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# Dugald River

A well timed zinc opportunity

July 2015

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# Project overview

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- > One of the highest-grade undeveloped zinc resources globally.
- > Long life 28 year underground zinc mine.
- > Mine production rate of 1.5Mtpa, producing on average 160,000 tonnes of zinc in concentrate per annum.
- > Significant by-products including 18,000 tonnes of lead and 981,000 oz of silver in concentrate per annum.
- > Expected to be one of the top ten zinc mines globally when operational.
- > Approximately US\$750 million plus interest costs to complete the project.
- > First production expected 1H 2018.

# Dugald River – Project drivers

## A compelling zinc opportunity

- > Very high-grade, long-life resource in a stable, well-known region.

## Attractive zinc market fundamentals

- > Mine closures and few replacement projects creates zinc supply gap.
- > Solid demand growth driven by continued infrastructure investment and intensity of use.

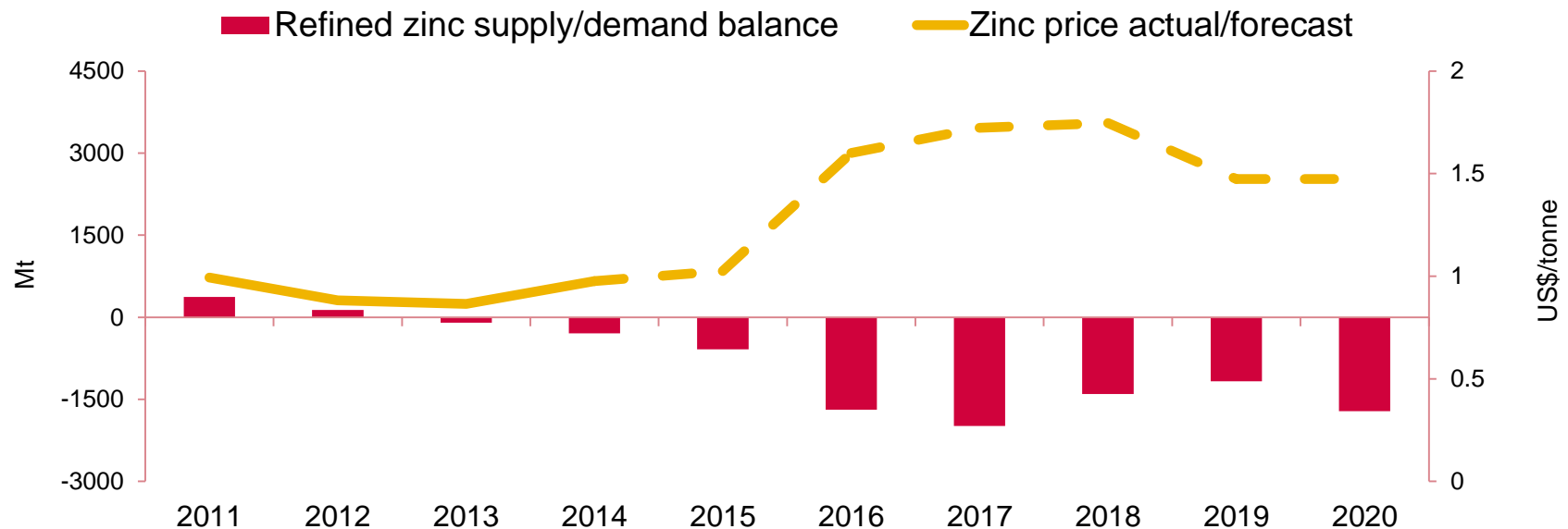
## Delivering value

- > Leveraging established customer relationships.
- > First concentrate timed for market opportunity.

