

MEDIA RELEASE:

Productivity improvements contribute to mining record at Century

18 October 2013

Ongoing productivity improvements contributed to MMG Century achieving a quarterly mining production record, with 2.4 million tonnes of ore moved during the third quarter.

The 58% increase on ore mined from the previous quarter was also assisted by improved access to Stage 8, a mining area with higher grade ore.

Quarterly and year-to-date records were also achieved for lead concentrate production and sales due to above plan lead feed grades and strong recoveries. A total of 38,022 tonnes of lead metal in concentrate was produced during the quarter, a 382% increase from the same period during 2012.

Century produced 112,868 tonnes of contained metal in concentrate during the quarter, a 12% decrease than during the previous quarter due to a planned nine-day shutdown and the impact of lower zinc feed grades as Century approaches the end of its current mine plan.

MMG General Manager Queensland Operations Mark Adams said that ongoing productivity improvements and recent upgrades to Century's processing plant were helping to offset the impact of zinc feed grades.

"By enabling significant and sustained increases in mill throughput and stabilising recoveries, these improvements are critical in partially offsetting the impact of lower feed grades.

"We remain on track to achieve our annual production guidance of 480,000 to 490,000 tonnes of zinc in zinc concentrate production."

Looking forward, Mr Adams said that lead production would remain strong during the fourth quarter as Century worked to transport batches of reclaimed lead concentrates to its Karumba Port facility for shipment.

Lead production guidance remains unchanged at 38,000 to 42,000 tonnes of lead in lead concentrate.

Dugald River project

At MMG's Dugald River project in Queensland, Australia, underground mine development continued to advance ahead of schedule, with two exploration declines in excess of 10,100 metres at the end of September 2013. Construction of the main site access road remains on schedule with important work commencing on the Dugald River Bridge. The 100-person construction camp was also completed in August.

The transportation of 95,000 tonnes of Dugald River ore to Century was successfully completed in September. The five-day campaign to process this ore occurred in October producing 6,050 tonnes of zinc in zinc concentrate and contained an average of 50.8% zinc, 1.6% lead and 1.6% manganese.

MMG announced on 18 September that it had deferred most surface work activities while it completes its project review. The deferral includes the suspension of bulk earthworks, the construction of the permanent accommodation camp and suspension of the engineering, procurement and construction of the processing facility.

Initial findings of the preliminary review indicate that alternative mining methods are required with additional analysis to be undertaken to further optimise the mining methods. The Board will consider the final review and the results from the trial ore processing in making an investment decision regarding the development of the Dugald River project.

It is unlikely that the previously announced schedule of a first concentrate shipment in late 2015 will be achieved.

For further information please refer to the MMG Limited Third Quarter Production Report 2013.

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