



PORT
of
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MEDIA RELEASE

PORT FACILITY ON TRACK FOR MAGNETITE EXPORT

Townsville, 25 February, 2011.

WORKS on Xstrata's \$8.6 million storage expansion to accommodate export of magnetite concentrate at the Port of Townsville are nearing completion.

Xstrata is undertaking an extension of its existing bulk storage facility adjacent to Berth 7 to handle 1.2 million tonnes per annum of magnetite concentrate from its Ernest Henry Mining (EHM) operation near Cloncurry.

The first shipment of magnetite concentrate is scheduled to depart from the Port of Townsville for Asia in the first half of 2011, making Xstrata Queensland's first exporter of the magnetite concentrate.

Mark Roberts, General Manager for Xstrata Copper's Townsville Operations, said the extension to the bulk storage facility was quickly taking shape and was expected to be completed in March.

"The completion of this storage expansion represents another successful milestone in Xstrata becoming Queensland's first exporter of magnetite concentrate," said Mr Roberts.

"The magnetite project is a key component of the \$589 million project to transform EHM into a major underground copper-gold operation and this storage expansion is a critical link in the logistics chain for the product.

"Once the works are completed, the receipt, storage, and shipping of magnetite concentrate will generate 14 additional operator and maintenance roles at our port operations and another two positions within our shipping and sales administration team."

Magnetite is a benign form of iron ore occurring in nearly all igneous and metamorphic rocks and it is captured and produced into a concentrate form as an important by-product from EHM's copper-gold concentrating process.

"The magnetite concentrate produced at EHM will be chiefly used to fuel Asia's steel industry, however, the commodity will also be utilised as a washing agent in domestic coal operations," said Mr Roberts.

Port of Townsville Limited CEO Barry Holden said Xstrata's expansion was a significant investment in North Queensland's economic future.

"Townsville's strength lies in its diversity of industry and it is always pleasing to see another trade that will further support local and regional jobs and business come online," he said.

"Xstrata has been proactive in investing in new infrastructure required to make this magnetite export a reality and we congratulate the company on the initiative."



Mr Holden said Xstrata's development also linked with Port of Townsville Limited's multi-million-dollar upgrade of Berth 8.

Scheduled to begin in October 2011, this project will involve the relocation of Berth 7 operations to an upgraded Berth 8 with Xstrata to invest in a new shiploader and conveyors on the refurbished berth.

The existing Berth 6/7 pier, which is at the end of its serviceable life, will be decommissioned, demolished, and the site remediated once Berth 8 is operational, expected by the end of 2012.

"This project is a strong example of the Port and the private sector working hand-in-hand to increase trade throughput and build the economy," Mr Holden said.

"A refurbished Berth 8 will provide best practice facilities for new commodities like Xstrata's magnetite concentrate while ensuring the export future of mineral concentrates and fertiliser product valued at more than \$1 billion a year to the Queensland economy."

Ends...

Neither the content of the company's website nor the content of any other website accessible from hyperlinks on the company's website is incorporated into, or forms part of, this announcement

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A note to chiefs of staff:

Images are available on request.

ABOUT XSTRATA COPPER NORTH QUEENSLAND

Xstrata Copper's North Queensland Division is headquartered in Mount Isa and comprises the Mount Isa Mines copper operations (consisting of the Enterprise and X41 underground copper mines, the copper concentrator and Mount Isa copper smelter), the Ernest Henry Mining open pit copper mine located near Cloncurry, and the Townsville operations (comprising the copper refinery and port facilities).

The Division's integrated operations have the capacity to produce 300,000 tonnes of refined copper per annum. In 2010, Xstrata Copper North Queensland contributed \$1.34 billion to the Queensland economy.

ABOUT ERNEST HENRY MINING (EHM)

Ernest Henry Mine, 38 kilometres north east of Cloncurry in north west Queensland, began commercial production in 1998 as an open pit copper mine. Mined ore is processed at a concentrator on-site at the rate of 11 million tonnes per annum (mtpa).

Copper concentrate containing gold is trucked 157 kilometres to Mount Isa for smelting to anode, and the anode is then railed to Townsville for refining to cathode at Xstrata Copper's refinery.

In 2010, EHM produced 74,595 tonnes of copper in concentrate and 91,259 ounces of gold in concentrate. EHM concentrate usually represents around 30% of Xstrata Copper North Queensland's



total production. The University of Queensland's Centre for Social Responsibility in Mining (CSRM) found in 2007 that Ernest Henry Mining was responsible for over 30% of Cloncurry's economic activity. The EHM open pit is scheduled for completion in August 2011, however on 3 December 2009, Xstrata Copper announced corporate approval of a \$589 million development to extend the life of EHM to at least 2024 through the transformation of open pit mining operations to a major shaft underground mine with an associated magnetite extraction plant. The project will create approximately 330 jobs during construction and 400 full time jobs from 2013.

