

Media Release  
30<sup>th</sup> December 2010

### **Severe rain and flooding in Queensland impacts QMAG's production and shipments**

Severe monsoonal rain in central and northern Queensland has had a major disruptive impact on rail and road networks and is now having an adverse impact on QMAG's magnesia production and shipments. The main road and rail routes some 250km to the south of Rockhampton have now been closed for several days which are preventing all truck and container deliveries to customers.

In addition, the Fitzroy River (Rockhampton's main river) has begun to flood which will cause further production and shipment disruptions. The river level is currently at 8.0m and is expected to reach 9.0m by 2<sup>nd</sup> January and 9.4m by 4<sup>th</sup> January with possibly higher levels after that. These high levels are expected to persist for 7-10 days. Major flooding occurs at 8.5m and the expected level will be higher than the last major flood in 1991 (9.2m) and will be the 2<sup>nd</sup> highest on record over the last 150 years (highest 10.1m in 1918).

As a result, road and rail networks will be cut directly to the north and south of Rockhampton. This will cut access to QMAG's mining operations (70km to the north) which will necessitate the closure of the Kunwarara mine. It will also continue to prevent any truck or container deliveries to customers for an extended period. The Parkhurst magnesia processing operation will continue to operate for another 10-14 days at reduced production levels but will also be required to be shutdown if road and rail networks remain closed.

QMAG Managing Director Alan Roughead said:

"While all efforts are being made to minimise the impact of the flooding on our magnesia production and shipments, we are unable at this stage to provide an estimate of the full impact on our customers or its duration. Our marketing team will be contacting all customers to advise what impact, if any, the flooding will have on their magnesia deliveries. However, it is expected we will have to declare force majeure on some of our contracts. In the meantime, our priority will be the safety and well being of our employees."

#### **About QMAG**

QMAG has been in operation since 1991 and is one of the world's largest producers of DBM, EFM and CCM for the global refractory and chemical markets. QMAG holds mining rights over extensive magnesite resources at Kunwarara and Yaamba, which together comprise the world's largest known deposit of high quality cryptocrystalline magnesite. [www.qmag.com.au](http://www.qmag.com.au)

Further enquiries on corporate matters please contact:

Alan Roughead,  
Managing Director,  
+61 7 3331 3492  
+61 407 744965  
[aroughead@qmag.com.au](mailto:aroughead@qmag.com.au)