



Minera Alumbarrera
Sustainability Report 2008



About Minera Alumbraera

Our mission is to support Argentina's development by fostering open and honest relationships with our people, local communities and organisations and to obtain leading returns in the mining industry in a safe, sustainable and environmentally responsible fashion.

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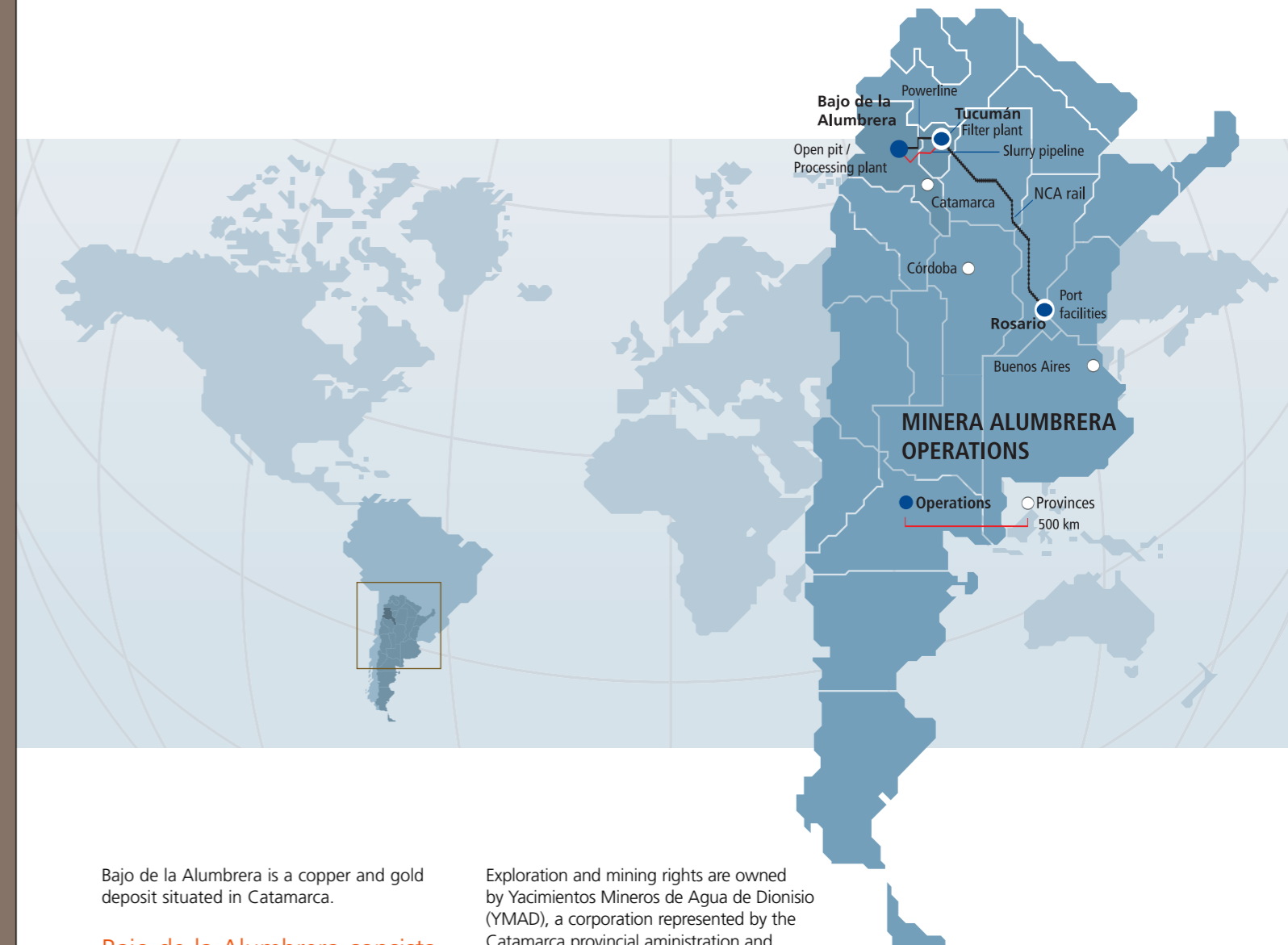
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Bajo de la Alumbraera is a copper and gold deposit situated in Catamarca.

Bajo de la Alumbraera consists of five core facilities spanning three different Argentine provinces. The open pit and the processing plant are based in Catamarca, at an altitude of 2600 m amsl.

Exploration and mining rights are owned by Yacimientos Mineros de Agua de Dionisio (YMAD), a corporation represented by the Catamarca provincial administration and Universidad Nacional de Tucumán. YMAD has entered into a joint-venture (locally known as "UTE") agreement with Minera Alumbraera to mine the deposit, and is entitled to a 20% share in Bajo de la Alumbraera profits.

Minera Alumbraera is operated by Xstrata, a diversified mining group, listed at the Zurich and London Stock Exchanges. Xstrata has a 50% share in the project, with Canadian Goldcorp and Yamana Gold having the remaining 37.5% and 12.5% share, respectively.

Chief Executive's Message

In 2008 Xstrata Copper continued to consolidate its position as a major copper producer and completed the year with strong overall improvement across key areas of sustainable development.



Charlie Sartain

While the final months of 2008 proved challenging for the copper industry globally as a result of the deepening economic slowdown, I am pleased to report that Xstrata Copper finished the year in a solid business position, supported by impressive performances and improvements across the organisation in health and safety, environmental management, corporate social involvement and community relations.

Throughout the year we continued to focus on growing and managing an industry-leading portfolio of copper assets in line with our long term business strategy. To that end, we concentrated our efforts on optimising business performances and value creation in our existing divisions, completing expansion projects at a number of operations, and

progressing the evaluation of our development projects. These efforts were further strengthened by solid performances at our major Joint Venture operations which also announced substantial increases in estimated mineral reserves and resources and advanced studies to expand capacity.

Of course, underlying our continued success over the past year has been our relentless commitment to sustainable development. At Xstrata Copper we understand that in order to maintain our social licence to operate we must continue to demonstrate that we provide our people with a safe and healthy workplace, that we are responsible stewards of the environment and that our presence delivers tangible benefits to our host communities and countries. These considerations are fundamental to the way we do business and it gives me great pleasure to share with you some of our key sustainability highlights for 2008.

Committed to safe work environments

Xstrata Copper made significant advances in 2008 towards its strategic objective of achieving an injury free and healthy work environment for its people, achieving a 33% improvement in our Total Recordable Injury Frequency Rate (TRIFR) and a 45% improvement in our Lost Time Injury Frequency Rate (LTIFR), exceeding our own targets for the year. We also achieved a significant 37% improvement in our Disabling Injury Severity Rate (DISR), although it remained slightly above our target for the year.

These enhancements have been driven by the continued efforts of our divisional management to provide visible health and safety leadership, to implement programs

focused on the priority areas of the Xstrata Copper Safety and Health Strategy and to promote ensure continual, frequent communications about health and safety at the sites. It is also clearly attributable to the commitment of all our people to achieve our goal of Zero Harm.

Tragically, despite these safety improvements, we suffered two fatal accidents in 2008, one at Tintaya in Peru and another at Alumbrera in Argentina. We feel deeply any loss of life in our workplace and we were shocked and saddened by the deaths of Efrain Merma and Santiago Gerván. Our most pressing challenge for 2009 is achieving our strategic objective of injury-free, safe work environments and to ensuring that all our people go home safely at the end of each day.

Striving for environmental leadership

During the year Xstrata Copper continued to drive a range of environmental improvement initiatives across the Business Unit, resulting in no category 3 (significant) environmental incidents, in line with our public target and a substantial improvement over the ten incidents recorded in the previous year.

As part of our ongoing commitment to reduce green house gas (GHG) emissions produced directly from our activities and indirectly from energy use, we continued to refine our GHG management plans and energy efficiency programs at all our operations. In addition we actively engaged with a range of organisations, including

governments, on the development of legislation, industry initiatives and market mechanisms to address this global challenge.

Our development projects also made significant progress on a range of baseline and Environmental and Social Impact Assessment (ESIA) studies. These have contributed greatly to our fundamental understanding of the ecosystems and human environments of the diverse and relatively isolated regions where our projects are located.

Another highlight of 2008 was the successful remediation of the closed Murdochville mining and metallurgical facilities and related town site on the Gaspé peninsula in Canada. This work involved dismantling the former copper mine and smelter complex in careful sequence to maximise the amount of materials to be recycled, as well as successful extensive soil remediation works in the town area of Murdochville. We are proud of what we have achieved at this site and I believe it demonstrates our commitment to protecting and preserving our environment even after our operations cease.

Supporting local communities

In 2008 Xstrata Copper continued to play an important role in the social and economic development of the regions in which we operate through employment and training opportunities, infrastructure provision, local business development, payment of taxes and royalties, and investment in community projects and partnerships.

Each year Xstrata puts aside a minimum of 1% of corporate profit before tax to fund initiatives that will benefit the communities associated with its global operations. In the case of Xstrata Copper, during 2008 we set aside over USD 27.3 million to support programs in the areas of health, education, enterprise and job creation, social and

community development, environment and arts and culture across our diverse operating and project geographies.

Together with our community and government partners, we continued to make a real difference throughout the year with a range of initiatives such as developing sustainable agribusinesses for farmers and provincial hospital and school facilities in Argentina; constructing a major new hospital and educational complex in one of Peru's poorest regions; tackling homelessness and poverty in Chile; combating deforestation near our area of influence in the Philippines; improving adult literacy and numeracy in remote Papua New Guinea; extending integrated community partnership programs in Australia and supporting education and the improvement of health and social infrastructure in Canada.

Going forward

The dramatic slowdown of the global economy in the second half of the year significantly affected commodity prices, with copper prices dropping more than 60% following record highs in July 2008. Macroeconomic conditions are expected to remain weak during 2009, limiting copper demand growth, and presenting enormous challenges to our industry to remain profitable at current copper prices.

In response, Xstrata Copper's divisional management has undertaken operational and project reviews across its businesses, resulting in significant reductions in 2009 operating and capital cost budgets to ensure that we remain competitive. I believe that these proactive, prompt and decisive actions will help us to ensure the sustainability of our operations in the short to medium term and position us to take advantage of the inevitable upturn in our industry.

As we turn our attention to the year ahead, we know that a crucial ingredient to remaining successful as a business will be our unwavering commitment to our people and our stakeholders, demonstrated through our strong focus on sustainable development.

This report is one of many sustainability reports produced by Xstrata Copper's divisions and projects around the world, each of which has been prepared in accordance with the Global Reporting Initiative (GRI) G3 reporting guidelines. These reports detail our performance over the past year against key sustainability targets that were publicly set last year, and outline our targets for year ahead. I trust you will find them interesting and informative.

Charlie Sartain

Message from the General Manager

I am very proud of reporting our performance in this fifth edition of our Sustainability Report, which has been regularly published since 2004.



Roberto Darouiche

This update will help us renew our continuous improvement process with the feedback from our stakeholders.

The summary performance for 2008 is the result of our responsible management practices, which are based on a strategy, the implementation of the relevant action plans and finally an assessment of the social, economic, environmental and safety areas. This process is annually renewed with a view to enhance our performance.

Sustainable development is the notion guiding our day-to-day commitment and long-term strategies. We understand that it contributes to business prosperity and helps maintain our operational licence while innovating, growing and contributing to the responsible development of the society, which we are an integral part of. Thus, we face

the challenge of implementing business strategies in line with the current needs of our business and local communities, while protecting and preserving both human and environmental resources. This report has been prepared in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting G3 Guidelines, the world's most widely used sustainability reporting framework. It includes performance measurement and reporting principles and indicators. Additionally, Minera Alumbrera has been supporting the United Nations Global Compact (GC) since 2004. It is a voluntary initiative, based on universal principles to foster organisational responsibility. This report also includes our adherence to the 10 GC Principles. Our performance progress report is reflected in the GC indicators available at the end of this report.

Business Results

We, at Minera Alumbrera kept on implementing our operational upgrade and production plans during 2008. We also faced in a committed and responsible way the current volatility of international markets, which has adversely affected copper prices with the resulting impact on our business results.

However, and despite market fluctuations, Minera Alumbrera's contribution to the local economy totalled \$2.9474 billion, including taxes, YMAD's profit share, royalties, social security contributions as well as local goods and services purchase. The above amount is equivalent to \$245.2 million / month or \$8.2 million spent per day in Argentina during 2008.

Minera Alumbrera export duties and income tax payments accounted for 1.2% and 1.1% respectively of the total tax revenues in Argentina. The export duties levied on mineral products in Argentina as from December 2007 breach the Bajo de la

Alumbrera project fiscal stability rights under the Mining Investment Law, a statute that gave rise to booming mining investment in Argentina. If export duties are maintained, the life extension of Bajo de la Alumbrera will be reduced, with the resulting impact on local employment levels as well as on the national and provincial tax revenues.

As to employment, the number of employees from Catamarca and Tucuman has doubled since the project commissioning in 1998. This means that Minera Alumbrera manpower requirements have been growing continuously generating 679 additional direct jobs over the last 10 years, despite the changing economic scenarios in both the domestic and international markets.

Our operational performance was acceptable, even though it was 8.3% below estimate, mainly due to issues related to the treatment of low grade ore and stockpiled material.

Our molybdenum concentrate processing plant was commissioned during 2008. Plant performance is closely associated to the molybdenum content of ore feed. The first molybdenum concentrate export to Chile was shipped in the last quarter of 2008, via the San Francisco Pass. This is a major export route both at the provincial and regional levels, to ensure business trade with countries facing the Pacific Ocean.

Additionally, the expansion of our rougher flotation plant has been completed successfully. The second phase of our expansion project (including additional cleaner flotation cells to upgrade low-grade ore processing) will be commissioned in 2009.

The Bajo del Durazno Environmental Impact Report was submitted to Catamarca's provincial regulators in late 2008 in order to begin exploration activities as soon as possible, in accordance with the bidding terms settled by YMAD who awarded the contract to Minera Alumbrera. Exploration

activities are aimed at identifying potential resources and additional reserves to extend the mine life. Field activities will start in 2009 throughout the mining claim area, with reasonable expectations.

Safety

Our safety performance was generally as expected. However, strong efforts are being made to ensure major improvements. Our Total Recordable Injury Frequency Rate (TRIFR) for 2008 was 6.81, which is lower than expected but 8% higher than 2007 levels. Our Lost Time Injury Frequency Rate (LTIFR) was 1.02, which is in line with our target of 1 LTIFR. This represents a significant (30%) improvement over 2007 levels.

Despite our day-to-day efforts to ensure best safety performance, regrettably we suffered a fatal accident last November. We were deeply saddened by the death of Santiago Gerván, a Minera Alumbrera employee. This sorrowful event leads us to undertake a stronger commitment to our own safety and the safety of our colleagues, with a view to achieve our unavoidable strategic goal of ensuring an injury-free work environment.

Environment

Strong efforts are being made under our environmental programmes for the short, medium and long term, with a view to ensure an environmentally responsible mine closure. Several research and pilot test programmes have been undertaken, together with renowned universities and leading consultants. These activities take place well ahead operational closure with the aim of adjusting planning results accordingly.

We are committed to the highest environmental standards both at the local and international levels. Our activities are fully compliant with the regulations in force. Our mission is to continue being leaders of environmental protection technologies. Our offsite facilities obtained ISO 14001:2004 Standard re-certification for the fourth consecutive year, which undoubtedly reflects our ongoing commitment to the highest environmental quality standards.

Regarding our biodiversity initiatives, the local vegetation and wildlife monitoring programmes were pursued including a survey of native

species as well as our cactus and carob tree revegetation programmes in Campo del Arenal.

Furthermore, the tailings dam and waste dump capping field trials are ongoing to ensure an environmentally responsible mine closure.

Community Liaison

Support has been provided to sustainable initiatives since operational commissioning with a view to foster regionally inherent business ventures and projects. We aim at developing local skills while ensuring social development and economic benefits by supporting small non-mining local businesses. Our community support also includes additional jobs, increased fiscal revenues and services, competitive salaries and training.

Our community programme was implemented 12 years ago to provide technical, financial and training support to health, education, arts and cultural organisations as well as to local producers through the competent organisations.

Minera Alumbrera royalty payments are a significant source of extra income for municipal administrations from the Primary Impact Areas in Catamarca. These areas were provided with significant resources in spite of the unavailability in some cases, of systems required to develop the plans set by local authorities.

Stage one of the construction of the largest Technical School in Western Catamarca (based in Belén) has been completed under our Corporate Social Involvement Programme. Likewise, the remodelling works in Hualfin sports centre as well as in Andalgalá School #995 are ongoing, with completion expected for the first quarter of 2009. Both projects are situated in Catamarca. The construction of Ciénaga Redonda School is also progressing well. This project has been undertaken together with local miner Minera del Altiplano.

Minera Alumbrera's support to local health initiatives includes the installation of Intensive Care Units in the Belén, Santa María and Andalgalá hospitals.

Major remodelling works have also been undertaken at the Avellaneda, Obarrio, Concepción, Los Sarmientos and other hospitals from Tucumán. Currently,

construction activities are ongoing at the Centro de Salud and Nuestra Señora de las Mercedes hospitals.

Facing the Future

Significant progress has been made to date. However, we are also aware of the major challenges that we must face in order to remain competitive under this economically complex scenario worldwide. Our management strategy will be further enhanced by our commitment to our people, the environment and local communities, since our practices are strongly based on ethics, courage and teamwork.

Thanks to the observance of these principles in our day-to-day activities, our responsible operations and people have been widely recognised throughout the world.

Despite the current global crisis, Minera Alumbrera remains committed to Argentina as well as to its people, raw materials and suppliers because we trust that, provided the applicable conditions are observed, significant opportunities are available under the legislation that triggered large-scale mining operations in Argentina. We remain confident that we will keep on growing. We keep in motion.

We invite you to learn about our work through the description of local case studies that are feasible and in accordance with the economic, social and environmental considerations. These three pillars together enable us to be a leading company both in the local and international mining industry, as well as an active supporter of Argentina's development.

Roberto Darouiche

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Environment	2008 Target	Performance
Fines or penalties	No fines or penalties	✔ Target achieved
Incidents	No category 3, 4 or 5 incident	✔ Target achieved
Management system	New certification of Management System	✔ Re-certification according to ISO14001 Standard, effective up to 2011
Waste	-Open new controlled dump for domestic waste -Strengthen metal recycling programme	➔ Construction completed ✔ Metals to smelting increased 8.8 times
Climate Change		
Greenhouse Gas emissions	Implement an Environment Management Programme for Greenhouse Gases.	✔ Completion of emission survey campaign at the mine site, Filter Plant and port facilities.
Energy efficiency	Achieve 0.13* GJ/milled ton	✔ 0.082** GJ/ton
Biodiversity Conservation		
Monitoring Programmes	-Continue with annual monitoring campaigns of animals, vegetation and soil. -Keep the Cardon Cacti Rescue Project in the tailings dam area.	➔ Last monitoring of animals had to be postponed ✔ Rescue of 405 cardon cacti in the Tampa-Tampa area
Native Species	-Complete pilot test to revegetate with native species -Work with seeds and seedlings of carob trees in greenhouses -Start Carob Tree Vegetation project in Campo del Arenal.	✔ Completion of the survey and research stage ✔ Seedlings were planted in Campo del Arenal ✔ Plantation of 450 specimens of different species in Campo del Arenal.
Soil Rehabilitation	-Develop a new field test site in one of the waste dumps -Restore 12 hectares of dumps	✔ The Puente waste dump area was increased from 2 to 3 hectares and monitoring probes were installed. ➔ Restoration of 11.35 hectares in the dumps with mild material from the mine site.
Water Management		
Vis Vis monitoring	Replace a pumpback well and develop an additional monitoring well.	✔ The drilling programme was completed
Water conservation in dry areas	-Implement an exploration plan in Campo del Arenal to know the production aquifer better. -Reach fresh water consumption of 520 l/milled tonne	➔ Start of campaign which will end in 2009 ✘ 577 l/milled tonne were achieved
Water recycling	Reach 1,600 l of recycled water per milled tonne of ore.	✔ 1,637 l/milled tonne of ore were achieved
Mine Closure		
Mine Closure Plan	Prepare a proposal of community and environment plans	✔ The structure of the Mine Closure Plan, considering environment, social, economic and government issues, was prepared. The development of social impact studies with our community was coordinated and other restoration studies related to every aspect of the closure were deepened.

Safety	2008 Target	Performance
Prevention of fatalities	Zero fatalities	✘ Death of 1 employee in November 2008
Prevention of incidents	-Complete response plans related to major and catastrophic risks. -Implement and reveal general controls of fatal risks -Review structure of CURA system	✔ Detailed studies of major operating risks were performed to prevent incidents. Controls were disclosed among people involved. The structure of the CURA system has been reviewed. Sections for risk record were incorporated, depending on each area. ✘ Value very close to target: 1.02
LTIFR*	<1	✔ Target exceeded: 6.81
TRIFR**	<10	✔ All safe work standards were reviewed ✔ As part of the risk control verification programme, control audits of contractors were performed.
Management	-Incorporate a specific standard for the operation of fork lifts -Higher follow up and control of contractors	

Health	2008 Target	Performance
Programmes	-Implement medical checks up and follow up of persons with overweight. -Go ahead with "La Batalla" voluntary programme.	✔ A large number of employees have accepted the programme, and improved their life quality. The programme includes dieticians, medical services and gym instructors
Occupational illnesses	-Provide training on industrial hygiene. -Awareness programme in the use of personal protection equipment.	✔ Training programme included the knowledge of risk agents and awareness in the use of personal protection equipment. Special control of deviated cases.
Community health initiatives	Extend visits to other neighbouring areas	✔ Pre-scheduled visits and delivery of medicine. Answer to specific requests of medical care and transportation to nearby hospitals of people without their own means of transport.

*Giga joules ** Giga joules (=MW/h * 3.6)

Social	2008 Target	Performance
Community development expenditure	Continue with productive development, education y de salud and health programmes. \$5 million to be spent in the project area	✔ Continuity of programmes by adjusting them to the current market situation and to the needs of the community. Investment was reduced by 37.5%
Stakeholder engagement	-Perform a perception survey in the project area	✔ Results will be available in 2009 and will be evaluated to update company's strategy.
Corporate Social involvement	-Execute second agreements with Catamarca and Tucumán.	✔ -Completion of works of the first agreement with Tucumán -Three years of works as per the agreements executed with the provinces. -100% of the budget was spent in Tucumán and 80% in Catamarca (remaining amount to be carried forward to 2009).
Mine closure	Perform opinion surveys in communities	✔ Information will be evaluated together with specific future surveys.

