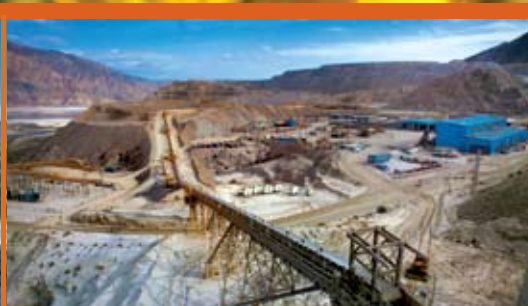




xstrata
copper



Minera Alumbreira

Sustainability Report 2010



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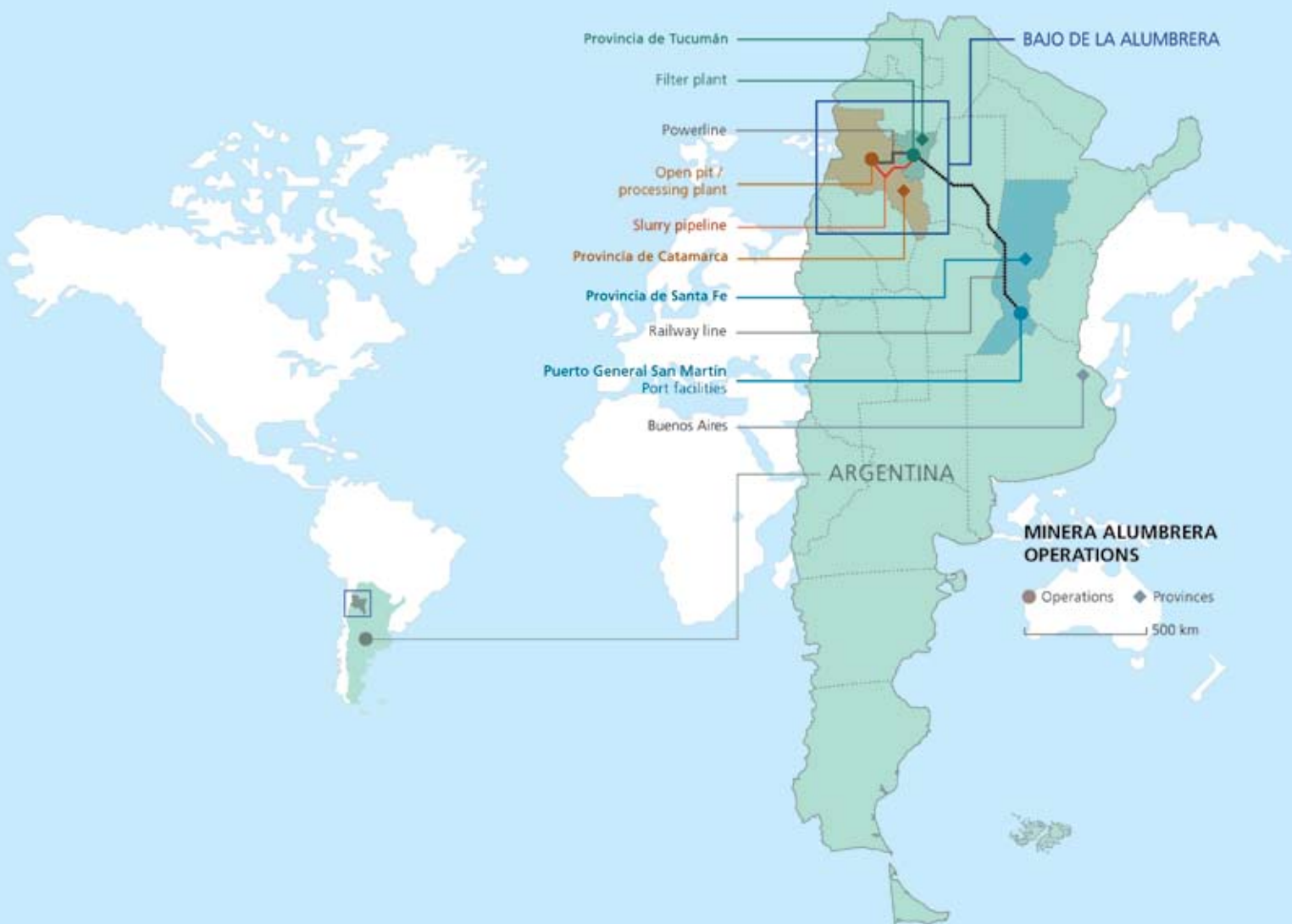
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About Minera Alumbreira

Minera Alumbreira seeks to support Argentina's development by fostering open and honest relationships with our people, local communities, the government and our stakeholders. We will maximise value for shareholders through successful growth management practices that deliver superior returns in a safe, sustainable and environmentally responsible way.

Bajo de la Alumbreira is a copper, gold and molybdenum deposit situated in northwestern Catamarca, Argentina at an altitude of 2,600 masl, which has been operational since 1997. Initial project investment totalled USD1.3 billion.

Annual throughput totals 547,000 tonnes of concentrate. Through large-scale crushing, grinding and flotation processes, annual production averages 140,000 tonnes of

copper in concentrate, containing 352,000 troy oz of gold, 45,000 ounces of doré and 960 tonnes of molybdenum concentrate.

Exploration and mining rights are owned by Yacimientos Mineros de Agua de Dionisio (YMAD), a corporation represented by the Catamarca provincial administration, Universidad Nacional de Tucumán and the Argentine government. YMAD has entered into a joint-venture (locally known as "UTE")

agreement with Minera Alumbreira to mine the deposit, and is entitled to a 20% share in profits.

Minera Alumbreira is operated by Swiss-based 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 the remaining 37.5% and 12.5% share, respectively.

Chief Executive's Message

The strong recovery in global demand for copper in 2010, together with robust copper prices, enabled Xstrata Copper to finish the year with a solid set of operational and financial results. The business was well positioned to leverage these favourable economic conditions as a result of the actions taken by our management teams during 2009 in response to the global financial crisis, including prudent cost reductions in the context of an unwavering focus on sustainable development and on our growth strategy.



Charlie Sartain

Our commitment to sustainable development remained firm in 2010 and was reflected in the 22 national and regional awards presented to our sites during the year for best practice in this field. It was also pleasing to note that, at the group level, Xstrata retained its position as Mining Sector Leader on the Dow Jones Sustainability Index in 2010/11, for the fourth

consecutive year, and was named as the Super Sector Leader for Basic Resources industries.

As part of the Xstrata Group, the principles of sustainable development are integral to our business model and guide our daily decision-making. We take a systematic approach to setting targets, monitoring performance and reporting, both internally and externally, against our sustainable development policy, standards and targets.

