

# Glossaries

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Nickel briquettes ready for shipment

# Glossaries

## 17. Glossary of terms

A\$ or Australian Dollars	means the lawful currency of Australia.
A GAAP	means Generally Accepted Accounting Principles in Australia.
Accounting Effective Date	means 30 November 2002, or such other date as may be agreed between Alumina Limited and WMC Resources, with the intention that it be the date of the closest month end preceding the Demerger Date.
ADR	means American Depositary Receipt.
ADS	means American Depositary Share.
Agency	means the US Environmental Protection Agency.
Alcoa	means Alcoa Inc of 201 Isabella Street, 7th Street Bridge, Pittsburgh, Pennsylvania, US, a company incorporated in the Commonwealth of Pennsylvania.
Alcoa of Australia	means Alcoa of Australia Limited (ABN 93 004 879 298).
Alumina Limited	means WMC, as constituted following implementation of the Demerger on the Demerger Date and, as the context may require, any or all of its controlled entities.
Alumina Limited Board	means the board of directors of Alumina Limited.
Alumina Limited Director	means a director of Alumina Limited.
Alumina Limited Director's Deed	has the meaning given in Section 10.14.1.
Alumina Limited Group	means Alumina Limited and each of its controlled entities following implementation of the Demerger on the Demerger Date.
Alumina Limited Loan Facility	means the separate bi-lateral 364 day revolving facilities together amounting to A\$700 million to be entered into between WMC (as borrower) and a small number of major banks, as described in Section 5.5.4(a)(ii).
Alumina Limited Options	means WMC Options on and from the Option Scheme Implementation Date, to be known from that date as 'Alumina Limited Options'.
Alumina Limited SAPs	means WMC SAPs on and from the Option Scheme Implementation Date, to be known from that date as 'Alumina Limited SAPs'.
Alumina Limited Shares	means WMC Shares on and from the Demerger Date, to be known from that date as 'Alumina Limited Shares'.
Ancillary Demerger Resolutions	means the Name Change Resolution and the Director's Deed Resolution.
Annual Report	means the Annual Report of WMC for the financial year ended 31 December 2001 distributed to WMC Shareholders in accordance with section 314 of the Corporations Act on or about 28 March 2002.
ASIC	means the Australian Securities and Investments Commission.
ASX	means Australian Stock Exchange Limited (ABN 98 008 624 691).
ATO	means the Australian Taxation Office.

AWAC	means the unincorporated joint venture between WMC and Alcoa known as Alcoa World Alumina and Chemicals, the interest of WMC in which is held through: (a) its wholly-owned subsidiary Westminer International Holdings Pty Ltd (ABN 33 006 840 731), which has a direct or indirect 40% interest in each of Alcoa World Alumina LLC, Alcoa Caribbean Alumina Holdings LLC, Alumina Española SA, Alcoa Chemie Nederland BV, Alcoa Moerdijk BV, Alcoa Chemie GmbH and Abalco SA; and (b) Alcoa of Australia, in which WMC has a direct 39.25% interest.
AWAC Agreements	means the agreements which established AWAC on 1 January 1995 and those which govern its operation, including the 'Formation Agreement' and the 'Charter of the Strategic Council' each dated 21 December 1994 between WMC and Alcoa, amongst others.
Business Day	means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that the ASX declares is not a business day.
Capital Reduction	means the equal reduction of the share capital of WMC by an amount of A\$2.78 for each Scheme Share on issue at the Share Scheme Record Date.
Capital Reduction Resolution	means an ordinary resolution pursuant to section 256C(1) of the Corporations Act to approve the Capital Reduction.
CGT	means capital gains tax.
CGT Demerger Relief	means the Australian CGT rollover relief that certain WMC Shareholders resident in Australia should be eligible to elect as a consequence of the Demerger Relief Act, as described in Section 9.2.
Chalco	means Aluminum Corporation of China Limited.
CHESS	means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).
Clarendon	means Clarendon Alumina Production Limited.
Compagnie Guinée	means Compagnie des Bauxites de Guinée.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth).
Court	means the Supreme Court of Victoria.
Demerger	means the separation of WMC's AWAC interest from its non-AWAC businesses resulting in two independent entities separately listed on the stock market conducted by the ASX, to be implemented in the manner as more fully described in this Scheme Booklet, including in accordance with the terms of the Share Scheme.
Demerger Date	means the second Business Day after the Share Scheme Record Date.
Demerger Deed	means the deed to be entered into between Alumina Limited and WMC Resources on or before the Demerger Date, as described in Section 10.17.2.
Demerger Relief Act	means the <i>New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Act 2002</i> (Cth).
Depository	means, with respect to WMC, The Bank of New York.
Deutsche Bank	means Deutsche Bank AG (ABN 13 064 165 162).

