



25th March 2008

A global alliance between  
Alcoa and Alumina Limited

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Dear Sir / Madam

**Ministerial Statement 728: 2007 Annual Audit Compliance Report**

Please accept this letter as the Annual Audit Compliance Report (AACR) required by Condition 5 of Ministerial Statement 728 for Wagerup Refinery. It covers the period from 14 September 2006 to 31 December 2007.

Ministerial Statement 728 relates to the ongoing operation of the Wagerup Refinery and a project to expand refinery production to 4.7 Mtpa. The project to deliver the expansion has not been implemented and remains in the preliminary design stage.

Many conditions within Statement 728 have either not been triggered due to the preliminary phase of the expansion project or were not applicable during the period covered by this AACR. The conditions that are not addressed in this report include conditions 1, 3, 4 and 6 to 13.

During the reporting period, I confirm that Alcoa has complied with the triggered conditions in Ministerial Statement 728. Evidence of compliance with the conditions 2, 5, 14, 15, 16 and 17 is provided as Attachment 1.

Alcoa understands that requirements related to AACR's are currently being reviewed by a working group which includes the Department of Environment and Conservation (DEC) and Industry representatives from CCI, CME and APEA. It is our understanding that the recommendations of this Working Group, if accepted by the Minister for the Environment, will shape the future format of AACR's. As a result, we look forward to discussing the most appropriate format for the Wagerup Refinery AACR further with the DEC at an appropriate time.

Should you have any queries, please contact the Wagerup Refinery Environmental Manager, Mr Trevor Naughton on (08) 9733 8119.

Yours sincerely

**Raphael Costa**  
Vice-President Operations, Australia-Asia

## Attachment 1: Statement 728 Compliance Summary

Condition	Title	Description	Evidence
M2	Proponent Environmental Management Commitments	Implement the environmental management commitments contained in schedule 2 of Statement 728.	Refer to comments for S2(1) to S(13)
S2 (1)	Separation Distance	Implement the Wagerup Land Management Strategy.	The Land Management Strategy continued throughout the reporting period, with Alcoa purchasing properties belonging to those residents who chose to relocate and were eligible under the scheme.
S2 (2)	Mining Planning and Forest Management	Prepare and submit Mining and Management programmes	The Mining and Management Program was submitted to the Mining and management Programme Liaison Group (MMPLG) on the 1 <sup>st</sup> October 2007. Alcoa is still awaiting Ministerial approval of this MMP.
S2 (3)	Mining Planning and Forest Management	Plan and manage mining operations to minimise disturbance to biologically diverse areas fringing major rock outcrops and stream zones	No clearing was undertaken in agreed buffer zones surrounding rock outcrops and streams. One haul road streamzone crossing is planned to be rehabilitated in the 2008 season (Wuka).
S2 (4)	Mining Planning and Forest Management	Conduct biological surveys and support conservation of rare, endangered & priority species near mining operations	Pre-mining fauna monitoring surveys have been completed for the Larego and Myara future crusher regions. Rare and Endangered fauna management plans were developed for four species in 2007 (chuditch, quokka, noisy scrub bird, Baudins cockatoo). Pre-mining flora surveys will be completed for Larego in Q1 2008 and the Myara surveys commenced in Q2. No Rare or Threatened Australian Plants (RoTAPs) have been recorded in mining regions and identified priority species are associated with vegetation communities not disturbed by mining.