✔ Goal fully achieved ➔ Goal partially achieved ✘ Goal not achieved

2009 Targets

Seguridad

Zero Fatalities
LTIFR <0.9
FRIFR <6.5
Training plan to reinforce the leadership skills of our supervisors
Continue with the development of the Safety Plan for the families of Minera Alumbrera employees
Develop safety audit programmes for contractors at the site. Establish a data base to control corrective actions
Update the record system of safety incidents
Maintain the control verification programmes in critical risks
Review area risks and reinforce training
Complete detailed studies of business risks, with the application of analysis tools

Health

Development of the measurement plan in the areas with the incorporation of thermal load measurement equipment
Continuity of the training programme on industrial hygiene and knowledge of risk agents.
Health promotion programme among employees (ergonomics, break optimization, protection against ultraviolet radiation, etc.)
Programme of bimonthly visits to towns near the mine site. Medical care and provision of medicine.

Climate Change

Continue with the preventive maintenance programme of fixed and mobile sources.
Keep power efficiency values of 0.08 *GJ/ton
Biodiversity Conservation
Perform biological monitoring of rivers of the slurry pipeline (twice in the year)
Continue with the Cardon Cacti Rescue project in the tailings dam area
Continue with the carob tree revegetation project in Campo del Arenal, in field tests
Water Management
Monitoring: drill a new pumpback well and an additional monitoring well in Vis Vis canyon
Water conservation in arid regions: keep fresh water consumption of 575 l/milled ton
Environment
No fines or penalties
No category 3, 4 or 5 incidents
Keep waste separation levels for recycling purposes
Obtain approval of external maintenance audits

Social

Continue with infrastructure works in health and education
Continue with the productive development programme in the primary area of the project, supported by the water development programme for the region.
Carry out an evaluation of the perception survey of the communities.

1 LTIFR: Lost time injury frequency rate

2 TRIFR: Total recordable injury frequency rate



Scope of this Report

This sustainability report details the economic, health, safety, environment and community (HSEC) performance of Minera Alumbraera from 1 January 2008 to 31 December 2008. We publish our reports annually and this is the fifth report produced by Minera Alumbraera.

The Minera Alumbraera report is one of 11 sustainability reports published by Xstrata Copper in 2009 describing 2008 sustainability performance.

As part of Xstrata Copper's commitment to transparency and stakeholder engagement, all its operating divisions and major development projects are required to publish their sustainability performance annually. An overview of Xstrata Copper's sustainability performance is also provided in the Xstrata group sustainability report. All these reports are available on the Xstrata sustainability website: www.xstrata.com/sustainability/.

A general description of Xstrata Copper's SD policies and standards has been provided in this report. All monetary values are expressed in Argentine pesos unless otherwise stated.

Target groups

The purpose of this report is to provide information on Minera Alumbraera to help a wide range of stakeholders become aware or further learn about the company's management in each area of interest for society.

The prospective readers of this report include investors, employees, suppliers and contractors, government authorities, communities, trade unions, scholars, mining chambers and industry associations, civilian organisations, mass media, and NGOs, among others.

Based on the feedback received every year, the structure, content and style of this report have been evolving with the contribution of both internal and external stakeholders.

Comments on the 2008 Report:

"Further promotion of the company and its economic activity and social and environmental actions and influence is required". The reader rated the 2007 Report as "very interesting".
Daniela Franco,
 Former director of El Tribuno, a Tucumán newspaper.

"It is interesting to receive reports of this quality every year so that we and the riggers, who are interested in working with Minera Alumbraera's cargoes, can be informed".
Macarena Obligado
 Atlantic Chartering

Communication

Under our communication policy, we have undertaken the obligation to report on our company performance in an open and responsible way.

We believe that this report, like our other communication tools, helps us report on our activities to stakeholders while obtaining their feedback.

Defining report content

Sustainable development topics or issues that are material to Minera Alumbraera or have the potential to become material to the long term success of our business have been prioritised in this report. We have aimed at providing a complete and balanced view of our sustainability performance tailored to the expectations and interest of our stakeholders. In determining which issues or topics are material to Minera Alumbraera we have considered:

- Feedback on our sustainability performance and reporting from key stakeholders.
- Company-specific issues raised either directly or indirectly by external stakeholders including NGOs, governments, communities and investors.
- Industry challenges raised in industry associations and forums.
- Xstrata plc's Business Principles and Sustainable Development policy and standards.
- Xstrata Copper's Sustainable Development management framework and strategy, policies and standards.
- Indicators and topics outlined in the GRI G3 Guidelines, International Council of Mining and Metals' (ICMM) principles, and other best practice guidelines and initiatives.

There were no significant changes in the scope, coverage or measurement methods applied to this report with respect to the previous reporting periods.



Carlos Morales, a control panel operator at the concentrator plant.

Global Reporting Initiative (GRI)

This report has been prepared in accordance with the Global Reporting Initiative's G3 Sustainability Reporting Guidelines, the world's most widely used sustainability reporting framework. These guidelines enable readers of our sustainability reports to benchmark our SD performance with respect to laws, norms, codes, performance standards and voluntary initiatives; and to compare our SD performance over time. This proposal has been adjusted to the local scenario based upon the company's view and goals.

A GRI index detailing how Minera Alumbraera has addressed the G3 Guidelines can be found on page 67 of this report.

Through the GRI Communication on Progress (COP) indicators, i.e. the annual report to be prepared by the companies voluntarily subscribing to the Global Compact, this document sets out our commitment to and compliance with the 10 guiding principles. An index indicating the progress status of each of indicator recommended by both initiatives can be found at the end of this report.

Likewise, we introduced the guidelines recommended by the Argentine Business Council for Sustainable Development (CEADS), a local branch of the World Business Council for Sustainable Development (WBCSD), an international business organisation that promotes economic progress on the basis of environmental protection and social development.

Like previous reports, this document is also available online at <http://www.alumbraera.com.ar/>. We appreciate

any comments you may have on this report, and for this purpose we have included a reader's feedback form at the end of this report.

In order to facilitate feedback on this document, we have included our contact details:

Verónica Morano
 Public Relations Coordinator
Informe2008@xstratacopper.com.ar

Report quality assurance

The data management and reporting systems in place for the collation and aggregation of sustainability data are subject to Xstrata's internal audit processes. The data in this report is based on the same information and reporting systems applicable to Xstrata plc Group's Sustainable Report. The external and independent assurance of the Xstrata's sustainability reporting systems and Xstrata plc's Group report is conducted by Ernst & Young. A brief description of the assurance process and findings, the respective signed assurance statement and recommendations of Ernst & Young is provided in the Group's report, which will be available at www.xstrata.com/ in April 2009.



Our Approach

In line with Xstrata Copper's Sustainable Development (SD) guidelines, Minera Alumbrera is committed to balancing social, environmental and economic considerations in how we manage our business.

Approach to sustainable development

Although the lifespan of our activities is finite, we aim to invest in local skills, social development and economic benefits that outlive our activities.

We intend to create value for our stakeholders and contribute to a sustainable environment by investing in our business units to improve their efficiency, to ensure the rational use of resources such as water and energy and to sustain a safe and healthy workplace, based on mutual respect, fairness and integrity.

In line with Xstrata's Statement of Business Principles, we comply with the highest business management standards in order to protect and enhance our corporate reputation and ensure ongoing access to mineral resources.

We work together with communities and their representatives, in order to improve mutual benefits based on the development of our activities in the area.

We take a systematic approach to setting targets, monitoring performance and reporting (both internally and publicly) against our targets in each of the key sustainability areas. The Xstrata Copper SD Strategy and Management Framework are published in full on Xstrata's website under: www.xstrata.com/corporate/commodities/copper/publications.

The Xstrata Copper SD framework interprets and supports the Xstrata group's SD policy and 17 SD Standards, which were revised in 2008. We are confident that our sustainability strategies will enable us to implement our strategic objectives more effectively and will help us demonstrate commitment to our values while operating in a way that is consistent with our Definition of Purpose.

DEFINITION OF PURPOSE
Contribute to Argentina's development through open and genuine partnerships with our people, local communities and organisations, generating industry-leading returns on investments in a safe, sustainable and environmentally responsible way.
Our strategic objectives:
<ul style="list-style-type: none"> ■ Work in an injury-free, healthy environment. ■ Maintain recognised leadership in environmental performance. ■ Maintain our reputation for social responsibility through community support. ■ Realise the full potential of our people. ■ Achieve the full capacity of our physical assets. ■ Be cost-competitive through the cycles. ■ Create value through dynamic growth and continuous improvement. ■ Implement key common systems and strategies effectively.
Our decisions and actions will reflect the following values:
<ul style="list-style-type: none"> ■ Honesty ■ Fairness ■ Respect ■ Confidence ■ Ingenuity ■ Courage ■ Passion

Precautionary principle

Minera Alumbrera takes a precautionary approach to the environmental management of its activities. We use a comprehensive risk-based approach to manage the potential detrimental impacts of our activities. This approach means that even in the absence of evidence that environmental degradation is occurring or will occur, we take action to mitigate the possibility that it will.

Key sustainability challenges

Based on an internal review and the feedback from our stakeholders, we have identified various key challenges to the successful management of our business.

- **Environmentally responsible mine closure plan**
We considered four mine closure aspects including technical (environmental), social and economic, corporate, and governmental aspects. Regarding the environment, we have conducted research activities with capping tests at the tailings dam and main waste dump since 2003 relating to the performance of materials to be rehabilitated, their evolution throughout time and biological characteristics required for native species habitability. The test area at the tailings dam will be extended to start native species revegetation efforts in demonstration plots. In 2009, after completing the first stage of the revegetation programme under which native species would be recovered to evaluate their ability to reproduce at greenhouses, 3.5 demonstration hectares will be prepared to identify the pioneer species.

Environmental research relating to mine closure includes the cardon cactus revegetation and carob tree forestation programme outlined in the Environment section.

Another challenge relating to water resources is to continue studies on the Campo Arenal aquifer and improve the water recycling process to reduce freshwater use.

We will also deal with the climate change issue. Monitoring activities conducted in 2008 will enable us to design emission control strategies under the air quality management programme.

- **Prevention of fatalities**
A Safety, Health and Risk Management Committee, consisting of senior safety advisors from all areas, was set up to further emphasize our commitment to safety. Therefore, we will continue working with training workshops, in line with the work performed in 2008, thus adding the first link to our chain value. Our focus will be on safety and health leadership and we will monitor each individual incident with qualified personnel in all areas.

- **Social license to operate**
The communication and engagement with stakeholders must be reinforced and renewed in anticipation of a year marked by financial difficulties at the global level. Opinion surveys will also help us with this exchange with the communities in order to better understand their expectations and concerns relating to the Bajo de la Alumbrera operation and mining activities in general. According to a survey conducted by an independent organisation at the end of 2008, although 73.5% of the surveyed believe that mining activities contribute to the growth of their province and, almost to the same extent, of Argentina, there are some evident concerns that will be addressed in line with the mine closure plan.

We will continue with our plan to report on the mining and project benefits at both massive and individual exchange levels through community leaders in order to foster confidence and understanding that enable us to operate under the applicable laws.

- **Maintenance of legal certainty**
The mining industry requires a stable legal framework considering that mining activities



involve long-term projects and substantial investments to commission such projects. In this respect, Argentina developed a set of laws that adequately promoted the industry development. Therefore, the rules of the game set to sustain and attract new investments, which generate economic benefits and social development in the provinces where the projects are located and in Argentina as a whole, must be observed.

Awards

Minera Alumbrera won the "Zonia Osorio de Fernández" Social Management award in the Great Mining Activities category, which Organismo Latinoamericano de Minería (OLAMI) grants every two years to sustainable development activities of the mining sector in Latin America. Minera Alumbrera stood out in the contest by submitting the "Plan for improvement of the educational system in the communities of Aldagalá, Aconquija and Belén, Catamarca province", which competed against projects from Peru, Venezuela, Colombia, Ecuador and Bolivia.

This award is an incentive to the social work conducted by the company and stresses the importance of addressing educational needs through partnerships between the public and private sectors that develop local skills.

1. Additional information is provided in the Sustainable Communities section.



Corporate Governance and Management Systems

Minera Alumbraera operates within the structure of Xstrata's standards of corporate governance as set out in the Group's Statement of Business Principles and SD management policies and standards.

Governance structure

This approach is supplemented by Xstrata Copper's own common systems and policies in the areas of safety and health, environment, community, risk management, human resources and sustainable development.

Xstrata Copper's SD performance is monitored and evaluated by Xstrata Copper's SD Committee (which is responsible for the continuing evolution and broadening scope of sustainability issues), which meets monthly. Through the Xstrata Copper Board, SD performance is regularly reported to the Xstrata Executive Committee.

The General Manager of Minera Alumbraera is a member of Xstrata Copper's SD Committee and is responsible for developing, setting and

implementing SD management strategies and systems across the division.

Corporate governance

The achievement of Minera Alumbraera's goals and objectives is closely related to good corporate governance. Thus our shareholders and other stakeholders may rely on Minera Alumbraera's responsible management practices.



Roxana Maldonado and Silvio Aibar, who performed paid internships in the area of Tourism in 2008.

Minera Alumbraera is managed and administered by a board that consists of four regular members, one of them being the chairperson. The Board sets the strategic guidelines for the company and is responsible for its management. The Board holds at least four meetings per year to review business performance.

In 1994, Minera Alumbraera entered into an unincorporated joint venture (UTE) agreement with Yacimientos Mineros de Aguas de Dionisio (YMAD) to mine the Bajo de la Alumbraera deposit. YMAD is made up by the Catamarca provincial administration and Universidad Nacional de Tucumán. The Chairman of YMAD is appointed by the National Executive Branch.

The UTE Management Committee consists of eight members, three of them representing YMAD and five members representing Minera Alumbraera, and is presided over by a chairperson. The Committee is responsible for setting general policies, objectives, procedures, methods and actions related to the operation.

Sustainable development assurance

Xstrata Copper undertakes a combination of internal and external assurance activities to

ensure compliance with Xstrata Group's SD standards and policy. This requires conducting specific internal and external audits of the requirements set by such SD standards and policy. In addition, this process enables us to define relevant SD targets, to have robust monitoring systems in place and to report in an accurate, timely and material manner.

The overall result of the last audit relating to the compliance with sustainability standards was 84%, as measured against Xstrata's 17 sustainability standards. URS Corp. conducted this audit in mid 2007 and will repeat it in May 2009.

Ethics and business principles

Minera Alumbraera endorses Xstrata's business principles, which set out corporate ethics, taking into consideration the differing cultures, customs as well as the applicable laws in Argentina. Ethics is the foundation of Minera Alumbraera's business principles, which have been voluntarily made part of global initiatives promoting ethics as a fundamental value.

Minera Alumbraera's management is strongly committed to sustainable development. This is clearly demonstrated by Minera Alumbraera's ethical behaviour with stakeholders at the social, economic, business and environmental levels.

Minera Alumbraera has developed and implemented its own Code of Conduct to ensure that business activities are conducted with honesty and integrity, under the highest ethical standards.

Xstrata has an ethics line in place, which is a confidential mechanism independently operated by KPGM that provides employees and other stakeholders with a means through which they can report any breaches of Xstrata's Business Principles, policies or prevailing legislation. A toll-free phone number is provided in every country in which Xstrata has managed operations. The Ethics Line can also be accessed online via www.xstrataethics.com.



Smelting to produce dore gold.

Human rights

Minera Alumbra's Business Principles contain our endorsement of the principles set out in the UN Universal Declaration of Human Rights and the International Labour Organisation Conventions.

Minera Alumbra is mainly focused on protecting the rights of our employees and contractors to work for equal pay, to associate freely, to a safe and healthy work environment, to non-discrimination and fair treatment and to legal rights. We also support the rights of employees, community members and other stakeholders to be treated with dignity in a manner that respects cultural heritage, traditions and norms.

All the security personnel who work to protect our people and assets received adequate human rights training in 2008, in line with their role, and we expect to provide external reinforcement training in 2009. We monitor compliance with our Business Principles, SD policy and standards, in line with Xstrata's management standard for suppliers, contractor and partners.

Non-discrimination policy

We value the contribution made by our employees, and our policies and practices with respect to their personal dignity and rights. We will not tolerate any form of discrimination, harassment or bullying at the workplace.

No discrimination incident has been reported at Minera Alumbra during the period under consideration.

Child and forced labour

Through Xstrata's Business Principles, Minera Alumbra upholds the elimination of all forms of forced or compulsory labour and stipulates that no form of child or forced labour will be tolerated. The age of Minera Alumbra's youngest employee is 18, and this information is included in the internal risk management audit programme.



Corruption

Xstrata's Business Principles state that we do not offer, solicit or accept any form of inducement or bribe. Xstrata's internal audit function, supported by KPMG, takes into account identified fraud and compliance risks associated with our key business activities, based on the ethical performance expectations contained in our Statement of Business Principles.

In addition, Xstrata's Fraud Policy explicitly states that the organisation will not tolerate any incidence of fraud committed by employees or others, either from within or outside the organisation and will take immediate and serious action against those persons committing a fraud, irrespective of length of service or position. It also outlines the channels available for employees or others to safely and confidentially report fraud or other unethical behaviour that is contrary to the Xstrata's Business Principles.

In 2008, two calls were made to the ethical line to report fraud. Both reports were investigated internally through one of Xstrata's internal audit representatives. Although there was room to improve processes, the reported facts did not conform to reality.



The mechanics Daniel Soria and Omar Madrid are checking the tyres.



Sunset at the open pit.

Public policy participation & political contributions

Xstrata's Business Principles prohibit political contributions of any kind. Xstrata plays an active role in a number of significant international and national industry organisations and multi-stakeholder groups, through membership, funding, provision of expertise and participation in committees and working groups. Minera Alumbra also actively participates in organisations that are copper-specific and others that are unique to geographical areas where we operate.

Key activities among Xstrata's global public policy participation commitments are our membership of the International Council of Mining and Metals (ICMM), and our support for the Extractive Industries Transparency Initiative (EITI).

In line with this policy, Minera Alumbra did not provide any financial or in-kind contribution to political parties or individuals in 2008.

Minera Alumbra is a member of the following mining associations and chambers:

- Argentine Business Council for Sustainable Development (CEADS), a local branch of the World Business Council for Sustainable Development (WBCSD).
- Argentine Business Development Organisation (IDEA).
- Argentine Mining Chamber (CAEM).
- Fundación Capital, a social and economic research organisation.
- Mining Companies Association of Catamarca (AEMCA).

International agreements

In 2004, Minera Alumbra adhered to the UN Global Compact (GC), an initiative that fosters global corporate social involvement among private companies. This is a voluntary initiative that promotes ten basic human rights, labour, environmental and non-corruption principles. This mission pursues a global framework suitable to promote sustainable growth and responsible management initiatives based on business leadership practices. The GC principles are an integral part of Minera Alumbra's business strategy.



Economic Contribution

Bajo de la Alumbrera is one of the main copper and gold deposits in Argentina, operated since 1997. It is located in Northwestern Catamarca at 2,600 m.o.s.l.

Exploration and mining rights are owned by Yacimientos Mineros de Agua de Dionisio (YMAD), a corporation represented by the Catamarca provincial administration and Universidad Nacional de Tucumán. YMAD has entered into a joint venture agreement with Minera Alumbrera to mine the deposit and is entitled to a 20% share in Bajo de la Alumbrera profits.

Minera Alumbrera is operated by Xstrata plc, a diversified mining group, listed at the Zurich and London Stock Exchanges. Xstrata has a 50% share in the project with Canadian Goldcorp and Yamana Gold having a 37.5% and 12.5%, respectively.

Minera Alumbrera is composed of the open pit mine and the processing plant located at the mine site, a 317 km slurry pipeline in the provinces of Catamarca and Tucumán, a 202 km 220 kW power line - from El Bracho substation in Tucumán to the mine site -, the filter plant and rail loading facilities in Cruz del Norte (Tucumán), and the port and load transfer facilities located in Puerto General San Martín, province of Santa Fe.



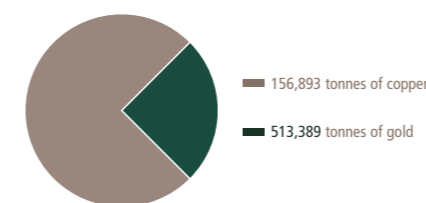
Conveyor belt.

Production Process

Rocks from the open pit are mined by four electric shovels and the ore is transported with 40 220-tonne haulage trucks.

Following a complex grinding, milling and flotation process, Minera Alumbrera produces annually around 670,000 tonnes of concentrate.

2008 Production

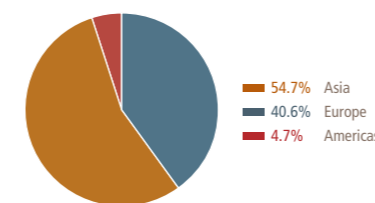


Gold is recovered as doré through a gravitational physical process and in the concentrate, which is later processed in international refineries to obtain the final product. Copper and gold concentrate is pumped through the slurry pipeline to the filter plant where it is dewatered to obtain a drier and lighter product. From there, four locomotives and 182 wagons rail the concentrate up to Puerto Alumbrera, in the Paraná River.

Concentrate is shipped to different international markets for refining, to wit: Germany, Korea, Spain, Philippines, Japan, India, Canada, China, Finland and Brazil.

Concentrate was mostly shipped to Asia representing 54.7% of product destination in 2008. Concentrate sales by Minera Alumbrera amounted to USD 1,249 million in 2008.

Destination



Since August 2008, the molybdenum plant started full operation with a production of 450 tonnes to be shipped to Chile.

The following table shows the cost of public services paid by Minera Alumbrera in 2008:

Cost of Public services in 2008

ELECTRICITY	\$ 178,054,378.86
WATER	\$ 10,795,166.80
RAIL	\$ 30,406,193.97

Minera Alumbrera does not receive any financial assistance from the national administration.

Direct Economic Impact

Minera Alumbrera provides direct and indirect benefits to the project area, as well as contributions at both provincial and national levels. Minera Alumbrera generates employment, wealth, opportunities to increase the value chain of local suppliers and contributes to the development of infrastructure.

Bajo de la Alumbrera direct economic impacts have been identified and measured, especially those related to the operation at national, regional, provincial and local levels. To measure these contributions, the following variables have been selected: employment, salaries, production value, exports, purchase of national goods and services and tax revenues.

On the one hand, we analyse the impact on labour market and job generation and, on the other hand, the cash flow resulting from project operation, purchase of national supplies, wages paid to Minera Alumbrera workers, and revenues from exports and taxes.

Direct Impact Indicators at National Level

Employment

In 2008, Minera Alumbrera had 1,416 employees. If we consider contractors workers, the number of jobs amounts to 2,216. Thus, the project has nearly doubled the number of workers (+92%) since the beginning of operations in 1998.

