The Aurukun bauxite resource is located to the north and south of the Watson River, all to the east of Aurukun. The resource is located on land over which the Wik and Wik Way People have native title and Aboriginal freehold rights.

The Aurukun Bauxite Project aims to assess the viability of developing certain resources in this area – particularly the Coconut bauxite resource and the North Watson (NW) bauxite resource.

This involves looking at a range of factors that are:

• Social;
• Commercial;
• Technical; and
• Environmental.

We know that the support of the community will be vital to any future success of the Project. Likewise, the support of potential customers will also be required before any decision can be made on whether to undertake mining.

ENGAGING WITH TRADITIONAL OWNERS

The traditional owners of the land, the Wik and Wik Way people, as well as the broader community of Aurukun, want to be informed about, and be involved in, any potential development of the resource. That desire is consistent with our approach.

Since January 2015, and while we wait for grant of the mineral development licence (MDL), we have made regular visits to Aurukun to meet with traditional owners and community members and talk to them about the Project.

We have been very pleased with the welcome that we have received as we have visited the land and waters of the traditional owners and learnt more about their views and aspirations.

During August 2016, we again visited the area near the Coconut resource as part of our consultation with senior traditional owners, Stella Owokoran, Henry Kelinda and Tony Kerindun. We had the opportunity to talk about the things that mattered to them and their families. This forms a key part of our assessment of the resource. We also had the opportunity to explain the process that we would like to undertake including the importance of working with potential customers for the bauxite.

We were also joined in our visit by community members Jonathon Korkatain and Douglas Ahlers who expressed a keen interest in realising opportunities and benefits from the Project for the traditional owners and Aurukun community.

OUR WAY FORWARD

Any assessment of the resource must be focussed on both the community views on development as well as the interest of potential customers for the bauxite. We must also understand the technical requirements for developing a mine as well as ensure we meet the environmental regulatory requirements that apply.

Before we can start work we need to have the MDL granted by the Government and would like the formal support of Ngan Aak Kunch Aboriginal Corporation, the corporation established to hold the native title interests of the Wik and Wik Waya people.

NAK has an important role to play if the Project is to progress. However, the directors of NAK have been prevented from meeting with us formally since 2014 as a result of an agreement they entered into with a third party.

We will continue to seek a meeting to discuss the Project but in the meantime we will also continue to discuss our proposal with community members in Aurukun.
Our business interacts with many diverse communities across Australia, including in rural and regional towns and small remote Indigenous communities.

A key element of our approach is to ensure we give back to our host communities. We do this by providing jobs, skills, and training; paying taxes and royalties; buying goods and services from local businesses; supporting community development programs; and investing in local infrastructure. An example of our approach can be found through our Indigenous employment program at our Mount Isa Mines copper and zinc-lead complex.

CASE STUDY

Mount Isa Mines: Indigenous Employment Program

Queensland

In 2014 we revised an existing Indigenous Employment Program to train and mentor local Indigenous people working for us as trainees, and transition them to full-time jobs across our business. The program has been delivered in partnership with a number of local organisations including work-ready training provider Myuma, run by Indigenous people.

The $1.3 million program provides training and mentoring opportunities for up to 48 local people every year. To date, 80 people have successfully completed the program.

After our recruitment process, trainees attend a 12-week program at the Myuma Group Vocational Training and Employment Centre to introduce them to the mining industry in a safe and supported environment. Trainees live at a residential campsite where they gain key qualifications, have access to Indigenous mentors, and experience the values and work ethic required for full-time employment.

Our trainees then enter a 12-week supported employment program at Mount Isa Mines to get first-hand experience in an underground mining environment, with the guidance and support of a dedicated full-time supervisor and mentor. Those who successfully complete the first two stages have the opportunity to apply for full-time employment at our operations.

In 2015 we expanded the program to include Ernest Henry Mining, our copper operation near Cloncurry. A surface program has also been introduced at the Mount Isa copper concentrator to offer more job diversity.

Eighteen graduates of the program are now in full-time employment at Mount Isa Mines, either directly with Glencore or as contractors. In 2016 we will begin to partner successful graduates with experienced Indigenous employees from across our workforce to provide ongoing mentoring and support, and improve long-term employment outcomes.

