

■ Environmental Performance

Closure Planning

In response to Rio Tinto rolling out its standards on closure planning, in 2004 Argyle began the process of developing a comprehensive mine closure management plan, the final version of which is expected to be delivered to Rio Tinto by June 2005.

Comprehensive consultation with local and regional Traditional Owners and stakeholders was undertaken in 2003 regarding the two mine life options. This yielded a great deal of information about stakeholder expectations that has been fed into the closure planning process.

Some of the key closure issues identified concern:

- Water quality
- Rehabilitation
- Contaminated sites
- Waste (mineral and non-mineral, including hazardous waste)
- Flora and fauna
- Cultural heritage

This detailed closure planning has led to a reforecast of Argyle's decommissioning provisioning costs (from \$98.7M in 2003 to \$176.75M in 2004), which has now been assessed by Rio Tinto Technical Services as to its adequacy. Following that assessment, the

decommissioning provisioning costs have been substantially increased for a number of reasons:

- Argyle has now adopted more appropriate closure criteria;
- Argyle has undertaken further technical studies that provide a better understanding of what is required for rehabilitation; and
- Argyle has had more discussions with regulators about what the State requires for rehabilitation.

Environmental Standards

Rio Tinto has identified that there are common risks across the business in regard to environmental issues and has developed 10 standards to manage these risks. Argyle has subsequently developed 10 environment standards based on the Rio Tinto standards. Implementation of these standards began in 2004 and will continue in 2005.

The three highest risk areas at Argyle relate to:

- Acid rock drainage prediction and control;
- Mineral waste handling; and
- Water management.

Environmental Awareness

There has been a dramatic increase in awareness of environmental management issues at site in the last 12 months. One concrete measure of this in 2004 was the dramatic increase in environmental incident and hazard reporting, following eight years of fairly static levels of reporting. This increase was not due to an increase in the number of actual incidents and hazards, but an increased awareness of what they are and the need to report them.

Furthermore, most panels and all departments across the site are involved in the environmental representatives program, which aims to provide a focus for environmental issues within the workforce. More than 40 people are now acting as representatives for their work areas, receiving training on environmental issues to assist their work colleagues to integrate environmental management into the workforce. These environmental representatives act as an extension of the Environment Team.



“Since the inception of the program, the awareness of environmental issues across site has increased dramatically and I for one feel empowered with the new knowledge I have gained and am able to share with my fellow workers to help keep our home (and planet) a little healthier. The program is both informative and supportive and has been readily accepted by all on site.”

David Stothard, Mechanical Fitter H Panel Mobile Maintenance and Environmental Representative.

Underground - Traditional Owner Approvals

Traditional Owners signed the Participation Agreement in September 2004 which records their consent to the Underground Operation, should it proceed. That consent was on the basis of the considerable amount of information about the impacts of the proposed underground mine being put to Traditional Owners, including independently reviewed groundwater and dewatering modelling reports. The agreement process also included Traditional Owners consenting to additional monitoring bores, fitted with telemetry devices, that provide regular updated water monitoring information to them so that they can monitor groundwater impacts at the mine. The agreement process also included two inspections by Traditional Owners of site water management practices so that they can be assured both about efficiency of water use and water quality at site.



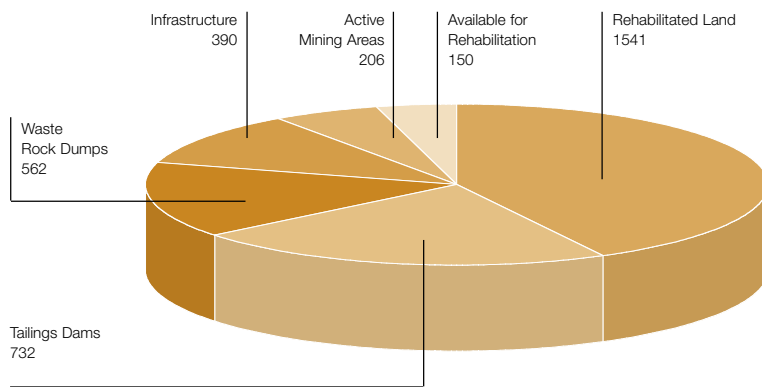
Underground - Government Approvals

The studies underpinning the Environmental Protection Statement (EPS) for the proposed underground operation progressed in 2004, with the EPS planned to be submitted to government in 2005. The EPS will provide information on the potential environmental impacts of this new project and advise on the management measures that will be undertaken to mitigate these impacts.