In May, following an annual review of our management policies, we launched an integrated Xstrata Copper Sustainable Development Policy which strengthened our published position on human rights; improved the alignment between the policy objectives of the Xstrata Group, Xstrata Copper and our operations; and simplified our overall sustainable development framework.

Our sustainable development performance was closely monitored and evaluated throughout the year by the Xstrata Copper Sustainable Development Committee and our sites also participated in a combination of internal and external audits to provide assurance against the sustainability standards of Xstrata Copper and those of the Xstrata Group.

Xstrata Copper exceeded many of its safety and health targets for 2010, and registered improvements of 30%, 50% and 33% for its Total Recordable Injury Frequency Rate (TRIFR), Lost Time Injury Frequency Rate (LTIFR) and Disabling Injury Severity Rate (DISR) respectively compared to 2009. Since 2007, following the acquisition of Falconbridge which doubled the

size of our organisation, we have achieved significant improvements in injury rates across our operations with our TRIFR, LTIFR and DISR decreasing by 55%, 76% and 66% respectively over this period.

However, despite this overall continuous improvement, we have been deeply saddened during the past year by critical incidents involving fatality or serious injury at our sites. At our Tintaya mine, Ronald Mamani suffered serious injuries from an electric shock while performing maintenance activities and tragically remains in a coma. More recently, early in 2011, Richard Roy sustained a fatal injury in an underground incident at our Kidd mine. It is clear that we must re-double our efforts on catastrophic hazard and high hazard activities to eliminate fatalities and serious injuries from our business.

To that end, over the past year we have progressively introduced 'positive performance indicators' to monitor our safety performance, including targets for workplace observations of high hazard activities; percentage compliance with site audits of critical risks; and improved tracking of actions and recommendations from incident investigations. This proactive approach builds on our strong culture of incident reporting and further supports our ultimate goal of achieving injury free, safe work environments.

In the area of environmental management, we met our target of zero significant (Category 3) environmental incidents in 2010

and the increase in our reporting of negligible (Category 1) incidents during the year was a positive reflection of the strong environmental consciousness across our sites.

We recognise the importance of increasing the eco-efficiency of our operations and all sites have targets in place to minimise their impact on the natural environment while improving productivity. In 2010 our sites continued to make good progress towards achieving these targets including reducing green house gas emissions, energy consumption and fresh water usage and increasing energy efficiency, water recycling and emissions capture and treatment.

Environmental and social impact studies (ESIAs) were also significantly advanced for a number of projects during the year with the Antapaccay ESIA approved by the Peruvian government in July; the Las Bambas ESIA submitted in May; and the Tampakan ESIA completed for submission during 2011. Our El Pachón and Frieda River projects are scheduled to complete ESIAs in 2011, and the Río Cuervo ESIA, as part of our Energía Austral project, is currently being evaluated by the Chilean authorities.

I am also pleased to report that the major remediation programme at the Murdochville and Gaspé sites in Quebec, Canada was completed in late 2010 within the agreed timeframe and well within budget. Mine closure plans are in place at all our operations and the work undertaken by our Canadian division clearly demonstrates that our commitment to our communities and the environment extends well beyond our project and operational phases and into post-closure.

In 2010 we invested over US\$32 million in Corporate Social Involvement projects, primarily in the areas of social and community development, education, art and culture and health. These programmes were developed in consultation with local communities, and in many cases implemented in partnership with local stakeholder groups. Throughout

the year, we continued to engage closely with our communities on a range of issues related to our mining operations. The resettlement agreements reached with the Fuerabamba community at our Las Bambas project and landholders at our Antapaccay project during the year were major achievements and a good reflection of the solid relationships our sites continue to build with our stakeholders through ongoing dialogue.

Following the approvals of the Lomas Bayas II and Ernest Henry underground developments in 2009, a further three major development projects were approved during the year, including the US\$1.3 billion expansion to Antamina in January; the US\$1.47 billion Antapaccay brownfield expansion to the Tintaya mine in July; and the US\$4.2 billion Las Bambas greenfield project in August. With all these projects now under development we will now progressively see the realisation of our exciting organic growth strategy which will deliver a 50% increase in our production to 1.5 million tonnes per annum by the end of 2014.

As a result of this ambitious expansion programme, the total number of full-time hours worked by our own people and contractors will increase by around 50% as we move into 2011. This will bring some significant challenges, particularly in terms of safety, and we remain absolutely committed to ongoing improvements across all areas of sustainable development.

Each year, Xstrata Copper publishes sustainability reports for our managed operations in line with the globally recognised GRI G3 reporting guidelines. These reports disclose our operations' economic, safety, environmental, and social performance for the year and enable our stakeholders to compare our performance against our annual targets and to track our performance over time. This report is one of 11 Sustainability Reports* published by Xstrata Copper on our sustainable development performance for 2010.

Xstrata Copper also produces a quarterly Sustainability Bulletin that highlights best practice case studies from across our

operations. Both the bulletin and our sustainability reports can be accessed via our website www.xstratacopper.com and I encourage you to visit this site regularly for further information on our operations.

I hope that you find this sustainability report, and our other publications, interesting and informative and we look forward to keeping you updated on our progress in the year ahead.

Regards

Charlie Sartain

* Excludes Xstrata Copper's non-managed joint venture operations, Collahuasi and Antamina, that independently publish sustainability reports. These reports can be accessed at www.collahuasi.cl and www.antamina.com respectively.

A Word from our General Manager

Our business strategy includes an integrated approach of the social, economic, environmental and safety management practices, which improved our sustainability rates for 2010, despite the international market crisis that loomed over global economies during 2008. Minera Alumbra's performance for 2010 reflects not only a rally in international markets as a result of the growing copper demand worldwide and robust metal prices, but also wide-reaching sustainable management practices.



Michael Holmes

Our commitment to regional sustainable development was reinforced in 2010, which is reflected in our day-to-day commitment and long term management planning efforts. We have implemented a business strategy in response to the needs of both the project and neighbouring communities, while at the same time protecting and maintaining human and environmental resources.

Like the reports for the past seven years, this Report was prepared in accordance with the Global Reporting Initiative (GRI) G3 Guidelines, the world's most widely used sustainability reporting framework, including principles and indicators to benchmark and report organisational or industry performance.

Moreover, Minera Alumbra has been supporting the United Nations Global Compact (GC) since 2004. It is 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 shown at the end of this report.

Business Performance

Minera Alumbra kept on implementing our operational upgrade and production plans during 2010. We also successfully mitigated the operational impact of sliding rock in the pit -which prevented access to ore from one mining phase over the last two months of the year- as a result of LOM plan reengineering and our efficient HR management practices.

