

Ernest Henry Mining: Mount Margaret Mining Project

Xstrata Copper announced on 29 June 2011 that it had acquired the E1 and Monakoff copper tenements near Ernest Henry Mining (EHM) from Exco Resources Ltd for a cash purchase price of \$175 million.

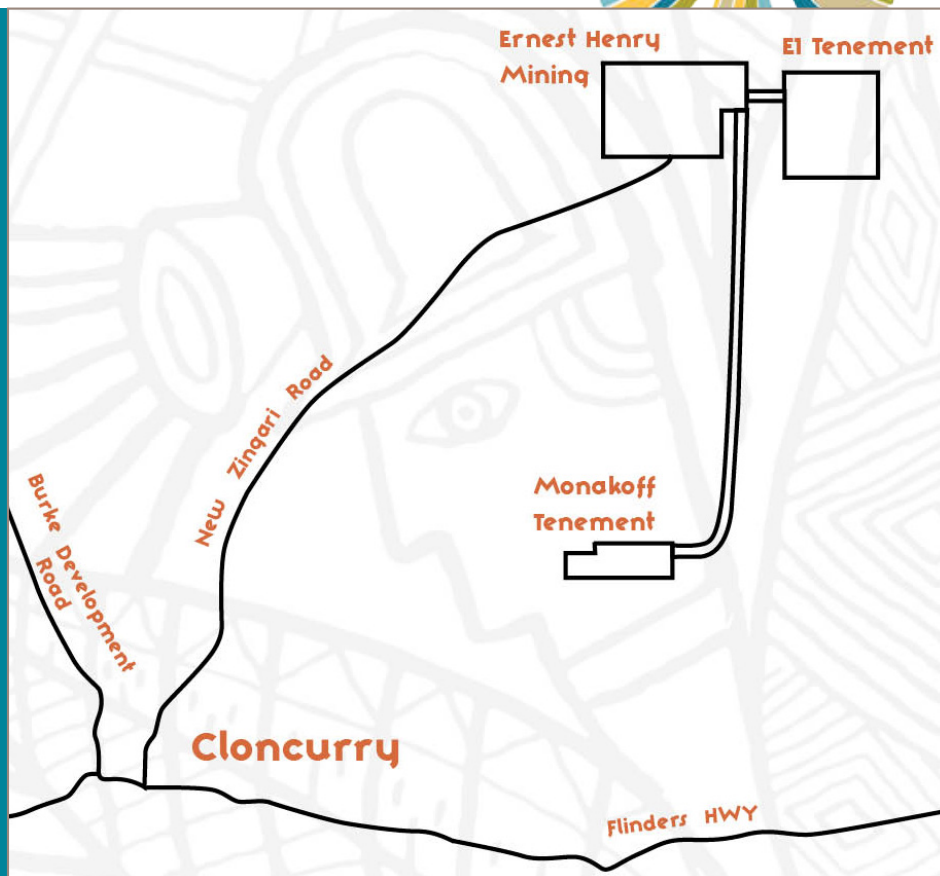
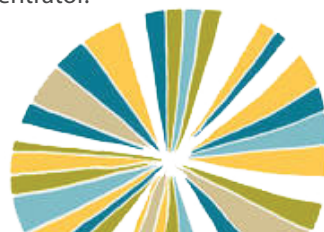
The E1 and Monakoff copper tenements are located 8 kilometres east and 21 kilometres south respectively of EHM and together form our Mount Margaret Mining (MMM) Project.

Project overview

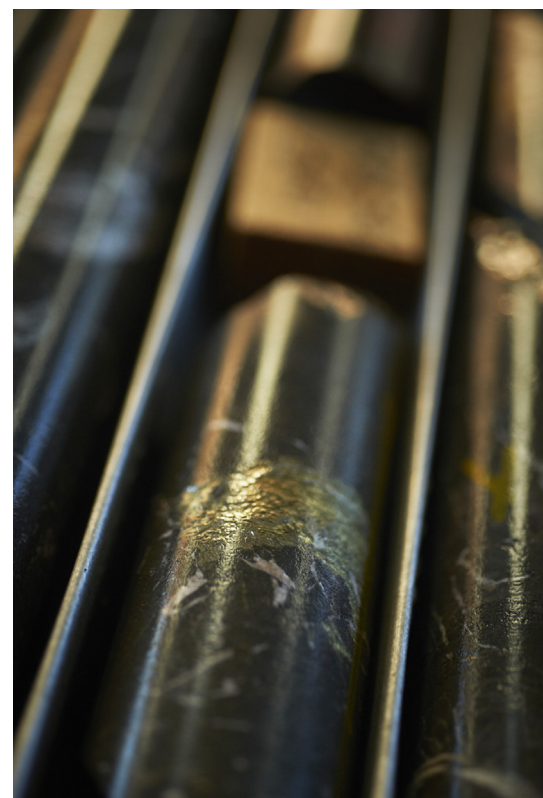
Our MMM Project incorporates the development of five small open pit mines, including three at the E1 tenement (known as E1 North, E1 South and E1 East) and two at the Monakoff tenement (known as Monakoff and Monakoff East).

The E1 and Monakoff deposits have a combined resource of 52.1 million tonnes grading 0.77% copper and 0.23g/t gold. This represents 401,000 tonnes of contained copper metal and 384,000 ounces of gold.

Subject to final government approvals, production is expected to commence from the project in the second half of 2012, with ore mined from the project being transported to EHM where it will be processed through our existing concentrator.



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Core samples from the E1 tenement.

Project benefits

We announced our successful transition from open pit to underground mining and magnetite processing on 6 December 2011 as part of Xstrata Copper's \$589 million project to extend our mine life beyond open pit completion to at least 2024.

During the first stage of underground operations, ore will be trucked via a decline at rates of approximately three million tonnes per annum, with production expected to ramp up to six million tonnes per annum following the commissioning of our underground shaft in 2013.





Our Traditional Custodians, the Mitakoodi people, conducting a Cultural Heritage Survey for the project.

The MMM Project will increase our production profile by utilising the remaining capacity of our existing concentrator, further strengthening the viability of our operations.

It is also anticipated that the development and operation of the project will create around 100 full-time jobs, some of which have already been sourced from our open pit workforce. This is in addition to the 330 construction jobs and 400 long term jobs created by our transition to underground mining and magnetite processing.

Project development

Significant works have been completed since the E1 and Monakoff tenements were acquired to progress our MMM Project.

A project team has been formed and an Execution Study is underway to develop more detailed plans for bringing the project online and integrating it into our normal EHM operations.

Environmental and Mine Lease approvals are progressing with some environmental approvals having been granted.

Consultation is also ongoing with key landholders and other stakeholders in relation to the project, including our local Traditional Custodians, the Mitakoodi People, who have commenced Cultural Heritage Surveys on haul road corridors and Mining Leases.

Designs have been finalised for haul roads that will connect EHM to the MMM Project and initial haul road construction has commenced on our EHM Mining Lease where permitted.

The overall size and shape for all five open pit mines has been determined and more detailed mine designs are currently being developed to include details such as the benches, berms and ramps.

Mine scheduling works are also underway to determine the order in which each mine will be developed. The pits depths will range from approximately 60 metres to 210 metres and their widths will range from approximately 325 metres to 525 metres.

Planning is in progress for the construction of an office complex at the E1 tenement to house our Technical Services and Mining teams and for more basic facilities to be established at the Monakoff tenement.

In-fill drilling has also commenced to provide additional information on the resource and this will continue throughout the first half of 2012 to further progress the project.



In-fill drilling underway at E1 North.

