



NEWS RELEASE

MRM LODGES PUBLIC ENVIRONMENTAL REPORT

Darwin, 4 July 2006

McArthur River Mining (MRM) has today lodged a Public Environmental Report (PER) in the next stage of the Northern Territory Government's assessment of the proposed conversion of the zinc mine from underground to open cut.

MRM General Manager Mr Brian Hearne said the PER has taken the design and planning for the proposed development to a greater level of detail.

"We have the science to support our confidence in this development," Mr Hearne said.

"A range of experts in specialist fields have been commissioned to further investigate many aspects of the proposal.

"We have also included the recommendations of the Government's independent adviser, Professor Wayne Erskine, into the amended design of the river diversion.

"The result is a modified design for the development offering stronger environmental protection."

The guidelines for the PER issued by the NT EPA on 9 May 2006 outlined nine issues to be addressed: diversion of the McArthur River and Barney Creek, waste management, tailings storage facility, surface water, groundwater, biology, heritage, social impact and EPBC Act matters.

The PER is now available for public comment for a 28 day period. Written submissions are invited to be received by the NT EPA by the close of business on Monday 31 July 2006. A copy of the PER can be obtained from public libraries, MRM and the NT Government website:
www.nt.gov.au/nreta/environment/assessment/register/index.html.

Mr Hearne said the PER contains substantial new information particularly in regard to the biology and characteristics of the McArthur River and Barney Creek, the risk of leaching from waste sites and the flood protection bund, and the economic and social benefits of the development.

Some of the key modifications or results detailed within the comprehensive document are:

- Amendments to the design for the McArthur River and Barney Creek diversions to even more closely mimic the existing river and ensure there are no detrimental impacts upstream or downstream of the diversion through erosion.
- A more detailed revegetation plan for the banks of the new channels which will require around 35,000 tube stock plants to support rapid establishment.
- Further planning for the clearing schedule for the riparian corridor along the river over a ten year period to provide a gradual transition for bird movement and avoid fragmentation of habitats.

- More detailed designs for the overburden, tailings storage facility and flood protection bund which use a multiple lines of defence strategy to protect against seepage.
- Survey results confirming the Djirrinmini Waterhole is too small to be significant for larger fish species and the expected gradual, long-term 0.35m drawdown on groundwater levels in the waterhole can be mitigated and is unlikely to impact on the habitat.

The PER also contains the findings of a comprehensive survey of the freshwater sawfish (listed as vulnerable) and its habitat by leading national authority, Dr Dean Thorburn. This found the upper reaches of the McArthur River are at best marginal habitats for the sawfish compared to other Gulf rivers and that the amended river diversion design will maintain these habitats adequately.

Mr Hearne said the PER includes proposals for an expanded environmental monitoring program to closely track a wider range of potential impacts.

“We had already committed to double our investment in environmental monitoring but the action proposed takes this commitment a lot further,” he said.

“In response to community concerns, we have expanded our existing environmental monitoring and developed new programs to increase the number of locations tested and the scope of the studies.”

The additional environmental monitoring commitments include:

- increase in the number of upstream and downstream test sites for sediment and water monitoring in the McArthur River and Barney Creek
- a new study into migratory birds around the Bing Bong loading facility
- extending the annual sampling of water quality, sediment, seagrass and oysters within the Gulf region to include more samples sites in the McArthur River and its mouth and in and around the Sir Edward Pellew Islands
- funding for the appointment by the community of a mutually agreed scientific specialist to independently review the results of the monitoring program.

Mr Hearne said MRM has worked hard to demonstrate the mine development can be sustainable within the environment.

“The open cut development is still the only way to secure the future of the mine,” he said.

“Approval of the development will extend the mine life by 25 years and build a more viable operation. We forecast that at current commodity prices, royalties will begin to flow to the Northern Territory Government within two years of the open cut operation beginning.”

The environmental review of the open cut development is now governed by section 14A of the Environmental Assessment Administrative Procedures under the *Environmental Assessment Act* after the Minister for Mines and Energy, the Hon Kon Vatskalis MLA, referred the matter back to the Environmental Protection Agency on 20 March 2006. MRM lodged a Notice of Intent to proceed with the PER process on 12 April 2006.

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For more information

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About MRM

McArthur River Mine (MRM) is a zinc-lead mine wholly owned by Xstrata Zinc and located 900 kilometres south-east of Darwin near the Gulf of Carpentaria. It opened in 1995 to mine an ore body which is one of the largest known deposits of zinc and lead in the world. Since then, it has contributed both directly and indirectly around \$350 million annually to the Northern Territory economy and employed a workforce of 350.

In August 2005, MRM announced its intention to convert the mine from an underground to an open cut operation to enable production to continue. This development would extend the life of mine by at least 25 years and was initially expected to entail an investment of AUD66 million. MRM has a measured and indicated ore resource of greater than 120 million tonnes, equating to over 85 years of production at current levels. The mine faces the prospect of closure however, as underground mining is no longer viable. After 10 years of operation, the most accessible underground ore has been extracted and the underground mining operations, which comprise over 100 kilometres of underground tunnels, have become uneconomical. The development of an open-cut operation is the only way to access MRM's significant ore reserves and secure the future of the operation.

Growing world demand for zinc, particularly in Asia, and improved refining methods, coupled with reduced operating costs and improved quality of MRM's bulk concentrate product have supported the decision to inject further investment in the mine.

In August 2005, MRM lodged a draft Environmental Impact Statement (EIS) with the Northern Territory Government for the open cut conversion. In December 2005, an EIS Supplement was submitted responding to around 150 matters raised through a public review process.

At the conclusion of the EIS process on 23 February 2006, the NT Minister for Environment and Heritage, Marion Scrymgour MLA, recommended against the mine proposal. This recommendation was passed to the Minister for Mines and Energy, the Hon Kon Vatskalis, MLA, who on 20 March 2006, referred the matter back to the Environmental Protection Agency for further assessment on nine issues.

About Xstrata Zinc

Xstrata is one of the world's largest producers of zinc concentrates and refined zinc. Over half of all zinc currently consumed is used for galvanizing steel, which is a highly cost-effective and environmentally friendly method of protecting steel against corrosion. Zinc also finds application in the manufacture of die-cast alloys, brass and the production of zinc oxides and chemicals. Xstrata's zinc and lead operations are located in northern Spain, northern Germany, Australia and the UK. They comprise: the San Juan de Nieva zinc smelter and the Arnao zinc semis plant in Asturias, Spain; the Hinojedo roasting plant in Cantabria, Spain; the Nordenham zinc smelter near Bremerhaven in northern Germany; the Mount Isa, George Fisher-Hilton and Black Star zinc-lead mines in Queensland, Australia; McArthur River zinc-lead mine in the Northern Territory, Australia; and the Northfleet lead refinery located in UK.