Minera Alumbra's contribution to the local economy for the reported period totalled Ar\$3,916 billion, including taxes, royalties, salaries, social security contributions as well as local goods and services. This amount is equivalent to Ar\$326 million/month and/or Ar\$10.8 million/day spent in Argentina during 2010.

Minera Alumbra export duties and income tax payments accounted for 1.4% and 1.2% respectively out of the total tax revenues in Argentina.

At the provincial level, Bajo de la Alumbra has a significant share in local wealth in terms of production, employment, salaries, local goods and services, taxes and other contributions. The Gross Geographic Product (GGP) of local miners for 2006 was 61%. This virtually duplicated the total GGP for 2003, with a similar or even higher GGP estimated for 2010.

Minera Alumbra has been the largest private employer in Northwestern Argentina for the past ten years, with a steady number of regular and contract employees, despite the changing economic scenarios in both the domestic and international markets.

Production

Our copper production for 2010 was slightly below 2009 levels and the budget, mainly as a result of the rock slide described above. As the molybdenum concentrate production was also slightly below budget, we put in place an ongoing reengineering upgrade process to ensure higher plant availability and therefore improved future forecasts.

The expansion of our pebble crushing facility was commissioned, including an additional crusher and the associated conveyor belts. This will increase primary grinding capacity, in preparation for lower copper grades from the pit.

During 2010 we continued our ore reserve identification efforts with a view to extend the mine life. More than 1,612 m were

drilled at the Bajo del Durazno deposit, 3057 m at San Lucas deposit and 1002 m at Agua Tapada deposit under the agreements entered into with our partner Yacimientos Mineros de Agua de Dionisio during the relevant bidding process. Exploration activities are expected to be focused on Bajo del Durazno during 2011, with a 10,000 m drilling programme.

Safety

In July 2010, Minera Alumbraera recorded one year with no disabling injuries. This is an outstanding landmark for the mining industry, as a result of the joint efforts and awareness of all Minera Alumbraera employees and contractors.

Our safety performance has generally exceeded our expectations. Our Total Recordable Injury Frequency Rate (TRIFR) for 2010 was 2.47, which is 32% better than previous year levels. Our Lost Time Injury Frequency Rate (LTIFR) was 0.19, which is 48% better than 2009 levels.

We will strive to improve our safety performance further. For this end, we have designed proactive safety programmes aimed at full employee awareness of his/her day-to-day tasks.

Environment

Our Environmental Management Programme includes various stages with short to long term objectives and the implementation of state-of-the-art environmental practices. To this end, we resort to research and long term pilot test programmes with renowned universities and leading consultants from all over the world.

Performance under Minera Alumbraera's Environmental Management Programme for 2010 was outstanding, since no major incidents were recorded. Environmental awareness was reinforced through the appointment of environmental officials in all operational areas to facilitate environmental management while improving our eco-efficiency indicators.

Significant progress was made in our biodiversity initiatives during 2009, including revegetation of 4 hectares in the Puente Waste Dump area. This programme reflects Minera Alumbraera's long term environmental management approach, which was implemented six years ago and includes pilot tests, seed identification and gathering and nursery trials ultimately to ensure waste dump rehabilitation. This will be useful to implement our long term environmental plan across all areas to be rehabilitated.

Community Liaison

We successfully continued developing major infrastructure works in Catamarca and Tucumán under our community programme, which was regionally launched 14 years ago. During 2010, Ar\$35.7 million have been spent to ensure sustainable development in both provinces under our continued commitment to neighbouring communities. We provide technical, financial and training support to health, education, arts and cultural initiatives as well as to local producers, through ongoing consultation to local communities.

Support to local education initiatives included completion of Andalgalá's historic School #995 and the third stage of the construction of the largest technical school in Western Catamarca, based in Belén. Likewise, the construction of Belén's sports centre was completed and it became a milestone for the local people. The infrastructure works in Ciénaga Redonda School were also completed under a joint initiative with Minera del Altiplano. But Minera Alumbraera's most significant support initiative under our CSI Programme included state-of-the-art equipment for Catamarca's Maternity Hospital, which became the leading health centre at the regional level.

In Tucumán, the refurbishment of the maternity wards at Nuestra Señora de las Mercedes Hospital is ongoing and three units have been completed, with the third floor now being remodelled. Infrastructure works at Concepción de Tucumán Maternity Hospital are expected to be started during 2011 under our third agreement with the provincial administration.

Always Looking Ahead

Major sustainability achievements have been attained in key areas during 2010 as a result of our company strategy. However, we are also aware of the major challenges ahead. We are confident that we will keep on developing at the local level and ensuring tangible benefits to neighbouring communities. Our operations are strongly based on ethics, courage and teamwork. These values have been the pillars for our achievements to date and will help us attain future goals.

Minera Alumbraera remains committed to Argentina as well as to the local people, raw materials and suppliers. We trust that, provided the applicable conditions are observed, significant investment opportunities are available under the legislation that triggered large-scale mining development in Argentina, of which Alumbraera is a leading case.



Michael Holmes

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Environment	2010 Target	Performance
Fines or penalties	No fines or penalties.	✓ No fines or penalties.
Incidents	No category 3, 4 or 5 incident.	✓ No category 3, 4 or 5 environmental incident reported.
Waste	Keep waste sorting levels for recycling purposes.	✓ Waste recycling volumes were maintained.
Management system	Obtain approval of Management System maintenance external audits pursuant to ISO 14001.	✓ Two external audits were conducted with a recommendation to maintain certification.
Climatic Change		
Energy efficiency	- Keep energy consumption levels at around 0.09 GJ/milled ton. - Assess possibility of using alternative energies at pilot test level.	✓ It reached 0.082 GJ/milled ton. ✓ A programme was started to assess Global Solar Radiation at Campo del Arenal.
Biodiversity Conservation		
Native species	Continue the carob tree forestation plan at Campo Arenal with tests on field and on mine sites.	✓ 1,000 carob trees grown at the mine greenhouse were planted in areas nearby the temporary camp.
Water Management		
Vis Vis monitoring	Drill a new pump-back well and a monitoring well at the Vis Vis Canyon.	✓ The drilling campaign was completed as planned.
Water conservation in dry areas	Keep fresh water consumption at 585 l/milled ton.	✗ The annual water consumption was 616 l/milled ton due to the particular characteristics of the ore fed into the concentrator. - The goal for the second semester of 2010 was reassessed.
Mine Closure		
Mine closure plan	Continue with the native species revegetation programme.	✓ Local native species were replanted in 5.05 ha as part of the pilot test for the final cover.

