

OUR FOUR TARGETS

1987 PERFORMANCE

VOLUME

ISF zinc production was 75 996 tonnes. We failed to achieve our planned target of 79,100 tonnes because of maintenance problems in the acid/sinter area, furnace operating problems and the four day strike. But we recorded our second highest production level ever.

PEOPLE

We launched three new programs

- the tradesmen training and grading scheme
- problem solving teams
- the site opinion survey

COSTS

Profit at \$3.0 million was disappointing. The result was substantially influenced by an unfavourable exchange rate.

MIX

We were not able to put our targetted level of lower priced residues into the Sinter Plant because of operating problems.

1988 PLANS

We have set an even harder target of 81 500 tonnes of ISF zinc. Improved production levels are vital to our long term survival.

We plan to

- develop an operator and trades assistant training scheme
- establish problem solving teams right across the site
- run a second site opinion survey

Profits will improve if we meet our production targets, if we contain our costs, and if the current high zinc price remains favourable.

We'll continue with our sintering trials, to improve metallurgical control so that we can treat more residues. We have a special project team working full-time in this area.

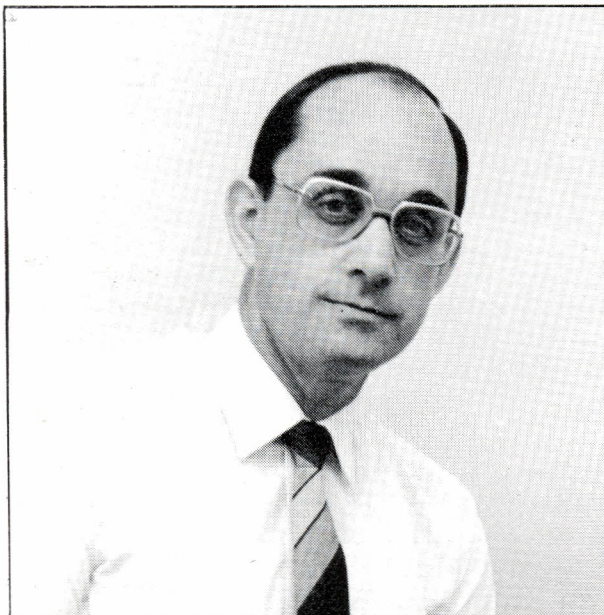
GENERAL MANAGER'S COMMENT

We had a solid year's performance in 1987, but I was disappointed that we didn't achieve our production targets. We still have some work to do in extracting the maximum performance from each of our plants.

But we saw enough during 1987 to know that we can reach high production levels. Our challenge in 1988 is to improve plant performance so that we can consistently run at high levels. We also have to prepare for a very big Campaign Shutdown in early 1989.

We'll do all of this by using to the full, the proven talents of all of our people.

My thanks to every one of you for your effort and contribution during quite a difficult year.



Peter Leane
General Manager