Expansion in South America: Progress and Sustainable Development

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South America Operations Division

Maximising regional synergies

- Created in February 2011, headquartered in Lima, Peru
- Manages mining operations, corporate affairs and business development in Argentina, Chile and Peru:
  - Tintaya Antapaccay (Peru)
  - Las Bambas (Peru)
  - Lomas Bayas (Chile)
  - Minera Alumbrera (Argentina)
  - Agua Rica Project (Argentina)
  - El Pachón Project (Argentina)
- Strong regional coordination
- Synergy capitalisation eg suppliers and procurement
- Effective coordination with regional JV, marketing and project development sites
South America’s contribution

Major and growing contribution

- South American operations (including non-managed JV’s) contribute around 70% of Xstrata Copper’s production and operating profit
- Two major projects approved and in implementation: Tintaya/Antapaccay – commissioning and Las Bambas – under construction
- Several brownfield expansion opportunities at managed operations: Lomas Sulphides, Coroccohuyaco, Agua Rica

Xstrata Copper mined copper production
2011: 889,000 tonnes

- Chile*: 31%
- Peru**: 23%
- Argentina: 13%
- North Queensland: 28%
- Canada: 5%

Xstrata Copper operating profit
2011: $3,924 million

- Chile†: 28%
- Argentina: 14%
- Peru**: 25%
- North Queensland: 22%
- Canada: 11%

*Including Lomas Bayas and XCu’s share of Collahuasi
**Including Tintaya-Antapaccay, Las Bambas and XCu’s share of Antamina
†Including Lomas Bayas, Altonorte and Xcu’s share of Collahuasi
Strong Sustainable Development practices

South American Operations Division

- All operations and projects managed to Xstrata’s industry-leading sustainability standards, with strong focus on community engagement
  - Regular internal and third party audits
- Continuous improvement in safety performance: Visible leadership, safe work procedures, effective investigations, training and risk management systems
- Industry-leading environmental performance: No moderate or more serious environmental incidents; biodiversity programs; energy and water use efficiency targets
- Commitment to sustainability underpins business strategy and social licence to operate
  - Early community consultation, effective dialogue mechanisms and grievance procedures
Operations and Projects in Chile
Chile: Lomas Bayas

Expanding production and extending mine life

- Lomas Bayas is located in the Atacama Desert, 135 km northeast of the port of Antofagasta
- Employs approximately 1,700 people, including permanent contractors
- Annual production capacity: 75,000 tonnes of copper cathodes from a SX-EW plant
- Annual extraction rate: 70 million tonnes of mined ore from an open pit mine
- Lomas II project to extend mine life at current production is on track for completion in the fourth quarter of 2012
- Pre-feasibility study underway into the development of the sulphide deposit under and around the initial Lomas Bayas pit to further increase life and expand production
Focus on Sustainable Development

Recognised for industry-leading performance

- Received the national annual Category A safety prize from Sernageomin for safety performance in 2011
- Industry-leading environmental performance: eg initiatives to reduce water loss in leaching process due to evaporation
  - Leach pads’ sprinkler system replaced with drip feed system and pads covered when irrigated
  - Reduced evaporation rate by approximately 54%
  - Increased area irrigated by almost 70% without placing additional stress on local water resources
- Best in class community relations
  - Stakeholder dialogue roundtables
  - Working with farmers, CONAF and University Arturo Prat to conserve the Calama Oasis
  - Multiple industry recognitions

Lomas Bayas safety performance

Supporting farmers to improve agricultural techniques
Creating value at Lomas Bayas

Rapid value creation over six years

Since 2006, we have expanded the operation by 15% to 75ktpa, extended the mine life by 16 years to 2028 and are evaluating a Sulphides project to further extend/expand the mine.
Lomas Bayas II Project, Chile

On schedule for completion Q4 2012

Description

• Extension to Lomas Bayas mine life through development of Fortuna del Cobre orebody, 3km from the original pit
• Production: 75ktpa Cu using existing SX-EW plant
• Approved capital cost: $293M
• LOM: extended by 16 years to 2028

Project Status (as of Sept 2012)

• Commissioned ROM system: Q4 2011
• Production ROM system: Q1 2012
• Commissioning heap leach system: Q3 2012
• Production heap leach: Q4 2012
• Primary crusher and conveying system: mechanical completion Q4 2012
Lomas Bayas II Project
Electro Mechanical Assembly Belts and Crusher

Counterweight structure for overland conveyor
Assembly of primary crusher

Construction of overland conveyor
Lomas Bayas II Project
Heap leach pad construction
Lomas Bayas Sulphides Project
Evaluating further growth potential