1 GJ: Giga Joule, an energy measurement unit.

Safety	2010 Target	Performance
Fatalities prevention	Zero fatalities.	✓ No fatality occurred during 2010.
Incident prevention	Continue implementing the Incident Reduction Programme.	✓ The second stage of the psychometric tests started in Mine Operations.
LTIFR ²	0.5	✓ Despite of a LTI reported, the LTIFR was 0.19.
TRIFR ³	4.4	✓ TRIFR was 2.47.
Management	- Risk management as a proactive support crucial for safety management. - Continue reinforcing proactive tools (safety observations, Positive Attitude Safety System -PASS®, Hazard Identification and Risk Analysis).	✓ Potentiality (HPRI), Potentially Dangerous Activities (PDA) and Critical Incidents (CI). - The efficiency of the key controls of HPRI, PDA and other significant risks for the site was evaluated. - HPRI analysis at other sites to identify improvement opportunities for our site. ✓ Strong promotion of the application of proactive tools by leadership group. - Revision/update of Significant Risks. - Incorporation of new PASS® Master into the site.

2 LTIFR: Lost Time Injury Frequency Rate.

3 TRIFR: Total Recordable Injury Frequency Rate.

Social	2010 Target	Performance
Community development	Develop projects in line with community expectations.	✓ Achievement of all planned goals due to the community, local government and Minera Alumbra's support and engagement.
Engagement with stakeholders	Sustain positive relationships with the community.	✓ All commitments undertaken were fulfilled. - Update perception survey. - Work with focal groups in the communities to learn about their expectations. - Share feedback of work conclusions and results with the community.
Social responsibility	Completion of community works planned for 2010.	✓ The Lafone Quevedo (Andalgalá) school was completed; the third construction stage of (Belén's) secondary school #19 started; the Famayfil sports centre was completed; 4 Andalgalá health posts were completed; the levels 4, 5 and 6 of the Tucumán Maternity Hospital were completed while level 3 is 40% complete.

✓ Goal fully achieved

🟡 Goal partially achieved

✗ Goal not achieved

Health	2010 Target	Performance
Programmes	<ul style="list-style-type: none"> -Flue vaccination campaign for employees. -Complete Risk Agent measurement programme. -Conduct Vibration Measurement Programme. -Completion of Domestic Safety Programme (first aid at home and fire-fighting training). 	<ul style="list-style-type: none"> ✓ Employees got vaccinated before the winter season. ✓ The planned monitoring programme was completed. ✓ It was completed in April by La Caja ART. ✓ The programme was completed in the cities of Tucumán and Belén.
Occupational illnesses	<ul style="list-style-type: none"> -Regular medical check-ups. -Train employees on risk agents, particularly noise and dust. -Follow-up of Ergonomics Plan. 	<ul style="list-style-type: none"> ✓ It was completed in December 2010. ✓ In addition to the planned topics, talks about welding fumes were given. ✓ The location of the Truck Shop's tool storage room was evaluated and corrective actions were taken.
Community health initiatives	<ul style="list-style-type: none"> -Visit and provide medical care to the residents of the areas of influence. -Provide medication. 	<ul style="list-style-type: none"> ✓ Provide the Vis Vis residents with medications and medical attention on a quarterly basis.

2011 Targets

Environment

Environmental Management

No fines or penalties.

No category 3, 4 or 5 incidents.

Keep waste sorting levels for recycling purposes.

Management System

Obtain recertification of Environmental Management System pursuant to ISO 14001-2004.

Biodiversity Conservation

Implement routine monitoring of the Vis Vis water bioindicators.

Complete bats survey started in 2010.

Maintain Carob Tree Forestation project.

Revegetate a 4 ha area.

Water Management

Drill a new pump-back well and a monitoring well in the Vis Vis Canyon.

Reach a fresh water consumption level of 630 l/milled ton by 2011.

Climatic Change

Keep energy efficiency levels at around 0.09 GJ/milled ton.

Assess the possibility of using alternative energies in Campo Arenal, according to the research study started in 2010.

Continue calculating the entire site's carbon footprint and calculating and inventorying Greenhouse Gas emissions.

Safety

Zero fatalities.

LTIFR = 0.

TRIFR = 2.1.

Management

Reinforce HPRI and PDA analysis, review and monitoring.

Proactive and holistic Safety and Health leadership by management.

Keep continuous improvement of Safety and Health results.

Accident Prevention

Implement a Psychometric Activities Testing Programme in all areas.

Strong promotion of the application of proactive safety tools at all leadership levels in the Company.

Reinforce the activity of HPRI analysis teams from other Xstrata sites.

Social

Continue supporting health, education training, agricultural and livestock raising production programmes and cultural activities; foster small-scale entrepreneurship, irrigation improvement projects and the creation of cooperative organisations.

The general management of such programmes is strongly influenced by the results of perception surveys and focal groups.

Health

Develop a Risk Agent Monitoring Programme through the Work Risk Insurer (ART).

Continue providing training on risk agents related to each activity.

Conduct flu vaccination campaigns for our employees.

Give talks about eating habits and the risks of a sedentary lifestyle.

Follow-up the Ergonomics Plan.

Provide breast cancer training to employees.

Scope of the Report

In line with Xstrata Copper's commitment to transparency and stakeholder engagement, all of its operating divisions and major development projects publish an annual report on their Sustainable Development (SD) performance.



This Report provides comprehensive information about the economic, health, safety, environmental and social practices and performance of Minera Alumbra from 1 January 2010 to 31 December 2010. We publish our reports annually, and this is Minera Alumbra's seventh Sustainability Report and is one of 11 published this year by Xstrata Copper¹.

The report provides a general description of Xstrata Copper's SD policy and how this is reflected in the way we manage our business². The Xstrata Group also publishes an annual Sustainability Report which includes an overview of Xstrata Copper's SD performance³.

All Xstrata Copper's policies are aligned with Xstrata's SD Policy and 17 SD Standards and its operations and projects are audited annually, either internally or externally, against these standards. The Policy and Standards are published on Xstrata's sustainability website.

All data and calculations included in this Report were obtained through procedures that are regulated and aligned with measurement models provided by Xstrata.

They also take into account technical protocols for indicators set out in the Global Reporting Initiative G3 Guidelines and the Mining and Metals Sector Supplement, final version of March 2010.

All monetary values are expressed in Argentine pesos⁴ unless otherwise stated. In 2010, there were no significant changes in the scope, coverage or methods applied to this report with respect to the previous reporting periods.