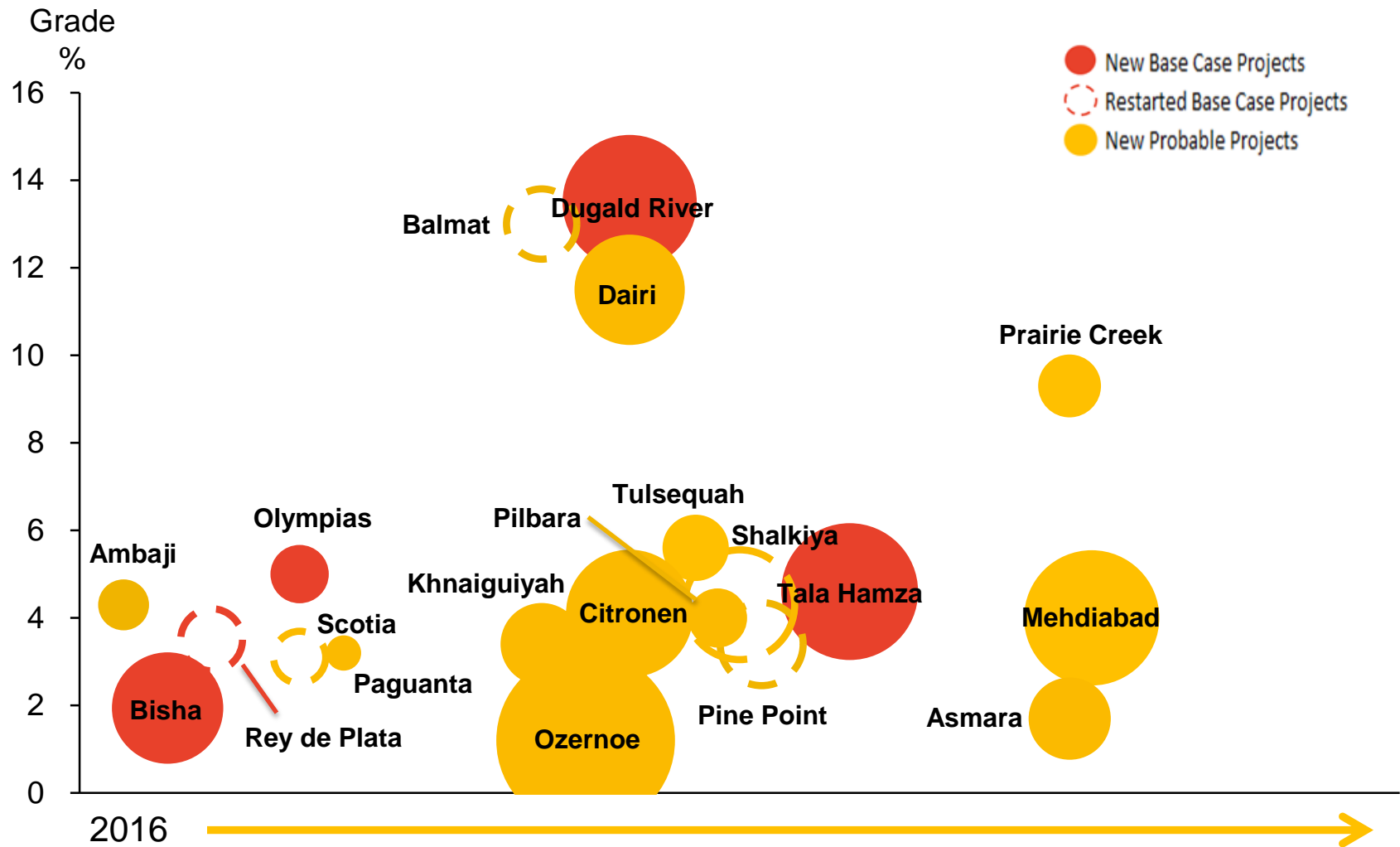
Mineral Resources				
	Tonnes (Mt)	Zinc (%)	Lead (%)	Silver (g/t)
<b>Primary Zinc</b>				
Measured	5.6	14.7	2.0	64
Indicated	25.2	13.5	2.3	52
Inferred	24.4	13.1	1.9	14
<b>Total</b>	<b>55.2</b>	<b>13.4</b>	<b>2.1</b>	<b>36</b>

# Zinc market supply tightening, strong demand

- > New production will not offset closures – 1.8Mtpa disappears from global supply by end of 2017.
- > Limited zinc exploration due to lower prices has limited new project development.
- > China enforcing higher environmental standards limiting supply response.
- > Solid demand from increased infrastructure investment and automotive galvanising.



# Dugald River standing out above the rest



Bubble size represents average annual zinc production.

