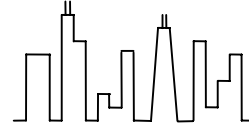


CHICAGO SECTION NEWSLETTER

October 2002 – Website Edition



Newsletter of the Chicago Section of the Society for Mining, Metallurgy, and Exploration, Inc. - Founded Spring 1987 – www.chicagosme.org

MEETING: Tuesday, November 26, 2002

Topic: “Recent Changes at Conco Western Stone Company
Underground Mine in North Aurora, Illinois”

Guest Speaker: Mike Dunn, General Superintendent, Conco Western Stone Company,
North Aurora, IL

Time: 5:30 PM Social Hour
6:30 PM Dinner
7:30 PM Speaker

Place: **Golden Duck Restaurant & Bar Bohemian-American Home Cooking**
500 Ogden Avenue, Downers Grove, IL. Telephone 630-968-8887

Directions:

From I-294: Exit at I-88 Westbound, Pay 40 cent Toll, Exit at Route 83 South,
Route 83 South to Ogden Avenue, Ogden Avenue West to Just Past Fairview Avenue
on Right (North Side)

From I-290 Westbound: Exit at Route 83 South, Route 83 South to Ogden Avenue,
Ogden Avenue West Just Past Fairview Avenue on Right (North Side)

From I-88 Eastbound: Exit at Highland Avenue, Left to Southbound on
Highland Avenue to Ogden Avenue, Left to East on Ogden Avenue,
East to Restaurant on Left (North Side) Just Past Dunkin Donuts

From I-355: Exit to I-88 Eastbound, Exit at Highland Avenue, Left to Southbound on
Highland Avenue to Ogden Avenue, Left to East on Ogden Avenue,
East Restaurant on Left (North Side) Just Past Dunkin Donuts

Menu: Soup, roast pork, Hungarian goulash, fried fish, dumplings, mashed potatoes, sauerkraut, cabbage, vegetable of the day, coffee and homemade desert selection.

Cost: \$25 for dinner/meeting for Members, \$30 for Non-Members. Any Science teachers or professors are considered a guest of the Section and will get dinner free. Student’s dinners will only be \$5.

Call: Sarah Schlichholz of Continental Placer, Inc. at 630-469-6340x109 or E-mail at sshlic@continentalplacer.com anytime up to morning of meeting.

From the Chairman:

Well, the holiday season is nearly upon us! I hope all of you enjoy the season with your family and friends. This is always a good time of the year remember how we’ve been blessed, update old relationships, make new commitments, and get sentimental. Traditions run strong. So, let’s do our best to come out to our meeting on the November 26th and celebrate the season a little with our mining associates, too. I know schedules are very busy this time of year, so this will be our last meeting until January. I would like to see you all before the holidays, then I’ll leave you alone until January! To all of you who I won’t see...”Enjoy”!

Gordie

From the Program Chairman

□ This Meeting

The November 26th meeting will discuss the recent changes at Conco Western Stone Company's mine in North Aurora, IL. The results of the roof monitoring devices installed by Conco Western will be discussed, and the success of these devices in monitoring roof movement will be detailed. Employee training, mining techniques including drilling and blasting, will be discussed by Mike Dunn.

□ The Speaker

Mike Dunn is a graduate of the University of Missouri – Rolla in Mining Engineering, and has been General Superintendent of the **Conco Western Stone Company** mine since its inception several years ago. He has worked for Morrison Knudsen, Engineers International, and other companies doing mine planning and operation. He has made a lot of improvements at Conco Western, and will be presenting these at the NIOSH conference in Kentucky next month.

□ Last Meeting

Bill Huber gave an extremely entertaining talk on the work that **Weir International Mining Consultants** did for Coal India Limited to conduct an assessment of the maintenance and operating practices of 24 surface mines and 12 shop facilities utilizing mobile equipment purchased with funds supplied through loans from the World Bank. The presentation discussed the maintenance and operating practices observed during the 6-week assignment, with many slides of the trials and tribulations of operating mines in India.

□ Next Meeting

We have lined up most meetings for the Season. Tentatively scheduled: January 26 it's Henry Krumb Lecturer from SME National **William "Bill" Langer** of the **USGS** on aggregates, for February 25 **Kelvin Wu** of **MSHA Tech Support** on the Quecreek Mine Flood and Rescue, **Farouk Oksuz** of **Black & Veatch** on March 25 on the grouting and sealing of the MWRDGC McCook Reservoir, **John Weibmar** of **Caterpillar** on new technologies in mobile equipment on April 22, and **Satya Harpalani** of **SIU** on May 27 on new development in coal mining downstate. Please note that dates often change due to last-minute changes in speaker's schedules.

