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Media release:

US\$60.4 million Sepon copper expansion leads MMG's internal growth projects

MMG announced today its commitment to develop three major projects:

- US\$60.4 million to expand production capacity at the Sepon copper operations in Laos.
- US\$3.7 million for design and construction of a flotation desliming circuit at Sepon to improve pyrite recovery.
- US\$24 million to design and construct a new tailings storage facility at Golden Grove in Western Australia.

MMG Chief Executive Officer Mr Andrew Michelmore said these projects support MMG's vision to build a leading global minerals and metals business.

"We plan to focus on growing the value of our current assets in the near term and these projects deliver on that commitment," said Mr Michelmore.

The copper expansion project will increase annual copper cathode production at Sepon from around 65,000 tonnes to a nameplate capacity of 80,500 tonnes.

"We are very pleased to recommence this exciting project and believe that with continued operational improvements a stretch target of 83,000 tonnes per annum is achievable," said Mr Michelmore.

The flotation desliming circuit at Sepon will allow improved pyrite recovery from the leach tails to maintain soluble iron levels in the copper processing circuit. This will result in a reduction in the amount of pyrite purchased annually to supplement the flotation concentrate production and the potential for acid formation in the tailings storage facility.

The new tailings storage facility at Golden Grove will ensure continuity of mining operations with up to 15 years of tailings storage capacity.

"This facility has been designed based on previous exploration success, further exploration commitment and the expectation that the current life of mine will increase," said Mr Michelmore.

MMG expects the new tailings storage facility to be commissioned by mid 2010 with design and regulatory approval complete and early works already commenced.

At Sepon, significant improvements in copper production capacity have already been achieved with the commissioning of the second autoclave this year which saw capacity increase from around 64,075 tonnes per annum last year to a forecast of 67,500 this year.

"Construction is underway on a second 115kv power line that will allow us to source Lao domestic hydroelectric power. This will address the risk associated with dependency upon mains power from the existing single transmission line from Thailand and will also provide the additional power support required to complete the expansion project," said Mr Michelmore.

The project, which will commence immediately and is expected to be completed in December 2010, will increase plant throughput from 1.35 million tonnes to 2 million tonnes per annum. The project will include modifications to the current plant including increasing the size of the run of mine (ROM) crusher, an additional surge tank, cooling tower, spiral heat exchangers, thickeners and electrowinning cells.

Approximately US\$103 million was spent on the project prior to its suspension in late 2008.

"The Villabouli district where we operate in Laos holds significant exploration potential and we recently committed an additional US\$4 million to exploration in the region. Together with these projects this signifies our ongoing commitment to the Lao PDR," said Mr Michelmore.

"The support of the local community and the Savannakhet and Central governments since Sepon's initial development has been greatly appreciated. But with this support comes a duty and an obligation to ensure that we deliver not only revenue to the national budget but also real economic development to the communities in which we operate.

"Importantly the expansion project will lead to an increase in local employment and grow the total workforce by over 700 jobs during the construction peak."

"Our aim is to create a lasting legacy of which MMG and its employees can be truly proud."

The Sepon copper and gold operation comprises a 1,250 square kilometre contract area located approximately 40 kilometres north of the town of Sepon in the Savannakhet Province of south-central Laos. Gold production at Sepon commenced in December 2002 and copper in early 2005.

The Golden Grove underground base and precious metals mine in Western Australia produces concentrates of zinc, copper and lead/precious metals. It is located approximately 450 kilometres northeast of Perth and 280 kilometres east of Geraldton in Western Australia and was commissioned in 1990.

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