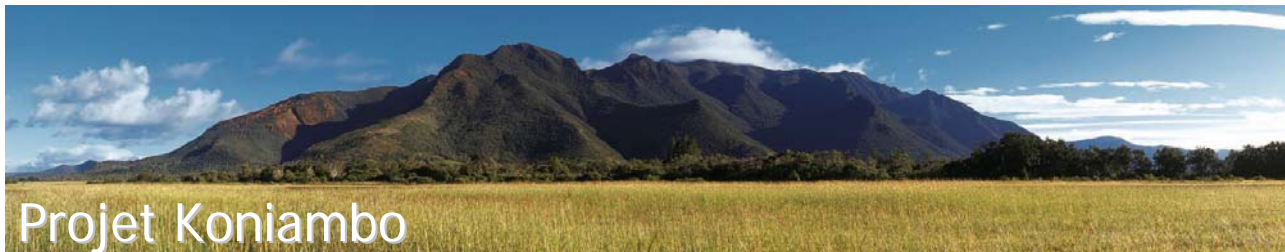




Koniambo Project : Social and Economic Integration Plan



THE PROJECT

- ◆ **5 YEARS TO COMPLETE THE FEASIBILITY STUDY**
 - ◆ **PRELIMINARY STUDY** (1998-2001)
 - ◆ **PRE-FEASIBILITY STUDY** (2001 – 2002)
 - ◆ **BANKABLE FEASIBILITY STUDY** (2003)
- ◆ **3 YEARS CONTRUCTION**
- ◆ **1.5 BILLION US\$ TOTAL INVESTMENT**
- ◆ **85 MILLIONS US\$ SPENT TO DATE**



KONIAMBO



New Caledonia possesses an estimated 30% of the world's Nickel rich laterite deposits.



- **April 29, 1998: JV Falconbridge Limited/ Société Minière du Pacifique Sud (SMSP)**
- **60,000 T ferronickel plant (54,000 T according to Bercy Accord)**
- **SMSP 51%/ Falconbridge 49%.**



Geographical and demographic aspects

- **280 km north of Noumea**
- **45 000 inhabitants in the North Province**
- **8000 inhabitants in the Voh, Koné and Pouembout area.**
- **Predominantly a rural area with little industrial activity apart from mining (Kopeto SLN)**
- **Public infrastructure (hospitals, schools, etc) modestly developed.**
- **Economic fabric not well developed.**

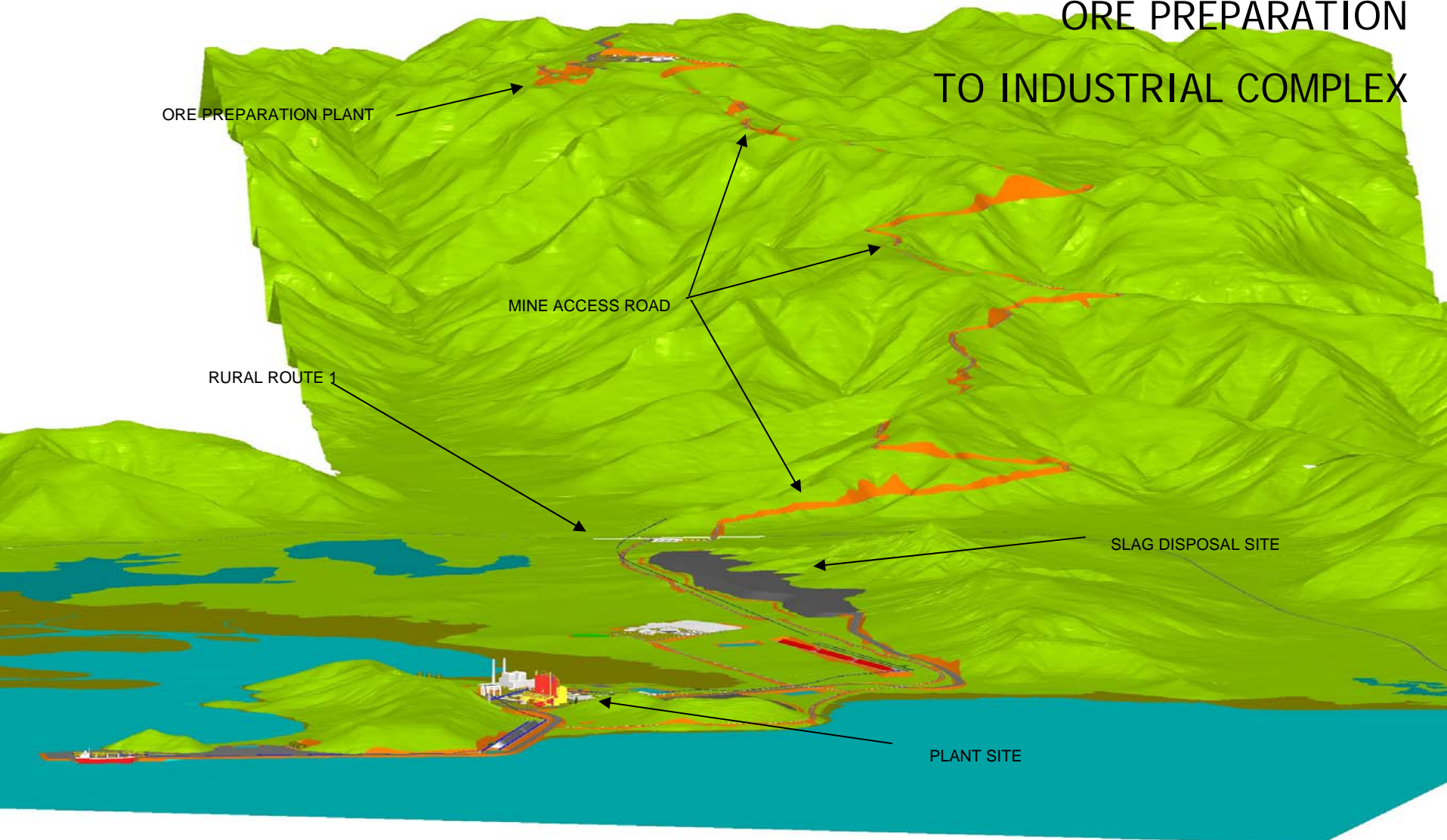
- ◆ MINING INFRASTRUCTURES
- ◆ PYROMETALLURGICAL PLANT
- ◆ POWER PLANT (230-250 Mega watts)
- ◆ WATER DAM – FRESH WATER 15 M m3
- ◆ PORT