These figures show that, in the last 10 years, the project has maintained a steady growth of job demands, and generated 679 new direct jobs, despite the different international and national economic scenarios during such period.

In fact, although the direct employment growth rate was reduced in the last year, no reductions were noticed in the employment levels of the years under review and the cumulative annual average growth rate is significantly high, around 7.5%.

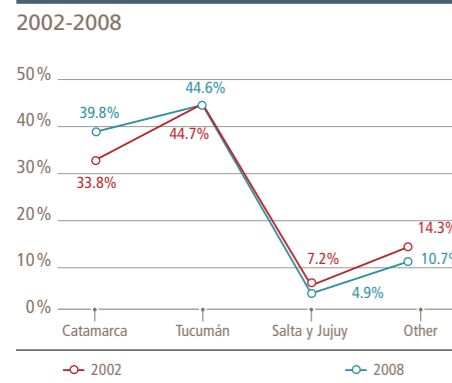


Mine mechanics Jorge Alderete and Alejandro Centeno inspect the gears of a drill to determine if they can be reused or need to be replaced.

In terms of participation in the direct employment of the mining sector, Minera Alumbraera engages approximately 5% of the total employment of the business, and productivity - the production generated by each employee measured in US dollars - amounts to approximately USD 680,000¹. This figure is significantly higher compared to the average of the sector - USD 112,000 in 2007.

In 2008, 89% of the people employed were from the Northwestern region, and the remaining 11% from other provinces. Likewise, in this region, the province of Catamarca has increased its share and the province of Tucumán has maintained its contribution.

Distribution by Province of the Staff Hired by Minera Alumbraera

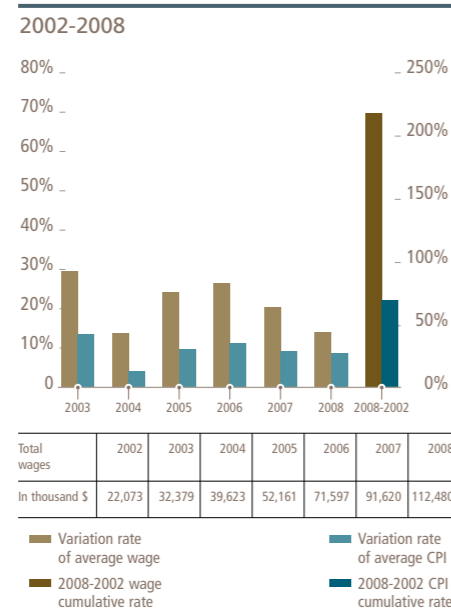


Source: Data provided by Minera Alumbraera

Salarios

The revenues generated for salaries, without social security charges, amounted to \$112.4 million in 2008, 23% higher than the previous year and 409% higher than in 2002.

Evolution of average salaries paid by Minera Alumbraera and CPI



Source: Data provided by Minera Alumbraera

The evolution of this indicator is due to the increase in the number of employees -532 and 61 new jobs compared to 2002 and 2007, respectively- and to the increase in nominal wages throughout the period under review, with a major recovery of real wages compared to official indicators. The average nominal wage of a project employee shows a 217% increase, while inflation during the same period² was 70.2%. This shows that mining contributes to a fair distribution of the wealth it generates.

As to the distribution of these revenues, it is equivalent to that of employment. In fact, in 2008, the Northwestern provinces concentrated 89% of these amounts and the provinces of Catamarca and Tucumán obtained 85%.

Finally, since the beginning of operations, the project has contributed revenues that were used to pay wages for \$464 million. This shows a major contribution to local consumption and the resulting multiplying effect and positive performance of local economies.

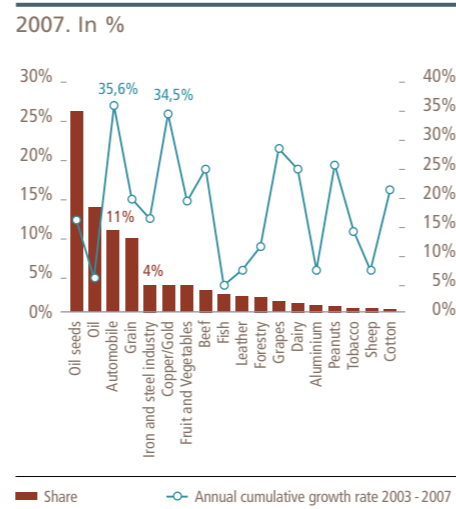
Exports

Exports reached \$3,898 million³ in 2008 what shows a 178% increase compared to 2002. The aggregate amount for the period 2002-2008 amounts to \$22,524⁴ million. However, it should be noted that in 2007 and 2008 there were changes in the exported values of 1.7% and 19.8%, respectively.

Besides, the value of exports for 2008 represents 1.8% of the country's total exports, 7.6% of commodities exports and 44%⁵ of exports of the mining sector. Likewise, shipments abroad represented in 2007⁶ 80% of exports of the copper-gold complex, which is the sixth most important complex for Argentine foreign trade because of the volume of exports.

The annual cumulative growth rate of exports of this complex for 2003-2007 is similar to that of the automobile industry. Both sectors show the most dynamic growth.

Argentine exports by complex and share of project exports in gold-copper complex exports.



Source: Data provided by INDEC.

1 Productivity amounts to USD 618,000 considering both direct workers and contractors workers (2,116 jobs) and USD 1,015,000 if we consider only direct workers (1,416 jobs).
 2 Inflation is measured based on CPI - April 2008:100 (2008 average / 2002 average).
 3 2008 exports amounted to USD1,249,573,893
 4 2002-2008 exports amounted to USD 7,039 million
 5 Note that this percentage refers to the official figures provided by the Mining Secretary which include the exports of industrial products derived from mining. Thus, the participation of Minera Alumbraera exports in total mining exports is significantly higher if we consider only the mining products according to the classification of the Uniform International Industrial Code (UIIC).



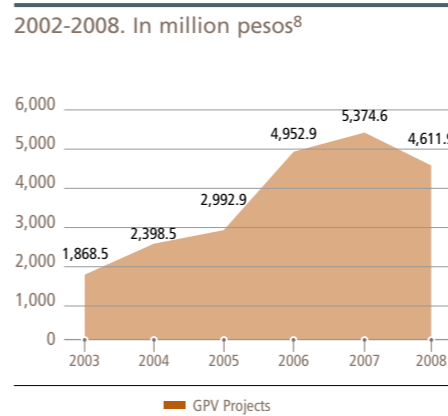
Drill cores corresponding to the exploration programme of new reserves in the deposit.

Gross Production Value

In 2008, the total Gross Production Value (GPV) amounted to \$4,622 million⁷, showing a drop of 14.2% compared to the previous year. This decline in the production levels is due to a combination of factors such as a drop in the production volumes as a consequence of a lower grade of the ore mined and a significant reduction in market prices.

As shown in this graph, the GPV for 2003-2008 shows a steady growth up to 2007, with a 147% increase between both dates. In 2008, there was a turning point in the expansion cycle of production due to the reasons mentioned above. Future performance will depend mainly on the international price trends.

GPV Evolution



Source: Data provided by Minera Alumbraera.

The share of the GPV in the total value of the country's mining production for 2007⁹ reached 37.3%, what involves a major role in the performance of the mining sector in our country. Besides, Minera Alumbraera is the only producer of copper and gold concentrate in the country. The share of mine copper in world wide production amounts to 1.2% for 2007. Hence, Argentina ranks fifth among copper producers in Latin America and fifteenth in the world.

Revenues from the Purchase of Domestic Supplies

In 2008, Minera Alumbraera purchased goods and services from domestic suppliers for over \$1,046 million. Hence, cash flow amounts to \$87 million per month, that is, daily purchases for nearly \$ 3 million.

This level of domestic purchases reaches 44% higher than that of 2007. This is due to an increase in the volume of domestic purchases through the replacement of imported products and to the higher prices of national goods and services and, consequently, of production costs.

In 2002-2008, there were higher expenses in domestic supplies and goods. This variable shows an increase of 223%. The positive performance is due mainly to the devaluation suffered by our country by end 2001, which allowed to increase the competitiveness of certain national products and improved the value chain.

Thus, the multiplying effect of Minera Alumbraera on Argentine economy, through productive processes, higher job multipliers and indirect added value was increased. Besides, in the period under review, the increase in the production capacity of the project has contributed to this situation.

As to the distribution of these purchases, 4.6% are from Catamarca. The share of the province has increased during the life of the project. For instance, in 1999, the expenditure in national goods and services in this province amounted to about \$950,000, while in 2008 it amounted to \$47.8 million. This is the result of the continuity of a corporate policy intended to improve and strengthen the purchase of supplies and services in this province and in the neighbouring communities. Likewise, national, provincial and municipal authorities and the different local stakeholders have generated programmes and agreements that allowed to achieve these results.



Adriana Moreno joined the paid internship programme and was later engaged by the company.

6 2007, last available data of exports by complex -INDEC.
 7 In 2008, the Project GPV amounted to USD 1,436,715,507.
 8 GPV for the whole series is expressed in Pesos from the conversion into Dollars at the average exchange rate for 2008, in order to separate the production variations from those related to exchange rates.
 9 Last available data of mining GPV of the country.

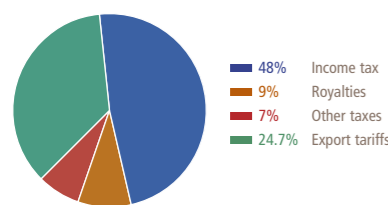


Tax Revenues

In 2008, Minera Alumbrera paid taxes, charges, contributions and royalties for \$1.208 billion, at national, provincial and municipal level. In the last ten years, such contributions amounted to \$4.521 billion, what involves an amount similar to the total investment made by company so far.

Distribution of Direct Tax Revenues Generated by Minera Alumbrera

2008



Source: Data provided by Minera Alumbrera.

One indicator of the importance of this contribution to Argentine economy and mainly to the mining sector is the tax benefit/cost ratio. In this sense, Argentine Treasury has prepared and estimation of tax expenditure in Argentina for 2007-2009. This study identifies as tax expenses the amount of revenues the government no longer



receives when it grants a tax treatment that does not comply with the one established by the tax laws.

For the specific case of mining¹⁰, this study considers that tax expenses for 2008 would amount to \$397 million. Considering that only Minera Alumbrera, for the same year, contributed tax revenues for \$1.097 billion¹¹, the tax benefit/cost ratio is 2.8. This indicator shows that Minera Alumbrera contribution is nearly three times the national tax expense to promote this activity. It also allows to infer the success of the policy implemented, as long as the tax benefit/cost ratio is higher than one.

These data confirm the sustainability of the sector and the project in particular, to the extent that mining would be generating revenues that not only would allow to afford the expenses it generates¹² but also it would contribute with major amounts to finance public spending (education, health, justice, security, infrastructure, etc.) and that intended to promote other productive activities.

It should be noted that approximately 60% of these funds can be shared among the provinces, so they return to the province in the proportion established by law.

¹⁰ Law 24195 and Law 22095
¹¹ This amount does not include mining royalties or distributions which are considered non-taxable fiscal revenues.
¹² It should be noted that the government tax expense in the case of mining is theoretical since, in this case, we are not dealing with direct grants to promote the activity. The government does not use funds to pay grants but it applies the tax regulations in force at the time of approving the investment.

Direct Impact Indicators at Regional Level (Northwestern Argentina)

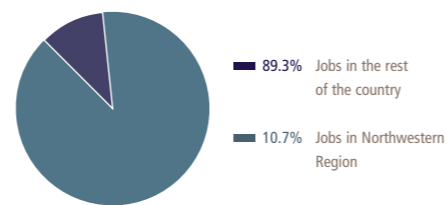
Minera Alumbrera's secondary impact area corresponds to part of the Northwestern region, including the provinces of Catamarca and Tucumán. However, to measure direct impacts, the Northwestern region as a whole shall be considered.

Employment

In 2008, direct employment generated by the project in this region amounted to 1,263 jobs, what represents 89.3% of the total workers of the company.

Job Distribution

2008



Source: Data provided by Minera Alumbrera.

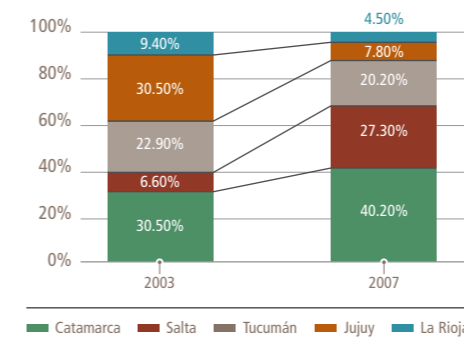
The figures show the importance that the jobs generated by Minera Alumbrera has in the local labour market. Certainly, this contributes to regional development since the resources generated by employment - wages paid - remain in the region. Thus, a major proportion of the project added value - wages - are concentrated in the Northwestern region, what represents cash flows for local economy of over \$98 million per year.

Exports

Exports from the Northwestern Region showed a major increase in 1997-2007¹³, with a 224% increase. This positive performance is due to the impact of mining operations on the local economy since 1997. In this sense, in 2007, Minera Alumbrera external sales showed an outstanding share in the exports of commodities (6%) and total exports (39%) of the region.

Besides, the province of Catamarca increased its share in the region's total exports by 10% in the period 2003-2007, from 30.5% to 40.2%, respectively, due to the increase in Minera Alumbrera exports for the same period.

Distribution of Exports per Province of the Northwestern Region 2003-2007



Source: Data provided by INDEC.

¹³ 2007 is the last available data of exports per province (INDEC)
¹⁴ Based upon data of CFI
¹⁵ Last official data of GGP for Catamarca in 2005 - "GGP Study-Final Report" CFI-March 2008 - 2007 estimated by IADER.
¹⁶ It should be noted that these figures, related to the creation of local wealth from mining in Catamarca, were not prepared by Minera Alumbrera. Instead they result from the data prepared by Consejo Federal de Inversiones (CFI) and the Provincial Statistics Department.

Minera Alumbrera Contribution to the Province of Catamarca

Added Value

The Geographic Gross Product (GGP) of the province of Catamarca in 2005 represented approximately 0.7% of the total national product, with the primary sector representing 31.9%, the secondary sector 17.4% and the tertiary one, 50.7%. If we compare these figures with those of 1995 - before the beginning of operations of Bajo de la Alumbrera and Salar del Hombre Muerto - they amount to 5.5%, 27.6% and 66.7%, respectively¹⁴. This shows the important transformation that these projects have generated in the local productive structure and the significance of the primary sector, particularly mining, that represents nearly one third of the wealth generated in the province.

Likewise, after analysing the evolution of the GGP, there is between 1996 and 1998 a cumulative increase of 43%. This expansive behaviour shows the importance of the beginning of operations of the project (1997) for the provincial economy. Between 1997 and 2007¹⁵, the cumulative growth of GGP amounted to 117% while the GDP reached 40%.

Conclusions of the analysis of the evolution - and structure of Catamarca GGP: The participation of the mining sector in the generation of local wealth is nearly 30% (GGP mines /Total GGP). That is, a third of the added value of Catamarca results from mining.

- Although this participation means that the provincial economy depends to a greater extent on mining performance, this scenario has become an opportunity to capture the benefit contributed by this sector and use it to promote and develop other local productive sectors, thus achieving sustained and balanced growth.

- If these projects had not been executed and local mining had grown at the average rates of '90-'97, the GGP of Catamarca would have experienced, in the last ten years, a theoretical growth of 31%, significantly lower than the 117% obtained and below the national average¹⁶.



Exports

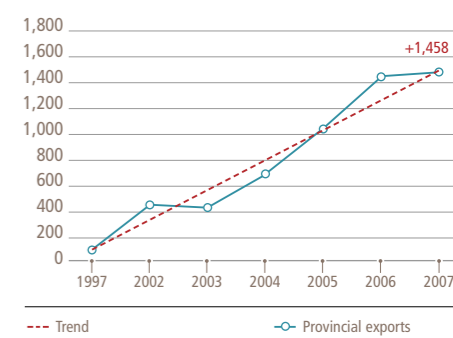
Exports in the province showed a significant increase of 1,458% between 1997 and 2007, from USD 96 million to USD 1,497 million. Commodities represent 92% of such figure. This behaviour is due basically to copper and gold exports. In fact, Minera Alumbrera has contributed with approximately 95% of the exports of the province in 2007.

Finally, while in 1995 Catamarca ranked last in the provincial record of exports, in 2007 it ranked fifth at national level and first in the Northwestern region. Thus, shipments abroad, which in 1997 represented less than 1% of Argentine exports, reached 2.7% in 2007.

Evolution of mining exports in Catamarca. 1997-2007

In million USD

- 5th in the ranking of exporting provinces of Argentina
- 1st in the Northwestern region
- 2.7% of the country's total exports
- Minera Alumbrera exports represent 95% of provincial exports.



Source: Data provided by INDEC.

Tax Revenues

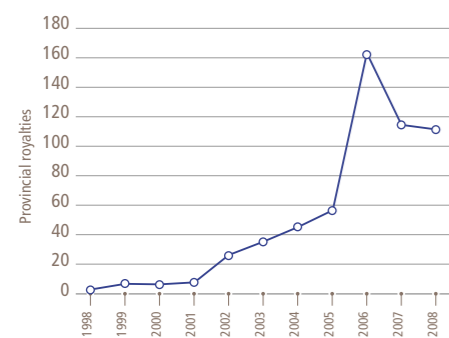
In 2008, Minera Alumbraera has paid taxes, charges and rates, excluding national contributions, for \$11.4 million.

Non-Taxable Revenues

Likewise, royalties earned by the province in 2008 totalled \$111.3 million.

Mining Royalties

1998-2008



— Mining royalties

Source: Data provided by Minera Alumbraera.

The graph shows a steady growth of royalties since the beginning of operations up to 2006. The reductions of the following years are due to a decrease in production volumes, a drop in international prices of commodities since the last half of 2008, and higher production costs and export tariffs.

An indicator to measure the incidence of these revenues generated by Minera Alumbraera is its connection with tax collection. Provincial tax collection in 1997-2008 has increased up to \$ 205.2 million, in the last year, due to an increase in the provincial business activity, mainly mining and also the expansion of the number of taxpayers.

The revenues generated by Minera Alumbraera in terms of royalties and other taxes, and received by the province, represent 60% of the province's own collection.



Minera Alumbraera has 40 220-tonne haulage trucks.



Indicators of Minera Alumbraera Contribution to Belén, Andalgalá and Santa María (API)

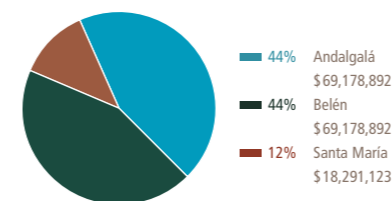
Tax Revenues of Minera Alumbraera. Mining Royalty Distribution.

Based upon the data prepared by the Municipal Affairs Department of the province of Catamarca, the province has distributed \$226 million to the provincial towns for mining royalties¹⁷, in 2004-2008¹⁸. Andalgalá, Santa María and Belén have received \$156.6 million, what represents 70% of the total amount.

The amounts distributed show a steady increase up to year 2006 and in 2007 there was a reduction of 19% together with a decrease in provincial revenues from royalties. As mentioned before, this was due to a drop in production, lower copper prices and higher production costs. Although there is no information about the royalties distributed by the province for 2008, the decrease will be even more significant due to the impact of export tariffs that affect the royalties received by the province.

Distribution of mining royalties in API

2004-2008. In million Pesos



Source: Data provided by the Municipal Affairs Department.

These figures are outstanding and have substantially modified the revenues of such departments. In all cases, these revenues have allowed the execution and planning of major infrastructure works for the development of these communities.

¹⁷ Pursuant to Law 5128 of Mining Royalties of October 2004
¹⁸ In 2008, data available refer to the first and second quarters of the year
¹⁹ Values refer to the amounts actually received by each of the economic agents, not the accrued values.
²⁰ Not including tax deductions or net wages.

Purchase of local goods and services
 In 2008, Minera Alumbraera purchased supplies and services from Andalgalá, Belén and Santa María for \$23.5 million, that is 50% of the purchases of the province of Catamarca. 89% out of this total corresponds to services and 11% to supplies. 75% of purchases were from Andalgalá, 18% from Santa María and 6% from Belén. This level of local expenditure increases the generation of added value and indirect jobs of these towns due to its multiplying effect.

Summary of Total Contributions of Minera Alumbraera to Argentine Economy in 2008.

In 2008, Minera Alumbraera contributed \$2,947 million to Argentine economy due to the payment of taxes, royalties, wages, social security charges, purchase of national goods and services, etc.¹⁹. Such contributions involve:

Cash flows of \$245.2 million per month or \$8.2 million per day, which are distributed across the country.

The income tax and export tariffs paid by Minera Alumbraera represented 1.1% and 1.2%, respectively, of the whole country's tax collection.

Direct contributions to Argentine economy. 2008

DESCRIPTION	AMOUNT	SHARE
Local goods and services	1,046.0	35.5%
Income tax	583.0	19.8%
YMAD profit share	553.2	18.8%
Export tariffs	434.6	14.7%
Salaries	112.5	3.8%
Provincial royalties	111.3	3.8%
Contributions	47.8	1.6%
Grants	22.2	0.7%
Mining easements and water charges	10.8	0.4%
Tax on diesel fuel	10.7	0.4%
Wealth tax	9.4	0.3%
Payroll taxes	5	0.2%
Turnover tax	0.3	0.0%
Other charges	0.3	0.0%
Import duties	0.3	0.0%
Total	2,947.4	100.0%

Distribution of Minera Alumbraera Gross Production Value and Added Value. 2008

64% out of the total produced or Gross Production Value (GPV) represents direct contributions to Argentine economy, and the remaining 36% includes imports of goods and services, depreciation, interest, dividends and reinvestment of profits.

In terms of Added Value or wealth generated at local level, revenues totalled \$1,896 million, what represents nearly 41% of Minera Alumbraera GPV for 2008.

Besides, the total cost of the project²⁰ reached \$3,523 million in such term, 83% out of which are revenues spent in the country and only the remaining 17% is assigned to imported supplies and services.



Juan G. Pani (engineer) testing in the Filter Plant laboratory.



Our People

Safety is a key consideration for any miner. Minera Alumbra's goal is to ensure a safe zero-injury workplace in our operations. Thus, we strive to create and maintain healthy and injury-free work environment.

Our good performance is the result of our ongoing employee training programmes on preventing occupational illnesses and accidents. Our employees are strongly committed and aligned to this priority goal, based on management follow-up and support.

Goals achieved

During 2008, Minera Alumbra set ambitious safety goals. We aimed at a Disabling Incident Frequency Rate (DIFR¹) lower than 1.5. Finally, this goal was achieved as our DIFR was 1.02. This meant a 29% improvement relative to our 2007 performance (1.44).