Director's Deed	has the meaning given in Section 5.1.2(b)(ii)(B).
Director's Deed Resolution	means an ordinary resolution to approve the entry into, and performance of, deeds by each of WMC and WMC Resources in favour of directors of WMC, with the effect described in the explanatory notes to the notice convening the General Meeting, as referred to in Section 5.1.2(b)(ii)(B).
Dividend Resolution	means a resolution of the WMC Board to approve, in accordance with the Implementation Deed, the declaration and payment of the Share Scheme Dividend.
EBIT	means operating profits before net borrowing costs and income tax expense.
EBITDA	means operating profits before depreciation, amortisation, net borrowing costs and income tax expense.
Effective Date	means the date on which the Court orders made under section 411(4)(b) of the Corporations Act in relation to either both the Schemes or the Share Scheme come into effect pursuant to section 411(10) of the Corporations Act.
Eligible WMC Shareholder	means a Scheme Shareholder that is not an Ineligible Overseas Shareholder.
EPS	means earnings per share.
Exercise Deadline	means 3.00 pm on the Business Day immediately after the Effective Date.
Fertilizers	means WMC Fertilizers Pty Ltd (ABN 30 004 936 850).
fob	means free on board. An fob price does not include insurance and seaborne freight costs.
Formation Date	means the date on which AWAC was formed, being 1 January 1995.
General Meeting	means the general meeting of WMC Shareholders to be held on 29 November 2002 to consider and, if thought fit, to approve (among other things) the Capital Reduction Resolution, the Ancillary Demerger Resolutions and the WMC Option Plan Resolution.
Gold Operations	means WMC's past interests in the St Ives and Agnew gold operations and Central Norseman Gold Corporation Limited.
Grant Samuel	means Grant Samuel & Associates Pty Limited (ABN 28 050 036 372).
Halco	means Halco (Mining) Inc.
Half-year Report	means the Half Yearly Report of WMC for the six months ended 30 June 2002 lodged with the ASX in accordance with Listing Rule 4.1 on 13 August 2002.
Hi-Fert	means Hi-Fert Pty Ltd (ABN 76 008 038 962).
Implementation Deed	means the Implementation Deed dated 25 October 2002 between WMC, WMC Resources, Fertilizers and ODC, a copy of which is set out in Section 14.
Ineligible Overseas Shareholder	means any Scheme Shareholder whose Registered Address at the Share Scheme Record Date is in a jurisdiction other than Australia or its external territories, New Zealand, Hong Kong, Singapore, Germany, Switzerland, the United Kingdom or the US, except where WMC is reasonably satisfied that the full implementation of the Share Scheme in respect of that Scheme Shareholder and the transfer of WMC Resources Shares in accordance with the terms of the Share Scheme to that Scheme Shareholder are not prohibited, not unduly onerous and not unduly impractical in that jurisdiction.

