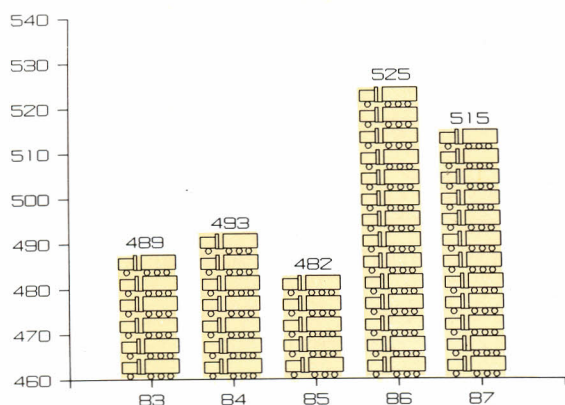


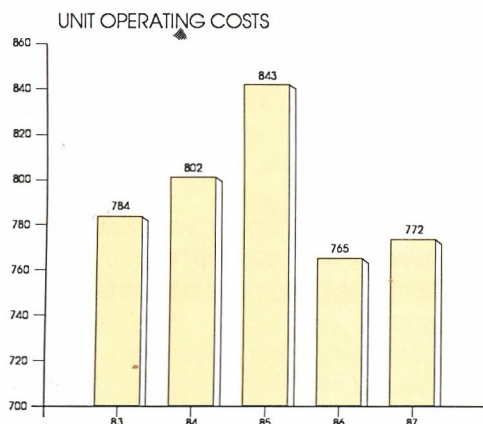
ACID

ACID - TONNES PER OPERATING DAY



Throughout the year excellent success has been achieved eliminating some of the bottlenecks that restricted the Acid Plant. This has allowed the plant to run at high volumes despite some of the operating problems being experienced in the Sinter Plant. (Acid production is heavily dependent upon the operation of the Sinter Plant). June was a particularly good month where a record production level of 600 tonnes per operating day was achieved over a one week period.

COSTS



Over the last five years unit operating costs have reduced slightly. After adjusting for inflation our total operating costs divided by zinc production have decreased from \$784 in 1983 to \$772 in 1987. A 9% increase in zinc production, a lower price for coke and lower labour numbers have more than offset a substantial increase in maintenance costs. Our costs have also been inflated by an increase in development expenditure. However, we expect that this work will lead to higher production levels and cost saving which will ensure lower unit costs into the future.

TECHNICAL DEVELOPMENT

enables us to maintain a competitive advantage over other ISF's. Some of the major projects undertaken this year were the development of:

- A scale model of the furnace condenser to provide a greater understanding of the intricacies of flows within the condenser.
- A large scale pilot plant test program to determine the feasibility of leaching middlings dross.
- A computerised data register, containing information on other ISF's was established to allow us to compare our efficiency with that of similar smelters overseas.

TECHNICAL SERVICES

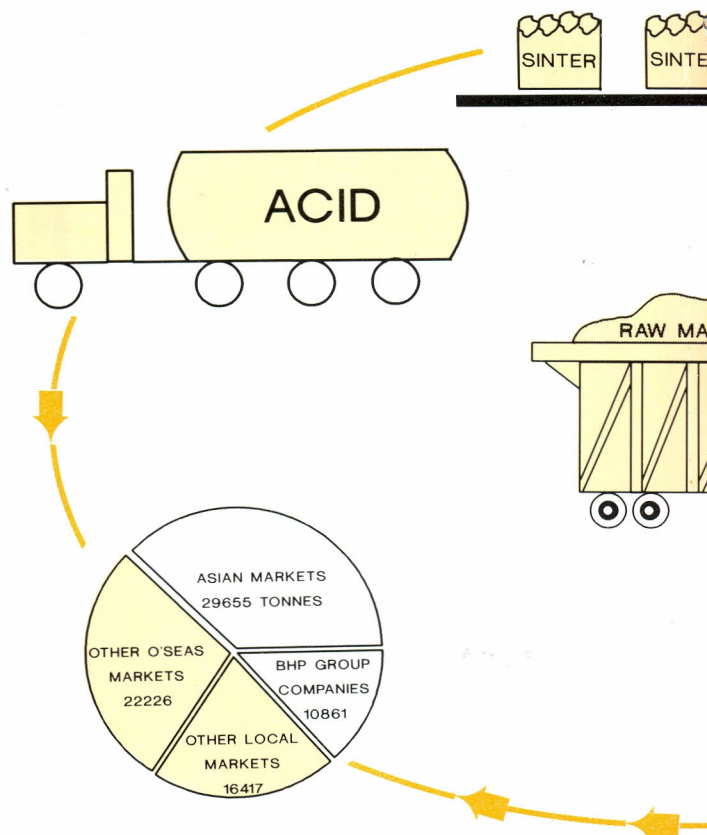
1987 saw the creation of the Technical Services Department. By year end some sections were temporarily seconded to other departments as a result of the formation of the Sinter Study Team. However, the department saw the completion of the computerised Library system, development of a host of small applications to assist computer users and maintenance of a reliable service to the site from the Laboratory.

PERFOR

SINTERING

Production for the year of 221 000 tonnes was only 5 000 tonnes below last year's impressive level. Poor plant utilisation, mainly due to operating problems, dogged the Sinter Plant for most of the year.

The Sintering team is to be congratulated for overcoming these barriers to achieve this year's production.



ZINC SALES

EXPORT MARKET During the latter part of 1987, demand for zinc was the strongest it has been for many years, with indications that this situation will continue during 1988. This has led to increased prices for our zinc metal. However, low stock levels at the beginning of this year, coupled with current production difficulties and the need to build up stocks for the 1989 shutdown, will mean that supply of our metal will be tight for most of 1988.

LOCAL MARKET As with the export market, the domestic zinc demand continues to be firm. As 1988 progresses and zinc prices remain buoyant, opportunities are being taken where possible to improve returns. Stock levels are being rationalised to ensure the maximum availability of zinc metal for the most lucrative markets, both here and overseas. Maximum zinc production is vital to enable us to service the available markets.