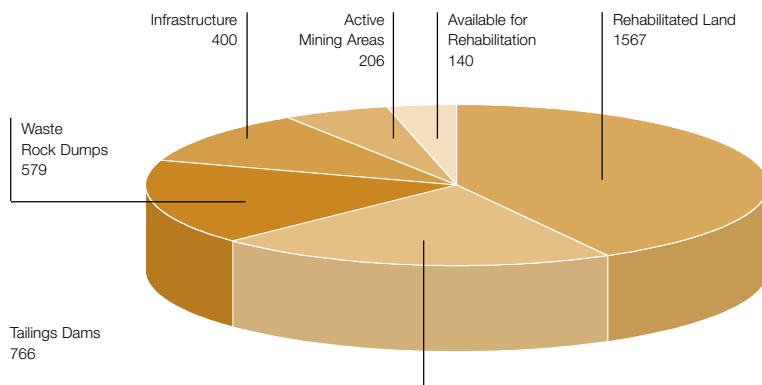




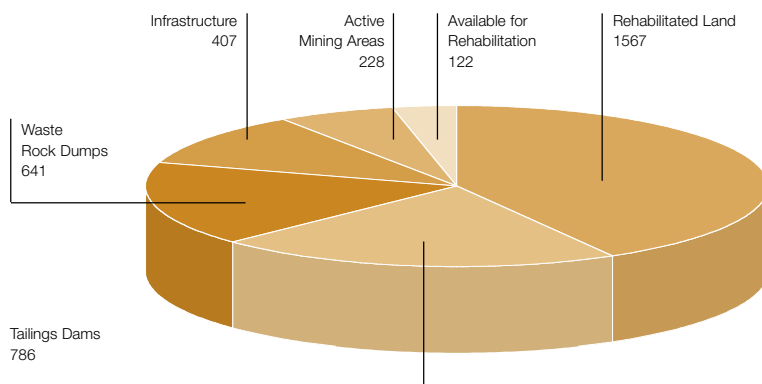
Land disturbance at end of 2002 (Hectares)



Land disturbance at end of 2003 (Hectares)



Land disturbance at end of 2004 (Hectares)



Land

There was no significant new ground disturbance in 2004. Some new ground disturbance work is planned for 2005, including the construction of a new reclaim pond adjacent to the main tailings storage facility (TSF) to better manage under-seepage from the TSF. There were no significant new areas for rehabilitation due to the fact that areas were not available in the main waste dumps. An above average wet season in 2003/2004 lead to an inability to gain access to alluvial areas to complete some rehabilitation.

In 2005 Argyle expects to commence rehabilitation of Alluvial Tailings Dam 5 and undertake a major rehabilitation trial in the main waste dumps.



Biodiversity Strategy

In 2004 Rio Tinto released its Biodiversity Strategy which recognises the importance of the conservation and responsible management of biological diversity as a business and societal issue.

For Argyle this means the organisation is committed to:

- The prevention, minimisation and mitigation of biodiversity risks throughout the business cycle;
- Responsible stewardship of the land it manages;
- The identification and pursuit of biodiversity conservation opportunities; and
- The involvement of communities and other constituencies in Argyle's management of biodiversity issues.