If you have any query or comment about this Report, please fill out the form at the end of this report, which is also available in our website, or contact:

VERÓNICA MORANO
Public Relations Coordinator
informe2010@xstratacopper.com.ar

In order to ensure ready access to this Report, it is available in the following forms and languages:

- 5,500 printed copies in Spanish
- 150 printed copies in English
- Online at www.alumbra.com.ar

Communication

Under our communication policy, we have undertaken the obligation to report on our company management in an open and responsible way. This report helps us communicate our activities to stakeholders while obtaining their feedback. Based on the feedback received every year, the structure, content and style of this report have been evolving with the voluntary contribution of stakeholders.

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.

¹ Minera Alumbra's previous reports can be found in www.alumbra.com.ar and Xstrata Copper's previous reports are available in the sustainable development section of our website www.xstratacopper.com.

² The full version of this Policy can be found in www.xstratacopper.com.

³ Those reports are available in the sustainability section of Xstrata's website www.xstrata.com/sustainability/.

⁴ According to the Argentine Central Bank, the average USD Exchange rate for 2010 is \$3.91.

Suggestions made on the 2009 Report:

- Share this type of publications with local organisations by informing about the activities developed in Tucumán. These are very interesting topics for the community and, particularly, the UNSTA students.

Eduardo Ricobelli

Teacher at Universidad del Norte Santo Tomás de Aquino (Tucumán).

- Continue working for the community benefit like Minera Alumbrera has been working to achieve development in Santa María.

Carlos Marsilli

Principal of secondary school EPET #5, Santa María.

- Publicise the CSI actions implemented in Andalgalá since some of them are not made known. Support small-scale ventures undertaken by people who do meet the requirements since some people make no progress and much of the investment is futile.

Lucía del Valle Yampa

Andalgalá (Catamarca).

- We are proud to be suppliers of a company committed to community development. We see ourselves as partners in this commitment and support and develop actions aimed at consolidating it.

Albeiro Herrera Castaño

Managing Director of Servicios Compass de Argentina (Buenos Aires).

Guidelines, including the Mining and Metals Sector Supplement, to reflect the level of the information and indicators reported.

A GRI Index showing how Xstrata Copper has applied the Guidelines in this Report can be found on page 68.

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. The above mentioned index indicates the progress status of each indicator recommended by both initiatives.

Likewise, we introduced the guidelines recommended by the Argentine Business Council for Sustainable Development (CEADS)⁵, an international business organisation that promotes economic progress on the basis of environmental protection and social development.

Defining report content

This Report highlights specific issues that are material to Minera Alumbrera and are related to the economic, environmental and community sustainability of the area in which we operate. In addition, it addresses issues considered material by our stakeholders.

In preparing this Report, we have sought to present a view of our sustainability performance that is accurate, clear and balanced. In identifying issues or topics that are material to Minera Alumbrera, we have considered:

- Specific issues arising from the management of our business;
- Specific issues raised by our employees; issues raised either directly or indirectly by external stakeholders such as governments, communities, NGOs, investors and the media;
- Challenges faced by the mining industry, locally and globally, raised in industry associations and forums;
- Xstrata Copper's SD Policy and SD Strategy and Management Framework;
- Xstrata Group's Business Principles and SD Policy and Standards;

- Indicators and topics included in the GRI G3 Guidelines, the principles of the International Council on Mining & Metals (ICMM) and the GRI Mining and Metals Sector Supplement.

In 2010, we participated in the socio-economical impact study conducted by the Argentine Business Council for Sustainable Development (CEADS) and started in 2009⁷. It partly consisted of an opinion survey⁸ intended to gather information on the perceptions and opinions of local people about the economic and social impacts of the Minera Alumbrera's project, both in the Primary Impact Area -Andalgalá, Belén and Santa María- and the capital cities San Fernando del Valle de Catamarca and San Miguel de Tucumán. The key research topics dealt with the community public agenda make-up and other issues specifically related to mining activities and, particularly, Minera Alumbrera.

Therefore, in accordance with the G3 Guidelines principles, and based on the results obtained from the methods used for such study, from now on we will approach our stakeholders through annual opinion surveys and, in some specific cases, through focus groups or workshops to help us identify the relevant business-related economic, social and environmental aspects to include them in this report. With these tools, the local people will have an active involvement in the report preparation and will be able to express, without conditions, their ideas, agreements and disagreements.

Quality assurance

As part of the external verification of the Xstrata Group's 2010 Sustainability Report, independent auditors Ernst & Young examined the way in which Xstrata compiled its main SD data, figures and/or indicators and its reporting systems and process. The signed assurance statement contains a brief description of this process and is published in Xstrata's 2010 Sustainability report⁹.

In 2010, no verifications were made at Minera Alumbrera of Xstrata's data, figures, indicators management and reporting systems and processes.

Global Reporting Initiative (GRI)

This Report was prepared in accordance with the Global Reporting Initiative (GRI) G3 Guidelines, the world's most widely used sustainability reporting framework, and the GRI Mining and Metals Sector Supplement.

The GRI recommends that all companies declare an "application level" in their sustainability reports. This tells readers the extent to which the GRI Guidelines were followed. This link provides information on how to determine the application level: http://www.globalreporting.org/NR/rdonlyres/161B43CE-BEDB-4D82-B387-4-A96591CCA64/0/ALTable_Es.pdf.⁵

On the basis of the G3 indicators presented here, corresponding to different stages of content definition, we consider that this Report complies with Application Level A on the scale of A to C established by the GRI

⁵ More information on the application level is available only in English at: <http://www.globalreporting.org/ReportingFramework/ApplicationLevels/FAQsApplicationLevels2010.htm>

⁶ Local branch of the World Business Council for Sustainable Development (WBCSD).

⁷ We collaborated with this research work by providing all the necessary information and participated in each stage of the work in the presentation and discussion of its results.

⁸ Further information can be found in the Sustainable Communities chapter.

⁹ Information available at www.xstrata.com.

Our Sustainable Development and Corporate Governance

Sustainable Development Strategy

Sustainable Development (SD) is at the core of our business strategy. Xstrata Copper is firmly committed to putting SD into practice. It understands that, in order for an organisation to be successful and a valuable partner to communities where it operates, it must set and comply with ever higher SD standards.



We operate according to the SD Management Framework established by Xstrata Copper and strive to meet the highest international standards, seeking to balance social, environmental and economic considerations in the management of our business. Similarly, Minera Alumbra's operations regularly submit to internal and external audits in a bid to ensure compliance with our principles, policies and standards.

Our undertakings are clearly established in our SD Policy, which is reviewed annually to

ensure that it is aligned with our objectives. As a result of the review carried out in 2010, Xstrata Copper decided to adopt the content of Xstrata plc's SD Policy in order to bring the Xstrata Copper business unit and its operations more closely into line with the objectives of this policy.

