



KCGM **Concept PLAN**

Sharing our vision for the future

December 2004



Contents

What is the KCGM Concept Plan?

What's the history of KCGM?

What are KCGM's plans?

What will the final Super Pit look like?

How will we get there?

How will this affect me?

What other issues are there?

What happens after 2017?

How can I have my say?



What is the KCGM Concept Plan?

The KCGM Concept Plan is, at its heart, our vision for the future. It not only outlines what we believe will be the final Super Pit outline in 2017, but illustrates how KCGM is working to extend beyond this current estimated mine life.

The KCGM Concept Plan is a consultation tool that can help us explain what we need to do in order to maximise the Golden Mile resource. More importantly, it outlines how you, our stakeholders, can help us shape the future of the Golden Mile.

The KCGM Concept Plan is a public document, which will be updated on a regular basis to reflect the shaping of our future. It will be a collaborative effort as we work to incorporate stakeholder feedback into our planning processes, and address community issues as they arise.

KCGM is an important part of the economic fabric of the City of Kalgoorlie-Boulder, in 2004 alone we contributed more than 255 million dollars into the local economy through wages and Kalgoorlie-Boulder based suppliers.

It is KCGM management's role to not only oversee the running of Australia's largest gold mine, but to look to further opportunities to ensure that our organisation continues to play a central role in our City's economy for many years to come.

The KCGM Concept Plan is only one small piece in ensuring that our stakeholders are well informed. The new KCGM Shop Front in Boulder will provide a welcome and friendly face to our organisation, and an opportunity for you to come in and discuss our plans.

It's part of keeping up with our commitment to "Consider, Communicate and Contribute". After all we're not only proud of KCGM, we're proud to be part of the Kalgoorlie-Boulder community.



Cobb Johnstone
General Manager





What's the history of KCGM?

"The fortunes and falls in the gold mining industry have been a driving force in the creation of Kalgoorlie-Boulder, and at KCGM we're proud to still be an important part of the local community. We also intend to be here for the 60 millionth ounce from the Golden Mile!"

John Shipp

General Manager (1987- 2004)

KCGM's pouring of 50 millionth ounce from the Golden Mile July 2003

KCGM is the manager of the internationally famous gold resource the Kalgoorlie-Boulder "Golden Mile" which is Australia's largest gold mining operation. In 2003, KCGM produced the 50 millionth ounce from the Golden Mile making it only one of four gold precincts in the world that has achieved this milestone. It's a milestone achieved after more than 100 years of mining this area rich in both minerals and history.

Gold was discovered at Kalgoorlie in 1893 by Paddy Hannan, Tom Flanagan and Dan Shea, 42 years after the first discovery of gold in Australia. Mining and prospecting was initially concentrated at the northern end of the field near Mt Charlotte. However, the real potential of the ground came to light when many others started digging south of Hannan's Find. This area became famous world wide as The Golden Mile.

The original concept of the Golden Mile in 1897 was "from Hannan's, Brownhill, Paringa, North Kalgurli and Brookmans Boulder on the north to Lake View South, Boulder Main Reef and Chaffers on the South." It was also amended to include "From the Croesus (Kallaroo) on the North to the Imperial and Hannan's Star on the South". Ironically this equates to a distance of about 3.8km – more than two miles. To add to this, although not technically part of the Golden Mile, Mount Charlotte has also long been affectionately entwined with Australia's richest strip.

The majority of early prospectors moved on to be replaced by a new breed of mining men; men who brought new knowledge to the Eastern Goldfields and designed or refined the best of the world's mining machinery to get the gold bearing ore from below the surface to the mills.

In the first five years, the mines of Kalgoorlie and Boulder had yielded half a million ounces of gold and the community of the 'new' era of gold mining reflected the initiative and wealth of the people who produced it. The town of Boulder sprang up in friendly rivalry with Kalgoorlie, each having its own trappings of a bustling, well to do mining centre.

Gold production reached a peak in 1903 when 1,225,700 ounces (38 tonnes) were produced from ore grading an average of 41.1 grams per tonne. Production gradually declined as grade decreased with depth and increased proportions of primary, refractory ore were encountered. The decline continued until the revaluation of gold in 1932-33 led to a major revival, but production again declined through the 1960's, and by 1975, all operations on the Golden Mile had ceased. Only the highly mechanised Mt Charlotte mine, situated at the northern end of the field, close to Hannan's original find, remained in production.

