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Media release:

Sepon Says Report of Lay Offs is Inaccurate



A report stating the OZ LXML Sepon gold and copper mine would be laying off large numbers of workers is inaccurate. "We have written to the Government of Laos saying that at current copper prices we intend to retain most of our permanent workforce of Lao nationals" said Phil Dunstan, General Manager of the project.

"Our workforce is a valuable asset to the company and we do not want to lose these employees. We need them to continue producing over 60,000 tonnes of copper and 85,000 ounces of gold annually. We hope to increase output to 67,000 tonnes next year and this will involve more work" Phil Dunstan said.

The Global Financial Crisis has had a dramatic impact on the copper price. Copper has fallen from over US\$8000 per tonne in July to as low as US\$2980 this month. The change in price has meant the need to review investment decisions. The company has had to postpone a number of its projects including the full expansion of the Sepon copper mine and infrastructure such as the building of a new power line. The original plan was to expand copper production to 80,000 tonnes by 2010 but in the current market conditions 67,000 tonnes is considered appropriate.

Many of these new projects would involve casual employees or contractors. These jobs have not been lost, but they have been deferred until 2010, when many expect the world economy to start recovering. The company has been working with the local government authorities to ensure that wherever possible non-permanent employees still have work, but the amount of work days per month of employment may be reduced.

"We have been keeping the Government of Laos, including the Ministry of Energy and Mines and the Ministry of Labour and Social Welfare informed as best we can. It is important for us to work with the authorities and in accordance with the Lao Labour Law" said Bruce Loveday, Executive General Manager Business Support for OZ Minerals.

The lower copper price will make it necessary to reduce the operations costs so that it remains competitive internationally. The company is restructuring its operations and looking at ways to save money and operate more efficiently. The cost of inputs to production has also decreased and the company has been looking at how to take advantage of these opportunities. There have been a number of foreign workers and a small number of Lao workers who have been made redundant as areas of business have been considered no longer affordable at low copper prices.