Even though our safety performance is within widely acceptable levels, our goal for 2009 is a DIFR below 1 with a view to demonstrate once again our commitment to continuous safety improvement.

GOAL 2006	PERFORMANCE 2006	GOAL 2007	PERFORMANCE 2007	GOAL 2008	PERFORMANCE 2008	GOAL 2009
DIFR <2,2	0,93	<1,5	1,44	<1,5	1,02	DIFR <0,9
LTIFR <1,5	0,93	<1,5	1,44	<1	1,02	LTIFR <0,9
TRIFR <12	8,22	<10	6,29	<10	6,81	TRIFR <6,5
DISR <58	81,79	<52	142,48	<50	147,74	DISR <48

✔ Goal fully achieved
 ⚠ Goal partially achieved
 ✘ Goal not achieved

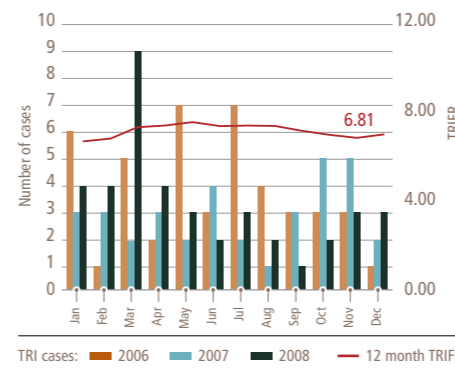
¹ DIFR: Acronym that stands for Disabling Injury Frequency Rate -an injury that renders an employee unable to perform his/her duties during the following shift.

Performance records

Unfortunately, a fatality involving one of Minera Alumbra's truck operators Santiago Gerván occurred in November 2008. A broad investigation team was arranged to ascertain the cause of the accident and action was taken immediately. Even though the relevant equipment maintenance, operator training and risk analysis standards had been implemented, additional controls were put in place and existing practices were reinforced, including a review of safety procedures as well as of our heavy equipment fleet. Further actions are being developed to ensure no re-occurrence of this kind of events.

In order to maintain our safety performance, we will duplicate our efforts to ensure significant improvements in our safety performance.

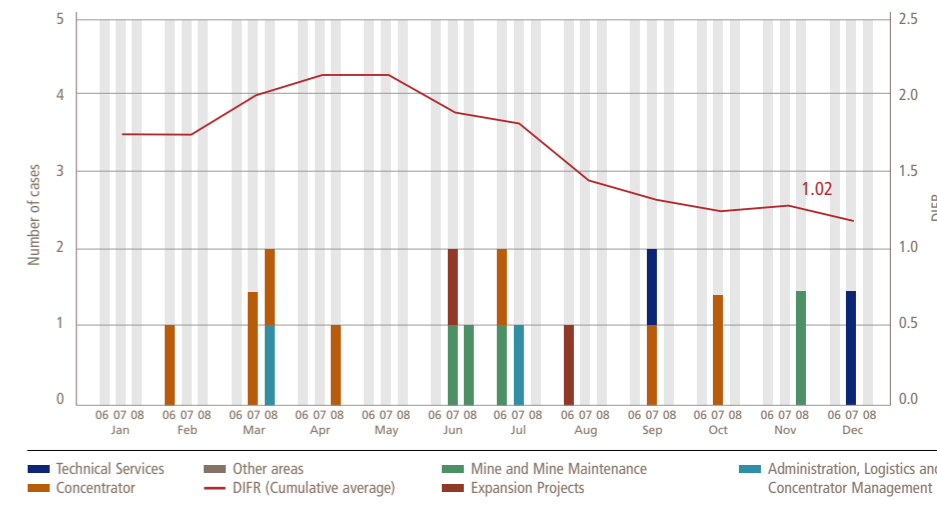
Total Recordable Incident Frequency Rate (TRIFR)² for the 2006-2008 Period



TRI cases: 2006 (orange), 2007 (light blue), 2008 (dark blue), 12 month TRIFR (red line)

DIFR: Disabling Injury Frequency Rate

2006, 2007 & 2008 Years



Our safety management programmes and improvements

Major changes were made during 2008 to our safety management practices. Thus, a Health Safety and Risk Management Committee (locally known as "CSS&GR") was arranged, including senior safety advisors from all areas. They designed the following common projects:

- Contractor Safety Management Programme**
 Based on our overall safety commitment, which also applies to our contractor companies, the first meeting of safety managers and Minera Alumbra contractors took place in November 2008 to discuss health and safety issues, work programmes and common objectives for 2009. A schedule of quarterly reviews and follow-up meetings was established. Our on-site and off-site contractor safety audit programme was also improved.
- Monitoring Programme**
 Our field monitoring programme consists in reviewing compliance with the procedures and identifying the risks that may potentially affect the health and safety of our people. It was implemented in 2008 by the CSS&GR.

- Family Safety Programme**
 During 2008, defensive driving presentations were arranged for the family members of our employees. This initiative will be pursued during 2009 in several neighbouring towns and communities, including home risk training sessions.
- Training Programme**
 A mid-management training programme was implemented across all company areas. It is focused on health and safety leadership practices, using the appropriate safety observation and risk analysis tools as well as leadership development programmes.



Concentrator Operations Superintendent Carlos Santillán training employees under Minera Alumbra's Leadership Development Programme.

² TRIFR: Acronym that stands for Total Recordable Injury Frequency Rate is the aggregate Lost Time Injuries (including fatalities), Restricted Work Injuries and Medical Treatment Injuries.



Mechanical Maintenance Supervisor Enrique Juárez during a dozer overhaul repair works.

Crisis and Emergency Preparedness

During 2008, the services of a specialist fire fighting and detection system maintenance business were consolidated. Our goal to enhance system availability and improve their reliability was achieved.

The continued maintenance of the heavy equipment fire response systems ensured their reliability. Our goal for 2009 is to obtain the relevant accreditation. For this purpose, training sessions with the certifying agencies were arranged for the employees involved in those areas.

Likewise, custom-designed Hazmat equipment was purchased to ensure the proper response to dangerous substance transport, storage and handling emergencies. It was mounted on a Scania truck, including

lighting and signalling equipment, a 4kW generator, manual rescue tools, a booster pump, Hazmat suits and self-breathing equipment.

Additional site and department brigaders have been recruited for 2009, subject to the relevant training programme.

The site and department emergency plans will be reviewed, including the relevant communication programme.

Risk Management

Xstrata Copper risk management system is used to manage and minimise safety risks. Regular audits are undertaken to revisit our performance and adjust safety practices accordingly. Safety issues and revisions are regularly communicated to all employees.

Our Significant Operating Risk ("ROS") analysis sessions were continued during 2008, to include all risks which, unless adequately managed, may risk or have a material or catastrophic impact on the operations.

A wide-ranging team of employees from various departments associated to the risks



Brigaders Alfredo Medina Palacios and Julio Rodríguez at a training session.

under discussion were involved in these sessions. As a result, risk control procedures were established to mitigate the risks involved in Minera Alumbreira operations. Discussions also covered their effectiveness and potential improvement opportunities. This business analysis method is known as the Bow Tie system. Following these discussions, audits were arranged to review the effectiveness of risk control actions. Audit results have been reported to top management.

Business and site risks will be systematically reviewed during 2009 and CSS&GR members will be specifically trained for these reviews, including the provision of the necessary tools. Common risks associated to working at height or in confined spaces, the use of light vehicles, etc. will be added to our record system.

Health and Safety Policy Statement

Under Xstrata Copper health and safety policy, we strive to create and maintain healthy and injury-free work environments for all employees. In order to achieve this goal, our management team is accountable for safety leadership and for the implementation of our employee training programme, which is intended to achieve our zero-injury goal and to make our employees aware of their responsibility towards themselves, their families and co-workers to work and act safely.

Likewise, Minera Alumbreira ensures that every task at the worksite is undertaken in accordance with safe and pre-established guidelines and that our employees have the suitable tools and adequately conditioned equipment for a safe and productive job.

Our medical examination programme is also intended to check and ensure the health, well-being and fitness of our employees for their job.

Minera Alumbreira employs a risk management system to identify, assess and remove or mitigate safety risks.

Whenever an unsafe condition or safety incident is identified, an investigation is promptly undertaken, including the action required to remove risks. Regular safety reviews are made throughout the Business Unit to improve our safety standards, practices and performance. Likewise, individual safety issues and initiatives are advised to all employees.

Our Health and Safety Policy is the basis for Minera Alumbreira's health and safety system. It has been rolled out to all employees, in particular to those in leading and supervisory positions.

Our safety policy is enforced on a day-to-day basis, including the commitment of individual employees to ensure safety throughout the workplace. Risk analysis is also undertaken to ensure the enforcement of safe work standards as regular procedures of our operations.

During 2008, our safe work standards have been reviewed by the SS&GR Committee and will be rolled down during 2009 as a framework to ensure continued overall alignment with a view to achieve our safety goals through a common tool.

OCCUPATIONAL HEALTH

A fundamental health goal is to keep the risks that may potentially result in an occupational health under control. For this reason, our risk measurement programme was continued during 2008 with new temperature measurement equipment.



Our employees are subject to regular medical examinations by site medical services.

Additional employee training was provided, such as the industrial hygiene assistance and training programme, which included risk identification and Personal Protection Equipment awareness sessions. This programme will be reinforced during 2009.

The regular medical examinations established in the legislation in force were also conducted by our Medical Services Department. No work-related illness was identified. If vibration levels were outside measurable standards, the relevant follow-up programme was established.

During 2009, smoking and fatigue management issues will be covered by our health programme, through general presentations. Likewise, we will proactively pursue our optional vaccination programme against influenza to prevent typical winter conditions.



Interlock tags ensure safe equipment operation.



La Batalla Programme Case Study

La Batalla programme was launched under our premise to ensure a better quality of life for our employees. It is a voluntary health programme that enhances the use of site tools to ensure healthy food habits, fitness and wellness.

Overweight is becoming a gradually widespread trend in Argentina. This is also reflected at the minesite. As body fat is associated to certain illnesses, it is no longer a matter of physical attractiveness / body image and thus became a serious issue requiring close attention: Information and healthy habits are the initial steps to do away with excess weight.

Poor food habits and limited physical exercise contribute to obesity. Lack of exercise is generally associated to social factors such as the type of job, the use of robots or computers, mostly sedentary leisure and cultural activities the poor communication of the health risks of a sedentary lifestyle.

The material risk implications of a sedentary lifestyle include cardiovascular illnesses, high cholesterol and blood pressure levels, obesity, diabetes and nicotine addiction. Being aware of these risk factors is a key step to prevent diseases and take a responsible health approach.

Get on the move!

Minera Alumbraera physicians, nutrition and fitness experts gathered in a team to support those employees who wanted to fight ill habits on site and make workmates aware of the benefits of healthy food habits and fitness. This voluntary initiative is intended to help employees take a preventive health approach under a sustained wholesome lifestyle.

“Even though the tools for a better lifestyle have always been available on site, they have been rearranged and formatted to facilitate access and follow-up, based on the actions required to ensure the safety of all programme participants,” explained Bromatologist and Nutrition expert Karina Amayo, now responsible for the quality assurance of Minera Alumbraera’s catering services.

To date, 138 employees and contractors have joined this programme, including 20 to 30-people fitness and information sessions. Technical Services Manager Luis Cardona has enthusiastically joined this initiative. This 51-year-old employee has had a sedentary lifestyle for some time and increased cholesterol levels have been identified during his latest medical examinations.

Thus, he decided to join La Batalla and explained “Workout is essential to ensure a healthy lifestyle and reduce the cardio-vascular risks resulting from high cholesterol levels. Additionally, good health is essential for good performance in the various areas of life.”

This programme consists in a number of stages, starting with nutritional-food and fitness training workshops. It also covers medical-nutritional examinations, including lab analysis, ECG and anthropometric measurements to

ensure that the participant’s fitness as well as the absence of health risks.

The calorie counting of individual site dishes was undertaken together with MAA catering service provider ESS. This information was made available for each dish in order that every participant may keep his/her own records of his/her daily calorie intake. Ms Amayo makes a nutritional examination of each participant to set his/her daily calorie requirements, based on his/her health condition.

“Most importantly however is the attitudinal change of programme participants. Their enthusiastic approach to training sessions, their active involvement in the information sessions, their daily enquiries and comments and the growing number of participants give us a sense of accomplishment,” concluded a programme manager.

La Batalla programme also contemplates scheduled workout sessions, including custom training sessions in line with the goals of individual participants. The health condition of individual participants is closely monitored when they join the programme through a number of medical examinations and workout intensity is monitored in each session through a heart rate meter. Coaching is provided at all times to programme participants, including quarterly follow-up reviews, that include an anthropometric measurements and monitoring indicators to adjust the programme, as required.



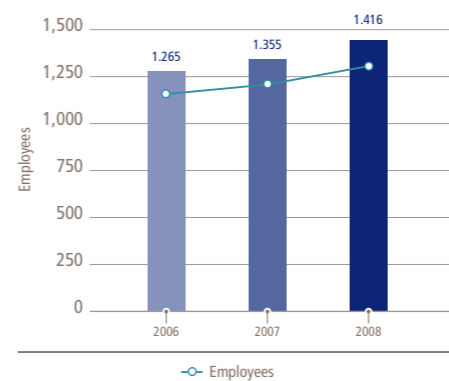
An overview of Bajo de la Alumbraera camp facility, including 480 rooms and recreational areas.

EMPLOYMENT

Minera Alumbraera Employment Policy is based on state-of-the-art management guidelines and the highest standards and principles. Thus, respecting human rights, equal opportunities, fair and equal treatment, recognition of merit and human capital development are highly valuable factors that reflect Minera Alumbraera’s commitment to those who make a significant contribution to our day-to-day achievements.

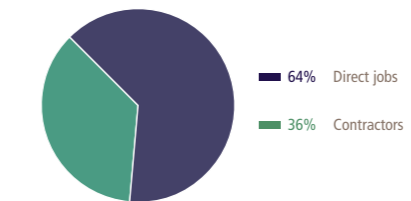
Minera Alumbraera workforce at the end of 008 totalled 2216 people, including direct and indirect employees. Manpower is broken down into the following categories: 908 unionised employees, 440 non-unionised employees, excluding interns, apprentices, part-time employees and two expatriates (from Chile and Colombia respectively).

Minera Alumbraera Employment Trends



Our operational workforce is composed of 1277 people, 139 support employees and about 800 contractors.

Minera Alumbraera Manpower Levels



Priority to local workforce

In line with our commitment to develop neighbouring communities, priority is given to local manpower during the recruitment process under the applicable constitutional provisions and regulations in force, based on the requirements for each position, the and the skills of local candidates. Through Minera Alumbraera’s liaison with local education centres, local manpower is generally actively involved in Minera Alumbraera’s Community Training and Exchange initiatives.

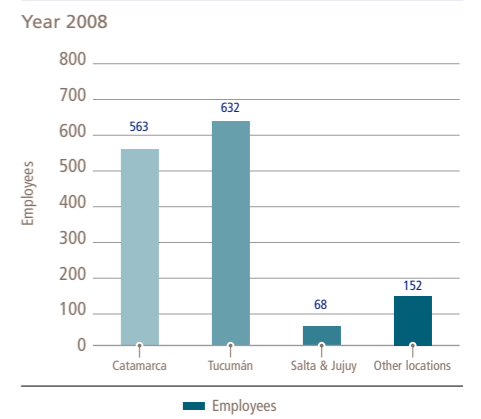
Minera Alumbraera is an advocate of human, education and labour development in neighbouring communities, many inhabitants of which rarely have access to training, development and employment opportunities.

Minera Alumbraera’s management is mostly from Argentina, with only two expats to date. This clearly reflects the robust local skills as well as the operational deliverables of our ongoing local training process and the various professional accomplishments in the operations.

A number of employees have now been transferred to international operations, based on their skills and career at Minera Alumbraera.

Most Minera Alumbraera employees are from Catamarca and Tucumán, in particular from neighbouring communities such as Santa María, Amaicha del Valle, Belén, Hualfín, Andalgalá and Los Nacimientos.

Employment per place of employee residence



Benefits

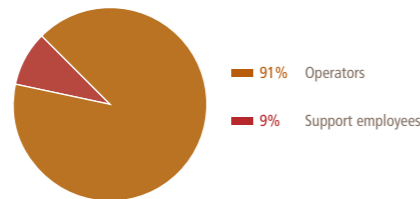
Our full and part time employees are entitled to the same benefits, including site accommodation, transportation, health insurance and meals. This is based on our Fair and Equal Treatment Policy, which provides for equivalent employee entitlements throughout the organisation, irrespectively of the employee hierarchy, work schedule or other legal employment conditions.

Minera Alumbraera operational standards provide for reduced support and clerical staff rates.

Minera Alumbraera workforce (including 3691 staff and 908 unionised employees) is associated to mining and maintenance operations. This means that 91% of our people are directly involved in our production activities.

The charts below show the highly effective performance of our support and clerical staff, who represent only 9% of the above manpower levels and provide financial, administrative, safety, human resources and other services to the mining operations department.

Manpower Breakdown



Compensation

The monthly salary of new recruits has been above the market average since project commissioning. Our Salary Policy is intended to ensure a fair compensation for the efforts and contribution of our employees and at the same time provide employee retention methods to ensure the proper career development and professional growth framework to our employees as well as a standard of living in line with their job.

Work environment

Minera Alumbraera's growth is the result of the efforts made by its employees from all across Argentina and abroad. Our workforce includes expatriates from Latin America, who are neither a majority nor a minority and settled down in Argentina a long time ago to support regional development.

Minera Alumbraera thus became a melting pot where cultural differences fuse together into our day-to-day activities. This in turn leads to a joint vision combining diverse opinions and cultures to achieve our organisational goals, the best work environment and full employee development while sharing common experiences.

During the reported period, we consolidated our position as an attractive employer for human resources.

Minera Alumbraera sustainable attractiveness lies in ongoing training, professional development opportunities including in-house promotion and transfer as well as within the Xstrata Group.

Considering Minera Alumbraera's 196 new hires and 129 terminations of employment during 2008, the above features result in a negative employee turnover rate (-0.48%).

Minera Alumbraera employee turnover

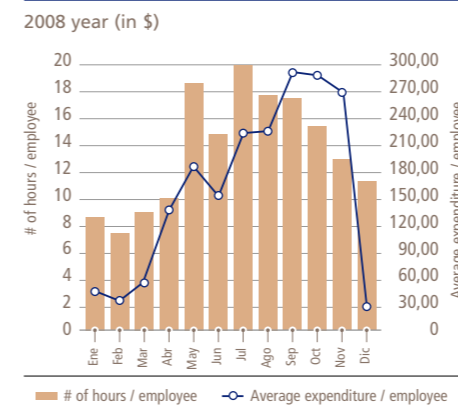


EMPLOYEE TRAINING

Our commitment to employee training and development has been Minera Alumbraera's most striking feature and a strategic pillar for our operational management success in recent years.

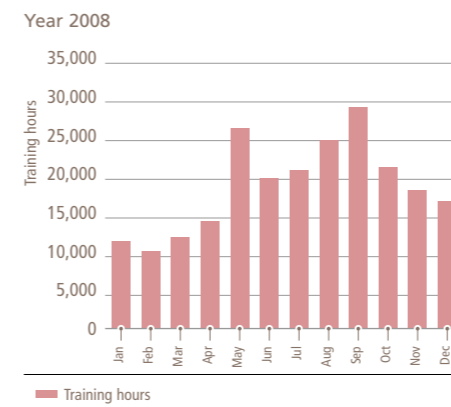
Our annual training budget comes to US\$1.2 million approximately. It includes various development programmes for the benefit of our employees, local communities and the company.

Employee training expenditure



234,516 training hours (vs. 110,000 budget hours) have been provided during 2008. This means a 134% increase over the target levels, based on our non-negotiable premise: getting more with less. Thanks to our upgraded inhouse training processes, only 66% of the total budget has been spent to date. The average number of employee training hours per year has now reached 173.7.

Training hours / employee



Our Programmes

A Training Committee was established during 2008, including members from various company areas to develop our Skills Management Programme for 2009.

Our Secondary School Programme
Minera Alumbraera spent US\$300,000 during the reported period to achieve a long-lasting goal. This initiative supports our commitment to local education and the development of our employees and major site contractors, who are mostly from Belén, Hualfín, Santa María and Andalgalá, where no Secondary Schools for adults are available.

This programme is intended to provide the basic education skills required in today's world to ensure the personal and professional development of programme participants both within and outside our operations.

Our University Internship and Apprenticeship Programme
Seventy-four Civil, Electrical, Mechanical, Information Systems and Mine Engineering, Marketing, Business Administration, Accounting and Chemistry interns and apprentices were recruited during 2008 for our Marketing, Port, Concentrator, Filter Plant, Safety, Finance, Technical services, Procurement and Logistics departments, among other areas. Programme participants were from local universities and secondary schools, such as Dr. Federico Schickendantz Secondary School # 32 from Andalgalá, Secondary School # 12 from Santa María, Secondary School # 13 from San José and Instituto de Estudios Superiores from Santa María. Additional education centres joined this programme during 2008 such as Universidad Nacional de La Rioja and Universidad Nacional de San Luis. The national universities from La Pampa, Jujuy and Córdoba as well as Universidad

de Atacama (based in Copiapó, Chile) will soon join this programme.

Seven maintenance apprentices from our Apprentice Programme became regular employees of Minera Alumbraera during 2008.

Performance Reviews

Minera Alumbraera management and employees are annually subject to our Personal Effectiveness Review process (including performance reviews), irrespectively of their position and/or employment terms. In addition to semiannual reviews, this process is an essential tool for Minera Alumbraera to ensure employee development because it provides an accurate insight into individual employee performance for both parties and helps identify weaknesses and reinforce areas for potential development.

Minera Alumbraera's continuous improvement processes are intended to enhance employee and organisational performance, effectiveness and communication.



About 2500 employees fly in/out in per month.

1 Del total de 440 de personal staff, 369 están afectados directamente a tareas relacionadas con la operación. El resto es personal de soporte o administración.



Secondary School Case: Never too late to correct a mistake

Minera Alumbraera has launched an optional onsite secondary school programme for 180 employees who have not completed their secondary school education.



Following an informal employee survey, this initiative was devised for 80 employees who wanted to complete their secondary school education. Thus, local education centres were formally invited to tender and the contract was finally awarded to Instituto de Ciencias Empresariales (ICE), an official education centre from Tucumán.

Our SEADI programme consists in 22 monthly secondary school courses for adults based in Alumbraera over a two-and-a-half-year period. Programme participants will obtain a Business Administration and Economics specialist Secondary School degree. Courses include weekly 10-hour lessons with optional tutorship.

