first aid, preventing the person return to their normal duties.
MTIFR Medically-treated injury frequency rate – the number of medically-treated injuries per million hours worked.

SECTION//SIX PERFORMANCE

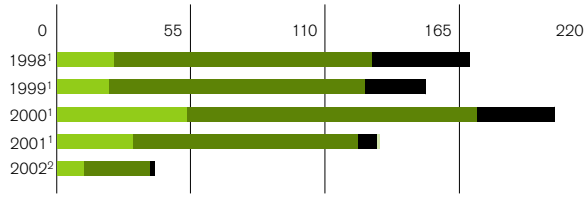
Below The tailings storage facility, Mount Keith Operations.

Data and related matters – environment

Environmental compliance

Environmental non-compliance incidents

Number reported each year



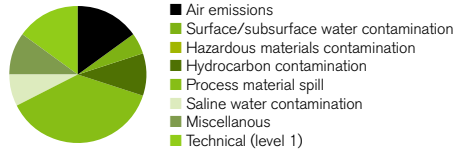
[1] Includes data from sold operations.
[2] The reduction in non-compliance incidents in 2002 over previous years partly reflects the impact of standardisation of incident classifications.

- **Level 5** Major issues with potentially serious consequences and long-term impact. Example: breach of tailings system.
- **Level 4** Issues of a significant nature with medium-term effect. Example: process chemicals seeping into ground water.
- **Level 3** Issues of a continuous nature but limited impact. Example: fuel leak that did not impact ground water.
- **Level 2** Minor non-recurrent issues. Example: hydrocarbon spill that can be cleaned up immediately.
- **Level 1** Technical issues involving environmental laws and regulations. Example: the late submission of a report.

New environmental non-compliance incidents – 2002	Level 1	Level 2	Level 3	Level 4	Level 5	Total
Unresolved issues as at 1 January 2002[1]	2	6	7	2	0	17
New issues reported during 2002	11	27	2	0	0	40
Issues resolved during 2002	12	33	8	0	0	53
Unresolved issues as at 31 December 2002	1	0	1	2	0	4

[1] Does not include three unresolved non-compliance incidents that were associated with assets sold during 2002.

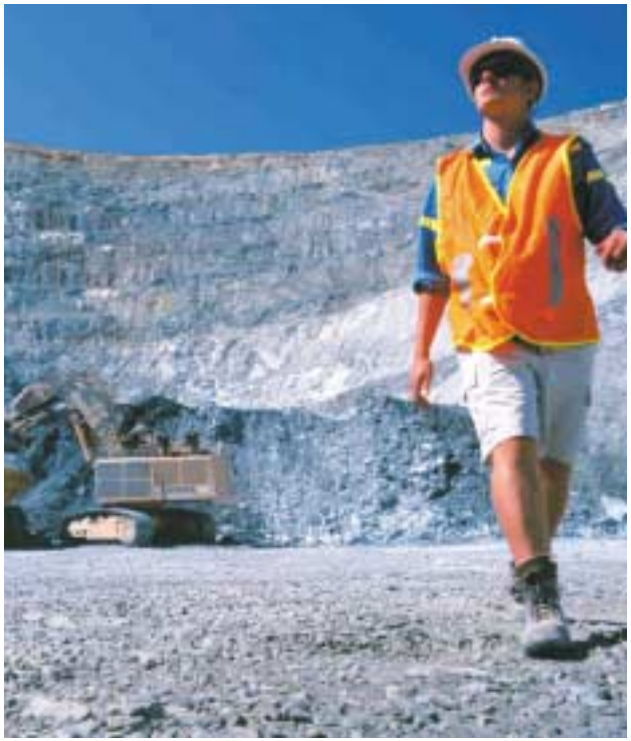
Type of non-compliance



SECTION//SIX PERFORMANCE

Right Peter Flood, graduate mining engineer, in the open-cut mine, Mount Keith Operations.