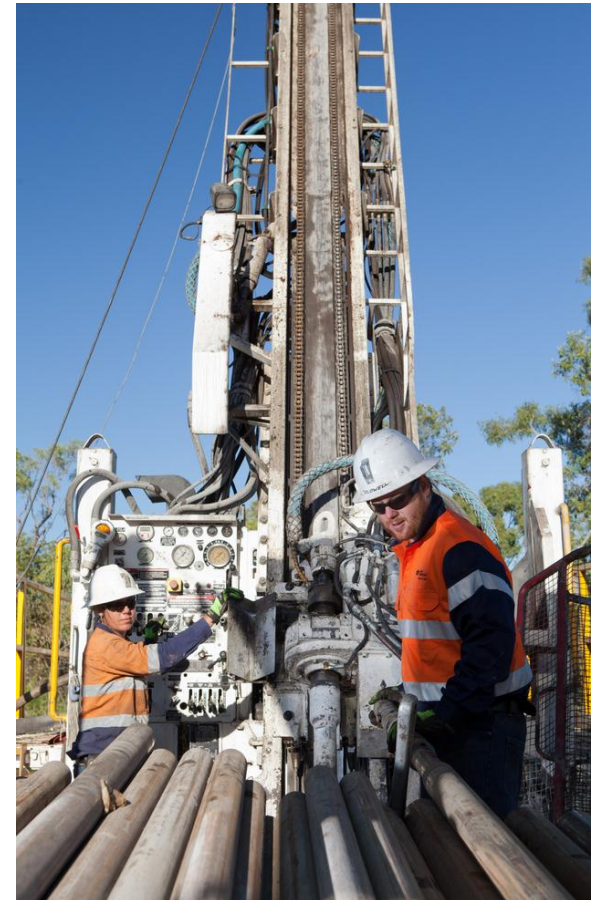
Dashed lines reflect restarted projects.

Source: Wood Mackenzie, Company Reports.

# Project scope

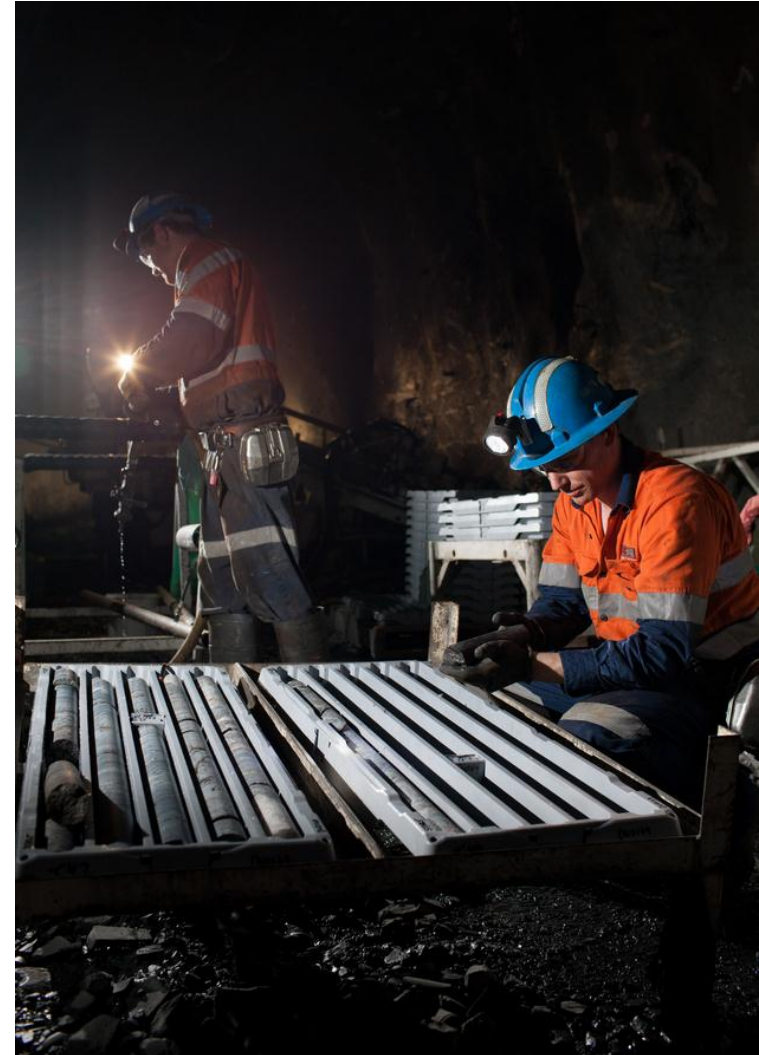
## Main project scope includes:

- > Mine with production rate of 1.5Mtpa per annum
- > Development of 500,000 tonne stockpile
- > Concentrator and associated infrastructure.
- > Paste plant for backfill.
- > Mining infrastructure and services.
- > Offsite infrastructure, high voltage transmission line and substation.
- > Ancillary equipment; mobile plant and equipment.
- > Installation of permanent 350-person village.
- > On site services and utilities.



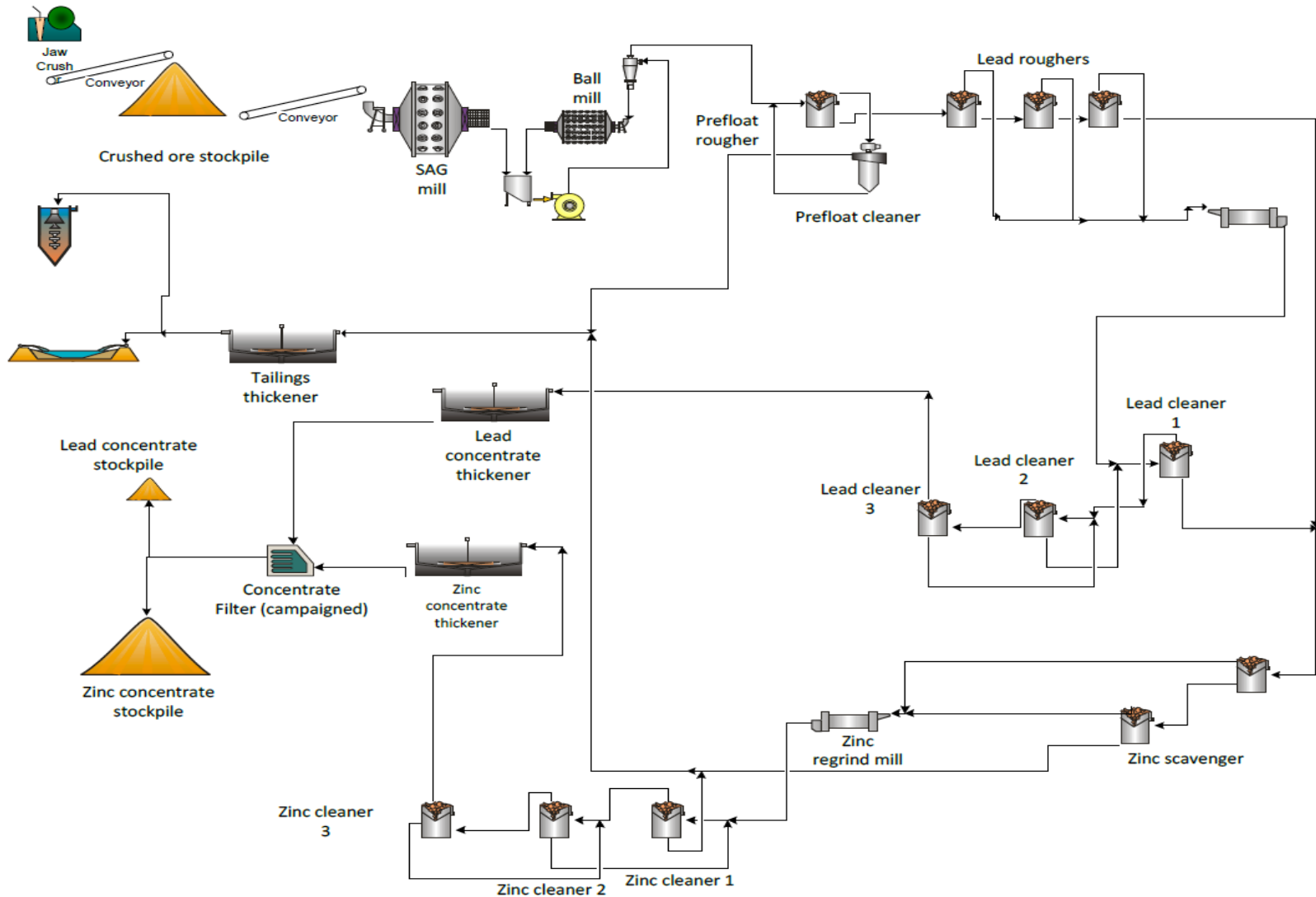
# Optimised mine plan

- > 2014 trial stoping program provided geotechnical and mine planning design parameters.
- > Annualised mine production rate of 1.5Mtpa.
- > Pre-production mine development to commence 2H 2015.
- > Pre-production program includes infill diamond drilling and detailed mine planning.