Surprisingly, more than 180 students voluntarily enrolled in this programme. "We were happily surprised at the strong multiplier

effect of this initiative, which was widely welcomed by our employees," said our HR Superintendent Eduardo Ferrochio.

Preliminary arrangements included a two-day workshop led by an ICE psychologist to identify the reasons that led participants to join this programme and help them do away with their fears.

Most programme participants said they had left school for economic reasons -i.e. to support their families from an early age. Some of the youngest school dropouts even acknowledged they had disregarded parental advice on the importance of completing their secondary school education.

Either by their unavoidable obligation to support their family or their neglect, they were now ready to correct their mistake.



Students get their Economics and Business Management secondary school degree.

Kicking off

Professor Edgardo Espinosa used to teach the initial secondary school course at the minesite. In addition to his Accounting and Legal Degree, Professor Espinosa is a sports journalist and a soccer referee. "I cherish teaching at an altitude of 2600 metres and regret having been unable to oversee a match at the camp soccer field," he admitted cheerfully.

Edgardo is 33 years old and has been teaching Social Science at ICE for two years. "In addition to scholar education, our students need support as they generally have poor reading, writing and comprehension skills," concluded the teacher.

Do not miss this opportunity!

Among Minera Alumbraera expectations is to maintain and expand the current student enrollment levels. Our long term goal is to ensure as many graduates as possible and facilitate their polytechnics or university studies.

Likewise, consideration is being given to making SEADI also available to contractors meeting programme requirements.

"Finally, it is worth noting the efforts made by our students, whose job is highly demanding but their eagerness to learn is much stronger", said Ferrochio.

Another aspect to point out is student fellowship. About 20 secondary school graduates enrolled in the programme to support their workmates. This is a commendable earnest effort and sets an example for all those at site that success is totally dependent upon drive and persistence.

Reference material for the programme including books, manuals and papers is provided by Minera Alumbraera.

Manuel Gómez went through financial trouble to complete his secondary school education. "I will now rise to the occasion at Minera Alumbraera and will learn to gain access to additional employment

opportunities," said haul truck driver Manuel (aged 27). He has a one-year-old son and is very proud of his decision and motivation to pursue higher education at the end of the programme.

Despite the long work hours, Manuel manages to keep work-life balance. He devotes half an hour per day after school to studying his lessons and then does his homework once he puts his son to bed.

"I manage to find the time to study because the results you achieve will be in direct proportion to the effort you apply," said Manuel eagerly. Manuel finally claimed to be "very happy and thankful to Minera Alumbraera. I have been working here for almost five years and have not had a similar opportunity anywhere else. Definitely, I will not miss it!".

LABOUR RELATIONS

Within Xstrata Copper there are examples of various workplace relations models, including individual employment and collective bargaining agreements. These clearly reflect Xstrata Copper decentralised management structure as well as specific site features. All employees are free to join a union of their choice. Labour relations are a key operational management responsibility. We seek to establish a direct relationship between operators and line management, based on quality leadership, effective communication, mutual respect and trust.

Minera Alumbra employees may freely join any mining union, under the laws in force in Argentina. It is a personal decision on which Minera Alumbra has no influence. We respect Minera Alumbra's liaison with the guild as well as with regional and national union leaders. A number of administrative and operating improvement proposals have been developed jointly to enhance our operations and ensure improved results for mutual benefit.

We consult with our employees prior to any significant operational change. Even though the minimum notice terms vary from site to site, they are generally specified in the relevant collective bargaining agreements.

Even though 908 regular employees are represented by our Collective Bargaining Agreement, not all of them are unionised under the freedom of association principle.



793 Haul truck driver Sonia Morales.

Under Minera Alumbra's labour relations with the guild and as established in the applicable collective bargaining deal, a Public-Private Labour Health and Safety Committee has been arranged to discuss the health and safety issues involving our employees on a monthly basis. The topics for discussion included among others, improved safety, off-duty and transportation conditions in line with the functional role of individual employees.

Promoting Decent Work

Under our corporate social involvement practices, Minera Alumbra has been developing jointly the Argentine Labour and Social Security Department a programme to promote decent work policies throughout our value chain. Minera Alumbra has joined the Supplier Technical Committee to ensure decent work benefits from the productivity, social and economic development perspectives while disseminating best business practice.

Then key principles are established throughout the value chain by programme participants. They are based on world-wide labour standards set by the International Labour Association, the ten principles of the United Nations Global Compact and best business practice.

Not only do private companies enforce the applicable laws throughout the value chain but they are also involved in global Corporate Social Involvement initiatives.

Furthermore, guidelines to ensure compliance with labour and social security obligations throughout the value chain have been developed by Minera Alumbra jointly with other members of the Technical Committee. These guidelines are applicable to the suppliers, contractors and subcontractors that provide goods or services to the operations.

Diversity and Equal Opportunity

The Xstrata Group seeks to maintain the diversity of our workforce in order to ensure a wide range of skills, education and perspectives. We employ the candidates having the required skills and experience for each position, regardless of their gender, race, age, sexual orientation, religion, nationality or other condition / status. Under the above principles, Minera Alumbra put in place a Diversity and Equal Opportunity Policy.

Our female employees receive the same compensation as our male employees. No discrimination on the basis of gender is made in our salary levels and related conditions.

By virtue of Minera Alumbra's core management principles and the "equal pay for equal work" constitutional provision.

Non-Discrimination Policy

Under Xstrata Business Principles, we value the contribution of our employees and our policies and practices uphold their rights and personal dignity. We do not tolerate any form of workplace discrimination, bullying, harassment or physical assault.

Minera Alumbra's Fair and Equal Treatment Policy provides for non-discrimination at operational sites and our business practices are based on the non-discrimination principle. This policy is also applicable to our contractors.

By virtue of the above commitment by our employees and contractors, no discrimination was reported during 2008.



Matías Acosta, Daniel Palacios and Manuel Caracho repairing a 793 haul truck engine.



Roberto Santillán doing grader maintenance activities.



Employees enjoying their leisure time at Minera Alumbra recreational area.



Sustainable Communities

Minera Alumbraera is proud of its reputation for social responsibility and we are committed to contributing to the social, economic and institutional development of the communities where we operate to improve the local standard of living.



Production development

Education

Health

Community relations policy & corporate social involvement

As outlined in Xstrata's Community Policy, our community practices are characterised by open and honest engagement with all our stakeholders through effective and transparent communication. We consult and communicate with stakeholders regularly in culturally-appropriate and respectful ways, using materials that are easily understood and provide feedback to issues raised in a similar way. We record, monitor and address community complaints. We establish fair and equitable processes for engagement with

indigenous and local communities including, where relevant, free prior informed consent. Xstrata Copper's Corporate Social Involvement (CSI) programmes are developed in line with Xstrata's CSI policy and standards and form an important part of our work with local communities. Through these programmes we develop community partnerships in the areas of art and culture, education, enterprise development, environment, social and community development, and health. These community

partnerships contribute to the development of sustainable communities and emphasise local capacity building. Minera Alumbraera also supports local businesses and employs local people wherever we operate, in order to strengthen local and regional economies.

Minera Alumbraera's view on community relations policy

Minera Alumbraera is committed to balancing the benefits obtained by our organization and those created for our stakeholders in order to sustain harmonious relationships by partnering with them. In addition to creating added value for those connected with our business, we contribute to a sustainable environment through investments that improve the site's efficiency and maximise natural resources.

Since the start of our site, we have committed to supporting the development of neighbouring communities. We aim at investing in skills, social development and economic benefits by supporting non-mining small local businesses with potential. Our community contributions also include employment, benefits and tax revenues, competitive salaries and training.

In partnership with the communities, we intend to contribute to their sustainable development and thus our work is based on lasting socially and environmentally responsible management.

Therefore, a synergy is established between Minera Alumbraera's internal work methods and the various social investment actions that we undertake. This is possible due to the commitment of senior management and the implementation of proper international practices.



Students and teachers from Andalgalá attended two technical support training courses delivered by Microsoft under the Andalgalá Education Improvement Plan implemented since 2006.

Corporate social involvement

Corporate Social Involvement (CSI) comprises a set of voluntary decisions to contribute to sustainable social, economic and environmental development. CSI is a new management paradigm that involves a long-term business vision to include values such as ethics, transparency and accountable decision-making into our business strategies and activities. A major characteristic of CSI is that it goes beyond legal enforcement and must not be considered as a substitute of social, environmental or economic laws, because it operates as a system of liabilities shared among the various project stakeholders.

For Minera Alumbraera, social involvement represents the voluntary commitment to contribute to sustainable development, with the participation of stakeholders, in order to improve the standard of living of the society as a whole.

Twelve years ago, we started a community programme in the project area through which we provide training, technical and financial support to health, education, arts, cultural, and production development projects, with the support of representative organisations. Agricultural projects include the development of orchards, greenhouses and school farms, small-scale ventures, varietal reengineering of local crops, water works and farmer training initiatives. In the area of education, we promote education improvement plans for teachers, internships for students, infrastructure works, and provide educational materials. In the area of health, work plans are in place to improve hospital infrastructure, upgrade technological equipment, and provide critical supplies to hospitals and health posts as well as training to improve care quality at hospitals.



Development of the physics and chemistry lab of Secondary School #12 in Santa María.



Remodelation of consulting rooms and hospitalisation area in the Obarrio Mental Health Hospital in Tucumán.



Inauguration of multimedia room at the UNCA Technology School.

Objectives

- The first agreement entered into with the Catamarca provincial administration in 2005 to invest \$12 million in the construction and fitting-out of the Belén Secondary School #19, the auditorium of Universidad Nacional de Catamarca and the intermediate care unit of the Belén hospital is 80% completed. In 2009, works will continue at the Aconquija and San José hospitals, care units of Andalgalá and Santa María, and health posts of Aconquija.

- In 2008, the agreement entered into with the Tucumán provincial administration in 2005 was completed. Under this agreement, \$11 million were allocated to the construction and fitting-out of various hospitals including Hospital Obarrio, Avellaneda, Centro de Salud, Del Niño Jesús, Del Carmen and health centres from southern Tucumán such as Los Medinas.

So far we invested \$28.8 million in major infrastructure works in both provinces for the benefit of local residents.

In 2009, the Minera Alumbraera foundation will start taking over community programmes developed since the start of our site. Likewise, it will start interacting with other foundations in order to evaluate new programmes.

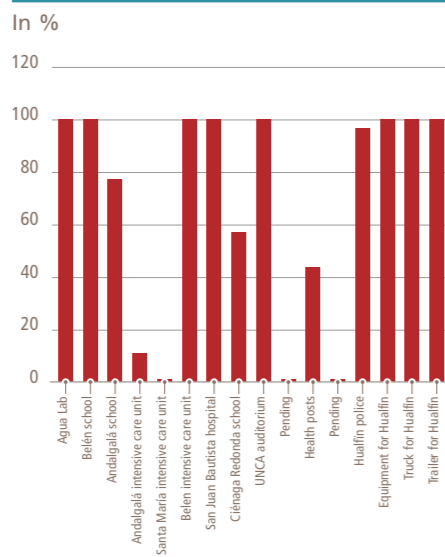


Construction of a technical secondary school in Belén, with a capacity for 1,700 students.

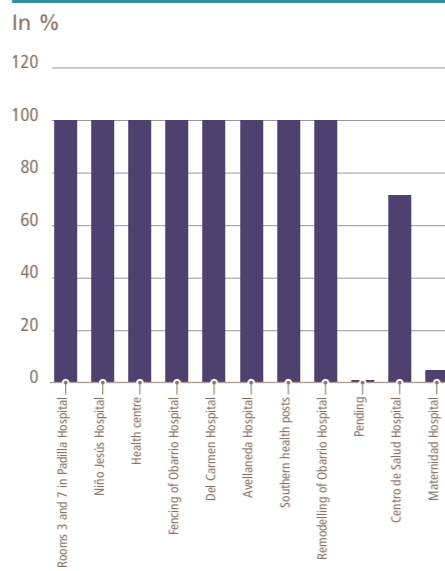
Community programme investments

In 2008, we invested \$5.5 million in community programmes developed in Catamarca and Tucumán. 63% of the total investment was allocated to education and health projects, in line with the needs expressed by local residents in an opinion survey relating to priority works conducted by Crisol (see page 40).

Status of works in Catamarca

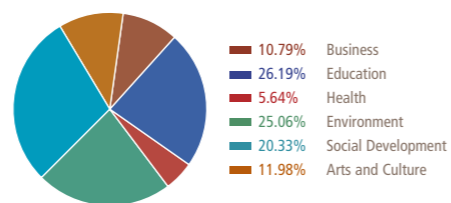


Status of works in Tucumán



Community programme investments

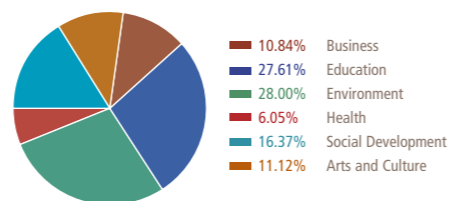
Total expenditure 2008



\$3.3 million were invested in Catamarca and \$2.2 million in Tucumán.

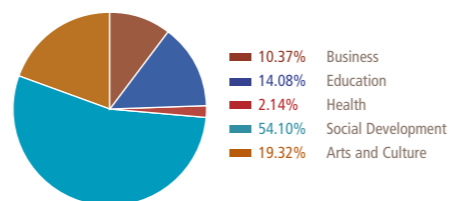
Community programme investments in Catamarca

Total expenditure 2008



Inversión en programas comunitarios en Tucumán

Total expenditure 2008



Stakeholder engagement

Stakeholders are defined as those groups directly or indirectly associated to Minera Alumbraera's activities. At Minera Alumbraera, we interact with parties with different interests and undertake commitments with each one of them.



INVESTORS

Maximizar el rendimiento de las inversiones, a través de una gestión exitosa, con liderazgo en la industria del cobre. Estamos comprometidos con una administración corporativa transparente.

CUSTOMERS

Deliver our products (which are essential for progress) in a reliable and continuous manner.

EMPLOYEES, SUPPLIERS AND CONTRACTORS

Promote a respectful, flexible and efficient organisation through professional development and the fulfilment of mutual duties.

GOVERNMENT

Strictly adhere to and enforce the laws and support the professional management of efficient regulatory agencies.

TRADE UNIONS

Support the responsible organisations that strive for employee welfare.

COMMUNITIES

Provide growth opportunities through training, employment and sustainable programs for the people who wish to develop themselves.

MINING CHAMBERS AND INDUSTRY ASSOCIATIONS

Support their actions so that they represent the entire mining industry.

NGOS AND RELATED ORGANISATIONS

Liaise with organisations that strive for improved social, technical and institutional development at the regional and country-wide levels.

MEDIA

Provide accurate and thorough information, through ongoing regular discussions.

UNIVERSITIES

Encourage fruitful exchange for students in courses directly or indirectly related to the mining industry and promote academic studies that may provide reliable data to the community, based on rigorous methods, honesty and proven scholar qualifications.

Communication with stakeholders

Regarding external communication, we provide informative material to the media. We aim to report on our management achievements in the financial, environmental and community areas while publicly reporting on our continuous improvement process.

To this end, we make publications aimed at neighbouring communities which provide news about the Community Programme and cover best CSI practice including the relevant value chain, human resources and environmental improvements. Four annual editions are published in El Ancasti newspaper of Catamarca while a special edition is distributed in various communities. In Tucumán, we publish a magazine with five annual editions together with La Gaceta de Tucumán. The purpose of this publication aimed at the general public is to show the company's activities. Its Bulletins and communications are regularly published in the provincial and national press and are also available on our website.

Regarding interpersonal communication, each Corporate Affairs representative residing in Andalgalá, Belén and Santa María maintains ongoing communication with local authorities, organisations and community associations. Additionally, community leaders as well as local and mainstream media representatives regularly visit the site to get acquainted with ore processing practices.

Communities' opinion

In order to get acquainted with the expectations and concerns of communities, we employed opinion surveys since they provide us with updates of the problems and concerns raised by stakeholders. In 2008, Crisol, a non-profit organisation, independently conducted an opinion survey relating to mining activities developed in Catamarca and Tucumán.

Crisol endorses local development based on the creation and reinforcement of stakeholder networks that maximise efforts to improve the competitiveness of production sectors. This process is expected to enable regional growth that favours the inclusion of all local residents, and especially young people.

The organisation surveyed 1,200 people from the primary mining project area, the capital city of Catamarca province and the cities of San Miguel de Tucumán and Tafí del Valle that are affected by mining project's activities.

The goal of the survey was to ascertain the level of information, opinions and assessments of local residents relating to mining activities in general and local mining projects in particular.

Since communities of Minera Alumbreira's project area¹ were involved, we are interested in publishing some conclusions².

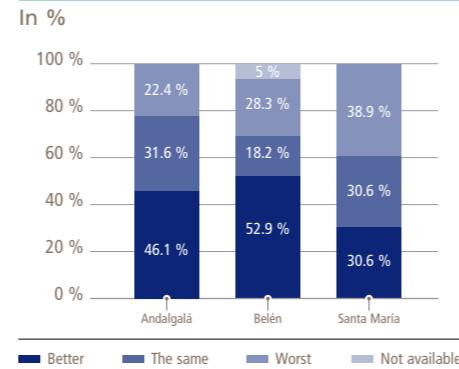


Training on recovery of Andean crops in La Hoyada School, Santa María.

Local standard of living assessments

Local standard of living assessments indicate a closer connection with urban standards than with the particular conditions of respondents. In Minera Alumbreira's project area and in Tafí del Valle, positive assessments prevail but they decline in the provincial capital cities. In the project area, the standard of living improved 43% against the 2007 levels. The main concerns of local residents include unemployment, poverty and lack of opportunities for young people, followed by alcoholism and drug abuse, which are significant issues for the three districts, and infrastructure deficits, especially potable water supply infrastructure. Environmental pollution is a major concern for Santa María, and to a lesser extent, for Belén and Andalgalá.

Standard of living compared with previous years



Source: Crisol



Positive opinions on the project in Belén, where employment and employee training are the most significant contributions.

1 In particular, in the districts of Belén, Andalgalá and Santa María, the capital cities of Catamarca and Tucumán, and Tafí del Valle.

2 The complete survey is available on www.crisolps.org.ar



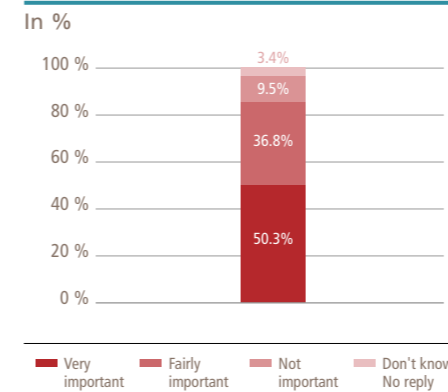
Agrochemicals provision to the Walnut Farmers' Association of Pozo de Piedra, Belén.

Knowledge of mining activities and general assessment

The survey repeatedly asked about the importance of mining activities for the growth and/or development of the country, province and city. Except for Tafí del Valle, the prevailing answer in all cases was that mining is a (very and fairly) important activity. 43.9% of the people from the project area believe that mining activities, followed by agricultural and cattle-raising activities, currently contribute the most to the development of the province.

In addition, two thirds of the respondents think that mining activities are important for the development of the country or their community and half of them consider that these activities are very important. In the opinion of 60% of the respondents, the main benefits derived from mining activities are employment, royalty and tax revenues, and employee training, in that order.

Project area



Source: Crisol

In the provincial capital cities, over 80% of the people consider that mining activities are important for development. 54.4% of the respondents believe that the contribution of mining to the economic and social growth of their communities is very and fairly significant. 73.5% are of the opinion that mining contributes to the growth of their province and almost a similar number of people believe that it contributes to the country's development.

Those who believe that mining activities are important in the current scenario also think that the National Administration must set conditions to promote these activities including greater environmental monitoring and control over revenue allocation and the enforcement of applicable laws.

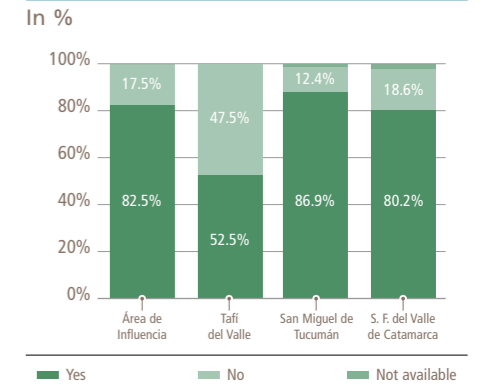
Knowledge and assessment of local mining projects

Most of the survey respondents know about Bajo de la Alumbreira and 50.9% of them have a favourable opinion of Minera Alumbreira. Positive contributions of the project include employment and employee training in Belén, the increase of local economic activities in Andalgalá, and the number of works and programmes developed by the company in both communities. In Santa María, however, an average assessment rate prevails mainly because benefits are less evident, the area has a strong agricultural tradition and there is water shortage.

In the provincial capital cities, Belén and Santa María, most people actually define Minera Alumbreira as "a company that seeks profits but also creates jobs and pays taxes".

Except for Tafí del Valle, more than 80% of the local people believe that the mining project creates new jobs.

Creation of jobs



Source: Crisol

The community programmes assessment made by the respondents showed 45.3% of positive and very positive opinions. In defining priority community works, respondents prefer programmes that support education, health and production activities, in that order. The level of involvement of people from the project area in these programmes is over 20%.

Regarding the environmental impact of the Bajo de la Alumbreira project, most of the respondents assume that such impact exists and they believe that it causes diseases that affect workers and local residents, as well as river and groundwater contamination.

The survey on mining activities conducted by Crisol is the work of an independent organisation. In 2009, we will work based on the answers given by the respondents in order to inform people on specific matters of their interest or concern.



The teacher training programme is developed since 2006 through an agreement between Minera Alumbraera and Universidad Nacional General San Martín.

Programme evaluation

Community initiatives are regularly evaluated in order to know their results and determine whether their objectives have been met. By way of example, we provide the community opinion relating to the Teacher Training Programme developed in Andalgalá since 2006 through an agreement between Minera Alumbraera and Universidad Nacional General San Martín.

The goal was to assess the impact of the project on the local education system from the teacher's and school principal's point of view. The information was gathered through a survey conducted by an economist and a social worker to 123 teachers from Andalgalá on November 2008.

The sample representativeness³ allows us to infer results for the entire local education community.

Results

- 90% of the people who took the course rated its contents, methods, trainers' level and reading material as very good or excellent.
- 98.5% of the people who took the UNSAM course state that it had a positive influence on their teaching practice.
- 90% think that the courses positively impacted on the education system of Andalgalá.
- 88% of the respondents state that they heard comments on the courses among other teachers, parents and principals, out of which 85% were positive comments on the novelty of methods, tutorships, student works, and applicability of learnt skills, while 8% were negative comments mainly because the course has high performance requirements and its was funded by Minera Alumbraera.