- Sulphide & oxide resource surrounding and beneath the Lomas Bayas open pit in Antofagasta Region, Chile
- Lomas Bayas Mineral Resource:
  - 430 Mt @ 0.28% Cu in Oxides and Mixed ores
  - 880 Mt @ 0.33% Cu in sulphides and oxides
- Estimated additional production capacity: average of 90ktpa copper in concentrates over at least 18 years
- In pre-feasibility: potential start-up 2017
- Scope considers using standard concentrator concept (one line, 90ktpd)
- Project considers the use of sea water for processing

Lomas Bayas open pit

Standard concentrator concept
Lomas Bayas Sulphides Project
Mine area plan
Operations and Projects in Argentina
Argentina: Bajo de la Alumbrera Mine

Large scale, low cost operation

- Ownership: Xstrata Copper 50% and manager, Goldcorp 37.5%; and Yamana Gold 12.5%
- Located in Catamarca province at 2,600 metres above sea level
- 317km concentrate pipeline to Tucumán then rail to port facilities in Santa Fe province.
- Annual production of 135,000 tonnes of copper in concentrates; 350,000 ounces of gold in concentrates; 25,000 ounces of gold doré; and 1,400 tonnes of molybdenum concentrate
- Low first quartile C1 cash cost position
- Mine life to 2018 through successive mine life extensions over recent years.
Minera Alumbrera: Sustainable Development performance

Committed to continuous improvement

- Strong safety performance
- Industry-leading environmental management:
  - Over 928 days without any Category 2 (minor) or more serious environmental incidents
  - Effective biodiversity management program
  - Meeting water use improvement targets
- Effective community relations programs
  - Community surveys indicate improving perception of mining benefits
  - Delivery of a number of major infrastructure projects eg. Schools and Hospital in Catamarca and Tucumán maternity hospital
Aqua Rica Project

Potential to extend life and expand Minera Alumbrera

- Minera Alumbrera holds the option to develop the Agua Rica project, 35km from the Alumbrera processing facilities
- Mineral Resource: 1.7 billion tonnes @ 0.4% Cu with Mo and Au credits (0.20% Cu Cut-off)
  - Mineral Resource confirmation program underway
- Feasibility study (Fluor/XCu) is evaluating Agua Rica development as a brownfield expansion to Minera Alumbrera, utilising the existing concentrator and mine fleet
- Estimated production capacity 250ktpa Cu with gold and substantial Moly credits, mine life of over 25 years
- If option / investment decision is made, there is potential transition from Minera Alumbrera to Agua Rica in 2018-2019
El Pachón Project

Recent history of substantial Mineral Resource improvements

- Located in San Juan Province, Argentina, 5km from border with Chile
- Mineral Resources: substantial ongoing increases achieved
  - 2010-2011 increase achieved through major drilling program (56,000m)
  - 2011-12 increase achieved via key geometallurgical & geomechanical optimization & minor drill program
- Completing final feasibility study
  - Very low Waste:Ore stripping ratio of 0.2:1
  - Mine life of 30 years
  - Initial production of more than 400ktpa Cu with Mo credits

El Pachón Mineral Resource Evolution by Category & Year

El Pachón
Total Mineral Resources (Oct 12): 3,280 million tonnes at a grade of 0.47% copper, 0.011% molybdenum and 2.1 ppm silver using a cut-off grade of 0.2% copper
Operations and Projects in Peru
**Operations in Peru**

**Rapid development and growth**

- Acquired Las Bambas project in Apurimac Region in 2004
  - Construction underway for 400ktpa operation to commence commissioning end-2014
- Acquired Tintaya in Cusco Region in 2006
  - Nearby Antapaccay project commenced commissioning in August – first concentrate production scheduled for October
  - Capitalising on synergies Tintaya/Antapaccay/Bambas
- Acquired 33.75% stake in Antamina in Ancash Region in 2006 via Falconbridge acquisition
  - Major expansion to increase throughput by 38% successfully completed in Q1 2012
- Since 2004, Xstrata has committed investment of US$10 billion in Peru (including Antamina) and employs 16,500 people including contractors
- We have contributed US$1.44 billion in social funds/projects, taxes and royalties over same period
Industry-leading community engagement

Strong focus on gaining licence to operate

- Commenced community engagement at Las Bambas before exploration program
- Established benchmark Independent Advisory Group at Las Bambas
- Overwhelming community support during Public Consultation on Las Bambas and Antapaccay EIAs
- Effective social programs at all sites providing shared value
- Dialogue Tables with communities in Espinar District since 2002 (renamed Development Table)
- Espinar Province “Dialogue Table” with national / local authorities and community representatives established July 2012
  - Participatory environmental monitoring underway
- Strong environmental management

Award-winning dairy plant in Espinar funded by Tintaya

Tintaya’s safety performance

TRIFR = 0.30
Creating value at Tintaya-Antapaccay

Rapid value creation over six years

Since acquiring Tintaya in 2006 for $750M, we have delivered $2.5bn in EBITDA, identified over 1.3bn tonnes of near-mine mineral resources and constructed the major Antapaccay project.