Rio Tinto Birdwatch

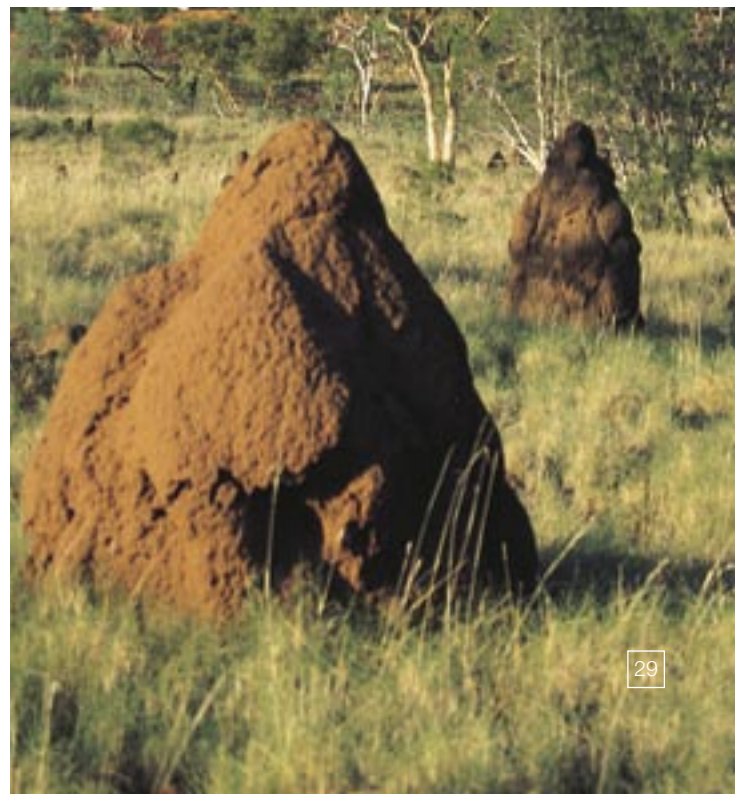
Argyle once again participated in the Rio Tinto Birdwatch, which was held on the last weekend in July. The dry season days of late July/August provided clear conditions suited to finding and spotting birds. Another positive factor was the above average wet season of 2003/2004 which gave wetland areas on the lease good water levels that encourage animal and bird life. The site visited by the Birdwatch volunteers included the alluvial plant ponds and tailing dams, Village sewerage ponds, Lake Argyle, Jacko's Dam, Bent Way and various locations around Limestone Creek.

Highlights of the weekend were sightings of Rufous Songlarks, brolgas, an emu, Azure Kingfishers and a Barking Owl. Emus have not been recorded at Argyle since the original 1981 surveys, and are uncommon in the Kimberley. A Barking Owl was also recorded in the original surveys but has seldom been seen since.

Land Management

With the signing of the Argyle Participation Agreement in 2004, Argyle committed to dealing with Traditional Owners as landlords of the mining lease area. In the Land Management Plan, Traditional Owners will have the right to tour the site operations each year to review the year's activities, the proposed site operation land management impacts, water management and any other matter they want to discuss. Argyle will submit to Traditional Owners any major rehabilitation or decommissioning proposals and seek the views of Traditional Owners before proceeding with those proposals. If Argyle is unable to reach agreement with Traditional Owners, then it must explain why not in its external environmental reporting. In addition, Traditional Owners have a mechanism to raise any land management or water management concerns they have at any time.

The Devil Devil Springs Management Plan provides a mechanism for agreed management of the Devil Devil Springs Protected Area, as it is a site of particular significance to Traditional Owners.





Aboriginal Site Protection

In signing the Argyle Participation Agreement, Argyle and Traditional Owners agreed to a set of rules to give the greatest protection possible to Aboriginal sites on the Argyle mining lease area. Argyle acknowledges that this area is rich in both archaeological and ethnographic Aboriginal sites and that the Participation Agreement needs to provide strong protection for these sites in the future. It also must reconcile Argyle's history, particularly in relation to the process of reaching the 1980 Good Neighbour Agreement.

In the Site Protection Management Plan, Traditional Owners have indicated that in areas of past and current operations, Argyle needs no further clearances from them to continue its work, which includes the proposed underground operation. For all areas outside the current operation, Argyle has agreed that it will submit a work program to Traditional Owners before conducting any ground disturbing work. It has also agreed to a mechanism of discussion in the field with Traditional Owners to ensure that any work that Argyle proposes does not interfere with Aboriginal sites. If, after a work program survey and further discussions, Traditional Owners indicate that they cannot agree to the work going ahead because it will damage or interfere with Aboriginal sites, then Argyle will not proceed with that work. This agreement represents the high point in site protection agreements between Aboriginal people and mining companies and provides a very strong mechanism for Aboriginal people to protect their culturally significant sites.



Rehabilitation

Termites are known to play an important role in rehabilitation processes and can assist in determining the success of rehabilitation programs. In 2004 more than 300 termites - representing 23 species - were collected across a range of rehabilitated and undisturbed areas, indicating that this area supports a rich and diverse termite fauna. The termite fauna was assessed by hand collection and baiting. This data will be utilised in future assessments of rehabilitation areas.

