



**Global Growth Strategy,  
Regional Focus:  
Xstrata Copper  
and the  
Tampakan Project**

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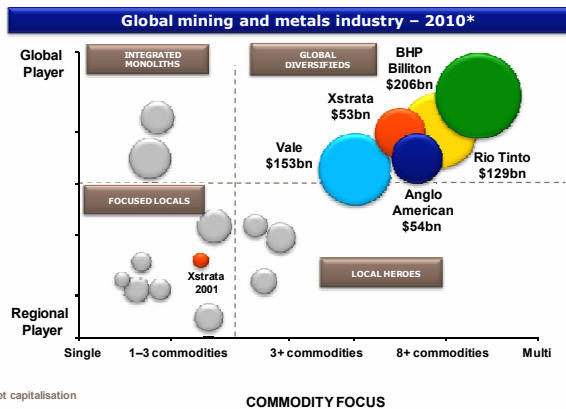
**Asia CEO Forum  
Manila, Philippines  
3 June 2010**



**Xstrata today:  
A global diversified mining powerhouse**



- Global diversified miner with market capitalisation of \$53bn\*
- Headquartered in Switzerland and employs c.65,000\*\* people in 19 countries
- Top 5 global producer of export thermal coal, export coking coal, copper, ferrochrome, nickel and zinc, as well as a growing platinum business

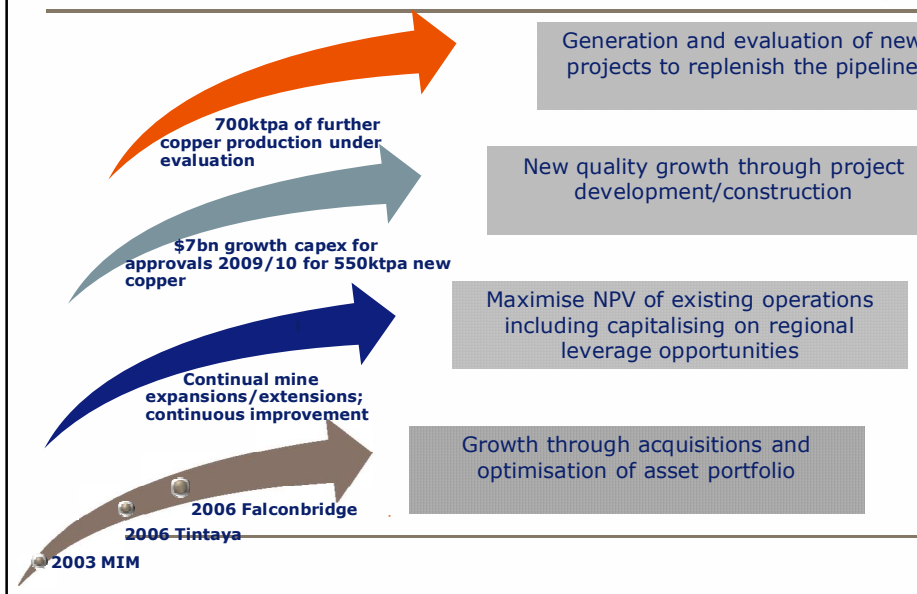


## Strong portfolio of geographically diverse copper assets and projects



3

## Xstrata Copper's Business Strategy



4

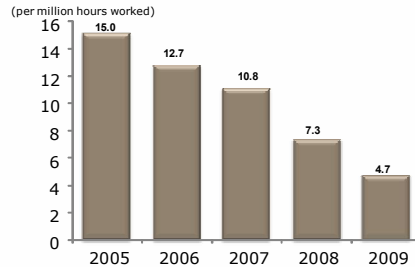
## Underpinned by Sustainability



### Strategic Objectives – sustainability focus

- Injury-free, safe work environments
- Demonstrated leadership in environmental performance
- Reputation for social responsibility
- Realisation of the full potential of our people

### Xstrata Copper safety performance



• Xstrata plc Sector Leader of Dow Jones Sustainability Index for third consecutive year 2009/10

• Xstrata Copper - 23 awards in 2009 for sustainability best practices at regional and local levels

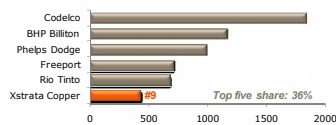


## Continued transformation and growth to create a major global copper producer



- M & A drove first stage of growth to become world's 4th largest copper producer (acquisitions of MIM, Falconbridge and Tintaya)
- Organic growth to drive second stage of growth to 1.5mtpy by end 2014
  - Expansions support 15% improvement in unit operating cash costs
- Ongoing portfolio management to optimise asset portfolio

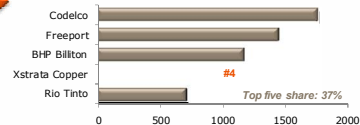
### Industry Ranking - 2005



Mining operations:  
Mount Isa, Ernest Henry, Alumbreira

Mined Production

### Industry Ranking - 2010



Mining operations:  
Mount Isa, Ernest Henry, Alumbreira  
Tintaya, Antamina, Kidd,  
Collahuasi, Lomas Bayas

Source: Brook Hunt, The Long-Term Outlook for Copper, 2<sup>nd</sup> Quarter Data Volume 2009, 4<sup>th</sup> Quarter Data Volume 2005.