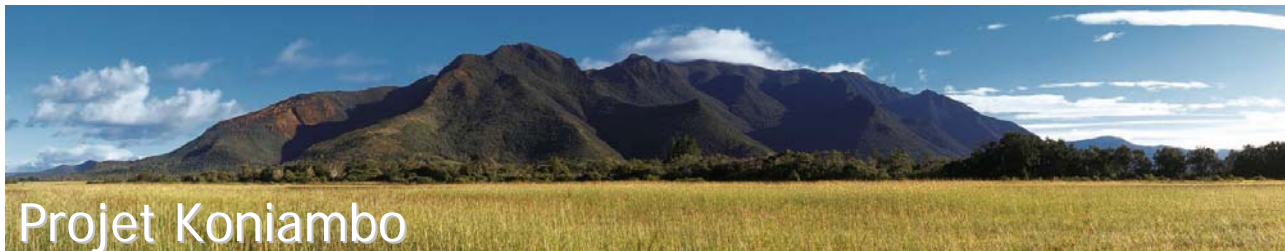




Projet Koniambo

ORE PREPARATION TO INDUSTRIAL COMPLEX





SUSTAINABLE DEVELOPMENT POLICY

Within the framework of the metallurgical project being implemented in the North Province of New Caledonia (referred to as the Koniambo Project), Falconbridge and SMSP undertake to practise sustainable development according to the principles defined.

Sustainable development is the implementation of practices and policies that promote the development of an economy, maintain a healthy environment and contribute to the well-being of the population.

Sustainable development must meet the needs of the customers, suppliers, shareholders, employees, government, communities and the general public without compromising the ability of future generations to meet their own needs.

In the field of the environment, the Koniambo Project undertakes to comply with the conventions, policies, laws and regulations applicable in New Caledonia; with World Bank standards and with those subscribed to by Canada.

These principles, which are in accordance with those adopted by Falconbridge in March 1999, shall guide the studies and work relating to the Koniambo Project.

