



PRESS RELEASE

## Mount Margaret Mining produces first ore

Cloncurry, 30 August 2012

Ore production has commenced at Xstrata Copper's \$300 million Mount Margaret Mining operation in north-west Queensland, following the official start of mining activities last month, with ore now being trucked to Ernest Henry Mining for processing.

Xstrata Copper purchased the Mount Margaret mining tenements last year for \$175 million and will invest a further \$124 million in the operation over the next five years.

The mine will add around 30,000 tonnes of annual copper production to Ernest Henry Mining over this period and strengthen the economics of Ernest Henry by taking immediate advantage of the available installed capacity of the concentrator and associated infrastructure.

Ernest Henry Mining General Manager Myles Johnston said Mount Margaret was progressing on target with personnel and machinery gradually ramping up in line with the ore production schedule.

"Approximately four million tonnes of material has been mined since we started the pre-strip in July," Mr Johnston said.

"Ore is now being trucked to our Ernest Henry operation where it will be temporarily stockpiled prior to processing, which will commence in late September.

"Mount Margaret ore has a different composition to ore from Ernest Henry and will be treated separately through the concentrator using a different reagent scheme and settings to achieve maximum grades and recoveries.

"Our Mount Margaret workforce has now grown to 220 people and we expect to reach our full contingent of 300 employees in the first quarter of 2013.

"Our current open pit mining fleet includes two excavators and eight haul trucks, with another three excavators arriving in September and additional trucks and equipment coming online from 2013 in line with our production schedule.

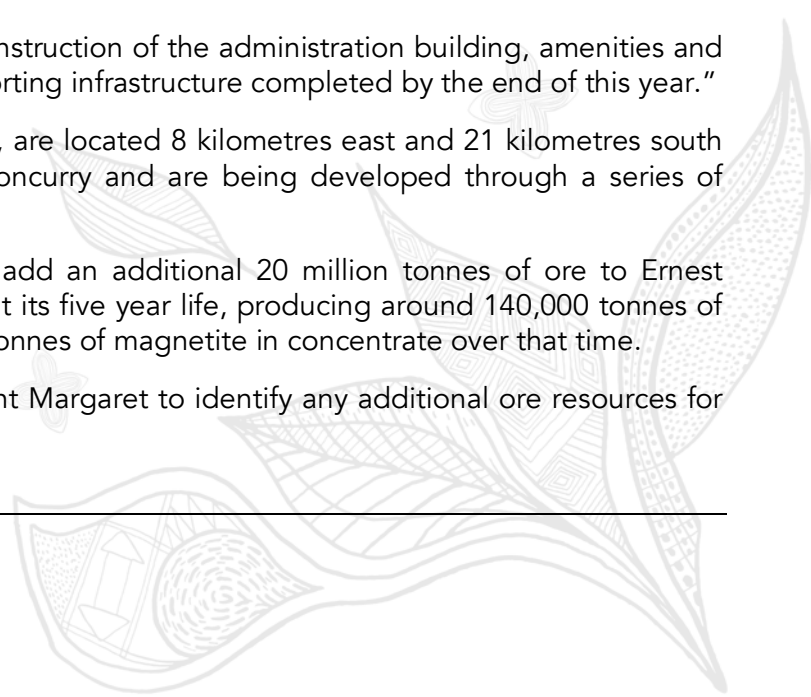
"Next month, we also expect to complete construction of the administration building, amenities and maintenance workshop, with additional supporting infrastructure completed by the end of this year."

The tenements, comprising E1 and Monakoff, are located 8 kilometres east and 21 kilometres south respectively of Ernest Henry Mining near Cloncurry and are being developed through a series of small open pit mines.

In total, the Mount Margaret operation will add an additional 20 million tonnes of ore to Ernest Henry's existing production profile throughout its five year life, producing around 140,000 tonnes of copper, 83,000 ounces of gold and 560,000 tonnes of magnetite in concentrate over that time.

Xstrata plans to continue exploration at Mount Margaret to identify any additional ore resources for future development.

*End*



[XstrataCopperNQ YouTube Channel](#) – New “Meet the team” video.

*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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**Notes to editors**

**About Xstrata plc**

We are a major producer of a range of vital commodities used in everything from constructing buildings and delivering electricity, to developing jet engines and mobile phones. We are one of the top five global producers of copper, thermal and metallurgical coal, ferrochrome, zinc and nickel and we also produce silver, lead, platinum, gold, cobalt and vanadium.

Founded in 2002 and headquartered in Switzerland, we operate in over 20 countries and employ over 70,000 people at more than 100 operations and projects around the world. We work in a responsible and sustainable way, with an entrepreneurial spirit and dynamic approach. For more information, visit [www.xstrata.com](http://www.xstrata.com)

**About Xstrata Copper**

We are the fourth largest global copper producer and one of the world's largest producers of smelter, refined and recycled copper, including from third party materials.

The copper we produce is essential to our modern society, being used extensively in electronic, consumer and building products, and with its use in green-technologies, anti-microbial applications and ability to be recycled, it is playing a vital role in our sustainable future.

Headquartered in Brisbane, Australia, we have operations and projects in eight countries and employ over 20,000 people. We play an essential role in the communities in which we live and work, by providing jobs, training, infrastructure, income for suppliers and support for social development. For more information, visit [www.xstratacopper.com](http://www.xstratacopper.com)

**About Ernest Henry Mining (EHM)**

Ernest Henry Mining is a copper, gold and magnetite mining and processing operation located 38 kilometres north east of Cloncurry in north-west Queensland, Australia. Ernest Henry began commercial production in March 1998 as an open pit mining operation and transitioned to underground mining and magnetite processing in December 2011 as part of our \$589 million project to extend the life of the operation to at least 2024.

We are currently trucking ore from our underground mine via a decline at a rate of approximately two million tonnes per annum. Production will ramp up to three million tonnes per annum by the end of 2012, producing around 25,000 tonnes of copper and 35,000 ounces of gold in concentrate. We are constructing a 1,000 metre deep underground shaft which will enable production rates to ramp up to six million tonnes per annum,

producing 50,000 tonnes of copper and 70,000 ounces of gold in concentrate from 2013 once the shaft is commissioned.

In July 2012, we commenced our Mount Margaret Mining operation, which is a series of satellite pits located adjacent to the Ernest Henry site. Copper ore from Mount Margaret will be processed through Ernest Henry's existing processing facilities, adding an additional 20 million tonnes of ore to Ernest Henry's existing production profile and producing around 140,000 tonnes of copper, 83,000 ounces of gold and 560,000 tonnes of magnetite in concentrate over its five year life.

We currently have around 1,200 people working on site during our project construction, commissioning and ramp-up at Ernest Henry underground and Mount Margaret operation. For more information, visit [www.ernesthenrymining.com.au](http://www.ernesthenrymining.com.au)