In terms of direct impact, the training project benefited over 350 teachers (60% of the total) through some of the courses delivered by UNSAM during 2006-2008. Regarding the indirect impact (the spill-over effect), this training also had an influence on teachers who despite not taking the course believe that the new tools provide good results and

³ Since no public information is available on the number of teachers, school principals and supervisors but on the number of positions taken, it was estimated that there are 577 main participants in the Andalgalá education community.

imitate the practices of trained teachers, as well as on students who are the ultimate beneficiaries of training courses due to the improvement of learning practices. More than 70% of the students benefited from the new teaching and learning strategies implemented by their teachers.



Community Programme

■ Production development

Minera Alumbraera contributes to the development of agribusiness projects with growth potential that promote the creation of permanent or temporary jobs. We provide supplies (including seedlings, seeds, agrochemicals, work tools, cement for water channelling works), training and monitoring to the project beneficiaries. Likewise, we support farmers of aromatic seeds such as cumin, anise, and paprika pepper.

These projects are not only focused on re-engineering processes but also improve farming conditions by seeking a more efficient use of irrigation water. Therefore, works are being conducted to collect and distribute water through coated channels and water storage reservoirs that are being fitted-out and activated. In these cases, we provide materials or fuel while the municipal administrations deal with construction works.

Using the economic resources derived from mining activities, i.e. royalty revenues, and upon request of various farmers' organisations, the municipal administrations started developing projects that improve the sustainability of these activities in the medium term. At this point, we joined this initiative to support communities through construction, organisation and technology transfer activities.



Case of wine-making activities strengthening and development in Santa María.

There is an important wine-making tradition in the district of Santa María, in the Calchaquíes Valleys, which is part of the agribusiness development region whose centre is the city of Cafayate, in Salta province. Santa María is the second largest grape producer of Catamarca and concentrates over 100 grape farmers.

Most of the cultivated land consisted in table and tarrantés grapes for wine-making purposes. In the last few years, a significant part of these grapevines were replaced by other varieties of fine strains such as Malbec, Cabernet Sauvignon and Syrah.

During those years, wine makers from the communities of La Banda, Recreo, Andalhuala, Famatanca, Medanito, El Puesto and Fuerte Quemado developed a partnership which later became a cooperative.

Since they lacked funds to buy basic supplies to conduct phytosanitary monitoring activities and ensure a good harvest, this cooperative approached Minera Alumbraera in 2008. The project was commissioned to provide technical assistance to farmers and purchase basic supplies such as agrochemicals and fertilisers for the 2008 prevention campaigns. Assistance was provided to the cooperative members and the rest of the local farmers who totalled 92 beneficiaries.

Results

Despite the hail storm which affected some areas, the health of grapevines is excellent. Grape bunches were brimful, sprouts had healed and now a good harvest with significant yield is expected in the area. This would not have been possible had not there been an efficient phytosanitary treatment to

heal sprout wounds and prevent fungi-related diseases.

Minera Alumbraera acknowledges the importance of this farmers' association since it allows for institutional strengthening thus creating economic benefits for its members who work jointly in a competitive market. Also local farmers were supported in order to foster co-operation. In this case, the cooperative, whose members are the largest local farmers, is at a social and political consolidation stage and pursues the integration of most farmers to implement key commercial strategies with a major short-term goal.

Currently, actions are being taken to open a local winery that is now out of business in order to produce their own wine.



Walnut re-engineering in Puerta de San José case.

The projects with the highest socio-economic impact in Belén are the growing of walnuts, grapes and olives. Through the implementation of structural improvements, we expect these crops to provide in the short term sufficient economic resources a period of 30-40 years, in addition to promoting employment either in the care of these plantations or in related industrialisation and commercialisation processes.

One of the four walnut re-engineering projects developed in Belén takes place in the district of Puerta de San José, where a walnut and aromatic seed processing plant was built. Minera Alumbraera works together with the Walnut and Aromatic Seed Farmers' Association and the local municipal administration. A comprehensive work started in 2006 and was mostly funded through mining royalties.

Description of situation

Walnut growing is the main agricultural activity in Catamarca. In the district of Belén, there is a planted area of over 1,800 has. Most of the plantations date back to the '40s and '60s and 60% of them are at the end of their useful lives, suffer from serious diseases, have low production levels of less than 700 kg/ha., and are affected by late frost that dramatically reduces production on a regular basis. In addition, native walnuts have little economic value in the market and are less competitive. The annual walnut yield averaged 500 kg and 600 kg/ha. and, consequently, the minimal return led farmers to abandon the growing of this crop which brought poverty to the area.

Benefits

Since the goal is to work towards the sustainability of the rural area and improve the standard of living of local people, two actions were taken. Walnut trees planted in old plots were replaced by new high density Chandler walnut trees. The high quality and yield of this fruit enable small walnut farmers to re-enter in more competitive markets and increase their income.

Likewise, a walnut and aromatic seed processing plant was built where 40 local women work peeling, washing and packing walnuts and aromatic seeds. The production processing provides crushing and packing services to local farmers and stockpilers thus creating added value.

These initiatives also require the development of irrigation channels, which are made jointly with the association and the municipal administration. In this way, water is used efficiently to improve farming conditions.

Results

In the next winter, a production structure will be assembled in more developed plots which will allow for greater yields. In 2010 the first plots planted in 2006 will start producing walnuts and the return of the investment will progressively start showing. In the future, a production of \$1,122,000 is expected from the 34 has. where new walnut trees were planted. In 2014, these plantations will be in full production for at least 20 additional years.



Walnut and spice processing plant that provides industrialisation services to local farmers.

Data sheet:

- Beneficiary: Walnut and Aromatic Seed Farmers' Association and municipality of Puerta de San José.
- Project's start date: May 2006
- Direct beneficiaries: 69
- Completion date: December 2009
- Type of farmer: Small farmers
- New re-engineered area: 34 has.
- Project status: 85%
- Total area: 110 has.

Infrastructure development



Water well in the district of Huaco, Andalgalá municipality, case.

The contraction of the agro-production system in the municipality of Andalgalá is the result of many factors including the shortage of raw water derived solely from the Andalgalá River, difficulties to distribute potable and irrigation water and the sustained increase of potable water demand.

This is a setback to the original irrigated area which was reduced to the current 840 has. Minera Alumbraera funded a comprehensive hydraulic study conducted by a local engineer in 2005, which diagnosed the current situation and its potential solutions. As a result, a Water Use Master Plan (MP) was developed for Andalgalá. This plan includes a series of actions that are gradually implemented through the materialisation of water works.

The goal is to ensure future potable water distribution and expand the production area to the 1,400 available has.

Description of situation

The Huaco district, one of the eight districts included in the Andalgalá irrigated area, is at the end of one of the existing distribution channels. It is affected by intermittent irrigation water supply which caused a significant number of plots to be unproductive. Water loss occurs in ditches and due to the type of soil it represents 60% of the total area. Through the MP, structural actions were recommended including the development of deep water wells to reinforce terminal irrigation systems.

Early in 2007, Minera Alumbraera contributed to the construction of a 288 m well in the Huaco district, which had an optimum specific capacity and a maximum pump rate of

approximately 300m³/h, as determined through trials. This well was part of the works provided under the referenced study that will set up the first Gravitational and Pressurised Irrigation System of Andalgalá (GPI).

This new GPI system consists of two reservoirs which are normally supplied from existing channels and alternatively from the Huaco pump well. Each of their pipelines will have a double function, i.e. propelling water whenever water from the well is required and serving as a trunk pipeline for the GPI system whenever water is available at the reservoirs. Steel pipes for the independent propelling pipelines will be provided by Minera Alumbraera.

Benefits

-The Huaco well, a contribution of Minera Alumbraera, and a nearby older well, also constructed under the recommendation of the MP, will ensure the development of agricultural activities in a land that used to be productive. With the Huaco well, 143 has. with GPI will be reincorporated to the production system while the other well, whose pipes will be provided by Minera Alumbraera, will reincorporate 215 has.

-During the Dec 2007-Jan 2008 water supply crisis caused by the high level of turbidity of water from Andalgalá River, which blocked the filters at the potable water treatment plant, the normal residential supply was interrupted for 15 consecutive days. During that period, an emergency water supply took place. 1,200 trips were made to bring water from the Huaco well in tankers with different capacities to meet the minimum water requirements of the community.

Results

60 out of the 143 district hectares are now being partially used for production purposes. The GPI system will enable the organisation and recovery of the original production area, which is expected to incorporate 50 additional has. thus totalling 193 has.

The production would be more beneficial if crops with higher regional adaptability were grown, e.g. olive and aromatic seeds (oregano, cumin and anise).

-Considering that one hectare planted with olive yields 10,000 kg/ha. in a regular year and that this crop occupies the largest extension of land (approximately 100 has.), a normal olive production at a rate of \$4.2/kg yields an annual revenue of \$4,200,000.

-Regarding aromatic seeds, the annual anise production is approximately 1,000 kg/ha. at a rate of \$10/kg in an area of 10 has. totalling \$100,000. If these hectares were added to the remaining 30 has., then the annual production of aromatic seeds would be \$400,000. This annual turnover completely justifies a full investment in the system.

-Drilling works and equipment provision in Huaco were completed in 2007. The tank, including its equipment, was built in 2008 and propelling pipelines will be fully installed by March 2009.

Education

Education is essential to achieve sustainable human development and a fair society that offers decent living conditions for all people. The quality of education systems is linked to the possibility of taking opportunities and improving social and economic relationships in a region.

We believe that improving education quality is a priority objective and therefore teacher training may help reinforce this goal.

We also carry out major infrastructure works, supply construction materials and, together with local provincial entities, provide educational materials and train local professionals to fill competitive positions in the local market through internship, apprenticeship and grant programmes.



We provide educational and construction materials to 150 primary schools and 18 secondary schools.



Literacy educational

We have implemented an education improvement plan for Catamarca teachers since 2006, with the support of municipal administrations. Based on a diagnosis study of the education sector in Andalgalá, Catamarca province, teacher refresher training requirements were identified and a work plan including reading and writing, school management, and teaching with new technologies courses was outlined.

Through an agreement entered into by Minera Alumbraera and Universidad Nacional General San Martín, a team of teachers specialised in various educational areas conducted the courses. The plan was initiated in Andalgalá and was later implemented in Aconquija and Belén.

In 2008, the process started in 2006 was continued to enable the reinforcement of learnt subjects through new additional courses.

The training experience with Andalgalá teachers in the 1st primary school cycle reading and writing courses significantly

changed teaching strategies, which helped improve the students' learning performance. It is a given that educational transformations must be sustained in time to be able to consolidate and have an impact on new teachers. Consequently, kindergarten and 1st primary school cycle teachers seeking professional growth and committed to teaching were invited to continue training in order to become promoters in the language education area. In this way, they gathered to develop the "Educational Experimentation Workshop", under which the community could have its own team to reinforce improvements through new proposals, and training and counselling of other teachers.

The educational experimentation team includes teachers who are interested in literacy processes and kindergarten and 1st primary school cycle teachers who successfully completed the entire training programme. The workshop coordinators are literacy experts who have been delivering courses since 2006.

Once the work process was completed during the first 4-month class period of 2008, during which teachers studied actions in their own classes and developed teaching proposals and materials, part of the knowledge produced at the workshop was presented at the "Teacher who do research" convention that took place in Olavarría, Buenos Aires province. The group also made a presentation for the End-of-Year



experimentation workshop case.

Conference and participated in the Educational Research Congress that helped teachers to see themselves as a group capable of developing knowledge that is valuable to others. Also, independent projects were developed under the workshop dynamic.

Assistance from the Educational Experimentation Workshop and Education Improvement Plan experts to Andalgalá schools.

The project started in mid 2008 when one school's authorities and the local supervisor, who were worried about the low literacy levels observed in older students, requested the collaboration of the UNSAM experts who had delivered reading and writing courses for 1st primary school cycle students.

Schooling difficulties experienced by socioeconomically disadvantaged children derive from social, economic, institutional and educational factors. In all social sectors, there are children who easily learn to read and write while others find learning very difficult. This mainly depends on pre-school experiences and individual skills. The problem is not the child, but their lack of opportunities. These children are not impaired nor they have learning disabilities but they are merely vulnerable and unprotected children.

Among the multiple vulnerability-contributing factors, we can stress that teachers, educators and educational psychologists pay little

attention to the difficulties of low-income children. Consequently, they lack the adequate theoretical and methodology tools to work with these students.

Teacher training is especially important considering that the difficulties of children who lacked good learning opportunities may be easily reversed if they receive systematic teaching.

Project actions

The first step was to give teachers a reference framework to rethink these children's difficulties and to recommend them a systematic work model. The initial training was followed by in-class monitoring and monthly counselling by a team of experts. The school teachers fitted-out the classroom to ensure that all students had their work sessions and continuously monitored their individual progress. The students remarkably improved their skills.

Based on this experience, the teachers from the educational experimentation team are expected to collaborate giving focused assistance to schools requiring literacy support. The goal is to guide and support school tutors who work with children at risk of repeating the school year. Also guidance teachers will be coordinated by other two local more trained teachers. The project will be under the general supervision of the local educational authority while its technical

administration will continue in the hands of experts.

Results

The chances of maintaining this training project throughout time affect the motivation and efforts of local teachers who are committed to teaching and their professional growth, the social engagement and support from educational and local government authorities, and the empirical learning changes observed in students who are the ultimate beneficiaries of these actions. The project's results evidence the importance of sustainable training methods and local teacher training.



Health

In order to contribute to the quality of the health care system service for Tucumán and Catamarca residents, our health actions include hospital infrastructure improvement or

complete remodelling works, the provision of critical supplies and the required technologic equipment to health posts and hospitals. Priorities and the actions taken are based on

the engagement with local health representatives.



Remodelling of Hospital Centro de Salud case.

Situation

The growing demand of out-patient and emergency health care services at Centro de Salud "Zenón Santillán" caused the number of patients requiring hospitalisation to increase, especially in clinical specialties that cover the treatment of primary chronic illnesses and their related diseases. This required a prompt intervention in medical clinic buildings and the relocation of services to adapt them to the patients' needs. The number of patients who required emergency medical services totalled 19,700 in 2005, which increased two-fold in following year. In 2006, 82,147 patients were treated at external medical centres. This required a complete hospital remodelation in line with the latest health care architecture regulations.

Objective

The purpose was to ensure access to a fair, effective and efficient health care system thus securing adequate health care quality.

Results

In 2008, 85% of the remodelation of the south wing I & II surgical unit was completed.

60 people including operators and technical staff were involved in this work which required an investment of \$1.1 million from Minera Alumbrera. The funds were allocated to the remodelling, expansion and fitting-out of an annex of the I surgical room and gynaecologist service in the south wing. They consisted in comprehensive structural works. Fitting-out works covered water, sewage, gas and lightening facilities. Air conditioning and medical gas equipment was installed and tiling and flooring were changed entirely. Also handicap bathrooms were built and the weakened structures were reinforced. The total remodelled area covered 1,000 metres and 56 hospital beds.

Testimony

"We were impressed by the project from the very beginning. Works were carried out in two levels, complying with all safety measures. The result is a first-class health care service. The satisfaction of doctors, nurses and patients is evident. We want this work to last and thus we are working to make people realise that we all must preserve these facilities. Evidently, this project improved the hospital's profile".



Dr. Ricardo Figueroa
Hospital Director.

We have invested \$10.4m to remodel hospitals and primary health care centres (HCC) in Tucumán, through the first agreement entered into with the provincial administration. Minera Alumbrera provides and administers the funds, makes calls for bids and hires local construction companies, and supervises the execution of works.

Data sheet:

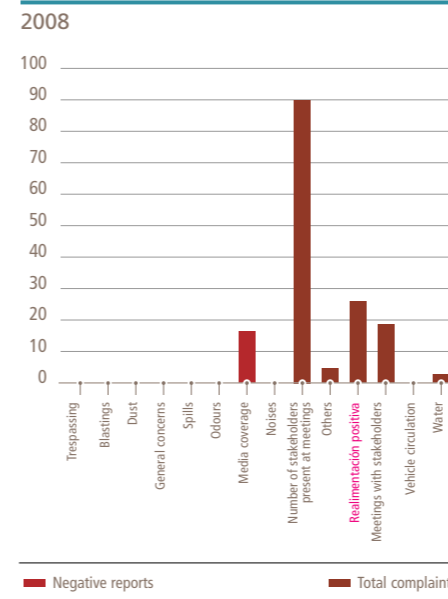
- Hospital: Centro de Salud "Zenón Santillán"
- Work: complete remodelling of the south wing I & II surgical unit.
- Investment: \$1.1 million
- Jobs: 60 local people

Issues raised by the community

Local residents may come to the different local offices of Minera Alumbrera or talk to the company representatives in their communities. Some complaints or concerns are made in this manner while others are raised to municipal authorities, with whom we keep fluent communication. Then, we start investigating the case and try to find a solution to problem or concern raised by a local resident.

Those who have access to computers may choose to send their messages via e-mail to: infoalumbrera@xstratacopper.com.ar In addition, a form can be found at the end of each sustainability report to provide feedback.

Community complaints by type



Road blocking in Tinogasta case.

On October 2008, a group of self-summoned residents from the district of Tinogasta blocked route 60 during 5 days, which stopped the free circulation of trucks carrying mining supplies. They protested against open pit mining (a private company had started uranium exploration activities in Tinogasta) and the circulation of large vehicles in the proximity of their houses.

Our local representative held meetings with local residents to listen to their complaints. We were invited to see the adobe houses that had cracks. Through this interaction, we could explain issues relating to mining activities to cast out any doubt about how we work or the controls applied.

In this situation, we agreed to find a solution for the residents with housing problems. Although we were not liable for the damage, we promised to contribute to repair works by providing construction materials. While we negotiated with the community, the provincial

district attorney's office intervened to release the roads and allow trucks to circulate to their destination. Following this court decision, a group of unidentified persons intentionally set fire to a truck coming from Chile that carried mining supplies to the Bajo de la Alumbrera deposit. Part of the truck trailer was burned when the driver pulled over to sleep inside the vehicle while he waited to go through customs clearance. The affected driver said: "This was an attack, and I am only a worker".

It should be stressed that the engagement process with the involved parties continued, irrespective of the actions of ill-intentioned persons who resorted to violence. Those actions were not endorsed by the community. With the intervention of judicial authorities, the engagement development and a solution agreement, the satisfied demonstrators cleared the roads.

Rights of indigenous people

No incidents of violation of indigenous people rights were reported.

Mine closure

While environmental programmes are being implemented to attain a responsible mine closure, the Provincial Affairs area will start

the closure planning from a community's point of view. Therefore, one of the tools to use will be the community opinion report developed by Crisol, as already explained in this section. In developing the closure plan, we will consider the community's expectations, their association with mining activities and needs expressed in such report.



Environment

In line with Xstrata Copper's strategic objectives, Minera Alumbraera is committed to highest environmental standards.

Statement about environmental policies and standards

The current environmental systems in our sites and operations adhere to Xstrata's Business Principles and SD management standards. We regularly evaluate our performance against those systems and standards.

Our operations and projects must respect laws, standards and rules in force in the country of origin. Whenever possible, even stricter rules are complied with. We have established consistent goals related to carbon reduction, energy efficiency, potable water consumption in arid areas and sulphur oxide (SO₂) emissions that even exceed local regulations.

We manage risks related to biodiversity, trying to avoid, minimise or mitigate any adverse effect caused by our operations.

We intend to continue with our recycling programme by extending metal useful life and recycling electronic scrap, which is a growing environmental concern due to the increase in the number of waste dumps.

Whenever environmental incidents occur, we find the causes and take actions to avoid their repetition. Xstrata Copper also plans, operates and closes its operation in line with its commitment to sustainable development.



Minera Alumbraera constantly works to achieve a solid environmental management, by implementing the best mining practices for environmental protection and care.

In the operation we try to maximise the positive impacts, and reduce the negative ones, considering that the commitment with environmental protection and sustainable development are key to conduct our activities in harmony with nature and communities we work with.

We are helped by all the company members to achieve our environmental goals and try to reinforce the skills and educate or train our employees and collaborators so that everyone that works directly or indirectly with Minera Alumbraera understands our environmental goals.

We promote the efficient use of natural resources, and the improved environmental performance of our daily activities is constantly monitored.

Commitment and responsibility are key to be mining leaders for environmental issues, and we achieve this through the careful planning of our operations, by complying with the legislation in force, continuously evaluating the potential environmental effects, reporting to the relevant authorities and showing our environmental performance to all the stakeholders.



Filter plant located in Cruz del Norte, Province of Tucumán.

Recertification of ISO 14001

Minera Alumbraera attained the recertification of its environmental management system according to ISO 14001:2004. The certification obtained in December 2005 was extended to 2011 by Bureau Veritas Certification in the audit conducted in 2008.

The certification comprises the Mining Pipeline (Catamarca-Tucumán), the Filter Plant (Tucumán) and the port (Santa Fe), that is, the three operational facilities. The areas associated with these operations, such as Human Resources, Environment and Management Systems were also audited and included in the certification, due to their permanent interaction with each site.

According to Engineer Mario F. Fornasari, senior auditor of Bureau Veritas Certification,

"It was verified that the Environmental Management System is still implemented in accordance with the requirements established by ISO 14001:2004 and that continuous improvement is on the go; that's why recertification is recommended." As no disagreement was found with any requirements of this standard, the international certification company issued a certificate that will expire in December 2011. This certificate is accredited by UKAS (the United Kingdom accreditation agency), which gives a second international support to the certificate's validity.

Minera Alumbraera is audited every six months by Bureau Veritas Certification to control the effectiveness of its environmental management system; this determines the extension of this certification.



Lorena Chirivella, Environmental Officer, conducts a test included in the water monitoring programme near Vis Vis River.

Objectives for 2008

In 2008 we worked on the following strategic objectives:

Water

- Preservation of water as a resource, improvement of underground information about Campo del Arenal aquifer and updating of the mine pumpback system.
- Campo del Arenal aquifer is our source of fresh water. The reservoir has been studied since the project viability stage and monitored since the start of our operations. However, improvement opportunities have been found.

An exploration plan was launched on the basis of geophysics surveys additional to the ones already made, drillings of exploration wells that will be later incorporated into our controls, and the execution of a pumping trial in a production well. The results obtained in this campaign will provide valuable data to be incorporated in a future updating of the aquifer mathematic model.

Regarding the pumpback system at the tailings dam, in 2008 an additional pumping well and two additional wells were drilled for the monitoring network located in Vis Vis stream, downstream the tailings dam.