- > Build 500kt stockpile of ore to meet requirements of plant ramp-up – ensure sustainable mine production rate at plant commissioning.





# Processing circuit

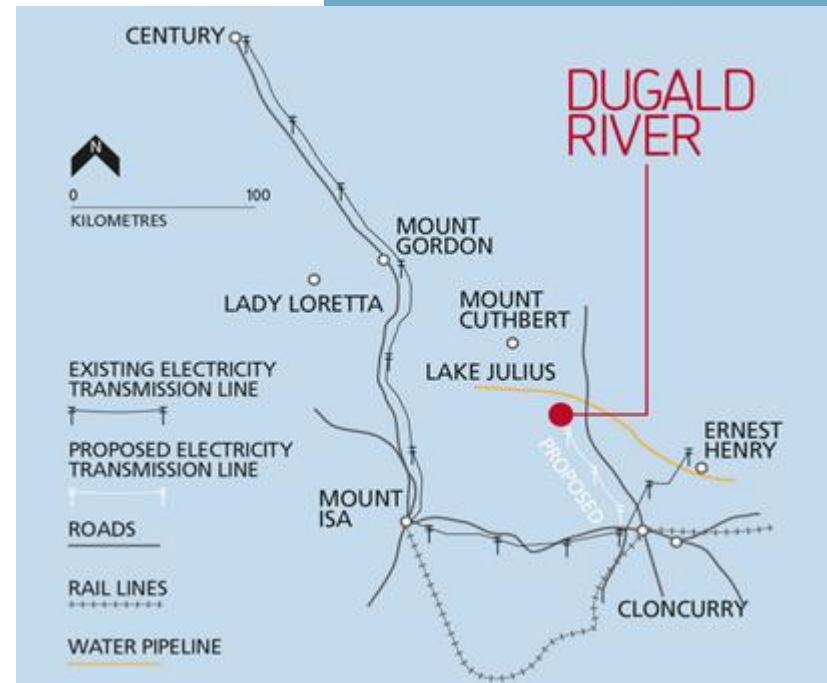


# Anticipated logistics chain

## Simplified logistics chain using closed loop containerised system

- > Loaded on site.
- > Trucked to Cloncurry.
- > Railed to Townsville.
- > Loaded into ships / at customer.
- > Returned to site for re-use.

## Capital infrastructure exists for this arrangement



# Marketing

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- Dugald River project has been well received by smelter customers who value a new, large and long life supplier to the growing Asian market.
- Experienced marketing team.
- Long established customer relationships stemming from marketing output at current MMG operations.