Decommissioning

Argyle

Traditional Owners have a significant stake in Argyle's closure planning process and are likely to benefit economically from any infrastructure that may remain after the operation has closed. In the Participation Agreement, Traditional Owners and Argyle have agreed on a mechanism for Traditional Owners to be constantly updated on Argyle's closure plans, and for information to be provided to Traditional Owners that will assist them in planning for possible infrastructure use. They have also agreed on a mechanism to reach agreement on the possible transfer of any infrastructure.

Merlin

The Merlin tenements were sold during 2004 to Striker Resources. Prior to their sale, the Northern Territory government officers inspected the tenements and were satisfied with the work completed to date on the tenements. The landforms were deemed stable with good growth being seen on waste dumps after just one growing season.



Belmont

In early 2000, Argyle acquired an old laboratory site from Ashton Joint Venture. As part of its efforts to remediate this site, Argyle has been investigating the health and environmental risks associated with the possible distribution of tetrabromoethane and its daughter products in the groundwater and soil beneath two buildings. With new legislation (Contaminated Sites Act 2003) expected to commence in 2005, it is anticipated that the contamination will be remediated to comply with the new statutory requirements.

Water

Argyle aims to ensure efficient, safe and sustainable use and protection of water resources and ecosystems in and around its operations.

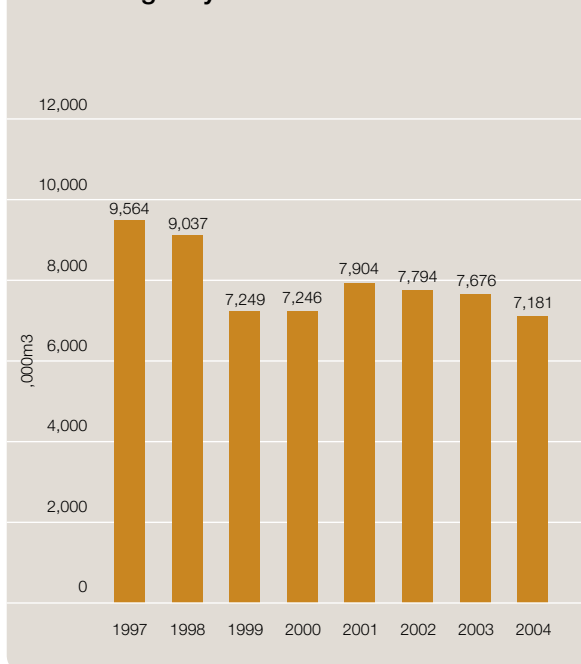
Water Use

Water use has slightly declined during the past 12 months. This trend is expected to continue, particularly with the construction of an additional reclaim pond which will allow Argyle to collect and store water. This will result in less water being drawn from Lake Argyle.

Water Quality

Argyle's mine waste materials contain low concentrations of iron sulphate, which causes acid products to release from the dumps. However, as some of the rocks are rich in materials that contain calcium, magnesium and sodium, they are able to act as natural neutralising agents. The acid produced in the dumps reacts almost immediately with these rock minerals to produce calcium sulphate, magnesium sulphate and sodium sulphate. The remaining issue of concern is the magnesium sulphate levels contained in the

Total water use at minesite excluding recycled water



seepage. Magnesium sulphate loads are derived from the continuous flow and electrical conductivity data measured at a number of gauging stations.

The increases in total load this year as compared to last year are as a result of the higher rainfall during the 2003/04 period. A correlation between magnesium sulphate loads and rainfall is apparent, as the loads for this reporting period are comparable to those of 1999/2000 where a similar rainfall occurred. Work is continuing in 2005 to further define the impact of this seepage, including the toxicity to local vegetation and aquatic fauna.