Third generation of ducks born in the tailings dam.

Biodiversity

- Conservation of the regional biological communities. We achieve this through the permanent protection of the surrounding habitats. In order to describe the ecosystems that have been directly influenced by mining, we continue implementing monitoring programmes for ecological variables.

Specially designed programmes, such as the cardon cactus relocation project or the revegetation pilot test give specific help to biodiversity conservation and are directly connected with the tasks to be carried out during mine closure.

Climate change

- Knowledge of the influence of this operation on climate change. We are aware of global climatic imbalances related to the increase in greenhouse gas emissions, and their consequences.

To help mitigation, a diagnosis programme was implemented to determine our emission sources and the volumes of gas effluents generated by our operation, in order to take corrective measures if non-compliance is detected. At the same time, an awareness programme was implemented to reduce energy consumption in administrative areas and camps.

Final waste management, recycling and disposal

- Treatment of the waste generated by our activities.

- Continuity with the broad waste selection programme to ensure that the waste produced in Minera Alumbrera is treated in a proper and responsible way.

The treatment, transport and disposal of separated domestic waste, recyclable materials, reusable industrial materials and dangerous waste continued as before, based on environmental protection criteria.



Paper and plastic recycling programme.



Martin Leguizamón, dam supervisor, conducts topographic works in the tailings dam.

Environmental Incidents

All the reports submitted in 2008 by the different areas belonged to a low category, without relevant incidents that required mid or long-term remediation works. So, the goal of no category 3 incidents was achieved.

Expenses and investments made in environmental protection in 2008:

ENVIRONMENTAL DEPARTMENT COSTS	\$(MILLIONS)
Expenses incurred by staff	1.8
Consultants and contractors	1.6
Licenses	0.1
Waste transport and treatment	1.2
Monitoring and external assessment equipment	0.1
Other operative expenses	0.7
Capital expenses	3.3
Total for 2008	8.9

Climate change

XSTRATA COPPER'S POLICY

Xstrata Copper strives to manage energy consumption and emission of greenhouse gases. We are aware that the future effects of climate change -such as stricter regulations, increased energy cost and physical effects, such as droughts and floods- entail a risk for our operations. Additional information on Xstrata's approach to climate change can be found in the Group's 2007 and 2008 Sustainability Reports and sustainability website: <http://www.xstrata.com/sustainability/>

Energy consumption during project development is generally minimal. The use of generators in camps, fuel for light vehicles and drilling programmes are the main activities that consume energy and generate a greenhouse effect. The site promotes "domestic" energy efficiency programmes.

In order to effectively manage greenhouse gases in a project, mineral extraction and processing must be well designed, because once operations start, the consumption of energy will be high for decades. To facilitate this optimisation, all significant projects must include a carbon contingency cost in their financial models. This facilitates that project development teams optimise the greenhouse effects.

Greenhouse gases monitoring programme

The concentration of greenhouse gases collects solar radiation reflected from the Earth surface and avoids its emission to the atmosphere, thus rising atmosphere temperature in the layers closer to the planet surface and consequently rising the Earth average temperature.

This is known as climate change and is one of the most significant global environmental problems, since it may cause an increase in sea level, glacier retreat, changes in rainfall frequency and intensity and other extreme meteorological effects.

The Kyoto Protocol classified six gases as the main factors contributing to global warming: Carbon Dioxide, Methane, Nitrous Oxide, Perfluorcarbon Compounds, Hydrofluorcarbon Compounds and Sulphur Hexafluoride. The parameters to measure the influence of these

substances have been unified, so that their effects are expressed in equivalent amounts of carbon dioxide.

The impact of these gases is evidenced by their survival time in the atmosphere, that is, the average time their molecules remain in the air before being replaced or removed.

In 2008 we conducted a monitoring process that analysed quarterly samples of emissions made by all our equipment in order to identify different greenhouse gases. In each campaign, nearly 140 monitoring points were sampled.

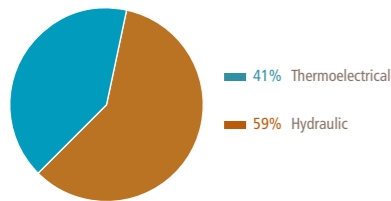
This study intends to organise the site information to elaborate emission control strategies included in an air quality management programme.

Energy

The energy we use comes from renewable (hydraulic) sources and non-renewable (thermoelectrical) sources. Total consumption in 2008 reached 835,854,720 kW/h.

Direct energy consumption by source

In 2008



El Bracho-La Alumbra high voltage line is a 220 Kw line that covers 202 km from Tucumán to the mine.

Water management

Water used in production processes and consumed in the mine comes from Campo del Arenal, an aquifer that is 25 km north of the deposit. In 2008 two domestic hand-drawn water wells were replaced in two small communities by deeper wells with better withdrawal systems, pipelines and pumps.

The water withdrawal effect is controlled by means of a broad monitoring network, so that the information obtained is used to check the aquifer behaviour. The regular updating of the aquifer mathematical model evidences that behaviour remains as predicted.

New studies are carried out to increase knowledge and understanding of this huge watershed.

The water management plan focuses on two aspects:

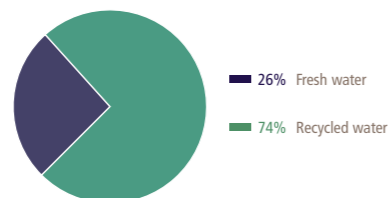
To keep the quality of surface and underground water downstream the tailings dam in Vis Vis Stream.

Improve the water recycling process to reduce the use of fresh water in the concentrate plant.

We hope to reach a value of 575 l/crushed ton. water in order to reduce the consumption of fresh water collected in Campo del Arenal.

Water consumption

In 2008



No areas, water resources or habitats were affected by Minera Alumbra's discharges. In the mine site there are no discharges to the environment, since all the water is recycled to be used in the concentrate plant. The filter plant, located in Tucumán, is the only part of

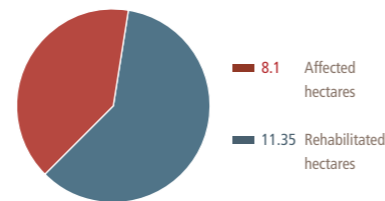
the process that discharges in a rainfall drainage channel that is also used by other local industries, such as citrus, sugar and paper factories. Before the discharge, water is treated by means of a purification process that ensures that the effluent observes the regulations applied in Tucumán. In brief, the current discharge does not affect water quality and biodiversity.

Biodiversity

Minera Alumbra's operations are not conducted close to protected areas or areas with high biodiversity value. The mine is not close to sensitive areas.

Total surface of rehabilitated lands

In 2008



The biodiversity plans we execute include the following activities:

- Biennial biodiversity monitoring in rivers that cross the mining pipeline.
- Annual monitoring of vegetation, wildlife, water and soils in the mine site.

Environmental programmes implemented by Minera Alumbra include Carbon Cactus Rescue and Relocation in areas where the species could be affected by the expansion of the tailings dam and carob tree revegetation in Campo del Arenal.

Study of Practical Cases

Carob Tree Revegetation Project

Campo del Arenal, a part of Monte de Valles y Bolsones [Valley and Pocket Woodlands] region, faces a high stockbreeding pressure. Although there are no reliable records, local residents say that there used to be carob woods that were overexploited until the present, when some small woods remains in the south.

In February 2008 Minera Alumbra launched a carob tree revegetation project in Campo del Arenal. It is an unprecedented experience in the area and is very important to recover local biodiversity.

We will have spread materials (seeds, seedlings) that are adequate to enhance degraded woods. These materials must ensure the existence of better productive trees with high adaptability potential that allows them to regenerate naturally in the area, so that woods with a minimum maintenance cost applicable to large extensions can be planted. This is essential, since once these ecosystems' stability is restored local sustainable productive systems may be applied.

Objective

The goal is to revegetate the Campo Arenal area with different species of carob trees - Prosopis sp-to recover an area that is undergoing a desertification process, and revert the loss of natural resources caused by local production activities.

This will also:

- Provide the neighbouring communities with workforce for potential forest exploitation, wood industries, fruit harvest, carob flour and fodder.
- Give local birds permanent perches to make their nests.



Biologist Virginia Córdoba is verifying a carob tree's phytosanitary condition.

The method used to obtain seedlings was the following:

- **Seed selection and collection**
Seeds from different species have been harvested in Campo del Arenal and neighbouring areas.
- **Seed preparation**
The seed scarification method was used, which softens or destroys the seed cover in a high-temperature water bath to facilitate germination. This technique, orally transmitted between generations, proved successful, since seeds hydrated almost immediately and kept their germination power.
- **Sowing**
Sowing was made in non-treated reused sand, unlike the procedure conducted in nurseries. Germination was made in simple cold frame germinators, protected from drying by means of a wire and plastic structure.
- **Transplant**
Seedlings were transplanted when the first cotyledons grew.
- **Seedling protection**
During winter months plants were protected against low temperatures. That's why seedlings were firstly put in tunnel nurseries and then in shelter nurseries (that are more resistant to the wind).

- **Irrigation system**
A 1,700-m. aqueduct was built and installed from the pumping well #3 until Campo del Algarrobal, which will facilitate field irrigation works. The plantation area was ploughed and field infiltration tests were made to analyse an adjustment to the irrigation system that facilitates work and minimises water consumption.



The programme intends to recover an area that undergoes desertification.

Results

We have 2,820 seedlings in a nursery, generally in good conditions. We have 500 germinating seeds in the seedbeds.

So far 450 carob tree species that are in very good conditions have been planted in Campo del Arenal. Mortality was very low in the northern area, with only four losses while in the southern area there were no losses and there is a good conservation of species.

Based on the monitoring, the following conclusions were reached:

The vegetation site was well chosen since - soil and biodiversity conditions and the existence of *Prosopis* sp. species show that it is proper for the establishment and development of these trees.

The technique used for seed scarification was very successful, with a survival rate of 90-100%.

The selected seeds showed good germination results, ranging between 40% (very cold periods) and 99% (less cold periods).

Young species rescued from places with present or potential impacts, such as ditches and new constructions, were used. Survival after transplant was clearly different - according to the species. *P. strombulifera* showed a survival rate of less than 30% while in the case of the rest of species, it ranged between 85% and 95%.

THE PROSOPIS GENUS

Carob trees (*Prosopis* sp.) are a group of South American species that comprise 44 species of trees and bushes with xerophytic characteristics. In Argentina, there are 28 species in semi-arid environments. Their excellent features, such as log straightness, fast growth, lack of thorns, high biomass production, high fruit production and resistance to different environmental and anthropic pressures, confirm their biodiversity significance, especially in areas where there is scarcity of fodder from pasturelands and woods.

1 Adj. Xerophilous, more precisely, refers to plants structurally adapted to dry environments, due to their temperature or other reasons. (Royal Spanish Academy.)



The team of biologists take samples of phytoplankton, zooplankton and local shore fish in Durazno river.

Water biological survey programme

Good knowledge of ecosystems and monitoring of ecological variables are essential for the interaction between mining and the environment. Any potential and actual impact on the ecosystem must be reported in order to take preventive steps, corrective measures in case of early warnings, and restore impacted areas, if necessary. This ensures the long-term survival of vegetation and wildlife, water quality and availability and the natural cycle of the regional ecosystem.

That's why we conduct a programme to preserve biological communities by protecting their habitats, in order to mitigate any disturbance in vegetation and wildlife that may be caused by mining activities.

The biodiversity plan's goal is preserving all the regional natural species on a permanent basis.



Gomphrena Pulchella native species of Bajo La Alumbreira

Achieved Results

The research team was composed of limnologists, ictiologists, biologists, chemists and ecologists. Their post-survey findings show that the pipeline layout, as expected, does not affect the aquatic life in crossing rivers.

- Two hundred and eighty fish specimens were captured, that belonged to 18 species and 10 families.

- There is more variety of species in rivers close to the Filter Plant in Tucumán. The station with the highest number of species (10) was Romano river, followed by Gastona, Medina, Seco and Lules rivers, with 4 species each.

- From the phytoplankton community 51 species were found, especially *Diatomea*, *Cyanophite*, *Clorophyte* and *Chrysophila*.

- From the phytobenton community, 73 species were found, especially *Diatomea*, *Cyanophite*, *Clorophyte* and *Euglenophyte*.

In all, 25 species of zooplankton were identified. The highest number appeared in - Del Campo, Medina, Villa Lola and Romano rivers, where highest densities were also found.

Water and sediment biological surveys are conducted along the mining pipeline, within a biennial programme that seeks to increase research to assess whether wildlife and the environment have been modified along time and monitor that the mining pipeline operation does not affect the local species.

To control these variables, a regular updating is made of the baseline study (1999) about the structure and dynamics of aquatic biological communities (phyto and zooplankton, bento, macroinvertebrates and fish) and land wildlife (invertebrates and vertebrates).

The objectives of the baseline study are:

- To identify different types of soils and habitats for land vertebrate species.

- To analyse the relationship between aquatic communities and physical-chemical variables of water and seasonal variations.

- To identify species of priority conservation interest.

- To execute a monitoring plan for wildlife and aquatic communities.



PM10 air sampling made with high volume equipment.

Air emissions

Air quality monitoring programme

By the end of 2008 we conducted a study of air quality and 10-micron (PM10) aerodynamic diameter fraction in the mine site and area of influence of Bajo de la Alumbreira. This study intends to execute a programme of annual sampling and analysis of air quality and particulate matter in Minera Alumbreira's project area, and the subsequent elaboration of a diffusion model.

The sampling is made every three months during a year, and comprises the four seasons.

The campaigns foresee that the sampling techniques, the equipment and the materials used are normalised by local and/or international standards. Samplings are taken with mobile monitoring equipment installed during a week which take measurements on a 24-hour basis.



Mine closure

Closure will be based on an adequate treatment of human resources, safety, social involvement, compliance with law, financial resources and environmental protection, above all. The environmental component is focused on knowledge and baseline extension for conducting rehabilitation studies in order to ensure physical, chemical, hydrological, biological and hydrogeological stability and keep ecosystem balance in the rehabilitated areas.

Activities and programmes

Research continued on the physical-chemical behaviour of materials for rehabilitation, their evolution along time and biological features to house native species. Studies made in 2008 focused on the evolution and behavioural analysis of the materials located in the tailings dam and dumps, including the monitoring of the tailings dam capping system and the construction of a bigger area for making a new test of the waste dump capping system.

Capping system

Since 2003 capping tests for alluvial materials are monitored at the tailings dams and waste dumps for rehabilitation purposes. Results are positive, since the capping layer retains moisture in the rainiest months and releases it in the dry months. In November 2008 a test was made in 3 hectares of the waste dump area using automatic moisture measurement

sensors in order to verify the capping layer thickness. In 2009 the maintenance and monitoring programme for capping systems will be also applied, and the test area in the tailings dam will be extended to revegetate demonstration plots with native species.

FIELD STUDIES AND TESTS 2008	
1	Tailings chemical prediction model.
2	Dynamic test on the chemical evolution of waste dump materials.
3	Follow-up and measurement of tailings capping test.
4	Elaboration and monitoring of a new waste dump capping test.
5	Revegetation plan for disturbed areas.



Nursery officer Ramon Cuellar collects seeds for their subsequent sowing in the waste dump area, in order to restore landscape with native species.

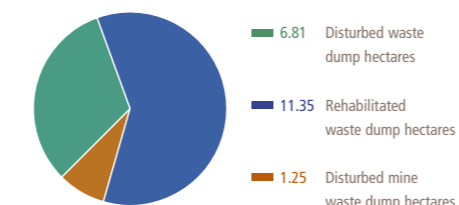
Revegetation plan

The first stage of the revegetation programme included the recovery of native species in the operation's neighbouring area, in order to evaluate and conduct growth and reproduction tests in nurseries located in the mine. We achieved excellent results, with a production of 18,154 specimens out of 36 types of recovered species.

This is how the adaptability level of native species was determined and therefore we will start the second stage in 2009 including soil analyses in disturbed areas and identification of pioneer and other species with higher adaptability to the new environment. Revegetation demonstration plots (of 3.5 hectares) will be used in the tailings dams and waste dumps.

TOTAL PRODUCTION OF NATIVE SPECIES 2008	NUMBER
Rescue of native vegetation	6,128
Spread from seeds	4,366
Spread from cuttings with hydroponics	1,555
Production from seeds and spontaneous growing in provisional plastic pots.	6,105
Total specimen production	18,154

Rehabilitation 2008



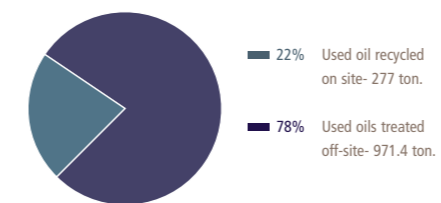
New dump controlled for the proper disposal of organic waste.



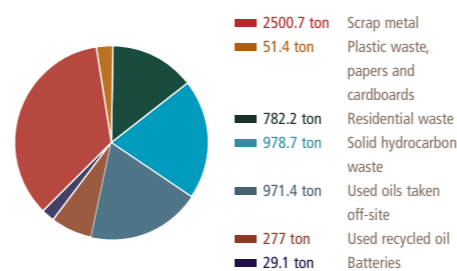
Waste management

Total waste classified by treatment type and method

Dangerous waste 2008



Total waste 2008



TYPE	WASTE	FINAL DISPOSAL
Residential waste	Generated in the course of daily life, unrelated to industrial activity.	At a controlled mine site dump.
Dangerous waste	Used oils, grease, solids, hydrocarbon contaminated soil, batteries.	Off-site by authorized operators.
	Oil used for blasting activities.	At the mine site.
Industrial waste	Wood and rubber	Carried off-site for recycling purposes..
	Scrap metal	Carried for smelting purposes.
Recyclable waste	Plastic bottles, papers and cardboard.	Transported to recyclers.



Materials

Total materials used by weight or volume

SUPPLIES USED IN 2008	UNITS	QUANTITY
Conveyor belt disposal	Metres	1,400
Diesel	Kilolitres	61,183
Electricity	Kilowatt/hours	835,854,720
Anfo explosives	Tonnes	4,487
Explosives - Emulsion	Tonnes	5,768
Heavy Anfo explosives	Tonnes	14,353
Mill balls	Tonnes	24,577
Lime	Tonnes	44,994
LPG	Kilolitres	763
Lubricating oil	Kilolitres	2,042
Tyres heavy vehicles	Units	311
Tyres light vehicles	Units	875
Fuel	Kilolitres	15
Xanthates	Tonnes	136

Product, good and material transport

ENVIRONMENTAL IMPACTS CAUSED BY EMPLOYEE AND PRODUCT TRANSPORT - 2008	
Employees	
■ By land	840,000 km
■ By air	210,000 gas oil litres 2,640 flight hours 396,000 JP1 litres
Cargo	
	13,100,000 km 5,240,000 gas oil litres

Spills

There were no significant reportable spills.

Ecosystems

Minera Alumbra does not affect ecosystems with its water discharge.

Product Stewardship

Xstrata's SD standards set guidelines to ensure that the effects and risks associated to our products and services are identified, assessed, evaluated and minimised. Material safety data sheets are completed for each product and by-product, including information about their physical and chemical composition, risks for human health, handling, transportation, storage and exposure control.

Copper has beneficial effects on the environment. It enhances electrical efficiency and is used in a broad array of common appliances, such as refrigerators, computers, air conditioning equipment and electrical motors. It also increases the efficiency of renewable energy sources such as geothermal, wind and solar energy. Health benefits have also been identified.

In 2008 the U.S. Environmental Protection Agency authorised the use of copper and its alloys as anti-microbial agents, which allows its use in different health applications.



Value Chain

From a sustainable development point of view, Minera Alumbra is committed to ensure social and economic development in surrounding communities. We seek to invest in skills and achieve economic and social development benefits beyond mining operations.



Sermico supervisor overseeing technical works on the mill.

We strive for the development of provincial and regional economies and we intend to build local capacity for current suppliers to gain experience from their business relationship with Minera Alumbra, a company operating under international standards.

We strive to foster local growth. We are committed to develop potential suppliers having the capacity to promote their business and the determination to pursue quality improvements.

We assist potential suppliers to overcome their difficulties and join competitive bids. They are invited to visit our facilities in order to get fully acquainted with the requirements of a miner working 24 hours/day year round.

Our Supplier Development Programme

Since Minera Alumbra's commissioning, we have been strongly committed to develop local suppliers in Catamarca as well as in other districts and Argentine provinces, thus contributing to regional growth with a strong direct and indirect economic impact.

Significant progress has been achieved to date in our local supplier development programmes by replacing imported supplies with domestic products and local services.

Programme objectives have been established for medium and long-term scenarios. In the first case, our objective is to develop local suppliers not only for the mining industry but also for other businesses and markets, thus ensuring development beyond Minera Alumbra's life through training and advice for suppliers with development potential. Besides, MINERA ALUMBRA strives to identify opportunities in neighbouring communities to purchase edible and regional products.

In the long run, our objective is to maintain a close liaison with the local Chambers of Mining Suppliers in neighbouring communities in order to increase locally sourced products and services and to ensure bonds between existing and future suppliers and significant business exchange in the value chain.



Suppliers attending safety, environment and community workshops organised by Minera Alumbra.



Site catering services are provided by Eures, a specialist food supplier operating in remote areas. Suppliers attending MAA safety, environmental and community relations workshops.

Objectives met during 2008

- Consolidated use of San Francisco Pass for incoming supplies from Chile, in order to increase growth, improve our logistics, and achieve economic synergy throughout the area.
- Gradual increase in local and domestic supplies by establishing common strategies with local authorities to foster business and industrial development.
- Increased commitment of inhouse staff and service suppliers from neighbouring communities to effectively develop local suppliers.
- Continuously improving liaison with local suppliers through scheduled visits by Minera Alumbra procurement staff to inland Catamarca to identify business opportunities for the mining and other industries.
- Information was provided on our requirements, service quality policies and delivery times to ensure our suppliers' commitment to MINERA ALUMBRA's daily operations and improve both their services and communication.

Challenges for 2009

- Under the current global crisis, our next challenge will be to minimise impacts and evaluate alternative scenarios in order to maintain profitability.
- Pursue the commitment of inhouse staff, suppliers and authorities with our supplier development policy.
- Identify additional and better business activities in neighbouring communities.
- Brief local suppliers on our safety, health and environment requirements to ensure sustainable development in the long run.
- Continue replacing imported supplies with local products and services.
- Develop business strategies to ensure effective cost management practices.



Repair of a Bucyrus shovel bucket at Di Bacco repair shop.

Supplier Policies

Supplier policies are based on the enforcement of labour laws and the transfer of best environmental, safety and health practices.