The sustained rise in the gold price from 1979 onwards saw an increase in mining activity, and the Golden Mile underground operations progressively reopened. Small open pits were also developed in the early 1980's, but few people at the time could have foreseen the large scale changes that were to occur before the end of the decade.

By the mid 1980's, all mining operations in Kalgoorlie, from Mt Percy and Mt Charlotte at the northern end to Chaffers at the southern end, were effectively controlled by three companies. With a common goal of maximising the return on investments for their respective shareholders, these companies had developed a rather loose relationship concerning the sharing of facilities and exchanging technical knowledge. Through a number of entrepreneurial deals, this loose relationship was formalised on 29 March, 1989 by the creation of a new management company, Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM).

KCGM manages the operations for its two joint venture owners, Newmont Australia Limited and Barrick Gold of Australia Ltd.





What are the future plans?

KCGM's current approvals will only take our operations up to 2012, however in October 2004 General Manager Cobb Johnstone revealed what KCGM believes will be the final Super Pit outline in 2017.

These plans have not been approved, and we are still working on the detailed environmental and engineering aspects. However, we would encourage you to consider this Concept Plan for our future and provide us with your thoughts.

Put simply, we would like to undertake the following major projects to ensure our mine reaches its 2017 mine life potential:

- **Realign the noise bund**
- **Expand the pit on the western wall (the 'Golden Pike' Cutback)**
- **Build more waste rock dumps**
- **Lift the Fimiston I and Fimiston II Tailings Storage Facilities (TSFs) by 10 metres**
- **Re-commission a disused TSF (Kaltails) as a third TSF facility**

THE NOISE BUND

In order to begin the process, the current environmental noise bund will need to be realigned along the western perimeter of the 'Golden Pike Cutback' (explained below). The building of this new bund is a priority to ensure that our closest neighbours are shielded from subsequent mining activity.

The bund is built from waste rock and covers an area of approximately 25 hectares of previously disturbed land which KCGM has subsequently rehabilitated. There may also be the opportunity to offer the Loopline Railway room on the bund for their train, offering views of the City and the Super Pit.

THE GOLDEN PIKE CUTBACK

KCGM will be seeking approval for a westerly extension of the Fimiston Open Pit to allow for the continued operation of the mine. Granting of the western extension, called the "Golden Pike Cutback" will allow for both the widening and deepening of the pit to a depth of around 670 metres and will extend the life of the Fimiston Open Pit by five years (taking it to 2017).

The Golden Pike Cutback will not require any infrastructure relocation and will be entirely contained in the area west of the re-aligned Bypass Road. The surface extent of the Golden Pike Cutback is approximately 30 hectares and would be contained within the existing KCGM perimeter fence constructed after the completion of the Bypass Road re-alignment in 2003.

THE WASTE ROCK DUMPS

The Super Pit moves around 89 million tonnes of material each year, of which only approximately 14 million tonnes is treatable ore. The remaining 75 million tonnes is called 'waste' which we use to build up the distinctive rock dumps which are a feature of the Kalgoorlie landscape. To access ore on the 'Golden Pike' cutback, and to get further down in the Super Pit, more waste rock will be removed and so KCGM will need to build more waste dumps.

This waste material will be relocated into the eastern, northern and southern sides of the operation, as well as internally within the final pit. KCGM is currently seeking approval to extend the waste rock dump southwards behind the recent environmental noise bund extension, however northern waste rock dumps are also required for the rock produced from the Golden Pike cutback and a deeper Super Pit.

THE TSFs

KCGM requires additional tailings storage capacity at Fimiston to meet processing requirements for the current 2012 mine life, and the projected 2017 mine life requirements. KCGM currently operates two tailings storage facilities (TSFs) for the Fimiston operation called



Fimiston I and Fimiston II. The TSFs store all of the tailings generated from crushing, grinding and leaching of about 14 million tonnes of ore per year to recover some 850 000 ounces of gold. Fimiston I TSF takes about 20% of the tailings with the majority going to Fimiston II.

KCGM needs to raise both its TSFs and currently has an application in to raise Fimiston I, Fimiston II will also need to be raised to ensure ongoing viability until 2012.

A third TSF facility would be required if the Golden Pike Cutback is approved, and it is proposed that an old TSF known as 'Kaltails' be recommissioned with a height increase. This would be an environmentally sound option as it reduces the need to clear land for a new facility, and also has some infrastructure such as access roads and decant ponds.