André DANG
President of the SMSP

Oyvind HUSHOVD
President of Falconbridge

DECEMBER 1999

IMPACT STUDY FLOW DIAGRAM



Environmental Baseline Study
Dec. 2001

Study alternatives
Project Engineering

Project Components

Unacceptable

Public Consultations

Environmental
Impact
Assessment

If
unacceptable

Mitigation
measures

Possible
alleviation

If acceptable

If acceptable

Integrate components
into Project

Environmental monitoring during
construction and operations

Construction

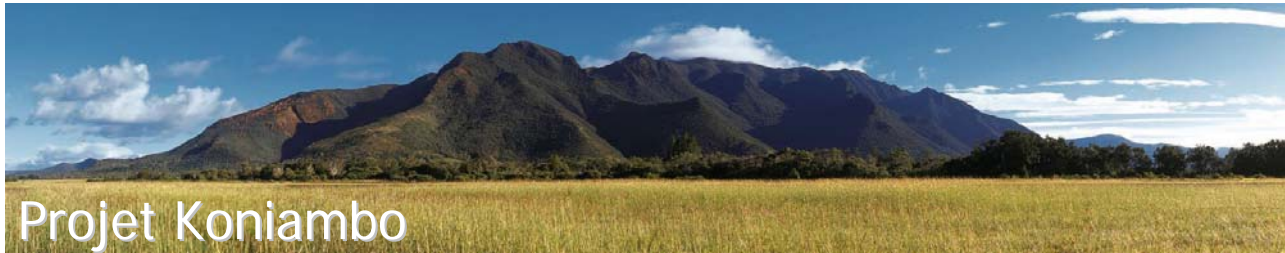
Assess effectiveness of
mitigation measures and
environmental changes

Rehabilitation & revegetation
program

Environmental monitoring after
shut-down

Shut-down





Current Economic Situation

Total available workforce in the area:

- 12% of the workforce in the Voh-Koné-Pouembout area is employed in the industrial sector.
- 181 people, mostly unskilled, in the Voh-Koné-Pouembout area are employed in the building trade (1996 figures), a very limited sector.
- 5% of the workforce is employed in the tourist trade.
- 16% of processing industries are located in the North Province.



Current Human Resources

NORTH PROVINCE POPULATION PATTERN

Profile 1: Represents 48%

People living in tribal villages, who have no educational qualifications, limited skills and no driver's license.

Profile 2 : Represents 43%

People holding a certificate or diploma of vocational studies or (intermediate) school certificate. They have a vague career plan but don't know how to follow it through.

Profile 3 : Represents 9%

People holding a high school certificate (end of secondary education) and a definite career plan.



Current Human Resources

NEW CALEDONIA POPULATION PATTERN

Profile 1 : Represents 43%

People who have no educational qualifications, no career plan and no driver's license.

Profile 2 : Represents 39%

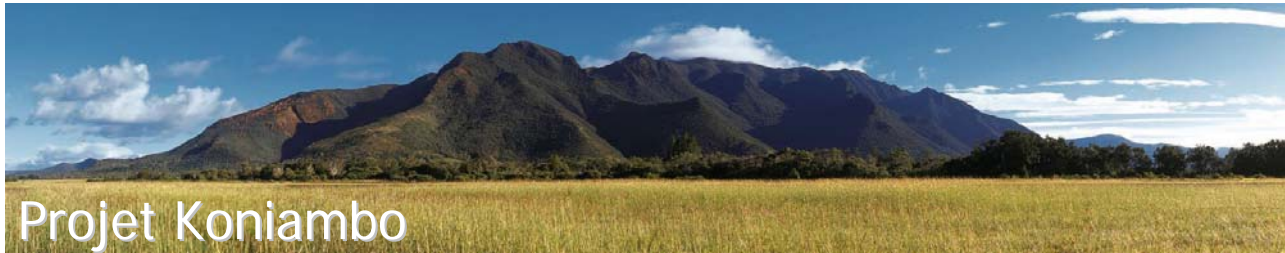
People holding a certificate or diploma of vocational studies, or intermediate school certificate.

Profile 3 : Represents 8.7%

People holding a high school certificate (end of secondary education).

Profile 4 : Represents 8.3%

People holding a university degree or other tertiary-level qualification



The Human Resources Challenge

- Approximately 850 permanent positions in the operating phase (2007 and after)
- Up to 1500 temporary positions in the construction phase (2004 to 2006)
- Approximately 2000 indirect and spin-off jobs.



Human Resources Requirements

Workforce by Category (operating phase)

- **65 management and administration professionals**
- **25 engineers**
- **65 supervisors and foremen**
- **45 senior technologists**
- **250 operators, skilled workers, laborers for the mining site**
- **240 operators, skilled workers, laborers for the processing plant**
- **145 operators, skilled workers, laborers for the port, power station, etc.**
- **15 office/administration employees.**



Impact on the area

◆ Total employed (direct and induced):	2800
◆ Commuting (from outside the area)	- 300
◆ Total living in the area:	2500
◆ Staff already living in the area	- 500
◆ Total new employees in the area:	2000
◆ Family multiplier:	x 4
Total new arrivals* :	8000