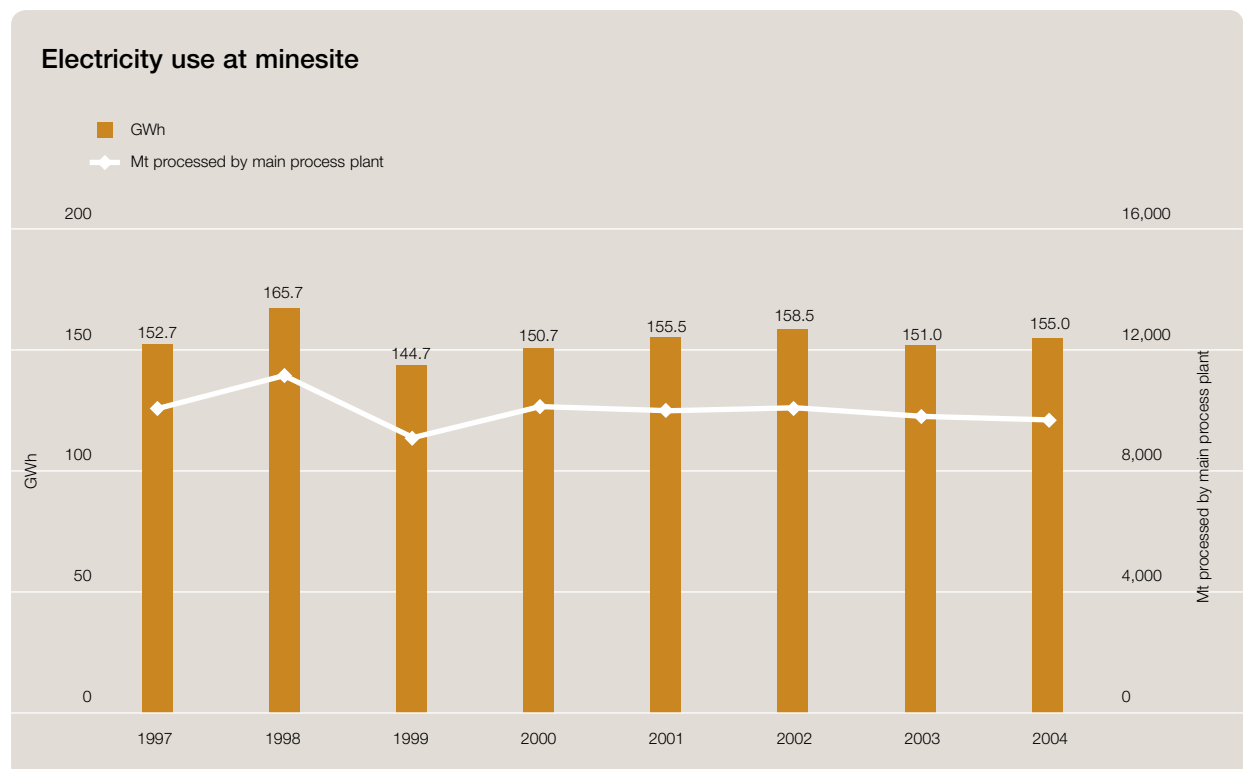
Annual MgSO₄ Loads (tonnes) at Different Gauging Stations During the Past Five Wet Seasons.

Station	1999/2000	2000/01	2001/02	2002/03	2003/04
Limestone Creek (at Snake Pit Road)	2920	2870	2160	970	2435
East Wesley Creek	Not determined	Not determined	121	33	219
Smoke Creek	1540	641	266	131	706

Energy

Electricity Use

Electricity consumption has remained consistent over the past couple of years. The small 2.6% increase in power usage in 2004 is primarily due to new demand from the Exploratory Decline. Should underground operations proceed, it is expected that consumption will increase over several years.