Raj Rajaram

GEM News

Happy Fall!!!! This is the time of the school year when teachers would love to have speakers on rocks and minerals for the classroom. If anyone is planning to speak and would like to have some hand-outs, please contact me(rdcdrill@rdcdrill.com). Also, we want to hear the success stories of educating the public

Annie Leslie

Eberhart Joins RAG Coal Development Corporation

A few months ago **Ron Eberhart** joined **RAG American Coal Company** as president of RAG Coal Development Corp. (DBA Dry Systems Technologies). They have brought the operations here to a new facility in Woodridge, Illinois at the address shown below.

Dry Systems Technologies
8102 Lemont Road
Suite 700
Woodridge, IL 60517
Telephone: 630-427-2051
Facsimile: 630-427-1036

Their main products are a complete line of dry scrubber systems for the removal of diesel particulate matter from engine exhaust in mining and construction mobile and stationary equipment. They have numerous MSHA-approved power packages for "inby" use as well as non-flameproof systems for "outby" use. Ron reports he was disappointed to miss **John Head's** presentation on the DPM rules as this is one our main areas of thrust, but unfortunately I had to be in South Africa that week. It sounds like it was a good meeting with a lot of interest in the topic.

Eta Kholodna v Kazakhstane

Harold Kokal will be in Kazakhstan in November and December. It is already winter there, and it is reported to be somewhat cooler than in Chicago. A project to modernize the Lisakovsky gravity-magnetic iron ore concentrator is getting underway. Design and engineering for a 900,000 tpy add-on demonstration plant to increase the iron content and decrease both the silica and phosphorus contents in the Lisakovsky concentrate is beginning. After a successful demonstration, the plant will be further enlarged to 3,600,000 tpy.

Eta Kholodna v Kazakhstane: I have no idea what this means.

Editor

Chicago SME Section Very Active at NIOSH Safety Seminar

Three members of the Chicago SME Section will be a part of the **NIOSH Safety Seminar for Underground Stone Mines** on December 10 and 11, 2002, in Louisville, Kentucky. **Mike Dunn** of **Conco Western Stone Company** will give a presentation on "The Mine – A Great Laboratory," while **John Head** of **Mactec Engineers and Consultants** will discuss "Taking Care of Diesel Emissions," and **Frank Kendorski** of **Agapito Associates, Inc.**, will give part of a Workshop on "Practical Geology for Roof Control," together with **Tony Iannacchione** of **NIOSH**, and **Kot Unrug** of the **University of Kentucky**. For more information contact **Lou Prosser** of **NIOSH** in Pittsburgh at 412-386-4423 or lfp2@dcd.gov.

Stevens Busy in Aggregates Mining Projects

Since moving over to **Patrick Engineering** in September, **Gordie Stevens** has been busy working on several mining projects for aggregate producers in the region. Currently, Gordie has projects going in Ogle, Kendall, Kane, Cook and McHenry Counties. These projects all involve permitting and planning issues.

Sustainable Minerals Development Roundtable in Chicago

This is to inform you that there will be a Sustainable Minerals Roundtable held in Chicago, Illinois, at the Palmer House Hilton, on Tuesday, November 19 and Wednesday, November 20, 2002. The Roundtable is sponsored by the US Forest Service and the US Geological Survey. These meetings are held about every two months around the nation to provide local consultants, regulators, academia, energy producers, and mineral/aggregate producers the opportunity to attend and lend the benefits of their experience as input to the SMR process.

The purpose of the Roundtable is to meet the present needs of mineral and energy production without compromising the need of future generations. They are currently working on finalizing a set of indicators to monitor the environmental, socio-economic, productive capacity, and legal/institutional domains. These indicators are similar to the Gross National

Product and unemployment used to measure the national health of our economy.

Your attendance and participation is greatly valued. The more input that is available, the better the product that will be produced.

Sustainable development is an evolving concept that works to improve the economy, the environment, and society for the benefit of current and future generations. Its main premise is that actions we take today must provide for our own needs without diminishing the assets, resources, and capabilities available to our descendants.

Commitment to sustainable development principles necessitates integration of environmental policies and development strategies so as to satisfy current and future human needs, improve the quality of life, and protect resources. It involves managing resources in a way that is conducive to long-term wealth creation and the maintenance of capital (physical, economic, human, natural, and social). This perspective extends naturally to mineral/material and energy resources that are a form of natural capital and are an important source of wealth creation. How does the concept of sustainable development apply when mineral/material and energy resources are nonrenewable?