Data and related matters – environment continued



Code conformance

Australian Minerals Industry Code for Environmental Management summary results – code implementation survey table

Year	Score (%)					
	Mount Keith Operations	Leinster Nickel Operations	Kalgoorlie Nickel Smelter & concentrator	Kwinana Nickel Refinery	Olympic Dam Operations	Queensland Fertilizer Operations
2002	60	47	53	62	55	58
2001	58	50	53	63	54	65
2000	56	51	56	66	54	57

The scores are based on combined site and corporate activities.

Environmental data table[1]

Australian operations[2]	2002	2001	2000	1999	1998
Balance of disturbed land at the beginning of the year (hectares)	8,249	8,094	7,375	6,905	6,649
Land disturbed during the year (hectares)	255	252	366	316	588
Land rehabilitated during the year (hectares)	52	109	127	205	416
Net disturbed land at the end of the year (hectares)	203	143	239	111	172
Net change in disturbed land due to improved estimates and sales/acquisitions (hectares)	0	12	480	359	84
Balance of disturbed land at the end of the year (hectares)	8,452	8,249	8,094	7,375	6,905
Ore treated (million tonnes)	25.214	25.077	23.742	19.651	17.683
Mill tailings (million tonnes)	21.761	22.032	21.735	19.213	17.091
Total industrial water use (megalitres)	33,508	31,128	28,398	23,615	19,785
Total industrial energy used by operations (terajoules)	17,899	18,932	19,296	14,627	13,819
Electrical generation conversion losses (terajoules)	1,442	1,350	1,276	–	–
Total carbon dioxide emissions (tonnes)	2,962,311	2,796,662	2,507,354	1,865,846	1,618,595
Total sulphur dioxide emissions (tonnes)	67,877	47,024	43,068	33,600	37,722
Remaining non-compliance incidents	4	17	41	40	36

[1] Historical data modified from previous reports to reflect the sale of gold and talc assets, with the exception of non-compliance incidents that occurred before 2001.
[2] Australian operations include operational sites, offices and Exploration.

SECTION//SIX PERFORMANCE

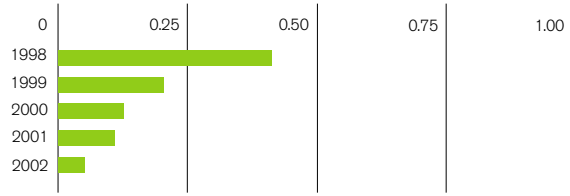
Below Rehabilitation trials on the surface of an old tailings storage facility, Mount Keith Operations.