(If you would like any details on how we manage our TSFs please request a copy of "News & Views" which outlines this topic).



What will the final Super Pit look like in 2017?

WASTE DUMPS REQUIRED

APPROVED WASTE DUMPS

LOOPLINE RESERVE

REALIGNED NOISE BUND

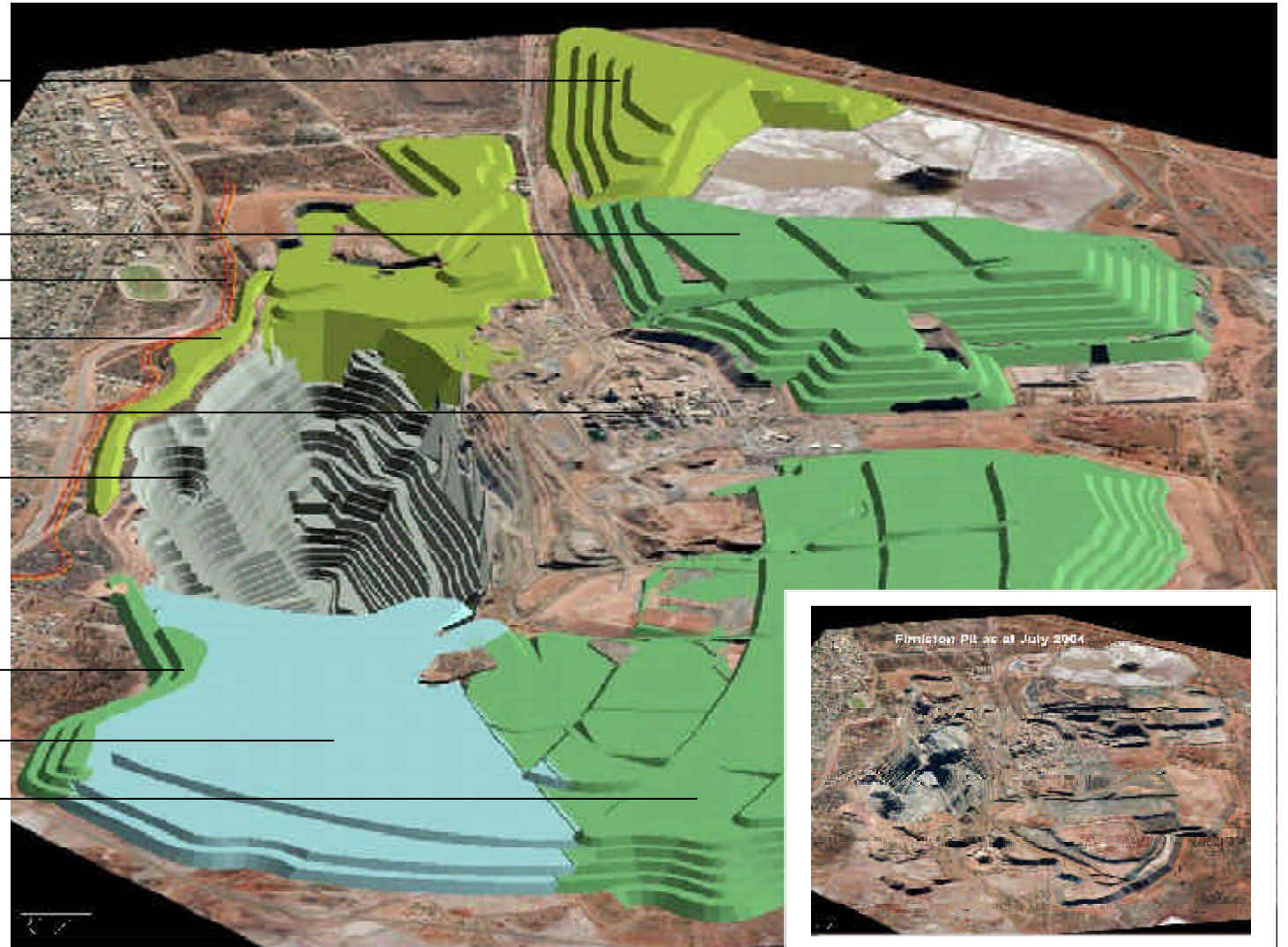
KCGM OPERATIONS

GOLDEN PIKE CUTBACK

ENVIRONMENTAL NOISE BUND

SOUTHERN WASTE DUMPS

APPROVED WASTE DUMPS



How will we get there?