First, the goal of sustainability as applied to mineral/material and energy resources is not to sustain a given deposit, but to sustain the flow of services provided by mineral/material and energy resources and to do so in a manner such that, over a commodity's life cycle, the net contribution to society is positive. The natural capital embodied in mineral/material and energy resources should be transformed into physical, economic or social capital of equal or greater value.

Second, these resources are integral components of economic systems, providing essential inputs to virtually every economic sector. Sustainability requires ongoing investment in technological development to ensure that the services now provided by specific resources will continue to be provided, whether through substitution, recycling, or other means.

Recycling is an important aspect of minerals in sustainability. In 2000, 95 percent of all automobiles that had reached the end of their useful life were recycled

Third, mineral/material and energy revenues are the driving force for some local, regional and national economies. Sustainable development for the nonrenewable resource sector means ensuring that those economies will be sustained, even if the resources may be depleted. At the local level, this means diversifying the economic base of resource-dependent communities so that they will survive the eventual closure of the facilities that sustain them, or market-driven downturns in production. At the national level, it means investing the proceeds of resource activities in additional areas, so that if revenues decline, the country will have other sources of income.

Fourth, resource extraction, processing, use, and disposal may have serious environmental consequences that have the potential to threaten environmental security and degrade present and future quality of life. Sustainable development for mineral/material and energy systems means ensuring that there is no enduring environmental harm from extraction, processing, use, and disposal, even if short-run disturbance of the environment is unavoidable.

Fifth, resource development can result in social impacts. Sustainable mineral/materials and energy development means that the communities are engaged in an open, honest, and effective process of consultation and communication from exploration through production to closure and post-closure.

Sustainable development can provide the foundation for a policy framework that ensures that mineral/material and energy resources are produced, used, re-used, recycled, disposed of, or stored in landfills for future use in a manner that respects the economic, social, and environmental needs of the local, national, and global communities. Within this framework, the benefits provided by mineral/material and energy resources are acknowledged, as is the reality that geology dictates the location of deposits. Moreover, sustainable development makes good business sense because improving the efficiency of extracting and processing resources, while enhancing environmental and community systems, can create both economic and environmental rewards.

Apology

Sorry, Folks, I had little input this month and ran out of time for graphics.

Frank Kendorski

Hanson PLC Trading Update and Statement on Asbestos claims

Trading update

Hanson PLC, the international building materials company, has brought forward its December trading update in order to be able to respond in a timely way to investor questions regarding current trading conditions, particularly following the recent publication of third quarter results by its US competitors.

At the time of its interim results announcement in early August, Hanson highlighted that trading since the start of the main US construction season had been mixed and that it was therefore sensible to remain cautious about the US outlook.

Subsequent US trading experience to date has confirmed this view. Also, as indicated in August, US comparisons for the remainder of the year will be affected by the unusually high level of trading at the end of last year as a result of a mild winter. Shortfalls in US aggregates volumes in the third quarter have been marginally better than those experienced in the first half. Most major markets have shown weakness, although San Diego continues to perform well. Pipe & Products also had a difficult quarter, largely due to delays in contract lettings affecting pressure pipe demand in Texas. Brick & Tile third quarter volumes, however, remain underpinned by continuing resilience in residential housing, particularly in Canada and Texas.

In the face of slower markets, Hanson Building Materials America's focus on cost performance has been increased further in order to mitigate the effects of lower volumes on trading margins.

In its other main geographical operations, Hanson said in August that it expected first half trading patterns to continue into the second half. This has been largely the case, although in the UK activity levels have been disappointing.

Demand in the UK has remained at the low levels seen in early summer, with the anticipated post-June upturn not materialising and the Aggregates Levy affecting demand for certain products. Third quarter aggregates volumes were 9% below the 2001 level. Despite this, year to date trading profit for the UK Aggregates division remains ahead of the prior year, thanks to a good first half, continued strong pricing and the ongoing benefits of management restructuring and cost control.

UK brick volumes fell by 3% in the third quarter. However, recent demand has been more encouraging, pricing remains good and operational cost control initiatives are having a beneficial impact. In Hanson Building Materials Europe's other principal market, Spain, trading conditions have been good.

Hanson Australia's performance remains strong and trading profit is anticipated to be significantly ahead of 2001. Both aggregates and ready-mixed concrete volumes and prices have increased in the third quarter and its associate companies continue to perform well. In Hanson Pacific, Hong Kong remains affected by weaker underlying demand and increased competition, while Malaysia's performance has been affected by the government's decision to expel temporarily many immigrant construction workers.

