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Kennecott

News Release

FACT SHEET

MODERNIZATION PROJECT - UTAH COPPER DIVISION

A $400 million modernization project currently is underway at the Utah Copper Division of Kennecott. The project will provide in-pit crushing and the construction of new grinding and flotation facilities located near the mine. Transportation improvements include an ore conveying system and the installation of three pipelines. The project will utilize some of the largest state-of-the-art crushing, conveying, grinding and flotation equipment available in the industry today. The modernized Utah Copper Division will be capable of processing 77,000 tons of ore per day.

Major Components:

- A 60-inch by 109-inch gyratory ore crusher installed within the pit of the Bingham Canyon mine. The crusher is designed to be movable and will be relocated in the mine as a function of the mining plan.

- A five-mile belt conveyor system will move the ore from the mine to the site of new grinding and flotation facilities one mile north of Copperton. The 72-inch main ore conveyor will exit the mine through an existing railroad tunnel at the 5,490-foot level (elevation).

- The grinding plant will consist of a coarse ore stockpile and a grinding building, which will house three grinding lines, each consisting of one semi-autogenous grinding (SAG) mill (34 feet in diameter by 15 feet in length) and two balls mills (18 feet in diameter by 28 feet in length).

- The flotation portion of the Copperton complex will include 33 3,000-cu ft cells as well as a number of smaller cells for the copper concentrating circuit. The complex includes a molybdenum recovery plant.

- Three pipelines will be constructed between Copperton and existing UCD facilities. A five-inch buried steel line will be utilized to move concentrates to the smelter, 17 miles away. A 48-inch concrete overland pipeline will transport tailings to the existing tailings pond. Reclaimed water from the pond will be pumped back to the grinding and flotation facilities in a buried 48-inch steel pipeline.

Construction Time:	The project is scheduled for completion in late 1988.
Construction Workers Required:	At the peak of construction in 1987, about 1,200 workers.
When completed, annual copper production capacity:	185,000 tons of refined copper.
When completed, level of employment at UCD:	1,800 hourly and salaried employees.

Environmental Considerations:

- Best available control technology will be utilized throughout and will result in UCD achieving a net air quality gain as overall emissions will be reduced.
- The modernization will not impact either surface or ground water quality.

When modernization is completed, the following will not be utilized as part of UCD's operations:

- Rail ore haulage system between the mine and existing concentrators.
- Bonneville, Magna and Arthur concentrators.

Progress by the end of 1986:

- Engineering 65 percent complete.
- Construction 20 percent complete.
- Grinding plant enclosed; mechanical and electrical work continuing.
- Earthwork for conveyor and pipeline right-of-ways 80 percent complete; pipeline installation underway.

KENNECOTT
MOVING FORWARD

RESTART — PRESE

JUL '86	SEP '86	DEC '86	FEB '87
New labor agreements ratified	First workers recalled; mine operations underway	Bonneville, Magna concentrators restarted; workforce at 1,300	Power plant to restart

RESTART

Under the terms of the new four-year labor contracts ratified by union employees in July 1986, Kennecott agreed to restart the Utah Copper Division and recall approximately 2,000 employees. Workers began returning in September to begin the rehabilitation necessary to restart existing facilities and equipment. The mine began operations in September, the concentrators started up in December, and all remaining facilities are expected to be operational by mid-1987. The division had been shut down since mid-1985 and had operated at one-third capacity for one year prior to the closure as a result of depressed economic conditions in the metals industry. The Utah Copper Division will operate at a rate of 145,000 tons of refined copper annually until the modernization project is completed.

MODERNIZATION —

DEC '85	FEB '86	MAY '86	AUG '86	OCT '86	DEC '86	MAR '87
$400 million project announced	Site preparation started for new grinding plant	Concrete work begun at grinding plant	First steel erected at grinding plant	Earthwork for conveyor/ pipeline routes underway	Grinding plant building enclosed; 800 construction workers on site	Initial delivery of large mill components

ENT TECHNOLOGY

JUL '87	AUG '87	DEC '87
Smelter to begin operations	Refinery startup	Division in full operation; workforce peaks at 2,200