Data and related matters – environment continued

Land disturbance

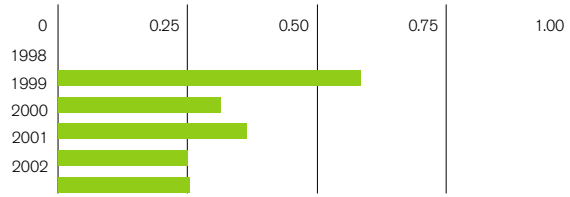
Newly rehabilitated land

Thousand hectares



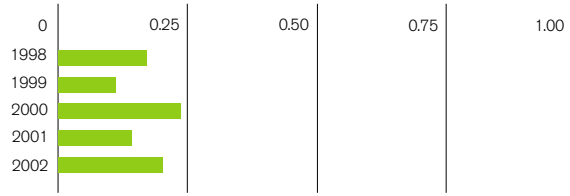
Newly disturbed land

Thousand hectares



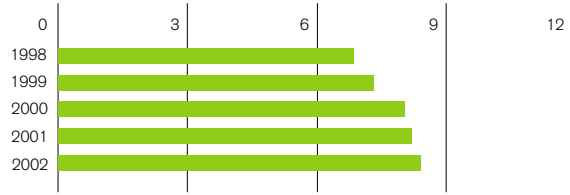
Net land disturbed during the year

Thousand hectares



Balance of land disturbed at year end

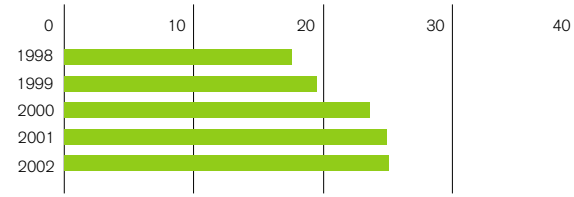
Thousand hectares



Tailings storage

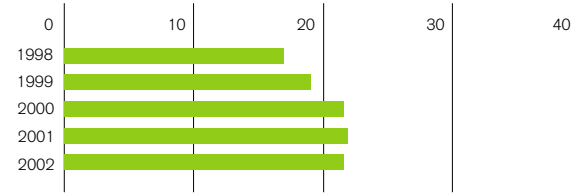
Total ore treated

Million tonnes

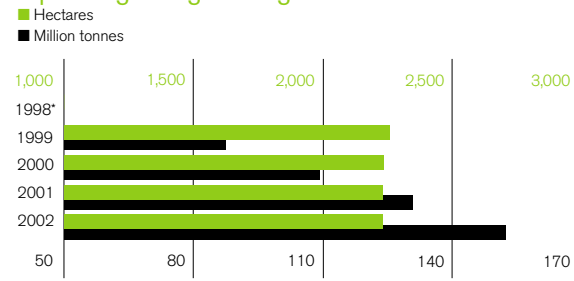


Total mill tailings

Million tonnes

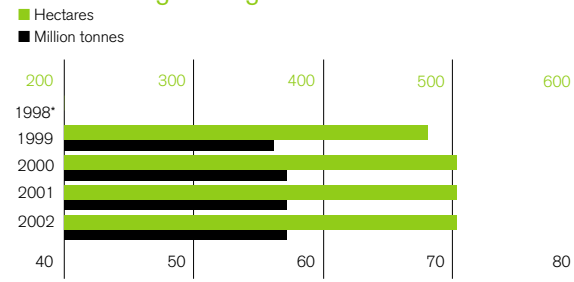


Operating tailings storage



* 1998 data not available

Closed tailings storage



* 1998 data not available

SECTION//SIX PERFORMANCE

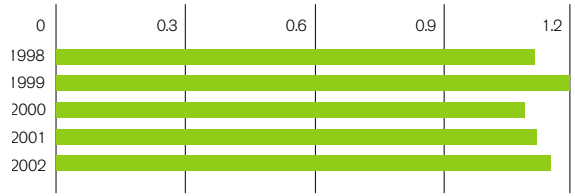
Below Recording details of burrowing bettongs trapped in a special release area of the Arid Recovery Project near Olympic Dam.

Data and related matters – environment continued

Water

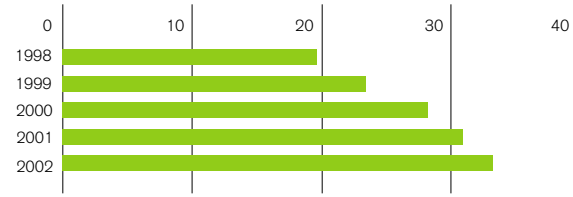
Industrial water use per tonne of ore treated[1]

Kilolitres



Total industrial water use

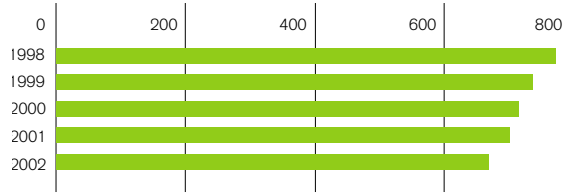
Thousand megalitres



Energy

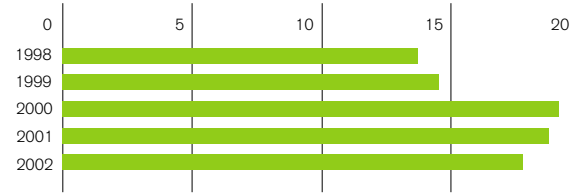
Industrial energy use per tonne of ore treated[1]