Our vision

We generate industry-leading returns and regionally grow through employee training and teamwork, in partnership with the local communities and organisations, while

protecting health, safety and the environment in a responsible and sustainable way.

Our purpose

Minera Alumbra aims to contribute to Argentina's development through open and genuine partnerships between our people and with communities, governments and other stakeholders, and maximise value for our shareholders by successfully growing and managing their investments so as to deliver superior returns, in a safe, sustainable and environmentally responsible way.

Our strategic objectives

- Injury-free, safe work environments through serious accident prevention.
- Demonstrated leadership in environmental performance through continuous and sustained improvements.
- Reputation for social responsibility by supporting local communities.
- Realisation of the full potential of our people through teamwork.
- Maximise value from our physical assets.
- Cost competitiveness through the cycles.
- Growth opportunity development in the region.

Our values

- Honesty
- Dependability
- Respect
- Confidence
- Ingenuity
- Courage
- Passion

Precautionary approach

Minera Alumbrera takes a precautionary approach to the environmental management of its global 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 this possibility.

As shown in this Report, Minera Alumbrera takes a systematic approach to setting targets, monitoring its performance and reporting (both internally and publicly) on all the main aspects of sustainability. Xstrata Copper's SD Strategy and Management Framework interpret and support its SD Policy and the Xstrata Group's SD Policy and 17 SD Standards¹ and are aligned with our definition of purpose.

Key challenges

From internal review and feedback from stakeholders, Minera Alumbrera has identified a number of key challenges that may affect the success of our business and be relevant to our stakeholders now and in the future. We will continue working to respond to concerns and issues relating to our management and we will take action to consolidate mining as a competitive activity that attracts investments.

■ Safety for all

We detect and remove or mitigate any conditions that are dangerous to safety, occupational hygiene and health, and local communities. We take actions to provide a healthy and safe workplace. Our goal is to prevent work related injuries and be free of occupational diseases. In 2010, we managed to complete a year without any disabling injuries, an outstanding milestone in the mining industry. This goal is achieved through the promotion and maintenance of a safety culture encouraging a positive safety awareness attitude².

■ Climate change

We recognise that the future effects of climate change represent a risk for our operations and communities. In 2010, we started a study to inventory and quantify greenhouse gas emissions by activity and production, based on the methods guidance set by Climate Leaders, an industry-government partnership belonging to the U.S. Environmental Protection Agency³ which works with companies to develop climate change strategies.

■ Water use

We are committed to preserve the quality of surface and underground water through ongoing monitoring. The water used in ore extraction and processing activities in Catamarca is not returned to the rivers or aquifers, but a pump back system is employed to send the water from the tailings dam to be reused in those activities. In order to enhance the water quality control and monitoring system, new monitoring wells are built annually and, additionally, on-site water use is independently monitored to ensure that it does not affect the aquifer levels⁴.

■ Biodiversity

We seek to integrate economic development with the environment and monitor the local vegetation and wildlife. Based on a forest policy, we give priority to the sustained management of native forests without



In 2010, Minera Alumbrera hired 2,029 people including direct employees and contractors.

introducing exotic species. There are no International Union for Conservation of Nature (IUCN)⁵ Red List threatened species in the project area.

■ Anti-mining groups

Due to the growth of global environmental movements affecting several industries, some groups and legislators are against mining activities in Argentina, mainly due to economic and environmental reasons. Although experience extensively indicates that mining activities generate wealth, there are conflicting opinions about those receiving such benefits. It is important to view mining as an inclusive and comprehensive activity. As long as our operations continue and our life cycle is extended, the social and economic benefits of mining activities will continue over time⁶.

■ Maintenance of legal certainty

The mining industry requires a stable legal framework considering that mining activities involve long term projects and substantial investments. 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.

1 www.xstrata.com/corporate/commodities/copper/publications.

2 For further details, see the "Our People" chapter.

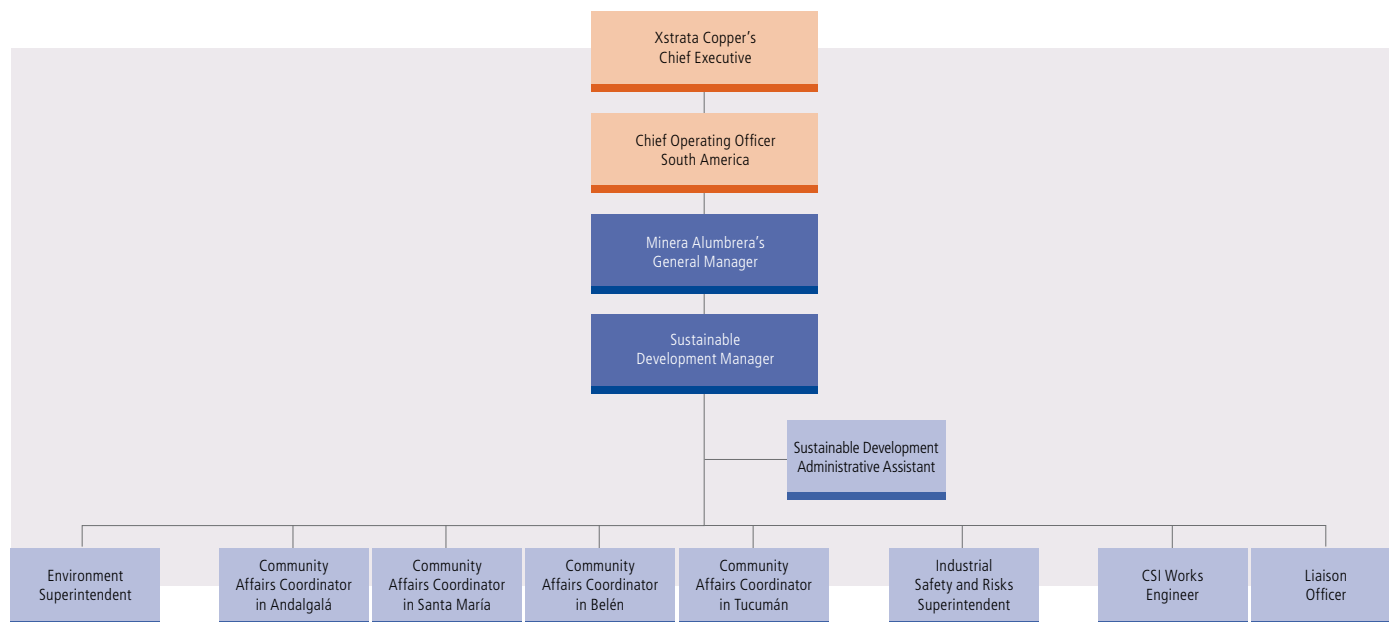
3 For further details, see the "Climate Change" section of the "Environment" chapter.