Group property disposal profits are currently forecast to be £13 million for 2002, assuming completion of all planned transactions. This reflects ongoing efforts to release surplus land and buildings in order to maximise balance sheet efficiency. Hanson's operations continue to generate strong cash flows. Assuming no further acquisitions or disposals, year-end net debt is currently forecast to be approximately £1.2 billion. This represents a reduction of approximately £230 million on the prior year, despite year to date acquisition spend of approximately £130 million (2001 total - £57.8m).

Assuming normal weather patterns and no significant further US dollar weakness (which is already forecast to have a net negative impact of approximately £9 million), Hanson currently expects to report 2002 pre-tax, pre-exceptional profit close to the median of current analyst forecasts of approximately £345 million. In 2001 pre-tax, pre-exceptional profit totalled £351.0 million.

Statement on asbestos claims

In view of the heightened interest in US asbestos related claims, Hanson believes that it is appropriate to provide investors with further information regarding its own situation.

In summary, Hanson believes that the cost of resolving current and probable asbestos related claims until 2010 should not have a material impact on its consolidated financial position, liquidity and results of operations. Accordingly, Hanson has no

current plans to increase the level of its asbestos related provisions.

Hanson does not believe that adequate information currently exists to allow it to estimate reasonably the amount of liability associated with asbestos claims that its US subsidiaries expect to resolve after 2010. However, assuming that current trends continue, Hanson does not expect that any such liability would have a material adverse impact on its consolidated financial position and liquidity.

From January 1, 1998 (the start of the first complete financial year following demerger) to September 30, 2002, certain US subsidiaries of Hanson have spent a cumulative \$6.0 million (before tax relief of \$2.4m) resolving the cases of approximately 37,000 US asbestos related claimants. This figure is after insurance recoveries of \$79.7 million and includes defence costs. Of the claimants whose cases were resolved during this period, approximately 52% were dismissed without payment and settlement costs for the remainder represent approximately 54% of the total gross spend.

During the first nine months of 2002, approximately 3,400 new cases representing approximately 13,100 claimants have been filed and cases representing approximately 11,400 claimants have been resolved. Of claimants whose cases were resolved in this period, over three-quarters were dismissed without payment and less than 1% related to cancers/mesothelioma.

Currently, 19,700 cases representing approximately 75,000 claimants (32% of whom relate to mass claims) are pending against various US subsidiaries of Hanson. Provisions totalling \$125 million are in place to cover asbestos related claims and costs (after assumed insurance recoveries of an approximately equivalent amount). This is in line with management's current estimate of the pre-tax cost of resolving both currently outstanding claims and probable future claims.

As indicated, product liability insurance has met substantially all of the amounts US subsidiaries of Hanson have incurred to date for settled claims and defence costs. However, Hanson's projections assume that this proportion could decline significantly over time as a result of various allocation, coverage and potential solvency issues.

As a consequence of the significant degree of uncertainty surrounding this type of litigation, resolution of any asbestos related claims beyond 2010 is not included in the above provisions. In addition, the provisions are determined based on certain assumptions which involve a significant degree of uncertainty. These assumptions include the number, mix and location of future claims, trends in dismissal rates, settlement costs and defence costs, resolution of all existing claims and resolution of new claims five years after receipt, the continued solvency of co-defendants and insurance availability.

Additional asbestos information

Virtually all of the US asbestos cases against US subsidiaries of Hanson involve numerous other defendants and concern bodily injury claims relating to the past manufacture of products containing asbestos.

The group companies named in US asbestos cases are all US subsidiaries of either Kaiser Cement Corporation (5% of claimants outstanding), which was acquired in 1988, or Beazer PLC (95% of claimants outstanding), which was acquired in 1991. Their manufacture of products containing asbestos had ceased prior to their acquisition by Hanson.

The products include coke oven batteries, roofing products, electrostatic precipitators, hot top rings, gun plastic cement, wallboard accessories and textured paints. Claims involving 242 of the 75,000 claimants also relate to previous ownership of shipping vessels by the Kaiser Cement Corporation group.

Historic dismissal rates quoted above illustrate that in a considerable number of cases claimants are unable to demonstrate specific exposure to the above products, or any specific illness or disability.

The figures in this announcement relate to US claims and persons other than current or former employees. In addition, 30 asbestos related claims from former employees of the above entities are outstanding. Outside the US, one known asbestos related claim is outstanding against a Hanson subsidiary. Any costs associated with these will be covered by insurance.

Inquiries:

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