Project delivery timeline

- **2006**: Acquisition of Tintaya for $750M, including Antapaccay and Corocohuayco and other prospective targets.
- **2007**: Initial mineral resource 472Mt @ 0.74%
  - Cut-off grade 0.4%
- **2008**: Antapaccay feasibility study commences
  - 10% resource increase 520Mt @ 0.72%
    - Cut-off grade 0.3%
- **2009**: Antapaccay EIS completed
  - 32% resource increase 720Mt @ 0.56%
    - Cut-off grade 0.2%
- **2010**: Antapaccay EIS approved
  - Xstrata board approval
  - Construction starts
  - 13% resource increase 817Mt @ 0.56%
    - Cut-off grade 0.2%
- **2011**: H2 2012 Antapaccay commissioning
  - 26% resource increase 1,030Mt @ 0.49%
    - Cut-off grade 0.15%
- **2012**: Corocohuayco
  - Pre-feasibility study commences
  - 250% resource increase 324Mt @ 0.93%
    - Cut-off grade 0.3%
  - Corocohuayco
  - Initial mineral resource 90Mt @ 3.10%
    - Cut-off grade 1.5%
Tintaya Antapaccay

Mining transitions from Tintaya to Antapaccay project

- Mining operations progressively transferring from Tintaya open pit, where mining operations will end in Q1 2013, to Antapaccay Project
- Antapaccay will extend Tintaya operations by more than 20 years and increase production from approximately 100ktpa of copper to 160ktpa
- Two open pits: Antapaccay Norte and Antapaccay Sur
- Mining operations commenced in March 2012 at Antapaccay
- Ore production commenced in April 2012
- Annual mining rate: 110Mt
- Strip ratio: 2.8
- Fleet size: 4 Shovels, 6 Loaders & 30 Giant Trucks
Corocchohuayco Project
Potential Tintaya-Antapaccay brownfield expansion

- Located 10km southeast of Tintaya-Antapaccay in Espinar Province, Cusco Region, Peru
- Obvious synergies in district
- Mineral Resource: 324Mt @ 0.93% Cu using a 0.3% Cu cut-off (Dec 11)
- Estimated production capacity: average of 50ktpa copper-in-concentrate from an open pit mine
- Pre-feasibility study underway
- Further district development potential
Las Bambas
Creating mutual benefit
Las Bambas Project

Major new world-class mine

- Major new, world-class, long life mining complex (initially 3 mines), leveraging synergies with Tintaya Antapaccay
  - Copper production: 400ktpa for at least first five years; 315ktpa on average over ~20 years
  - Molybdenum production: 5ktpa
- World-class Mineral Resource: 1.71 Billion tonnes @ 0.61% Cu with Au and Mo credits, providing brownfield expansion opportunities
- Substantial further district exploration potential
- Construction of Nueva Fuerabamba township commenced H1 2011
- Full project construction commenced H1 2012
- Commissioning targeted H2 2014
Nueva Fuerabamba

Building a new town for the Fuerabamba community

• Resettlement plan presented to Fuerabamba community and authorities in Nov 2008
• Formal resettlement agreement signed with community leaders on 29 December 2009 – Authorities provided training and support to community to assist negotiations
• Community endorsed agreement in February 2010
• Land exchange contract signed in 2011
• Agreement includes initiatives on education, capacity building, health, sanitation, land replacement, agriculture, livestock breeding, local economic development, economic infrastructure, employment, natural resources and vulnerable groups

Model of Nueva Fuerabamba home

Nueva Fuerabamba town
Conclusions

• Sustainable Development excellence and continuous improvements demonstrated across all operations
• Successful optimisation of operations across three South American countries
• History of value-enhancing brownfields growth
• Further significant brownfield growth potential being evaluated at all operations
• Support for El Pachón mega project evaluation

Alumbrera flotation plant  Tintaya SX-EW plant  Lomas Bayas pit
Questions?