* current population of Voh-Koné-Pouembout = 8000

Induced Employment

SUBCONTRACTING	COMMUNAUTE	ADMINISTRATION
<p>Maintenance of light vehicles</p> <p>Revegetation</p> <ul style="list-style-type: none"> - Nurseries - Planting <p>Security</p> <p>Living quarters:</p> <ul style="list-style-type: none"> - House cleaning service - Laundry service - Catering service <p>Rewinding/motors</p> <ul style="list-style-type: none"> - Electrical appliances - Alternators <p>Welding:</p> <p>Repair of bucke...</p> <p>Staff transport</p>	<p>Supermarkets/grocers</p> <p>Agriculture/ livestock farming</p> <p>Cars</p> <ul style="list-style-type: none"> - Car dealers - Repairs, spare parts <p>Hotels and catering</p> <p>Banking</p> <p>Telecommunications</p> <p>Retail stores:</p> <ul style="list-style-type: none"> - Bakery - Hardware shop, Pharmacy - Hairdressers <p>Housing</p> <ul style="list-style-type: none"> - Painters, bricklayers, tilers plumbers, carpenters, electricians, etc. 	<p>Teachers</p> <p>Medical staff</p> <p>Police force</p> <p>Fire brigade</p> <p>Social workers</p> <p>Senior public servants</p> <p>Secretarial staff</p> <p>Recreation / Culture.</p> <ul style="list-style-type: none"> - Movie theatres - Pools - Parks <p>Sporting facilities, etc.</p>



Social and economic Integration

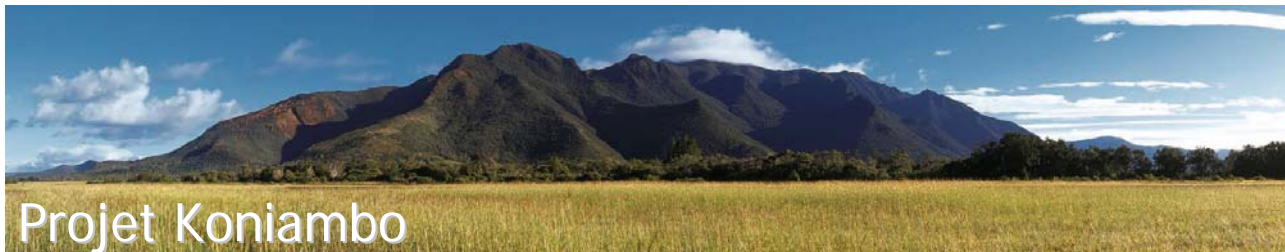
SMSP-Falconbridge Partnership Agreement

SMSP holds 51% of the Capital

- Ore body
- Mining expertise
- Locally established

Falconbridge hold 49% of the Capital

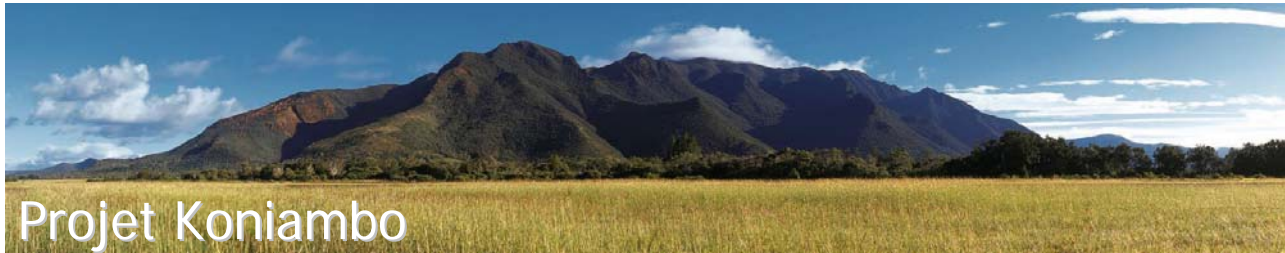
- Feasibility study
- Metallurgical expertise



Social and Economic Integration

The Société Minière du Pacifique Sud (SMSP)

- This mining company belonging to the North Province is the majority shareholder in the Koniambo partnership.
- Consequently part of the profits will go towards the economic development of the North Province.
- The North Province population is closely involved in the Koniambo Project.
- The North Province authorities are strongly committed to successful implementation of the Project.



Social and Economic Integration

Social and economic integration

The Bercy Agreement (February 1998)

- An understanding with the French State and ERAMET-SLN for the Koniambo ore body to be made available for the Project.
 - The reason: the will to ensure balanced development of New Caledonia's provinces.
 - Pledge of government support for public infrastructure requirements induced by the construction and operation of the industrial plant and the population increases.
- Obligation to perform, in the form of a suspensive condition with regard to access to the ore body:
 - Obligation to announce the decision to build before 2006.
 - Obligation to show proof of a firm order of equipment worth 100 million US\$.