Megajoules



Total industrial energy use

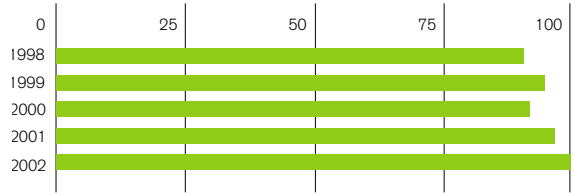
Thousand terajoules



Emissions

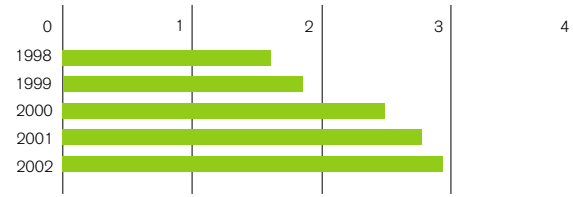
Carbon dioxide emissions per tonne of ore treated[1,2]

Kilograms



Total carbon dioxide emissions

Million tonnes



[1] Data calculated for operational sites only (excluding Queensland Fertilizer Operations).

[2] The increases in carbon dioxide emissions in 2001 and 2002 are largely the result of changes to emission calculation factors determined by the government.

SECTION//SIX PERFORMANCE

Data and related matters – environment continued

Australian operations inputs and outputs 2002

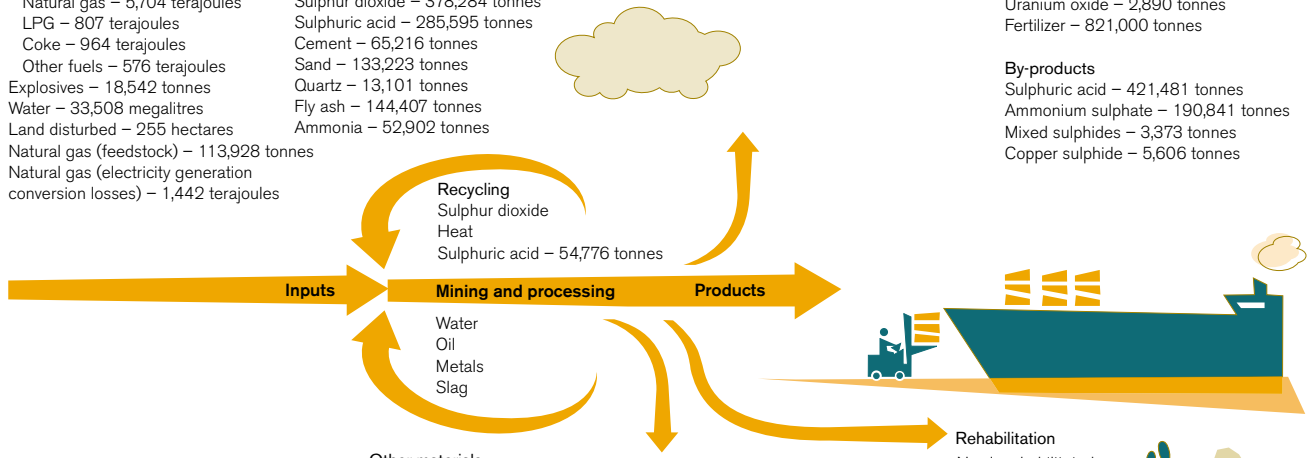
Inputs
Ore treated – 25.214 million tonnes
Total energy – 17,899 terajoules
- Electricity – 6,537 terajoules
- Diesel – 3,312 terajoules
- Natural gas – 5,704 terajoules
- LPG – 807 terajoules
- Coke – 964 terajoules
- Other fuels – 576 terajoules

Explosives – 18,542 tonnes
Water – 33,508 megalitres
Land disturbed – 255 hectares
Natural gas (feedstock) – 113,928 tonnes
Natural gas (electricity generation conversion losses) – 1,442 terajoules
Caustic soda – 6,460 tonnes
Lime – 10,483 tonnes
Sulphur – 176,601 tonnes
Sodium cyanide – 100 tonnes
Sulphur dioxide – 378,284 tonnes
Sulphuric acid – 285,595 tonnes
Cement – 65,216 tonnes
Sand – 133,223 tonnes
Quartz – 13,101 tonnes
Fly ash – 144,407 tonnes
Ammonia – 52,902 tonnes

Emissions
Sulphur dioxide – 67,877 tonnes
Carbon dioxide – 2,962,311 tonnes
Particulates