Inespal	means Industria Española del Aluminio.
Interim Healthwise Report	means the Healthwise Cancer and Mortality Study Interim Report published by Monash University and the University of Western Australia in April 2002.
ITAA	means the <i>Income Tax Assessment Act 1936</i> (Cth).
Jamalco	means the joint venture between Alcoa Minerals of Jamaica LLC and Clarendon.
JP Morgan	means JP Morgan Australia Limited (ABN 52 002 888 011).
Kyoto Protocol	means the Kyoto Protocol to the United Nations Framework Conventions on Climate Change.
Listing Date	means the second Business Day after the Effective Date or such later date on which trading in WMC Resources Shares (on a deferred settlement basis or otherwise) commences on the stock market conducted by the ASX.
Listing Rules	means the official listing rules of the ASX.
Mabo Decision	means the decision by the High Court of Australia, in <i>Mabo v Queensland [No 2]</i> (1992) 175 CLR 1.
Meetings	means the Scheme Meetings and the General Meeting.
Melbourne time	means the time in Melbourne, Victoria, Australia on the relevant day.
MRN	means Mineração Rio do Norte SA.
Name Change Resolution	means a special resolution pursuant to section 157(1) of the Corporations Act to change the name of WMC to 'Alumina Limited', as referred to in Section 5.1.2(b)(ii)(A).
Nickel Business Unit	means the WMC Group's nickel mining, concentrating, smelting and refining business unit described in Section 7.2.2, which will form part of the WMC Resources Group post-Demerger.
NPAT	means net profit after tax.
NYSE	means New York Stock Exchange.
ODC	means WMC (Olympic Dam Corporation) Pty Ltd (ABN 99 007 835 761).
Olympic Dam	means the WMC Group's copper and uranium mining and processing business unit described in Section 7.3.3, which will form part of the WMC Resources Group post-Demerger.
OMG Group	means OMG Harjavalta Nickel Oy.
Optimisation 3	means the project currently being undertaken to increase the production capacity of the process plant used in Olympic Dam's operations, as described in Section 7.3.3(a).
Option Scheme	means the scheme of arrangement between WMC and that class of creditors who hold WMC Options as set out in the document contained in Section 15.4, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act.
Option Scheme Implementation Date	means the Business Day immediately after the Demerger Date.
Option Scheme Meeting	means the meeting of WMC Optionholders ordered by the Court to be convened and to be held on 29 November 2002 to consider and, if thought fit, to approve the Option Scheme.



Option Scheme Record Date	means 5.00 pm on the third Business Day after the Effective Date or such other date as permitted by the ASX.
Partly Paid Shares	has the meaning given in Section 8.2.2.
Point Comfort	means the alumina refinery assets held by Alcoa World Alumina LLC in Point Comfort, Texas, US.
Queensland Fertilizer Operations	means the WMC Group's fertilizers production and distribution business unit described in Section 7.4.2, which will form part of the WMC Resources Group post-Demerger.
Reduction Amount	means A\$2.78 for each WMC Share on issue at the Share Scheme Record Date.
Registered Address	means, in relation to a WMC Shareholder, the address shown in the WMC Share Register.
Sale Agent	means WMC or such other person nominated by WMC to sell the WMC Resources Shares that are attributable to Ineligible Overseas Shareholders under the terms of the Share Scheme.
SCH Business Rules	means the operating rules of ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).
Schemes	means the Share Scheme and the Option Scheme.
Scheme Booklet	means this booklet, which includes the Schemes, the explanatory statements for the Schemes and the notice of each Meeting.
Scheme Meetings	means the Share Scheme Meeting and the Option Scheme Meeting.
Scheme Shareholder	means any WMC Shareholder at the Share Scheme Record Date, after the registration of all transfers and transmission applications in accordance with the terms of the Share Scheme.
Scheme Shares	means WMC Shares on issue at the Share Scheme Record Date.
SEC	means the US Securities and Exchange Commission.
Share Scheme	means the scheme of arrangement between WMC and that class of its members who hold WMC Shares as set out in the document contained in Section 15.2, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act.
Share Scheme Consideration	means the consideration to which each Scheme Shareholder becomes entitled in accordance with the Share Scheme.
Share Scheme Dividend	means the dividend of A\$0.73 for each WMC Share on issue at the Share Scheme Record Date to be declared and applied by WMC in accordance with the terms of the Share Scheme.
Share Scheme Meeting	means the meeting of WMC Shareholders ordered by the Court to be convened and to be held on 29 November 2002 to consider and, if thought fit, to approve the Share Scheme.
Share Scheme Record Date	means 5.00 pm on the fifth Business Day after the Effective Date or such other date as permitted by the ASX.
SOSP	means a WMC Senior Officers Share Plan, as described in Section 8.2.2.
Strategic Council	means the body comprising five members (two appointed by WMC and three appointed by Alcoa) established under the AWAC Agreements, that manages the strategic direction and business of AWAC.
Sumitomo	means Sumitomo Metals and Mining Company Ltd.