Condition	Title	Description	Evidence
S2 (5)	Water Resources	Conduct research before mining in the intermediate rainfall zone.	The Mining and Management Program submitted in October 2007 only contained proposed mining areas in the Intermediate Rainfall Zone (IRZ) that have been previously approved by the MMPLG as part of the Trial Mining Program that commenced in 2004.
S2 (6)	Mine Rehabilitation	Monitor success of all rehabilitated Mining areas.	Completion criteria reports for 2005, 2006 and 2007 rehabilitation were submitted to the DEC in October 2007 as has been previously agreed.
S2 (7)	Forest Conservation	Utilise environmental management procedures in jarrah forest conservation areas, agreed in consultation with the MMPLG.	No clearing for mining in conservation areas has been proposed in existing Mining and Management Programs.
S2 (8)	Forest Conservation	Mining in the recreation zone of the Lane Poole Reserve will be undertaken in accordance with site specific environmental management procedures.	A submission was made in August 2007 to the CAR Informal Reserves Evaluation Committee (CARIREC, a sub-committee of the MMPLG) to clear areas for mining operations in the Lane Poole Reserve Recreation area. The committee recommended that the proposal could proceed and administrative processes through the DEC are currently being finalized before clearing can commence.
S2 (9)	Dieback Management	Implement dieback management programme mine operations in the jarrah forest.	The dieback management program has been implemented at Huntly and Willowdale as per procedures agreed with the DEC as part of the Alcoa/DEC Working Arrangements.
S2 (10)	Environmental Research	Implement ongoing research programme into all aspects of the operation that have the potential to adversely impact the environment.	Research programs are ongoing for residue re-use, residue management and mining rehabilitation. A pilot sand washing plant has been constructed at Wagerup and is due to be commissioned in Q1 08.
S2 (11)	Environmental Research	Submit a review of research and management programme to the Department of Industry and Resources on an annual basis and a more detailed review every 3 year.	An annual environmental review is submitted to DoIR on the 31 <sup>st</sup> March each year that reviews the mining research and management programme.

Condition	Title	Description	Evidence
S2 (12)	Noise Monitoring	Conduct noise monitoring.	Noise monitoring is conducted at several locations in accordance with correspondence submitted to DEC. Monitoring is conducted by appropriately trained personnel and acoustic consultants.
S2 (13)	Noise Monitoring	Report noise monitoring results in the Review of Environmental Research and Operations submitted annually to DoIR.	Noise monitoring results reported to DoIR in the Annual Environmental Review submitted on the 31 <sup>st</sup> March each year.
M5.1.1	Compliance Reporting	Submit annually an audit compliance report, for the previous twelve-month period.	First Annual Audit Compliance Report being submitted 1 April 2008 for the period September 2006 to December 2007.
M5.2	Compliance Reporting - Public availability	Make the audit compliance report publicly available in a manner approved by DEC	This report will be published on the Alcoa internet site once approved by the DEC.
M14.1	Transport Related Noise	Participate in a detailed review of logistical aspects of the rail transport activities associated with operations.	Participation in Interagency Working Group commenced in October 2007, with the provision of information requested by DoIR. Alcoa has not been invited to be part of the Interagency Working Group.
M15.1	Community Consultation - Mining Plans	Report the results of consultation with the affected local government authorities in the preparation of mining plans.	The annual Mining and Management Program submission to the MMPLG contains a section summarizing consultation with affected local government authorities.
M15.2	Community Consultation - Mining	Consult with residents of private properties whose amenity (dust, noise, vibration, visual) or hydrology are likely to be affected by the mining operations, and report the results to the MMPLG.	The annual Mining and Management Program submission to the MMPLG contains a section summarizing consultation with potentially impacted neighbours.
M16.1	LTRMS - Closure Strategy Review	Revise the closure strategy for the residue storage areas at WGP in consultation with the RPLG and submit to Minister for approval	The residue closure strategy is reviewed as part of the LTRMS. At the end of the reporting period the second draft of the LTRMS had been completed and distributed to RPLG members for review.
M17.1	Social Impacts - Local Government Liaison	Maintain formal liaison and monitoring processes at appropriate times with the Shire of Waroona and the Shire of Harvey.	During this reporting period formal liaison and monitoring processes have included: <ul style="list-style-type: none"> <li>Monthly meetings with CEO's</li> </ul>

Condition	Title	Description	Evidence
			<ul style="list-style-type: none"> <li>▪ Attendance at Council meetings when required</li> <li>▪ Briefings and one-on-one discussions with Shire Officers including the Chief Executive Officers, Shire Planners and Shire Environmental Health Officers</li> <li>▪ Shire representation at the Wagerup Tripartite Group meetings convened by the DEC</li> </ul>
M17.2	Social Impacts - Local government Liaison Reporting Requirements	Provide details on formal liaison and monitoring processes with the Shire of Waroona and the Shire of Harvey.	<p>During this reporting period formal liaison and monitoring processes have included:</p> <ul style="list-style-type: none"> <li>▪ Monthly meetings with CEO's</li> <li>▪ Attendance at Council meetings when required</li> <li>▪ Briefings and one-on-one discussions with Shire Officers including the Chief Executive Officers, Shire Planners and Shire Environmental Health Officers</li> <li>▪ Shire representation at the Wagerup Tripartite Group meetings convened by the DEC</li> </ul>