4 For further details, see the "Independent Monitoring" in the "Environment" chapter.

5 See cases of successful carob tree plantation and cardon cacti conservation in the "Environment" chapter.

6 For further details of the economic impacts caused by Minera Alumbrera, see the "Our operation and economic contribution" chapter.

SD Organisational Structure



CORPORATE GOVERNANCE AND SD MANAGEMENT SYSTEM

Xstrata Copper adheres to the corporate governance standards set out in Xstrata's Statement of Business Principles and SD Management Standards⁷. Xstrata's board of directors establishes and reviews the Group's SD Policy globally and its members receive regular reports on key performance indicators, critical and high-risk incidents and the SD assurance programme.

This approach is further supported by Xstrata Copper's SD Policy and Xstrata's Global Policy on Bribery, Fraud and Corruption as well as Xstrata Copper's SD Strategy and Management Framework and its own Common Systems in the areas of health, safety, the environment, risk management and human resources.

Xstrata Copper's SD performance is monitored and evaluated by the Xstrata Copper SD Committee, which meets monthly. Through Xstrata Copper's board of directors, it reports regularly to the Xstrata Executive Committee on the business unit's sustainability performance.

The Chief Operating Officer for South America, José Marín, sits on Xstrata Copper's SD Committee, and in line with the business unit's devolved management model, is

responsible for drawing up, establishing and implementing SD strategies and management systems across Bajo de la Alumbrera.

The achievement of Minera Alumbrera's purpose and goals is closely related to its good corporate governance and therefore its shareholders and interested parties can rely on its responsible management.

We identify and engage with all stakeholders in an equitable, transparent and culturally appropriate manner in respect of their concerns and expectations about our operation.

Minera Alumbrera is a privately owned company, whose main investor is Xstrata plc⁸, with a 50% interest, followed by the Canadian Goldcorp and Yamana Resources, with a 37.5% and 12.5% interest respectively.

Minera Alumbrera 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 holds at least four meetings per year to review business performance.



Inside view of Minera Alumbrera's concentrator.

⁷ For further details, see the "Corporate Governance" section of the Xstrata Group's Annual Report and Sustainability Report.

⁸ Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges, with its headquarters in Zug, Switzerland.

Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc.



Concentrator operations supervisor, Rolando Tejerina, and operator, Andrés Inga, at the control room.

Minera Alumbra 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. The Code applies to all employees and sets out ethics guidelines to perform their duties.

In 1994, Minera Alumbra entered into an unincorporated joint venture (UTE) agreement with Yacimientos Mineros de Aguas de Dionisio (YMAD) to mine the Bajo de la Alumbra deposit. YMAD is made up by the Catamarca provincial administration and Universidad Nacional de Tucumán. The Chairperson 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 Alumbra, and is presided over by a chairperson. During the meetings, the actions taken by Minera Alumbra, including the approval of its annual work schedule and budget, are followed up by YMAD.

Sustainable development assurance

Xstrata Copper undertakes a series of internal and external assurance activities to guarantee its compliance with the Xstrata Group's SD Policy and Standards and to ensure continuous improvement in this field. This process also ensures that SD targets are in place for relevant issues, monitoring systems are robust and reporting is material, accurate and timely.

No SD audit was conducted in Minera Alumbra in 2010.

Ethics and Transparency

In line with the Xstrata Group's Statement of Business Principles, we are committed to managing our business ethically and transparently and seek to work in an open and responsible way, both internally and externally.

Corruption

In accordance with Xstrata's Business Principles, we do not offer, solicit or accept any form of inducement or bribe. Xstrata's internal audit function, supported by KPMG, reflects the ethical performance expectations contained in our Statement of Business Principles and covers identified fraud and compliance risks associated with our key business activities. In addition, Xstrata's Global Policy on Bribery, Fraud and Corruption⁹ explicitly states that the organisation will not tolerate any incidence of bribery, fraud or corruption committed by employees or others, either from within or outside the organisation, and will take immediate and serious action against those responsible, irrespective of length of service or position. In addition, it highlights the channels available for employees or others to safely and confidentially report non-transparent behaviour that is at odds with ethics and Xstrata's Business Principles.

Minera Alumbra's fraud policy includes all the information about the procedure applicable in the event of misconduct being detected. This information is massively sent via e-mail whenever it is updated and is also available on the Intranet.

No fraud, corruption or bribery incidents were reported in 2010.

Ethics line

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

At Minera Alumbra, each employee and/or contractor has a responsibility to act ethically and in accordance with Xstrata's Business Principles.

The Xstrata Ethics Line is a confidential facility, operated independently by KPMG, through which employees and other stakeholders, such as contractors or suppliers, can report any breach of ethics, Xstrata's Business Principles or policies, or the legislation in force.

The number for Minera Alumbra is 0800 555 5764. The Ethics Line can also be accessed online via www.xstrataethics.com

⁹ The full version of Xstrata's Global Policy on Bribery, Fraud and Corruption is available on www.xstratacopper.com.



Concentrator operations supervisor, Rolando Tejerina, and operator, Darío Chaile, are checking the operation of copper concentrate thickeners.



In 2010, there was only one phone call related to fair treatment. The employee claimed that he had not been paid an annual bonus provided for under a Collective Bargaining Agreement due to an illness. Additionally, he reported that the company had not given him proper assistance during his illness.

The case was investigated and it was determined that the employee was not entitled to such bonus and that the assistance given during his illness had exceeded the company's legal obligations. The employee accepted the explanation and later sent a note to the ethics line expressing his gratitude for the manner in which his claim was handled.

Public policy participation and political contributions

Xstrata's Business Principles prohibit political contributions of any kind. In line with this policy, Minera Alumbrera did not provide any financial or in-kind contribution to political parties or individuals in 2010.

Xstrata plays an active role in a number of important international and national industry organisations and multi-stakeholder groups, through membership, funding, provision of expertise and participation in committees and working groups. These include membership of the International Council on Mining & Metals (ICMM) and support for the Extractive Industries Transparency Initiative (EITI).

Similarly, Xstrata Copper plays an active role in organisations that are copper-specific and others that are unique to geographical areas where it is the only Xstrata commodity business in operation.

Its global public policy participation commitments include its involvement in the International Copper Association (ICA), which is chaired by Xstrata Copper Chief Executive Charlie Sartain, and the Australia-Latin America Business Council (ALABC).