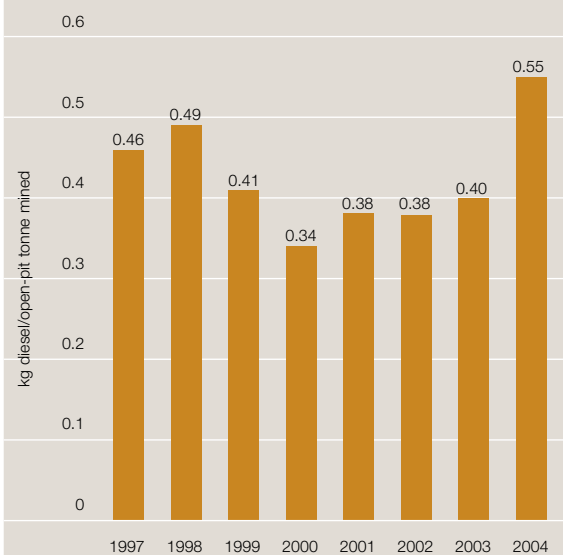




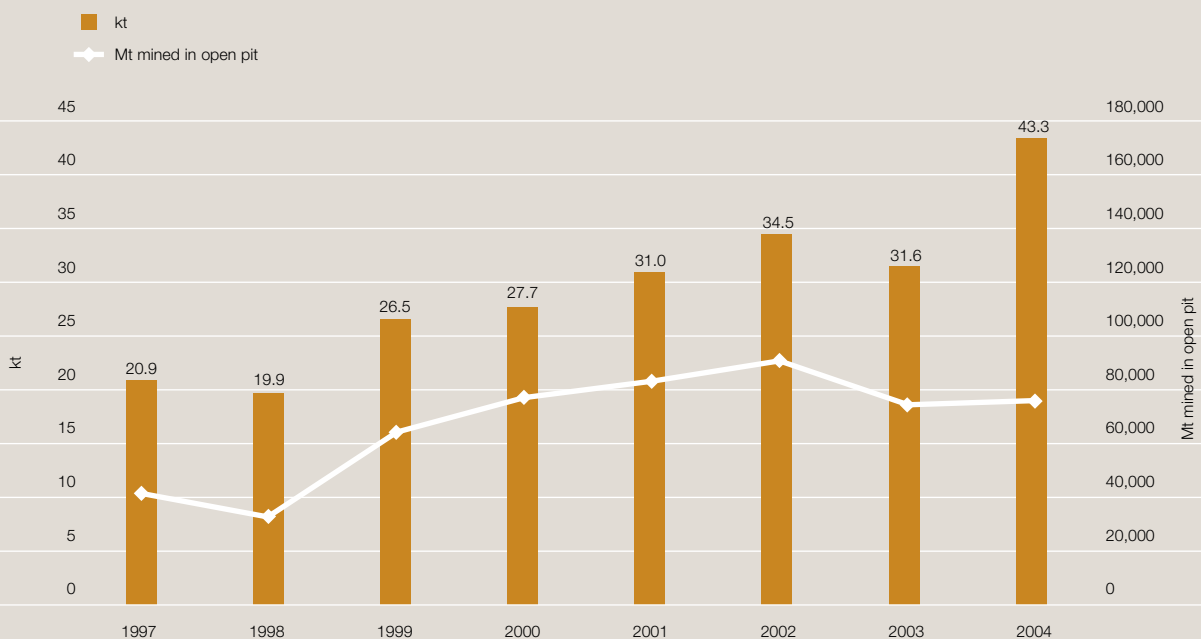
Fuel and Energy Use

During 2004, the load and haul fleet generated higher equipment operating hours due to changes in mine planning. Additional equipment used in Underground development and additional contract mining in the open pit also increased mobile equipment diesel use, while increased fuel use in explosives was also in line with higher production levels. Reported levels of Aircraft fuel use has increased due to changes in fuel accounting methods for flights servicing the mine. Reductions were achieved in light vehicle and power station fuel usage.