Suralco	means Suriname Aluminum Company LLC.
Transitional Services Agreement	means the agreement to be entered into between Alumina Limited and WMC Resources on or before the Demerger Date, as described in Section 10.17.3.
US GAAP	means Generally Accepted Accounting Principles in the US.
US or USA	means the United States of America.
US\$ or US Dollars	means the lawful currency of the US.
Voting Record Date	means 7.00 pm on 27 November 2002.
WVAP	means volume weighted average price.
Ward Decision	means the decision by the High Court of Australia in <i>Western Australia v Ward; Attorney General (NT) v Ward; Ningarmara v Northern Territory</i> [2002] HCA 28 (8 August 2002).
WMC	means WMC Limited (ABN 85 004 820 419) as constituted prior to implementation of the Demerger on the Demerger Date and, as the context may require, any or all of its controlled entities.
WMC Board	means the board of directors of WMC.
WMC Director	means a director of WMC.
WMC Director's Deeds	has the meaning given in Section 10.14.3.
WMC ESPP	means the WMC Employee Share Purchase Plan, as described in Section 8.2.5.
WMC ESS	means the WMC employee share scheme, as described in Section 8.2.1.
WMC Finance	means WMC Finance Limited (ABN 83 008 569 560).
WMC Finance (USA)	means WMC Finance (USA) Limited (ABN 98 061 718 198).
WMC Group	means WMC and each of its controlled entities, as constituted prior to implementation of the Demerger on the Demerger Date.
WMC Option	means an option to subscribe for WMC Shares granted under the terms of a WMC Option Plan.
WMC Optionholder	means any person who is registered in the WMC Option Register as the holder of WMC Options.
WMC Option Plan Resolution	means a special resolution to approve the amendments to the terms and conditions of the WMC Option Plans to be made in accordance with the Option Scheme.
WMC Option Plans	means the WMC Option Plans promulgated by the WMC Board under the WMC ESS, as described in Section 8.2.3.
WMC Option Register	means the register of holders of WMC Options maintained pursuant to sections 168 and 170 of the Corporations Act.
WMC Registered Office	means the registered office of WMC at Level 16, IBM Centre, 60 City Road, Southbank, Victoria, Australia.
WMC Resources	means WMC Resources Ltd (ABN 76 004 184 598) and, as the context may require, any or all of its controlled entities following implementation of the Demerger on the Demerger Date.
WMC Resources Board	means the board of directors of WMC Resources.