KCGM is working through an extensive approvals process and this document that you are reading is a part of this process. KCGM has already been in discussion with the relevant Government Departments and the Local Council to inform them of what we want to do. We will be working closely with the regulatory authorities to comply with a range of statutory processes.

However, a large part of the approvals process is consulting with you, our key stakeholders. We have already begun public consultation through presentations to the KCGM Community Reference Group and local community organisations such as Rotary *(if you are part of a local community organisation who would like a presentation at one of your meetings, please contact the PR Team at the KCGM Super Pit Shop 9093 3488)*.

This KCGM Concept Plan is an important part of our consultation before we produce a Project Definition Document (PDD) which government use to identify the approvals required and this will also be made publicly available. We will then prepare and submit a further detailed and technical document with your feedback, to the relevant agencies (The Department of Industry & Resources and the Department of Environment) for approval, this document will also be publicly available.

We've also undertaken a range of activities to better get to know the concerns of our neighbours. In May 2004 we conducted a Social Impact Assessment which was an in-depth range of stakeholder interviews on their views of KCGM (the results of this Assessment are available on our Super Pit website www.superpit.com.au).

KCGM have developed a quarterly Newsletter "News & Views" which we will be distributing to all households in Kalgoorlie-Boulder, and the next issue in March will feature this Concept Plan (the first issue is available on our website and at the Super Pit Shop). We will be addressing current issues in "News & Views", and encourage you to forward any questions you may have about our operations.

The KCGM "Super Pit Shop" at 2 Burt Street Boulder, where our Public Relations team is based, will also play an important part in getting your input into the approvals process. They will be available 5 days a week during normal office hours to the general public after January 10, if you have any queries drop into the Super Pit Shop (it will be officially opened in February 2005).