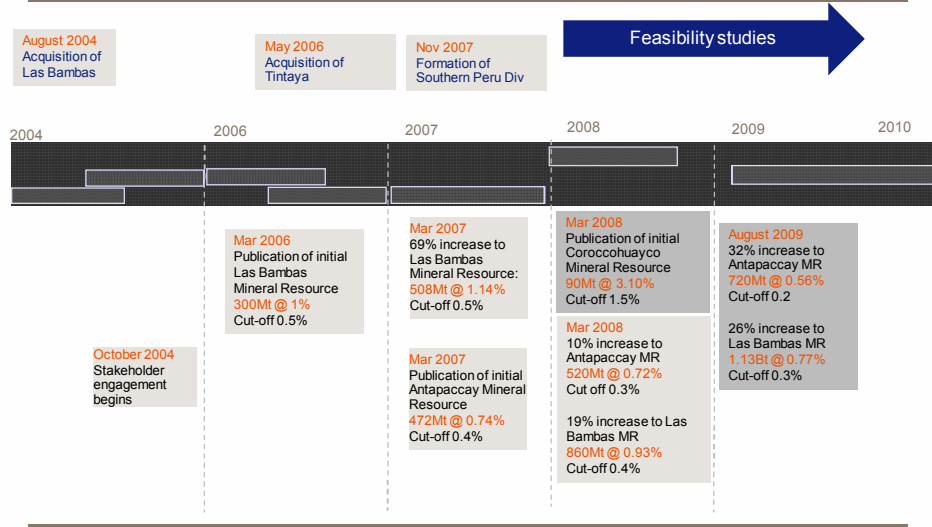
## Peru: Strategic Relevance

- **Important global metals player:**
  - Largest silver producer
  - Second largest copper producer
  - Sixth largest gold producer
- **Promotes foreign mining investment:**\*
  - US\$19 billion invested 1994-09
  - US\$35 billion in projected investment
- **Attractive exploration potential:**
  - 3rd largest destination for exploration expenditure worldwide\*\*
- **Xstrata Copper's presence:**
  - Tintaya-Antapaccay
  - Antamina JV
  - Las Bambas Project

\* Source: Sociedad Nacional de Minería, Petróleo y Metals (SNMPE) \*\* Source: Metal Economics Group

8

## Building on regional leverage – southern Peru



9

## Resources of over 2 billion tonnes – southern Peru



Name of Operation		Mineral Resources			Total resource (Mt)
		Measured (Mt)	Indicated (Mt)	Inferred (Mt)	
Tintaya	Tonnes	65	51	1	117
	% Cu	1.20%	1.10%	0.80%	1.15%
Antapaccay	Tonnes	180	390	150	720
	% Cu	0.68%	0.57%	0.30%	0.56%
Corocchohuayco	Tonnes	2	30	60	92
	% Cu	3.01%	3.20%	3.06%	3.10%
Las Bambas	Tonnes	228	658	246	1,132
	% Cu	0.59%	0.86%	0.68%	0.77%
<b>Total Resources</b>	<b>Tonnes</b>	<b>475</b>	<b>1,129</b>	<b>457</b>	<b>2,061</b>
	<b>% Cu</b>	<b>0.72%</b>	<b>0.83%</b>	<b>0.87%</b>	<b>0.81%</b>

Not including Mo and Au by-product credits. Full R&R statements in Oct 09 release on Xstrata plc website.

