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Press Release

Kennecott Eagle Minerals Company prepares to move forward on Upper Peninsula mine project

The Michigan Department of Environmental Quality today issued its final determination and order on remaining project permits.

(Ishpeming, Mich. — January 14, 2010) — Kennecott Eagle Minerals Company today said it was preparing construction plans and schedules necessary to begin building a new nickel and copper mine in Michigan's Upper Peninsula this year. Kennecott today received the final authorization it needs from the State of Michigan for the \$300 million project that will create an estimated 700 new construction and mine operations jobs in the U.P.

"Today's decision by the State is great news for our project and a community and region that has been anticipating the job opportunities and economic contribution our project will trigger," said Rio Tinto / Kennecott Eagle Minerals General Manager Jon Cherry, who has lead the project and permitting process for the past seven years. "Permitting this project has been a very rigorous process that has enabled Kennecott to develop an exceptionally responsible design and approach to mining in the 21st Century in Michigan."

The DEQ's final order today affirmed that permits for the mine issued last fall were approved in accordance with Michigan's environmental protection laws. Today's decision puts all of the state permits for the Eagle project into effect.

Kennecott will begin a three-year construction effort aimed at bringing production of nickel and copper from Eagle on line in 2013.

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Site preparation for surface facilities — primarily environmental management and control programs — is set to begin as soon as construction schedules are finalized. The majority of work planned for 2010 at the site will be focused on first clearing and grading the 120 acre site and building a state-of-art \$10 million water treatment plant. Ensuring the protection of the environment and water resources is integral to the operation.

A date for groundbreaking has not been set, but will be announced later.

Cherry remarked, “I am proud of everyone here and across the Kennecott team and thank them for their dedication and hard work. I also want to thank the many supporters of the project for their confidence in our company and unwavering commitment to the U.P. As a company, Kennecott also looks forward to working with others in the community to build positive, relationships that bring enduring benefits to the area.”

Kennecott is awaiting final permit authorizations from DEQ for the Humboldt Mill project, which are anticipated later this spring.

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