Unit fuel usage at minesite

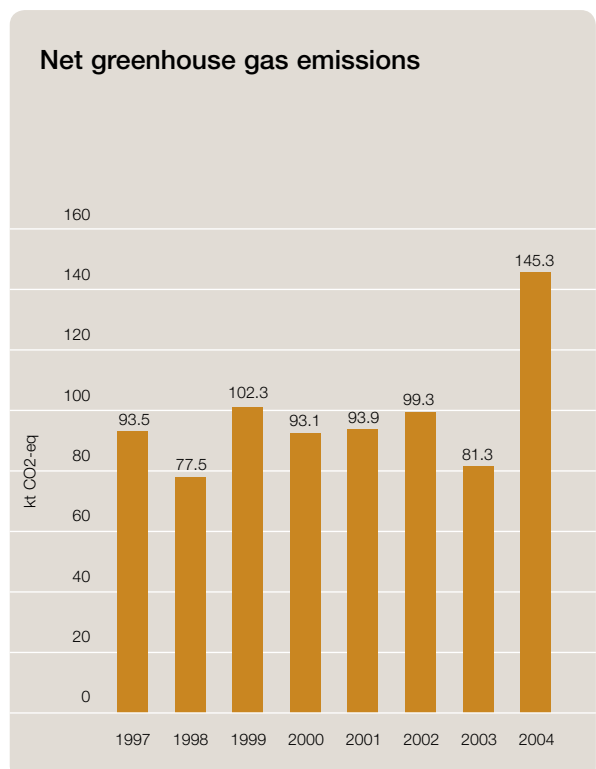
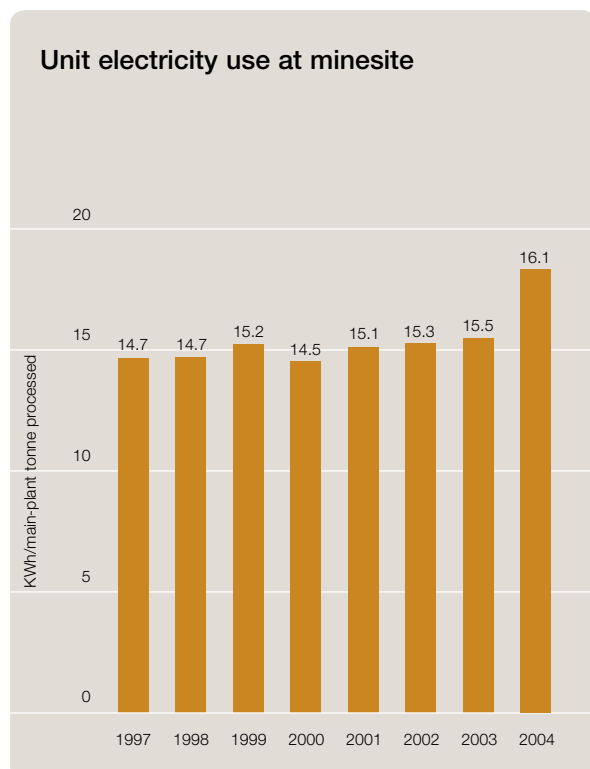


Diesel use at minesite



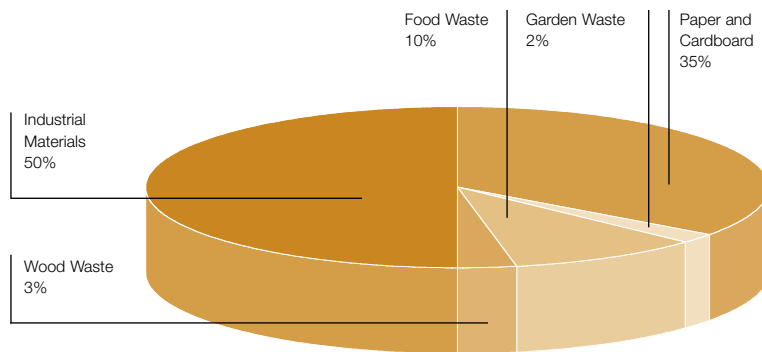
Greenhouse Gas Emissions

Reported greenhouse gas emissions increased in 2004. The most significant increase was due to increased fuel consumption across the site associated with increased production in the open pit and underground operation. Limited areas available for rehabilitation also reduced the level of greenhouse abatement over the period. Once off impacts due to changes in rehabilitation carbon credit accounting and addition of waste related emission reporting also added to the increase in emissions. These accounting changes adopted in 2004 greenhouse reporting were identified through an independent environmental data quality review conducted in 2004.





Land fill make up at end of 2004 (%)



Waste

Industrial and Domestic Waste

The increased number of people working at Argyle in 2004 increased the amount of waste produced. Additionally, expansions in several areas of the business have increased the volume of industrial waste produced. Several programs began in 2004 to reduce the volume of waste created across the site.

Plans for 2005

Key environmental management initiatives in 2005 will include:

- Continuing implementation of Environmental Standards.
- Securing Government approvals for the Underground Project and implementing the Environmental Protection Statement.
- Commencing large-scale rehabilitation trials on waste dumps.
- Commencing consultations with Traditional Owners and local stakeholders on those aspects of the closure plan that will have short to medium-term implementation, such as waste dump design.