WMC Resources Director	means a director of WMC Resources.
WMC Resources Director's Deed	has the meaning given in Section 10.14.2.
WMC Resources ESS	has the meaning given in Section 8.3.1.
WMC Resources Group	means WMC Resources and each of its controlled entities following implementation of the Demerger on the Demerger Date.
WMC Resources Loan Facility	means the US\$1.1 billion loan note facility to be entered into between WMC Finance (as borrower), and WMC Resources and certain other entities within the WMC Group (as guarantors), and Commonwealth Bank of Australia, Deutsche Bank, JP Morgan and Westpac Banking Corporation (as joint lead arrangers).
WMC Resources Option	means an option to subscribe for a WMC Resources Share.
WMC Resources Option Plans	has the meaning given in Section 8.3.1.
WMC Resources Plans	means the WMC Resources Option Plans and the WMC Resources Stock Appreciation Plans.
WMC Resources SAPs	has the meaning given in Section 8.2.4(b).
WMC Resources Share Register	means the register of WMC Resources members maintained pursuant to sections 168 and 169 of the Corporations Act.
WMC Resources Share Registry	means Computershare Investor Services Pty Limited of Level 12, 565 Bourke Street, Melbourne, Victoria, Australia.
WMC Resources Shares	means fully paid ordinary shares in WMC Resources.
WMC Resources Stock Appreciation Plans	has the meaning given in Section 8.3.1.
WMC SAPs	has the meaning given in Section 8.2.4.
WMC Shareholder	means any person registered in the WMC Share Register as the holder of WMC Shares.
WMC Share Register	means the register of WMC members maintained pursuant to sections 168 and 169 of the Corporations Act.
WMC Share Registry	means Computershare Investor Services Pty Limited of Level 12, 565 Bourke Street, Melbourne, Victoria, Australia.
WMC Shares	means fully paid ordinary shares in WMC.



## 18. Glossary of mining terms

Bauxite	is an oxide of aluminium, which is refined to produce alumina.
Commissioning	is bringing plant or equipment into operation at a rate approximating its design capacity.
Commodity cost curves	plot global production against cost of production less intermediate and co-product revenue. Cumulative production is expressed as a percentage, usually divided into quartiles. The lower a producer is placed on the cumulative production curve, the higher its margins at a given price.
Competent Person	means a person who is a Member or Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and/or the Australian Institute of Geoscientists (AIG) with a minimum of five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking. If the competent person is estimating, or supervising the estimation of, Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the competent person is estimating, or supervising the estimation of, Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves.
Concentrate	means a product containing the valuable minerals of an ore from which most of the waste material has been removed by undergoing a specific treatment.
Copper SX Circuit	means the copper solvent extraction circuit used in Olympic Dam's operations.
Cost of sales	includes all cash costs and non-cash production costs, and any selling, marketing and administration costs, and takes into account any stock movements.
DAP	means Di-ammonium phosphate.
De-bottlenecking	means optimising a processing plant through minor capital expenditure and procedural change.
Di-ammonium phosphate	is a high-analysis fertilizer used on horticultural broad-acre crops, and to provide the essential nutrients nitrogen and phosphorus. Often referred to as DAP.
Fully allocated cost	includes all mining and processing costs, the cash costs, plus any amortisation, depreciation, royalty and administration costs less intermediate and co-product revenue. This figure is used by independent agencies to assess the real cost of mine production, and is broadly similar to cost of sales.
Heavy minerals	are oxides of iron and titanium that can concentrate in sand deposits, then known as mineral sands. Heavy minerals, especially when rich in titanium, can in some cases be economically separated and treated to produce useful materials, such as titanium dioxide used as a pigment.
High-analysis fertilizer	is an agricultural soil additive, such as DAP, with high nutrient concentrations.
Indicated Mineral Resource	is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred Mineral Resource	is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