10

## Tintaya-Antapaccay

### Objective:

- To extend the Tintaya mine life by 20+ years and expand production by 60% through the development of the Antapaccay deposit, 10km from Tintaya



### Project details:

- Indicative Capex US\$1.5 billion
- Concentrator throughput 70ktpd
- Copper Production: 160ktpa Cu in concentrate for first 10 years, life of mine average of 140ktpa for at least 20 years

## Tintaya-Antapaccay

### Major milestones:

- Positive feasibility completed Oct 2009
- EIS submitted December 2009
- Public hearings for EIS successfully completed March 2010



### Final steps:

- EIS approval expected 2Q10
- Corporate approvals expected 2Q10
- Construction 3Q10-3Q12
- Commissioning in mid 2012

## Las Bambas

### Objective:

- To build a major new, long life mining complex with long term copper production of over 300ktpa, utilising synergies with Tintaya/Antapaccay



### Project details

- Capex US\$4.2 billion
- Concentrator throughput 140ktpd
- Copper Production: 400ktpa for first 9 years; life-of-mine average of 315ktpa for at least 18 years
- Molybdenum Production: 5ktpa

13

## Las Bambas

### Major milestones:

- Fuerabamba community officially agrees to resettlement 1Q10
- Feasibility peer reviewed in 1Q10



### Final steps:

- EIS to be submitted 2Q10
- Option exercise decision Sept 2010
- EIS and final corporate approvals expected 1Q11
- Construction 3Q11-3Q14
- Commissioning 3Q14

14

## Maximising synergies – decreasing costs

### Strategic alliances:

- EPCM contracts with Bechtel
- Large equipment items with FLSmidth and Siemens

### Standard Concentrator concept

### Human Resources:

- Training
- Knowledge transfer for start up
- Maintenance shutdowns

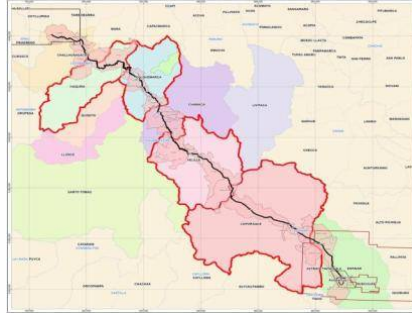
### Infrastructure

- Divisional offices
- Port facilities
- Transport of concentrates via road/train

### Procurement and Services

- Common spare parts
- Shared storage
- Increased negotiation capacity

Las Bambas-Tintaya pipeline 178 km



## The Tampakan Copper-Gold Project: A Major Part of Xstrata Copper's Growth Strategy



## Project Proponents

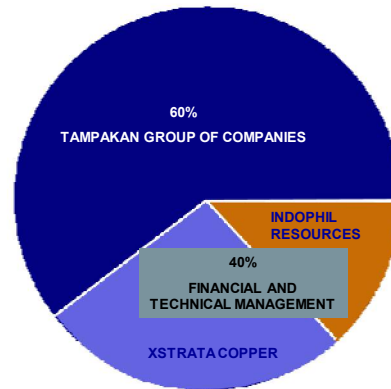


### ▪ **Sagittarius Mines, Inc.**

- Filipino company
- Philippine Government's contractor for the exploration, development, and operation of the Tampakan Copper-Gold Project

### ▪ **Xstrata Copper**

- Part of Xstrata plc, a global diversified mining group
- Provides the technical and managerial resources for the development of the Project
- 4<sup>th</sup> largest global copper producer

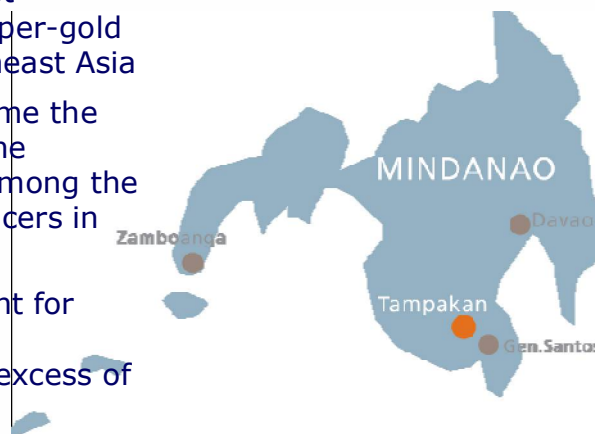


17

## The Project



- One of the largest undeveloped copper-gold deposits in Southeast Asia
- Potential to become the largest mine in the Philippines and among the top copper producers in the world
- Capital investment for mine and related infrastructure in excess of US\$5 billion