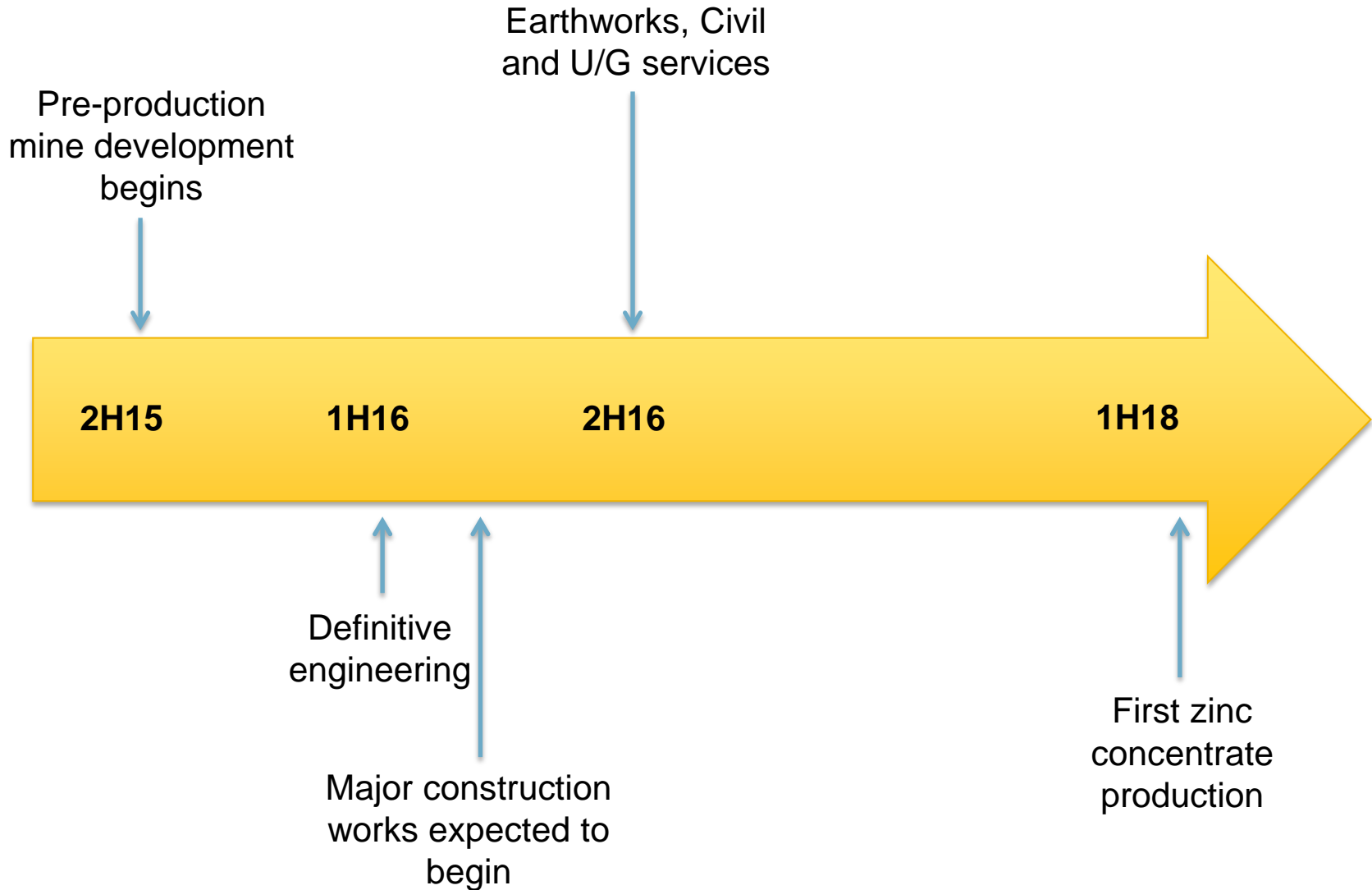
## Zinc Concentrate

- > Marketed to broad customer base to retain marketing flexibility and competitive tension in the market.
- > Letters of Intent (LoI) exist with a number of smelters in relation to Dugald River concentrate.

## Lead Concentrate containing Silver

- > High proportion of lead to silver will make attractive concentrate for smelters.
- > China largest market for imported lead concentrates.

# Project schedule



# Conditions of approval

## Permitting and Approvals

- > Amendment to Environmental Authority to reflect updated development plan.

## Other Permits / Approvals

- > Revised classification of the Tailings Storage Facility.
- > Approval for MMG product through Townsville port facilities.

## Revision of agreements with key energy and service providers

- > Gas supply and compression.
- > Power generation and transmission.
- > Rail haulage.
- > Road use.
- > Water supply.
- > Concentrate storage.

## Establishment of new agreements

- > Concentrate road haulage.
- > Opportunity for a BOO contract on the power transmission line.

## Social and community benefits

- > Development and operation will deliver more than 30 years of economic benefits through employment, training and revenue contribution to Cloncurry and Queensland.
- > Local workforce opportunities to further benefit during operational phase.
- > Existing agreement with Traditional Owners of Country.





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