Products
Nickel metal packed – 65,055 tonnes
Gold – 64,293 ounces
Silver – 643,935 ounces
Copper – 178,120 tonnes
Uranium oxide – 2,890 tonnes
Fertilizer – 821,000 tonnes

By-products
Sulphuric acid – 421,481 tonnes
Ammonium sulphate – 190,841 tonnes
Mixed sulphides – 3,373 tonnes
Copper sulphide – 5,606 tonnes



Other materials
Tailings – 21.761 million tonnes
Gypsum – 2.600 million tonnes
Smelter residue – 0.543 million tonnes
Refinery residue – 0.010 million tonnes
Water
Waste rock
Landfill waste – potentially hazardous materials and solid waste.
Oils and greases.

We do not yet have information for all resources used or emitted. Refer to National Pollutant Inventory (www.npi.gov.au) for more information.
Some figures have been rounded.

SECTION//SIX PERFORMANCE

Below The surrounding environment at Phosphate Hill.

Data and related matters – environment continued

Orphan site management

Site	Location	Description	Date last operational	Anticipated relinquishment/ sale/sign-off date
Blue Hills	Western Australia	Partially rehabilitated small scale iron ore mine	1973	2004
Carnilya Hill	Western Australia	Rehabilitated underground nickel mine.	1997	2003
Carson Hill	California, United States of America	Rehabilitated open cut gold mine	1990	2004
Forest Hill	Nova Scotia, Canada	Rehabilitated gold mine	1989	Sold in 2002
Goongarrie	Western Australia	Partially rehabilitated open cut gold mine	Early 1980s	Not currently planned
Hog Ranch	Nevada, United States of America	Rehabilitated gold mine	1993	Relinquished in 2002
Jurien Bay	Western Australia	Rehabilitated mineral sands mine	1977	Not currently planned
Kalgoorlie Laboratory	Western Australia	Commercial property with soil contamination	2001	2003
Kalgoorlie Research Plant	Western Australia	Ore treatment plant 5kms north of Kalgoorlie	1983	2004
Koolanooka Iron Ore Mine	Western Australia	Partially rehabilitated small scale iron ore mine	1972	2002
Lake Tee	Western Australia	Ephemeral salt lake affected by hyper-saline mine discharge water	1998	2005
Ngalbain Location 68	Western Australia	Rehabilitated waste disposal site		Not currently planned
Siberia	Western Australia	Exploration project	1982	Not currently planned
South Windarra	Western Australia	Rehabilitated open cut nickel mine	1991	Not currently planned
Windarra	Western Australia	Rehabilitated underground nickel mine	1994	2004
Yeelirrie	Western Australia	Trial open cut uranium mine	Early 1980s	2004

SECTION//SIX PERFORMANCE

Below Specially designed fencing protects the Arid Recovery Project near Olympic Dam from feral animals.

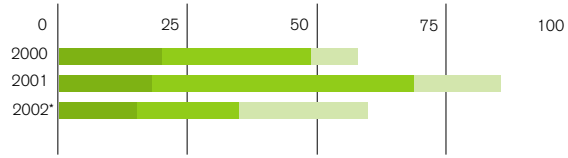
Data and related matters – community and pastoral

Community

Indigenous employment participation

Number each year

- Employed by WMC Resources
- Employed by a contractor at a WMC Resources operation
- Employed by a different company as a result of WMC Resources training



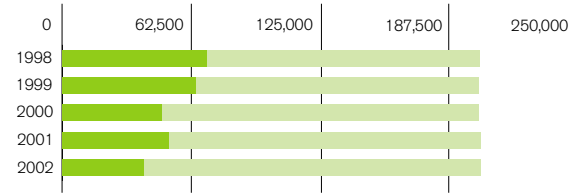
* Excluding participation at gold and nickel sites sold during 2001

Pastoral

Stocking rates

Dry sheep equivalent

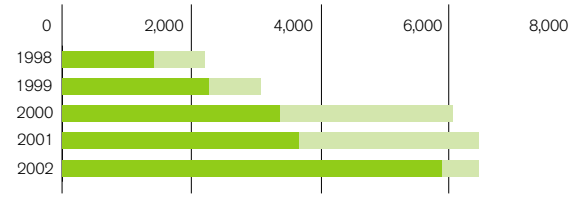
- Stock held on WMC Resources leases
- Government stock limit