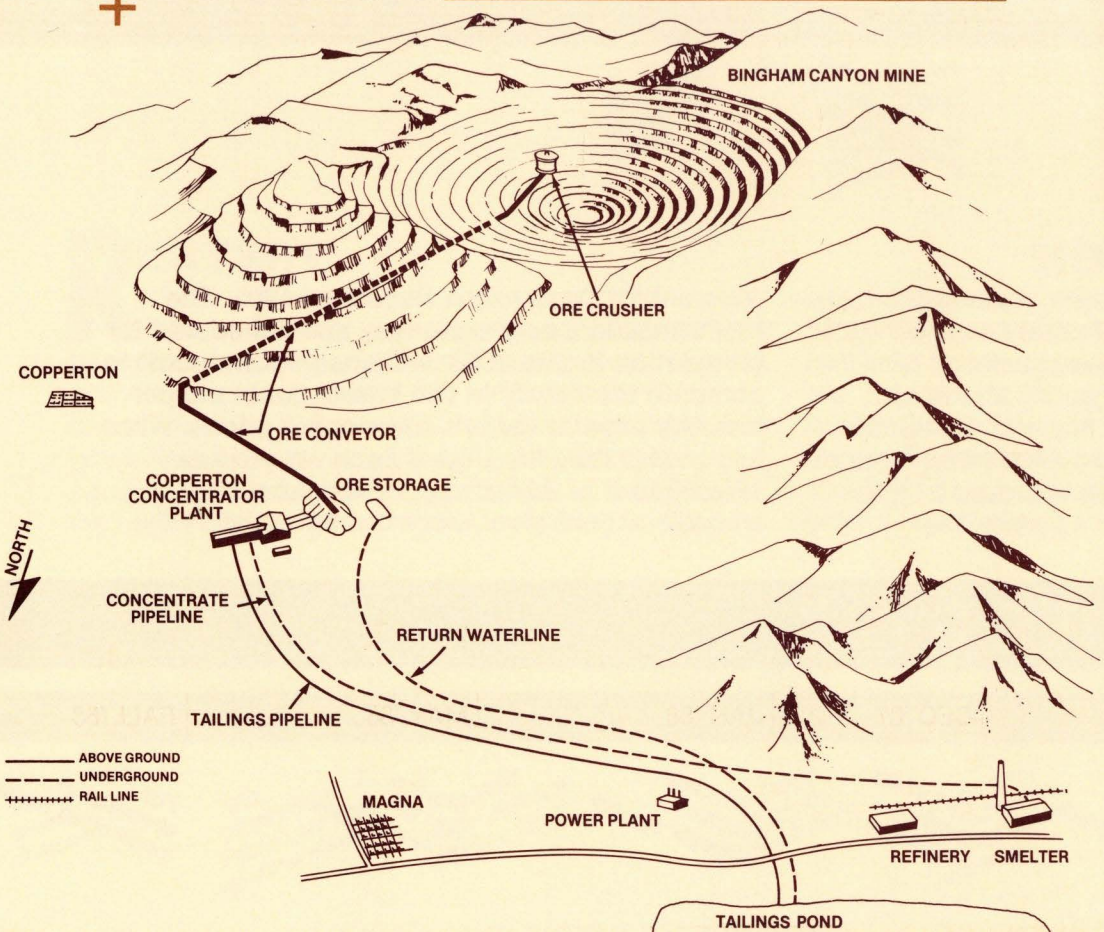
MODERNIZATION

Studies for the Kennecott modernization began in 1980 and preliminary engineering on various possible scenarios was developed over the next several years. Despite staggering losses as a result of low copper prices, the future of the historic Bingham Canyon mine received a $400 million vote of confidence when the project was approved by the Board of Directors of Kennecott's parent, The Standard Oil Company, in December 1985. **The modernization, now underway and scheduled for completion in late 1988, will enable Kennecott to compete effectively in the international copper industry even at today's low copper prices.** When fully modernized, the Utah division will produce 185,000 tons of refined copper and substantial amounts of gold, silver and molybdenum annually.

NEW TECHNOLOGY

MAY '87	SEP '87	DEC '87	JAN '88	MAY '88	FALL '88
Begin erection of crusher/conveyor system	Peak construction activity; 1,200 construction workers on site	Complete pipeline installation	Complete crusher/ conveyor system	Startup first of three mill lines	Full operation of modernized facilities

Kennecott UTAH COPPER DIVISION MODERNIZATION PROJECT



Kennecott's $400 million project at the Utah Copper Division includes in-pit ore crushing and the construction of new grinding and flotation facilities near the mine. Transportation improvements include a five-mile ore conveyor system and the installation of three pipelines. The project will incorporate some of the largest state-of-the-art crushing, conveying, grinding and flotation equipment available in the industry today.