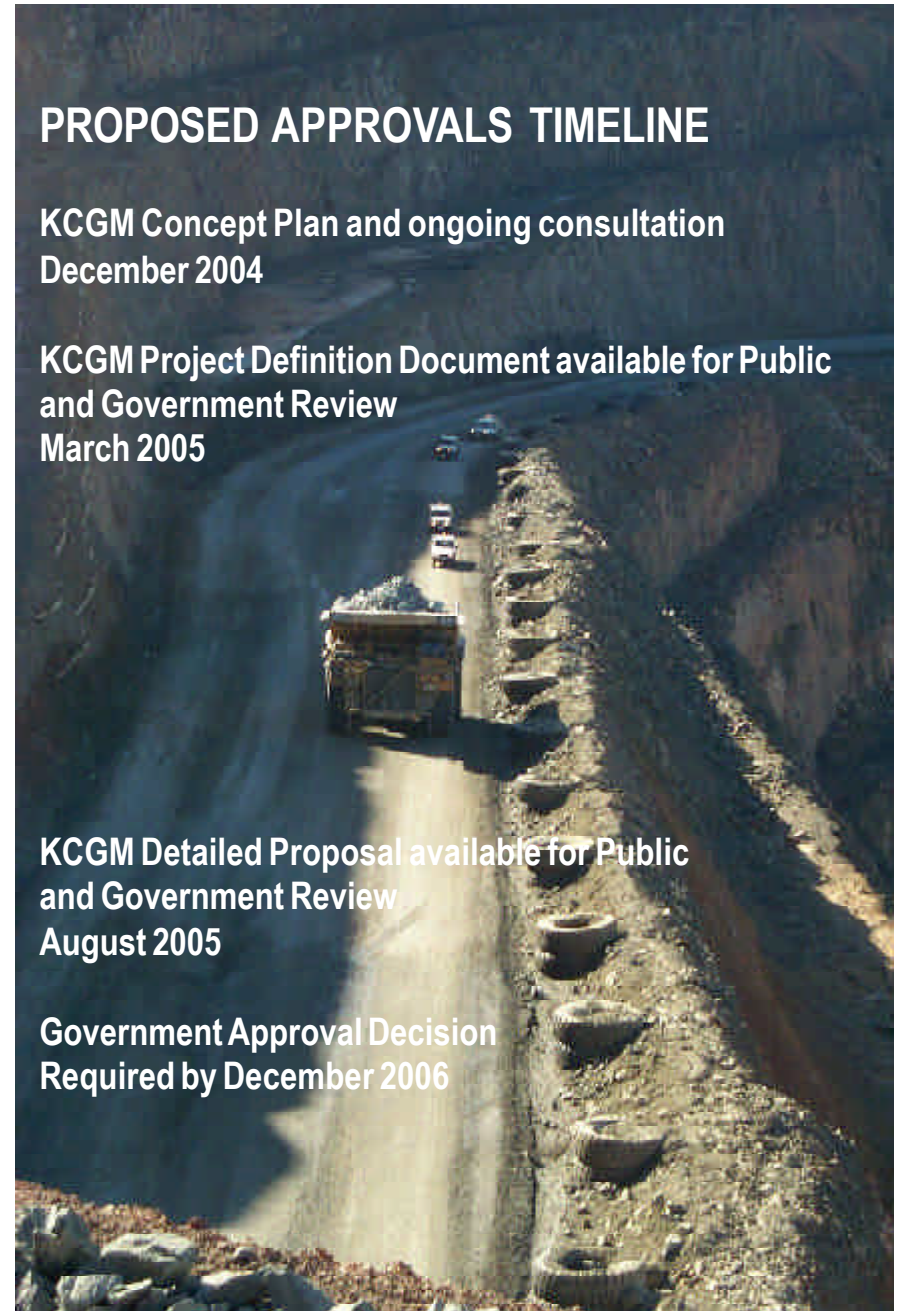
PROPOSED APPROVALS TIMELINE

**KCGM Concept Plan and ongoing consultation
December 2004**

**KCGM Project Definition Document available for Public
and Government Review
March 2005**

**KCGM Detailed Proposal available for Public
and Government Review
August 2005**

**Government Approval Decision
Required by December 2006**



How will this affect me?

For most people there will be no obvious effect, it is simply business as usual at the Super Pit. The proposed expansion of the pit does not require any public infrastructure relocation, and will all be contained on the east side of the Bypass Road.

The most obvious part of the project to the people of Kalgoorlie-Boulder will be the environmental noise bund which will be constructed to shield our closest neighbours from any ongoing mining activity.

The construction of the environmental noise bund will be managed to minimise any potential impacts on nearby neighbours. This will essentially consist of limiting construction to day time only (noise control) and to favourable wind conditions (dust control). Environmental management practices have recently proven successful during the southern extension of the environmental noise bund in close proximity to both industrial and residential properties.

KCGM have been operating on the doorstep of Kalgoorlie-Boulder since 1989, and our environmental management has been commended by government and many stakeholders.

KCGM has developed and implemented detailed dust, noise and vibration monitoring and management plans for all aspects of its operations which are available on our website (www.superpit.com.au) or at the Super Pit Shop. Alternatively please feel free to call or email our Public Inquiry Line (9022 1100 or pil@kalgold.com.au) to request a hard copy to be sent to you.

As KCGM develops more detailed management plans for this project these will be made available for public comment. We encourage you to contact us and let us know if you have a particular interest so that we can advise you when these plans are available.

If you would like to discuss any aspect of potential impacts of our operations with regard to your residence, please get in contact with us at KCGM (as above), or in one of the many alternative ways we have offered at the end of this booklet.



What other issues are there?

We have identified a few issues, other than environmental, that are related to the Concept Plan. However, please let us know if you have any particular issues that you would like addressed.

What about the Loopline?

KCGM has a close relationship with the Loopline, and donated \$1 million dollars towards realignment costs when part of the original track was removed to allow the Fimiston Open Pit to develop southwards (the Chaffer's cutback).

The new Loopline Rail Reserve runs along the western boundary of the environmental noise bund. KCGM is currently investigating an opportunity to enable the Loopline to travel along a portion of the new environmental noise bund to enhance the tourism potential of the Loopline Tourist Railway. If the concept is supported by engineering studies, the Loopline Committee, and then the community, it will require the noise bund to be constructed sooner than anticipated to meet the Loopline construction schedules.

KCGM continues to work with the Loopline Society to ensure the progress of the new railway.

What about the Safety Exclusion Zone?

The Safety Exclusion Zone (SEZ) is a 400m buffer zone around the open pit operation that was established in 1991 by the Department of Minerals and Energy (now the DoIR) to protect residential properties from possible fly-rock and ensure pit wall stability.