Safety and Health

Once business relations are established with our suppliers, our Safety and Health policies are made available to them. They are encouraged to manage their business efficiently through off-site and on-site training, safety observations, improved procedures, risk audits and inspections.

Our main goal is to create and maintain a healthy and injury-free work environment under the highest safety and health standards, in compliance with the applicable laws in force and in accordance with Minera Alumbraera best practices and statutory requirements.

Therefore, prevention awareness is ensured through compulsory safety workshops and sessions, the use of personal protection equipment, and the development of contingency plans for high-risk activities.

Environment

Minera Alumbraera is committed to achieve the highest environmental performance. Minera Alumbraera operates in a responsible way to minimise the impact of mining operations and protect employees, contractors and neighbouring communities while protecting the environment. This includes strict compliance with the laws in force, specific procedures for activities that may entail potential environmental risks, responsible waste management practices and water and energy conservation. Minera Alumbraera's Environmental Policy is rolled down to and enforced with contractors as from the beginning of their business relation.

Employment

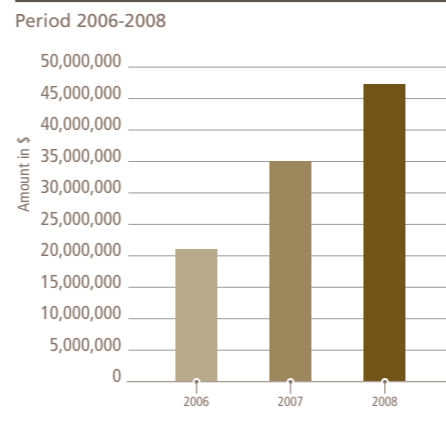
Minera Alumbraera strictly controls compliance with the applicable laws and collective bargaining agreements, and ensures that suppliers provide evidence of such compliance, including payslips, payroll tax payments, Workers Compensation insurance coverage -depending on the duties of individual employees- safety programmes, etc. Minera Alumbraera sets and informs suppliers of recruitment process for operators and employees living in Catamarca as well as the company's fraud control and environmental policies. Minera Alumbraera firmly repudiates any kind of child work, discrimination and corruption.

Local purchases

The direct and indirect benefits of our mining operations are also reflected in locally and regionally sourced goods and services.

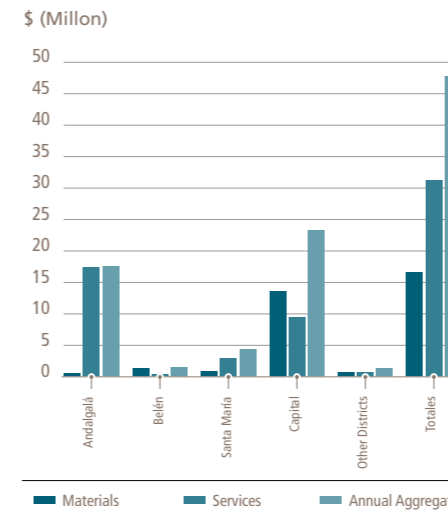
One of the objectives met during 2008 was expanded local goods and services. This gradually increasing trend reflects our clear business policies. Catamarcan supplies totalled \$47.8 million. This means a 36% increase over 2007 levels.

Catamarcan goods and services



Such increase is clearly evident in neighbouring districts, where additional business opportunities are available. 295 suppliers are from Catamarca. Domestic goods and services totalled \$1,046 million.

Catamarcan supplies, by town - 2008



MEGA operators laying cables at our molybdenum plant.

Training

Minera Alumbraera recognised that good contractor performance contributes to business success and responsible operational performance while ensuring environmental sustainability, preserving a healthy and accident-free workplace and improving our liaison with local communities.

Therefore, safety, environment and community training workshops are conducted. This encourages commitment throughout the value chain, since workshops generally improve business management practices on the basis of safety and environmental standards and the development of social involvement programmes for local inhabitants.

Workshops are arranged for our contractors and subcontractors, together with key local organisations such as the Roman Catholic Church, safety organisations and local governments. They are intended to integrate business practices and share experience through active involvement and development of individual topics.

The last session for 2008 was arranged in Santa María for 52 participants from 24 businesses or organisations from Santa María, Andalgalá, Belén and Las Estancias. They discussed methods to improve community practices both by Minera Alumbraera and its contractors, contractor trends resulting from the increased number of mining operations in the area. The following health and safety topics have also been discussed: incident management, monitoring and corrective measures as well as prevention and awareness tools. Stakeholder presentations reflected compliance with Minera Alumbraera standards and improved trends.

These seminars have been held as from 2004 at the mine site. As from 2005, this method was changed in order to share experiences with other community stakeholders. Seminars are alternatively arranged in Santa María, Belén and Andalgalá.



Operators working at Kousal S.A. workshop.



A Case of Local Development

Servicios Generales Santa María focused on transporting and recycling waste, cleaning drainage and rubbish dumps. Thanks to Minera Alumbrera's support, they currently meet the local demand and their operations observe strict environmental and safety rules.

Servicios Generales Santa María was devised at the local Economic Chamber, which takes an active role in Minera Alumbrera's Suppliers Development Programme through site information and training workshops. The business owners Claudio Palacios and Francisco Albarraín developed a recycling project for reusable materials such as paper and cardboard, for the Nuevamente II Contest, as organised by Catamarca Economic Development Agency (ADEC) in Santa María. Although they failed to win the competition, they were awarded a subsidy by the Development and Production Secretary of Catamarca, with which they bought a hydraulic press to crush those materials.

Once incorporated as a company, they conducted a reorganisation and maintenance project of the Santa María municipal rubbish dump, thus becoming the pioneers in this kind of business venture in Valles Calchaquíes. "From the very beginning we intended to increase employment, promote local and regional economic development, and support Minera Alumbrera's regional growth, by focusing our efforts on environmental conservation", says Claudio Palacios.

A growing relationship

In September 2007 Servicios Generales Santa María was awarded Minera Alumbrera's site drainage maintenance and cleaning contract. "Supplying Minera Alumbrera is a major challenge and commitment for us, because we always sought to supply large scale operations at the regional level; besides, we were aware that a radical and overall change was required to meet the safety, quality and other standards set by Alumbrera", says Palacios. The challenge resulted highly attractive and positive and helped them develop their own safety, labour and organisation systems. They also increased their working capital by purchasing tools and their own vehicle.

"Thanks to our performance, commitment and responsibility to safe working conditions - with more than 7,800 hours with no accidents or incidents- we were invited to tender in further competitive biddings. Thus, we were awarded additional contracts, such as scrap management and lime handling services agreements.

During the year we also conducted minor civil works, such as the start-up of water pumps in Campo del Arenal wells to supply drinking water to two houses along Road 40", says enthusiastically Palacios.

At the beginning of operations, they hired four employees. Currently their staff was increased to ten employees, a local engineer and a safety supervisor. They expect to hire additional employees, especially from Santa María and neighbouring areas.

"Minera Alumbrera training sessions were essential; otherwise it would have been impossible to carry out the tasks we were hired for. Not only can we work safely and efficiently, but also our staff observe many standards on their own, and they behave and work as prescribed in the policies we implemented", summarises Palacios.

The company has a promising future, according to the owners, not only because they have occasionally worked for other mining companies, but also because they assume they are ready to extend their scope and meet various industrial needs. "We have gained significant experience by supplying Minera Alumbrera; we grew thanks to MINERA ALUMBRERA's local Supplier Development team, that encourages and guides us to achieve the goals set, and their ongoing support throughout project development", concluded Palacios.

Supplier experience



Transporte Aconcagua drivers are from Belén and have been trained through company training sessions as well as in Minera Alumbrera safety workshops. Under Minera Alumbrera policies, priority must be given to local candidates. In this regard, Aconcagua has implemented major social involvement actions. Four years ago, Aconcagua settled down in Belén and transferred most services including such as the metal, mechanical

vehicle washing, repair and service workshops to Belén. Small local businesses were trained and financially assisted by Aconcagua to purchase their basic tools.

Although no waste is generated, Aconcagua conducts maintenance work based on Minera Alumbrera's environmental standards for oil disposal. Besides, safety guidelines are strictly observed.

"Supporting local people is our company philosophy", said managing partner Pablo Galeano.

Aconcagua's community support initiatives for 2007 included the donation of backpacks for students from Belén School #275 and liaison with Kraft to donate food, in line with their previous experience with Londres School #40.



The logistics company Trylog has been working for our explosives contractor Orica since 2004. General Manager Daniel Vidal remarked the safety standards set by Minera Alumbrera: "We had to carefully follow all the requirements. Alumbrera safety guidelines are very strict". Vidal thinks that training workshops are useful because "their safety system has enhanced our current operations". Trylog put in place annual training plans for drivers. There are 11 training courses and 11

field workshops. Trylog proudly states that "there have been no accidents at Alumbrera minesite".

As regards environmental practices, Trylog transports ammonium nitrate, a fertiliser regarded as an explosive substance for logistic purposes under recent regulations. Not only did they follow safety standards, but they also organised incident training workshops for police, rescuers and emergency brigades, based on the workshops conducted by Alumbrera. These brigades are available to respond to an emergency until Trylog team arrives to the scene.

Business needs and community support initiatives are closely related. A chemical emergency team was arranged and gradually

became a complex team. Extended-range radio equipment was acquired to warn the population against local emergencies. As requested by the Hualfín School #288 principal, support was provided to install broadcast facilities for off-site training over the radio. Trylog provided a 30W FM transmitter and a radio antenna was installed at the school site by Minera Alumbrera. Vidal believes that Alumbrera "leads sustainable community initiatives by providing tools for the achievement of our goals. This is how local people feel".

Summary of Key Sustainability Data

Contribución económica	2006	2007	2008
Division's revenues	\$4,850,816,062	\$4,910,541,571	\$4,313,611,677
Division's EBIT	\$3,218,087,254	\$2,313,852,707	\$1,489,627,660
Employee salaries and benefits (paid in pesos)	\$71,597,210	\$91,620,394	\$112,480,726
Royalties and taxes (paid in pesos)	\$1,347,728,521	\$2,540,236,122	\$1,658,334,155
Corporate Social Involvement (paid in pesos)	\$6,458,617	\$14,241,976	\$22,224,681
Corporate governance			
Total financial and in-kind contributions to political parties.	0	0	0
Percentage of security personnel trained on human rights.	88 %	0	100 %
Percentage of suppliers and contractors subject to human rights investigation.	0	0	0
Our people			
Total workforce	1,936	2,092	2,208
Permanent employees	1,265	1,355	1,416
Full-time contractors	671	737	792
Total employees covered by collective bargaining agreements.	845	885	908
Percentage of local employees.	450	544	532
Fatalities.	0	1	1
Total Recordable Injury Frequency Rate.	8.22	6.29	6.81
Lost Time Injury Frequency Rate.	0.93	1.44	1.02
Disabling Injury Severity Rate.	81.79	142.48	147.74
Health and safety fines.	0	0	0
Occupational illnesses.	0	0	0
Average hours of training per employee.	115.93	133.30	173.71
Our community			
Community complaints	Not assessed	Not assessed	29
Community relocation	0	0	0
Environment			
Direct energy consumption (kW/h).	778,327,680	832,203,840	835,854,720
Total energy consumption.	Not calculated	Not calculated	Not calculated
Total water consumption (m ₃).	19,573,670	22,239,905	21,100,967
Total recycled and re-used water (m ₃).	50,997,650	53,813,842	59,840,256
Direct greenhouse gas emissions (CO2 equivalent per million tonnes)	Not calculated	Not calculated	Not calculated
Total de emisiones de efecto invernadero (equivalentes de CO2 por millón de toneladas)	Not calculated	Not calculated	Not calculated
Sulphur dioxide stack emissions	-	-	-
Land disturbed (hectares).	31.8	24.2	8.1
Land rehabilitated (hectares).	17.9	8.8	11.3
Category 3 incidents.	4	1	0
Category 4 incidents.	0	0	0
Category 5 incidents.	0	0	0
Prosecutions.	0	0	0
Fines.	0	0	0

GRI Index

Indicator	Description	GRI Indicator	Global Compact Principle	Reference Page
Vision & Strategy				
1.1	Statement from the CEO.	✓		02
1.2	Description of key impacts, risks and opportunities.	✓		04
Perfil de la organización				
2.1	Name of the organisation	✓		16
2.2	Primary products and services	✓		16
2.3	EOperational structure of the organisation.	✓		16
2.4	Location of organisation's headquarters.	✓		16
2.5	Countries where the organisation operates.	✓		16
2.6	Nature of ownership and legal form.	✓		16
2.7	Nature of markets served.	✓		17
2.8	Scale of the reporting organisation.	✓		16, 17
2.9	Significant changes in size, structure, ownership, and products since the last report.	✓		16
2.10	Awards received.	✓		11
Report Parameters				
3.1	Reporting period.	✓		08
3.2	Date of most recent previous report.	✓		08
3.3	Reporting cycle (annual, biennial).	✓		08
3.4	Contact point for questions regarding the report or its contents.	✓		09
3.5	Process for defining report content.	✓		09
3.6	Boundary of the report (project covered).	✓		08
3.7	Any limitations on the scope or boundary of the report.	✓		08
3.8	Basis for reporting on joint ventures, subsidiaries, etc. that can affect comparability between reporting periods.	n/a		
3.9	Data measurement techniques and the basis of calculations including assumptions and estimations.	✗		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	✓		09
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	✓		09
3.12	Table identifying the location of GRI report content by section and indicator.	✓		65
3.13	Policy and practices with regard to seeking external assurance for the report.	⚡		13
Governance Structure and Management Systems				
4.1	Governance structure of the organisation, including committees.	✓		12
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	✓		12
4.3	Number of members of the highest governance body that are independent and/or non-executive members.	✓		12
4.4	Mechanisms for shareholders and employees to provide recommendations or directions.	✗		
4.5	Linkage between executives' compensation and the organisation's performance.	✗		
4.6	Processes in place for the highest governance body to ensure that conflicts of interest are avoided.	✗		
Estructura de gobierno y sistemas de gestión				
4.7	Process for determining the qualification and expertise of members of the highest governance body.	✗		
4.8	Internally developed statements of mission or values, codes of conduct, etc.	✓	1 & 2	10
4.9	Procedures of the highest governance body for overseeing the identification and management of HSEC performance.	✓		13
4.10	Processes for evaluating the highest governance body's own performance with respect to HSEC.	✓		13
4.11	Precautionary approach or principle adopted by the organisation.	✓	7	11
4.12	Externally developed principles to which the organisation subscribes or endorses.	✓		15
4.13	Principal memberships in industry and business associations and advocacy organisations.	✓		15
4.14	List of stakeholder groups engaged by the organisation	✓		37
4.15	Basis for identification and selection of stakeholders with whom to engage.	✓		37
4.16	Approaches to stakeholder engagement, including frequency and type.	✓		38, 39
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded.	✓		38, 39
Economic Performance Indicators				
EC1	Direct economic value generated	✓		23
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	⚡		11, 50
EC3	Coverage of the organisation's defined benefit plan obligations (retirement plans).	✓		
EC4	Significant financial assistance received from government	n/a	10	
EC5	Range of ratios between standard-entry level wages compared with local minimum wages.	✗		18
EC6	Policies, practices and proportion of spending on locally-based suppliers.	✗		60
EC7	Procedures for local hiring and proportion of senior management hired from the local community.	✓	6	58
EC8	Development and impact of infrastructure investments and services provided for public benefit.	✓		5, 36, 43, 46
EC9	Understanding and describing significant indirect economic impacts.	✗		19, 23
MM1	Local economic contribution- e.g. Goods/services purchased/hired locally, % of workforce from local communities, investment in public infrastructure.	✗		21, 23, 29, 60, 61
MM2	Value added disaggregated to country level (revenue less cost of procurement).	✓		21
Environmental Performance Indicators				
EN1	Materials used by weight or volume	✗	8	57
EN2 (MM4)	Percentage of materials used that are recycled input materials.	✗	8 y 9	57
EN3	Direct energy consumption by primary energy source	✓	8	52

✓ Data available
 ⚡ Data partially available
 ✗ Data unavailable
 n/a= Not applicable

GRI Index

Indicator	Description	GRI Indicator	Global Compact Principle	Reference Page
Environmental Performance Indicators				
EN4	Indirect energy consumption	✓	8	51
EN5	Energy saved due to conservation and efficiency improvements.	⚡	8	51
EN6	Initiatives to use/provide energy-efficient or renewable energy based products and services.	⚡	8 y 9	51
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	✗	8	
EN8	Total water withdrawal by source	✓	8	50
EN9	Water sources significantly affected by withdrawal of water.	✓	8	52, 57
EN10	Percentage and total volume of water recycled and re-used.	✓	8	52
EN11	Location and size of land owned, leased, recycled, or re-used in, or adjacent to, protected areas and areas of high biodiversity value.	✓	8	52
EN12	Description of significant impacts on biodiversity in protected areas and areas of high biodiversity value.	✓	8	50, 53
EN13	Habitats protected or restored	✓	8	56
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	✓	8	52, 53
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations.	✓	8	52
EN16	Total direct and indirect greenhouse gas emissions by weight.	⚡	8	51
EN17	Other relevant indirect greenhouse gas emissions by weight.	✗	8	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	✓	7, 8	51
EN19	Emissions of ozone-depleting substances by weight.	✗	8	
EN20	NO _x , SO _x , and other significant air emissions by type and weight.		n/a	
EN21	Total water discharge by quality and destination.	✓	8	52
EN22	Total weight of waste by type and disposal method.	✓	8	57
EN23	Total number and volume of significant spills	✓	8	57
EN24	Weight of transported, imported, exported or treated waste deemed hazardous and percentage shipped internationally.	✓	8	57
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff.	✓	8	57
EN26	Initiatives to mitigate environmental impacts of products and services.	✓	7, 8	49
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	✗	8	
EN28	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations.	✓	7 y 8	06
EN29	Significant environmental impact of transporting products used for operations.	✓	8	50

Indicator	Description	GRI Indicator	Global Compact Principle	Reference Page
Environmental Performance Indicators				
MM EN23	Total environmental protection expenditures and investments by type.	✓	7 y 8	51
MM6	Management of overburden, rock, tailings, and sludges/residues.	✓	8	56, 57
Social Performance Indicators: Labour Practices and Decent Work				
LA1	Workforce by employment type, employment contract, and region.	✓	6	29
LA2	Total number and rate of employee turnover	✓	6	29, 30
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	✓	3 y 6	30
LA4	Percentage of employees covered by collective bargaining agreements.	✓	3	33
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective bargaining agreements.	✓	3	33
LA6	Percentage of total workforce represented in joint management-employee health and safety committees.	⚡	1	25
LA7	Rate of injury, occupational diseases, lost days and number of fatalities.	✓	1	25
LA8	Education, training, counselling, and prevention programmes in place to assist workers, their families or community members.	✓	1	25
LA9	Health and safety topics covered in formal agreements with trade unions.	✗	6	
LA10	Average hours of training per year per employee by employee category.	✓		31
LA11	Programmes for skills management and lifelong learning that support continued employability.	✓		31
LA12	Percentage of employees receiving regular performance and career development reviews.	✓		31
LA13	Composition of governance bodies and breakdown of employees per category by gender, age group, and minority group membership.	✗		6
LA14	Ratio of basic salary of men to women by employee category.	✓	6	33
MM12	Emergency preparedness	✓		26
MM13	Number of new cases of occupational disease by type and prevention programmes (overview only).	✓		27
Social Performance Indicators: Human Rights				
HR1	Percentage and total number of investment agreements that include human right clauses or that have undergone human rights screening.	✗	1 y 2	
HR 2	Percentage of suppliers and contractors that have undergone screening on human rights.	✓	1 y 2	14
HR 3	Total hours of employee training on human rights policies and procedures.	⚡	1 y 2	14
HR 4	Non-discrimination policies	✓	6	14, 33
HR 5	Freedom of association and collective bargaining.	✓	3	33
HR 6	Child Labour policies	✓	5	14
HR 7	Forced and compulsory labour policies	✓	4	14
HR 8	Percentage of security personnel trained on human rights policies.	✓	2	14

Indicator	Description	GRI Indicator	Global Compact Principle	Reference Page
Social Performance Indicators: Human Rights				
HR 9	Number of incidents involving violation of rights indigenous people and actions taken.	✓	2	47
MM11	Process for identifying local communities' land and customary rights, and mechanisms for dispute resolution.	n/a		
Social Performance Indicators : Society				
SO1	Community development policies and programmes	✓		34, 35
SO2	Percentage of operations analysed for risks related to corruption.	n/a	10	
SO3	Percentage of employees trained on anti-corruption policies and procedures.	✓	10	14
SO4	Actions taken in response to incidents of corruption.	✓	10	14
SO5	Public policy positions and participation in public policy development and lobbying.	✓		15
SO6	Total value of financial and in-kind contributions to political parties or individuals.	✓		15
SO7	Total number of legal actions for anti-competitive behaviour and their outcomes.	No incident		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	✗		47
MM7	Significant issues affecting communities and their resolution.	✓		49
MM8	Involvement in small-scale mining operations within company areas of operation.	✗		
MM9	Resettlement policies and activities	n/a		
MM10	Number or percentage of operations with site closure plans. Description of the company's policy and procedures for closure planning.	✓		56
Social Performance Indicators: Product Responsibility				
RP1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement.	✓		57
RP 3	Type of product and service information required by current procedures.	✓		57
RP 6	Programmes of adherence to laws, standards, etc. related to marketing and advertising.	n/a		
RP 9	Monetary value of significant fines for non-compliance with laws and regulations concerning products and services.	None		

Global Compact Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,

Principle 4: the elimination of all forms of forced and compulsory labour,

Principle 5: the effective abolition of child labour, and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Principle 7: Businesses should support a precautionary approach to environmental challenges,

Principle 8: undertake initiatives to promote greater environmental responsibility, and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

 Data available
  Data unavailable
 Data partially available
  n/a= Not applicable

Open Pit & Headquarters

4319 Distrito de Hualfin
Departamento Belén
Provincia de Catamarca

Catamarca Offices

Av. Ocampo 50
4700 Catamarca

Filter Plant

Ruta 302 - km 15
4178 Cruz Alta
Provincia de Tucumán

Tucumán Offices

San Martín 631 6°
4000 Tucumán

Alumbrera Port Facilities

Juan Vucetich s/n°
2202 Puerto Gral. San Martín
Provincia de Santa Fe

Buenos Aires Offices

Av. Leandro N. Alem 855 22°
1001 Ciudad Autónoma de
Buenos Aires

www.alumbrera.com.ar



MINERA ALUMBRERA
YMAD - UTE

Minera Alumbraera

Open Pit & Headquarters 4319 Distrito de Hualfín - Departamento Belén - Provincia de Catamarca
www.alumbraera.com.ar