Social and Economic Integration

Terms of reference of the Koniambo committee

A Committee formed to act as an effective instrument for communication and consideration of concerns related to but not confined to the project, by the various government bodies and their respective areas of responsibility.



Social and Economic Integration

- **Membership of the Koniambo Committee**

North Province (committee chair),

French State,

New Caledonia,

Municipal Councils of Voh, Koné and Pouembout,

Customary Senate,

SOFINOR (North Province joint venture company),

SMSP-FALCONBRIDGE.



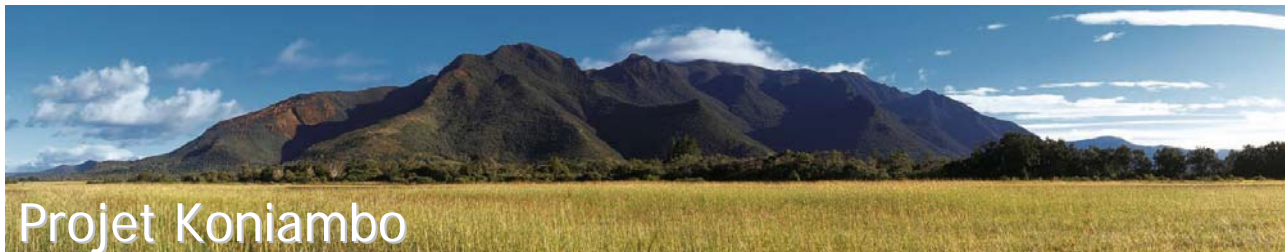
Social and Economic Integration

- **Purpose of the Koniambo Committee**
 - **To define an action program for each member in his/her area of responsibility, record the recommendations and reformulate them at each meeting.**
 - **To set up subcommittees as required, on items needing special attention, in particular in areas of shared responsibility (e.g. education, training).**
 - **To promote integration of the project into a dynamic process of concerted development in liaison with the various local government bodies.**



Areas of interest of the Koniambo Committee

- **Community infrastructure: housing developments, health services, schools, utilities, recreational facilities, etc.**
- **Telecommunications**
- **Immigration procedures for construction and operation phases (plant and installations in Koné)**
- **Customs procedures for construction and operation phases (plant and installations in Koné)**
- **Access rights and associated land tenure issues**
- **Development of subcontracting businesses.**



Training Working Group

- DÉFIJ Province Nord,
- APE, CIO,
- Vice-Rectorat, DDEC,
- Université de Nouvelle-Calédonie,
- Mission Formation (400 Cadres),
- GRETA Nord/Iles,
- CFTMC Poro,
- ETFPA, SMA, Chamber of Trades,
- MIJ, LPTouho,
- SMSP, Falconbridge



Actions Implemented To Date

- **Adjustment of course content for certain certificates/diplomas to the skills that will be required (e.g. technical baccalaureat, advanced technical diploma)**
- **Provision of information to the young – and not so young (direct and induced jobs)**
- **Training in Canada (Wéma, Manauté, Lotti...)**
- **Trade forums, industrial visits, work terms with Koniambo Project departments.**



Work in Progress

- **Finalizing the Employment-Training schedule**
- **Preparing a training schedule for the induced jobs**
- **Adapting training course contents or develop complementary programs to match job requirements**
- **Discussions with University of New caledonia and the Vice-Rectorat on training of plant technicians/operators.**



KONIAMBO PROJECT COMMUNICATIONS PLAN

OBJECTIVES

■ OBJECTIVE 1

Ensure an environment favorable to the Project so as to facilitate continuation of the studies.

- Be informative and transparent
- Reassure the population
- Earn people's confidence
- Be credible.

■ OBJECTIVE 2

Generate a positive feeling for the Project.

- Manage the Project's image
- Earn the support of the Project's external stakeholders
- Manage community expectations

TARGET AUDIENCES

Institutional target audience

NC Government officials
Provincial elected officials
Local elected officials
French Government representatives

Administrative target audience

Provincial administration
Territorial administration
French administration

"Human Resource" target audience

Educational institutions
Training and employment agencies
University and high school students

" Environment " target audience

Local environmental groups
International environmental groups
Scientific institutes

Economic target audience

Chambers of trade and commerce
Heads of local firms
Heads of Noumea firms
Labor unions and Employer's association

The community

- **In the regional study area**

Village communities
Tribal area communities
Livestock farmers

- **In the Northern Province**

- **General public**

- **The media**