Jake Smith, Trainee, Mount Isa Mines
CHALLENGES TO PROGRESS

The progress of our work has been unfortunately impeded over the past 12 months by a variety of legal challenges that have prevented the grant of the mineral development licence (MDL).

In June 2015 lawyers for NAK commenced proceedings in the High Court against the Queensland Government seeking to invalidate certain provisions of Queensland’s Mineral Resources Act (MRA). Following changes to the legislation that were made in March 2016, the High Court proceedings were discontinued in May.

In September 2015 the Cape York Land Council (CYLC), on behalf of NAK, lodged an objection to the State Government’s use of the ‘expedited procedure’ to meet obligations under the Native Title Act. Based on submissions and evidence received, the National Native Title Tribunal decided in June 2016 that the expedited procedure should apply given the limited disturbance that was proposed by Glencore’s feasibility study activities under the MDL.

In November 2015, several Queensland Senators proposed that the matter of the development of the Aurukun bauxite resource be referred to the Senate’s Economic Reference Committee for an inquiry. Glencore made two submissions to the inquiry which are available online at: glencore.com.au/EN/who-we-are/Pages/aurukun-bauxite-project.aspx.

However, as a result of the calling of a Federal election in May this year, all parliamentary committees ceased to exist and the inquiry into the Aurukun bauxite resource lapsed. We do not yet know if it will recommence after the new Senate is formed.

More recently, additional legal challenges have commenced.

- In June 2016, Aurukun Bauxite Development Pty Ltd (a company linked to an unsuccessful tenderer in the 2013 bidding process) commenced legal proceedings in the Queensland Supreme Court to challenge the Queensland Government’s decision to select Glencore as the preferred proponent for the resource.
- In July 2016, CYLC, on behalf of NAK, commenced legal proceedings in the Federal Court to challenge the decision of the National Native Title Tribunal regarding the expedited procedure.

Both of these challenges remain on-going and introduce further uncertainty into the potential development process for the resource.

PROPOSED PRINCIPLES FOR COMMUNITY BENEFIT

Back in 2013, Glencore outlined a set of principles that might underpin any agreement for community and native title benefits. However, it was agreed at the time that we should develop any further details in consultation with community members and traditional owners to ensure alignment with community aspirations.

While those discussions with NAK have been unable to take place, the principles that we put forward covered the following aspects of an agreement:

1. **Cultural integrity** – recognising and respecting the cultural heritage, customs and rights of traditional owners where we operate including the protection of cultural heritage and the development of opportunities to enhance enjoyment of native title rights.

2. **Environmental impact assessment** – assessing the potential impact of any development in a way that meets both government requirements and traditional owner expectations with consultation that is comprehensive, inclusive, fair and thorough.

3. **Economic benefit** – providing the opportunity for significant economic benefits to compensate for the impact of mining on native title and landowner rights through a benefit model that is developed in consultation with traditional owners and is fair, reasonable, equitably distributed, transparent and accountable.

4. **Community benefit** – enabling a range of direct and indirect community benefits to flow from any development by identifying the priorities and objectives of the community and working the local agencies and government to contribute to an improved quality of life in Aurukun.

5. **Engagement** – communicating regularly, openly and accurately with people in our host communities and others with an interest in our business.

-- Julian Farrugia, Project Director
APPLYING FOR A MINERAL DEVELOPMENT LICENCE

Glencore entered into a Development Agreement with the Queensland Government in January 2015. This Agreement allows us to apply for a mineral development licence (MDL) over a bauxite resource located near the town of Aurukun on Cape York.

An MDL, if granted, only allows us to study the land and the bauxite as part of a feasibility study into development of the resource. It is not permission to build a mine.

Our proposed development involves a five stage process:

**Concept Study**
- Desktop analysis of data
- Detailed project proposal prepared for government

**Project Description Confirmation**
- Broad community consultation
- Technical studies

**Business Case Validation**
- MDL granted
- Environmental and technical studies to assess potential impacts and remove assumptions from business case

**Construction Readiness**
- Regulatory approvals
- Design work
- Local Participation Plan
- Agreement negotiation

**Project Commitment (Execution)**
- Final Investment Decision
- Construction procurement

For further information please contact: aurukun@glencore.com.au