Rabbit control

Hectares

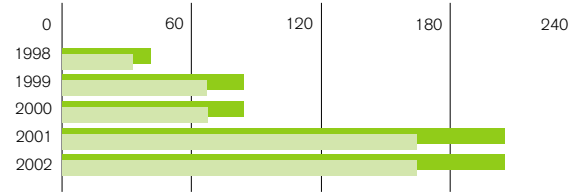
- Rabbit free
- Intensive rabbit control



Stock-free reserve

Square kilometres/percentage

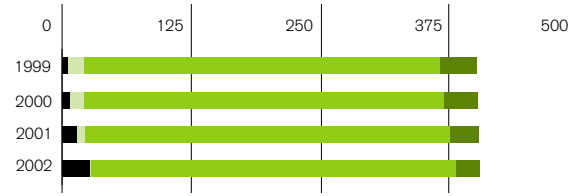
- Area of reserves
- Percentage (*1000)



Water point energy source

Number of water points

- Solar
- Diesel
- Wind
- Not operating



SECTION//SIX PERFORMANCE

Below Testing of an emergency shower near the acid storage tanks at Mount Isa, Queensland Fertilizer Operations.

Data and related matters – employees

Employees

Number of employees as at 31 December 2002

Professional grouping	Female	Male	Total	Female %	Male %
Managers	39	365	404	10	90
Professional	93	350	443	21	79
Para-professional	114	254	368	31	69
Trades	3	342	345	1	99
Clerical	224	78	302	74	26
Sales/services	8	4	12	67	33
Operators	45	881	926	5	95
Labourers	6	91	97	6	94
Total at 31 December 2002	532	2,365	2,897	18	82
Total at 31 December 2001	554	2,493	3,047	18	82

Fitness for Work random drug and alcohol test results – 2002

Site	Number of random drug and alcohol tests	Number of positive alcohol tests	Number of non-medical positive drug tests
Melbourne office	71	0	0
Perth office	84	0	1
Kwinana Nickel Refinery	325	3	29
Kalgoorlie Nickel Smelter and concentrator	639	4	17
Leinster Nickel Operations	2,314	31	5
Mount Keith Operations	7,432	6	25
Olympic Dam Operations	3,025	65	117
Queensland Fertilizer Operations	1,463	36	3
Hi Fert	85	0	2

CONTACT DETAILS AND MAP

Contact details

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Public reporting

This year, WMC Resources has produced a suite of public reports. The *WMC Resources Ltd Business Performance Report 2002* outlines company performance for the year. It incorporates the concise and financial annual report to shareholders for 2002 and it takes a more integrated approach to triple-bottom-line (economic, environmental and social) reporting. Printed concise and financial reports are available for distribution to all shareholders, or can be accessed via the website. We have also produced this website-based sustainability report and seven website-based operations reports (www.wmc.com).

CORPORATE OFFICES

Australia

1 Melbourne, Victoria
2 Perth, Western Australia

COPPER-URANIUM

Australia

3 Olympic Dam, South Australia

NICKEL

Australia

4 Kalgoorlie, Western Australia
5 Kambalda, Western Australia
6 Kwinana, Western Australia
7 Leinster, Western Australia
8 Mount Keith, Western Australia
9 Yakabindie, Western Australia

International

10 Toronto, Canada
11 London, United Kingdom

FERTILIZER

Australia

12 Newcastle, New South Wales
13 Brisbane, Queensland
14 Mount Isa, Queensland
15 Phosphate Hill, Queensland
16 Townsville, Queensland
17 Adelaide, South Australia
18 Kadina, South Australia
19 Port Lincoln, South Australia
20 Geelong, Victoria
21 Melbourne, Victoria
22 Portland, Victoria

EXPLORATION

Australia

23 Perth, Western Australia
24 West Musgrave, Western Australia

International

25 Denver, United States of America
26 Beijing, China
27 Kunming, China
28 Urumqi, China
29 Lima, Peru

PROJECTS

International

30 Meliadine, Canada
31 Corridor Sands, Mozambique