JORC Code	Australasian Code for Reporting of Mineral Resources and Ore Reserves, September 1999.
LME or London Metal Exchange	is a major 'spot' market for selling metals outside long-term contracts. As such it provides useful benchmark or reference prices.
MAP	means Mono-ammonium phosphate.
Matte	means high-grade sulphide which requires further refining.
Measured Mineral Resource	is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity.
Mineral	is any inorganic, naturally occurring element or compound. All metals and most chemicals are derived from products extracted by the resources industry.
Mineralisation	is a concentration of valuable, solid minerals.
Mineral Resource or Resource	is a concentration or occurrence of material or intrinsic economic interest in or on the Earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mono-ammonium phosphate	is a fertilizer that assists with early crop growth and enhances phosphorous uptake in broad-acre crops. Often referred to as MAP.
Nickel-in-concentrate (contained nickel)	means tonnes of nickel contained in concentrate.
Nickel-in-matte	means tonnes of nickel contained in matte.
Ore	is any mineralisation that can be profitably mined and treated.
Ore Reserve or Reserve	is the economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Precious metals	are rare, high-value metals such as gold, silver or platinum group metals, which include platinum, palladium, iridium, osmium and rhodium. Their value comes from their density, malleability and resistance to corrosion.
Probable Ore Reserve	is the economically mineable part of an Indicated, and in some circumstances Measured, Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Proved Ore Reserve	is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Solvent-extraction plant	is infrastructure and equipment used for hydrometallurgy, which extracts or enriches metals from one solution to another prior to recovering the metals through electroplating.
Sulphide	is a naturally occurring compound of metal and sulphur.
Uranium SX Circuit	means the uranium solvent extraction circuit used in Olympic Dam's operations.

## 19. Glossary of sources

AME	means AME Minerals Economics.
British Sulphur Consultants	means British Sulphur Consultants, a division of CRU International Limited.
Brook Hunt	means Brook Hunt Limited.
CRU	means CRU International Limited.
Fertecon	means Fertecon Limited.
IAEA	means International Atomic Energy Agency.
OECD NEA	means Organisation for Economic Co-operation and Development Nuclear Energy Agency.
WBMS	means World Bureau of Metal Statistics.
WNA	means World Nuclear Association.

20. Glossary of cost curve terminology

Alumina cash cost includes each of the following costs set out in the table below, and has been prepared assuming that all refineries paid for the alumina content of the bauxite ex-mine at about 3.5% of the LME price of aluminium:

Cash cost components
Feedstock:
<ul style="list-style-type: none"><li>cash cost of mining (including royalties) or bauxite purchase</li><li>freight (where appropriate)</li></ul>
Labour
Energy
Caustic soda
Other:
<ul style="list-style-type: none"><li>reagents</li><li>maintenance consumables</li><li>miscellaneous</li></ul>

DAP cash cost is also referred to as 'total cash operating cost' and includes an estimate of the cost of each component in the production and distribution of DAP as set out in the table below:

Cash cost components
Variable site costs:
<ul style="list-style-type: none"><li>phosphate rock</li><li>phosphoric acid</li><li>ammonia</li><li>sulphuric acid</li><li>electricity</li><li>water</li><li>steam</li><li>chemicals</li><li>fuel oil</li><li>gypsum disposal</li></ul>
Fixed site costs:
<ul style="list-style-type: none"><li>labour</li><li>maintenance</li><li>overheads</li></ul>
Freight (to export port)

C3

is the Brook Hunt terminology used for classifying fully allocated costs, and includes each of the costs set out in the table below:

Cash costs of:	Production costs of:	Other costs of:
Mining and milling	Depreciation (excluding that for idle capacity and inactive assets)	Business unit costs
Mine site general expenses and administration costs	Amortisation	Sales and production based royalties
Smelting and smelter general expenses and administration costs	Provision for rehabilitation	Marketing administration costs
Refining and refining general expenses and administration costs	Non-cash intermediate product costs	Research and Development (non production)
Outward freight for downstream processing (despatching operation incurs costs)		Abnormal items*
Township costs (including messing and fly in fly out costs)		Depreciation of idle and inactive assets*
Maintenance costs		Profit/loss on sale or write off of redundant assets
Marketing freight and selling costs		General provisions
Net intermediate product credit:		Amortisation of goodwill
– intermediate product costs		Idle capacity reallocations
– intermediate product revenue		Sundry expenses

\* Only very large abnormal items would be excluded from the C3 costs. Exclusions would be agreed with the Financial Director before they were reported.

*Note: Stock write downs to NRV are specifically excluded from C3. If they were included, it would result in the double counting of these costs.*

*Stock write downs should be included as part of the unit cost of sales because the unit cost of sales is a measure of profitability and must reconcile to the total cost of sales in the profit and loss.*

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