18

## Project Scope

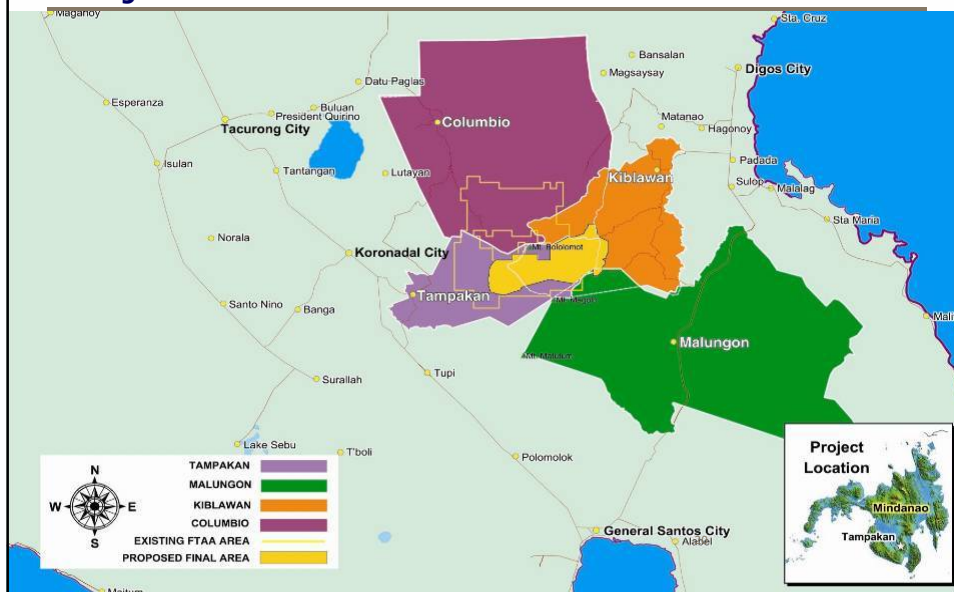


- Financial and Technical Assistance Agreement (FTAA) with the Philippines government
- 2.4 billion tonnes at 0.6% copper and 0.2 grams per tonne gold
- Average annual production of 340,000 tonnes of copper and 350,000 ounces of gold
- 20+ years mine life



19

## Project Location





## Potential Benefits

- A total revenue stream to the Philippine economy in excess of US\$40 billion (PhP2 trillion) over the life of mine
- Employment for up to 8,000 to 9,000 during construction and for over 2,000 during operations
- Total taxes paid to the national government will exceed US\$4 billion (PhP200 billion) over the life of the mine
- Local benefits:
  - 1% (of Gross Output) royalty to host indigenous communities
  - 1% royalty to host barangays
  - Local taxes



21



## Corporate Track Record

- 2009, 2006 and 2004 Presidential Mineral Industry Environment Award
- 2009, 2008 and 2006 Best Mining Forest Program Special Award
- 2009 Outstanding Stakeholder, awarded by the Department of Education
- 2007 Regional and National *Kabalikat* Award of TESDA
- 2007 Top Taxpayer (Withholding Tax) Corporation in Region 12, awarded by Bureau of Internal Revenue
- Flagship Development Project of Region 12



22



## Highlights of 2009 Sustainability Performance



## Sustainable Development Policy



**We are committed to the goal of sustainable development.**

We balance social, environmental and economic considerations in how we manage our business. We believe that operating to leading standards of health, safety and environmental management, contributing to the development of sustainable communities, and engaging with our stakeholders in two-way, open dialogue, enhances our corporate reputation and is a source of competitive advantage.



## Our Operations and Economic Contribution



- Contributed PhP1.3 billion to the Mindanao and Philippine economy
  - Employment
  - Annual wages
  - Government taxes
  - Purchase of goods and services
  - Community partnerships, sponsorship and donations



25

## Sustainable Communities



- Invested PhP79 million on Corporate Social Involvement Programs that provide real and long-term benefits for local communities
  - 14,332 student grantees
  - 3,011 households enrolled in Philhealth
  - Various livelihood and capacity-building ventures



26

## Health and Safety



- Zero harm is our goal
  - 5.5 million man hours with zero lost time injuries as of February 2010
  - Internal and external audits
  - Community safety awareness program
  - Wellness program for employees
  - Safety and health trainings



27

## Environment



- Extensive Environmental Baseline Monitoring Studies
  - Water
  - Meteorology
  - Flora and fauna
  - Various ESIA specialist studies
- Environmental Management System in place
- Multisectoral Reforestation Program
  - Planted 130,000 seedlings in 2009
- Forest Management and Rehabilitation



28

# Project Development Timeline



ACTIVITIES	2009	2010	2011	2012	2013	2014	2015	2016
Feasibility Study	→							
Mine EIA	→							
Port/Power Site Selection		→						
Off-lease Infrastructure EIAs		→						
Resettlement		→						
FPIC		→						
Final Project Approvals		→						
Construction/Commissioning				→				
Commercial Operation								→

29



## Conclusion



- Xstrata Copper has rapidly developed into a leading global copper producer
  - Strong portfolio of geographically diverse assets and projects
  - World-class portfolio of projects
- Tampakan, being its largest development project, is important in Xstrata Copper’s growth strategy
- Operational performance governed by commitments to the highest standards of Sustainable Development





**Thank You**