It was acknowledged at this time, that a westward extension of the Super Pit would eventually require a realignment of the Eastern Bypass Road (which was undertaken in 2002) and an extension of the SEZ. It was recognized that the SEZ could subsequently be reviewed to account for altered pit conditions, mining experience and advances in technology.

KCGM is currently undertaking an investigation into blasting design and modelling of fly-rock to generate discussion with the DoIR and community on the dimensions and flexibility of the SEZ going forward.

Since 1992 KCGM has undertaken a programme of passive property acquisition and now owns all residential properties within 400m from the proposed Golden Pike development.

What about the Tourist Lookout?

The KCGM Super Pit Lookout is Kalgoorlie-Boulder's most visited free tourist attraction. The current lookout location will need to be moved (and the timing of this will depend on the approvals process). However management is committed to ensuring that next lookout location will also be a tourist legacy for the City of Kalgoorlie-Boulder.



What happens after 2017?

The Concept Plan is really about getting us up to 2017, however a very important part of what KCGM management are looking at is the ways that we can extend the KCGM mine life to ensure that we remain a strong economic contributor to the City of Kalgoorlie-Boulder.

Listed below are some of the areas that KCGM management is looking at potentially prolong mine life.

- Once the Super Pit has been economically mined as an open pit operation there is still potential for what we are calling “Fimiston Deeps”. This is the potential for underground mining below the Super Pit. The assessment is at very early stages and will be dependent on the amount and grade of the ore and higher costs associated with underground mining.
- KCGM is now looking outside our current leases at the possible acquisition of new exploration tenements, or joint venture opportunities with smaller explorers.
- There is still exploration development potential within the existing footprint of KCGM leases, and we will be progressively pursuing these opportunities through our exploration team’s drilling program.
- The toll treating or purchase of ore at our Fimiston Mill is yet another way that we could look at prolonging the KCGM plant mine life. Our capacity to treat refractory ore is an unexplored avenue for future revenue.
- Mount Charlotte is still an operation with potential. Exploration drilling is currently underway to determine the best way to continue to mine this ‘old lady’ of the goldfields.

We are currently at an early stage of assessing a number of these different opportunities. KCGM would also welcome approaches from third parties interested in any of these options, or with other proposals.



How can I have my say?

If you are reading this document you already have begun to participate in the process. There are a number of avenues for you to respond, and we encourage you to participate in the way you would feel most comfortable.

THE SUPER PIT SHOP

Come in and visit our public relations team at 2 Burt Street Boulder (after January 10, 2005). You will be provided with the most up to date information, and if our PR team can't answer your specific questions, they can certainly arrange for you to speak to the most appropriate KCGM people for your query.

The Super Pit Shop

2 Burt Street
Boulder WA 6433
Phone: 9093 3488
Fax: 9093 2488
Email: pil@kalgold.com.au

PUBLIC INQUIRY LINE & PIL EMAIL

The KCGM Public Inquiry Line is available 7 days a week, 24 hours a day. Your query will be responded to personally by a KCGM representative.
Please phone 9022 1100 or email pil@kalgold.com.au

SUPERPIT WEBSITE

The Super Pit website is a great information resource, and it is also another way to pass your comments back to KCGM. Visit us at www.superpit.com.au

BY LETTER

KCGM APPROVALS COORDINATOR
Private Mail Bag 27
Kalgoorlie WA 6433

COMMUNITY REFERENCE GROUP

You may feel more comfortable talking with one of our Community Reference Group Members, who can get in touch with KCGM on your behalf (anonymously if you prefer). Contact details of the KCGM CRG members are below (they're expecting your call!).

Guy Brownlee	9021 3888
Ashley Johns	0419 941 068
Murray Joyce	9021 4262
Brian Kane	9080 5836
Peter Lilly	9088 6001
Amanda Lovitt	0403 284 013
James Murphy	9021 8128
Anne Petz	0407 990 019
Kylie Sharp	0418 930 434
Kevin Smallhorn	9021 2420
Kathleen Stanick-Bentley	0418 947 679
Laura Strachan	0417 942 635

WAIT FOR US!

KCGM will be letter dropping and conducting door to door consultation with our nearest neighbours. Keep an eye on the local newspaper and an ear tuned to local radio, as we'll make sure you are kept informed of all opportunities to have your say in KCGM's future.