In line with our support to public policies, Minera Alumbrera is a member of or participates in the following mining associations and chambers:

- **ARGENTINE MINING CHAMBER (CAEM):**
A national chamber representing mining producers and suppliers.
- **MINING COMPANIES ASSOCIATION OF CATAMARCA (AEMCA):**
It represents mining and services companies from Catamarca.
- **ARGENTINE BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (CEADS):**
A local branch of the World Business Council for Sustainable Development (WBCSD).
- **ARGENTINE BUSINESS DEVELOPMENT ORGANISATION (IDEA):**
An organisation that helps its corporate members to provide training and updates to their managers.

- **IDEA JOVEN:**
A forum where young leaders can exchange ideas, receive training and reflect on key issues for the country's development.
- **FUNDACIÓN CAPITAL:**
A social and economic research organisation.
- **RAP MOVEMENT:**
A non-partisan foundation with plural ideologies that promotes training and the development of better political leaders.
- **CHRISTIAN ASSOCIATION OF COMPANY MANAGERS (ACDE):**
A forum where business managers can reflect on business matters based on Christian values.
- **FUNDACIÓN DEL TUCUMÁN:**
A group of companies committed to the regional sustainable development.
- **TUCUMÁN INDUSTRIAL UNION (UIT):**
A second level union-company organisation representing industrial activities in Tucumán province.
- **CATAMARCA INDUSTRIAL UNION (UICA):**
A second level union-company organisation representing industrial activities in Catamarca province.
- **FUNDACIÓN IMPULSAR:**
A private non-profit organisation that supports young people who lack the funds to start developing their own projects.
- **JUNIOR ACHIEVEMENT:**
An international educational foundation which seeks to encourage an entrepreneur spirit in young people.

International agreements

In 2004, Minera Alumbraera adhered to the Global Compact (GC), an UN initiative that fosters global corporate social involvement among private companies. This initiative 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 activities based on business leadership practices. The GC principles are an integral part of Minera Alumbraera's business strategy.

Human Rights

As part of the Xstrata Group, we endorse the principles set out in the UN Universal Declaration of Human Rights, the International Labour Organisation Conventions and the UN Global Compact.

Xstrata's SD Standards require that Minera Alumbraera's operations and projects implement community relations strategies that ensure transparent and honest stakeholder engagement, and respect for cultural heritage, traditions and norms. Appropriate community grievance mechanisms are also set up to protect these rights¹⁰.

Minera Alumbraera recognises that the primary human rights issues of our business are related to labour, safety and communities.

We are committed to protecting the right 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 that respects their legal rights.

In areas where Minera Alumbraera employs security personnel (either directly or as contractors) to protect our people and assets, we require that appropriate human rights training has taken place. All the security personnel received adequate human rights training in 2010, in line with their role.



Molybdenum plant supervisor, César Luján, is coordinating tasks with the control room.

Child and forced labour

As stated in Xstrata's Business Principles, we support the elimination of all forms of forced or compulsory labour and will not tolerate any form of child or forced labour. All Xstrata operations annually report the age of their youngest employee and contractor and are audited through the internal risk-management audit programme. Our youngest employee is 18.

¹⁰ Further information is available on page 48 of this report.

Our Economic Contribution

At Minera Alumbraera, we understand that our sustainability over time will only be possible if we generate economic value. Our economic contribution is the result of work based on a quest for excellence and operational efficiency and of the commitment of our workers and collaborators.



Bajo de la Alumbraera is a copper, gold and molybdenum deposit operated in Argentina since 1997. It is located in Northwestern Catamarca at 2,600 masl.

The initial investment amounted to USD 1.3 billion. The annual production amounts to

547,000 tonnes. Through large-scale milling, grinding and flotation processes, Minera Alumbraera produces approximately 140,000 tonnes of copper, 352,000 troy ounces of gold, 45,000 ounces of gold doré and 960 tonnes of molybdenum.

Minera Alumbraera is operated by Xstrata Copper and adheres to the Sustainable Development policies and standards of Xstrata Group, which are at the forefront of the sector. Xstrata has a 50% share in the project with Canadian Goldcorp and

Yamana Gold having a 37.5% and 12.5%, respectively.

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

Xstrata Copper

Xstrata Copper is the fourth copper producer in the world. In 2010, the copper production amounted to 913,500 metric tonnes in cathodes and concentrates. Likewise, Xstrata is among the largest worldwide producers of smelted and refined copper, including third party materials.

Xstrata Copper, whose main office is in Brisbane, Australia, is one of the commodities business units of the leading international mining group Xstrata plc. Xstrata Copper mining operations and projects are distributed in eight countries: Argentina, Australia, Canada, Chile, United States, Philippines, Papua New Guinea and Peru. Operations are managed by a regional division structure, which allows Xstrata taking crucial decisions in close interaction with their businesses. Likewise, Xstrata operates a recycling business (Xstrata Recycling) with facilities in the United States and offices in Canada and Asia.

Xstrata is a worldwide diversified mining group with headquarters in Zug, Switzerland, whose shares are listed in London and Switzerland stock exchanges. Xstrata has a major role in seven large international markets of the following commodities: copper, metal coal, thermal coal, ferrochrome, nickel, vanadium and zinc. It also participates in the gold, cobalt, lead and silver sectors and is increasing its involvement in the platinum metal group, iron ore projects, recycling facilities and state-of-the-art technologies. The Group operations and projects are located in 20 countries.

Production Process

At Minera Alumbrera, rocks from the open pit are mined by four electric shovels and the ore is transported to the Concentrating Plant by 41 220-tonne haulage trucks. The



Daniel Andreola – general tasks worker- at the open pit.

concentrate obtained -copper, gold and silver- is pumped with water through a 317 km long and 175 mm diameter slurry pipeline through Nevados del Aconquija up to the Filter Plant in the province of Tucumán. Electricity is provided from El Bracho, in such province, through a 220 kV 200 km power line to the mine site.

At the Filter Plant, the concentrate is dewatered to obtain a drier product with 7% humidity. Then, it is railed through Nuevo Central Argentino railway in Minera Alumbrera own trains up to the port facilities located in the municipality of Puerto General San Martín, province of Santa Fe. The product is shipped to international markets.

In 2008, Minera Alumbrera started the operation of a molybdenum plant and such product is exported to Chile.

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. The geologic conditions of the deposit allow separating the ores through a gravitational physical process. Vacuum machines separate the ore by adding air, alcohols and detergents that make up bubbles over which the ore is laid -due to its lower specific gravity- that overflows in large cylinders, on an ongoing basis.

The concentrate has no cyanide or mercury and these elements are neither used in the process. In fact, it is well received in international markets due to its chemical composition. Although Minera Alumbrera does not use cyanide in any processes, this substance may be used in an environment-friendly way, without any damage to health. Global mining uses 10% of the cyanide produced in the world.

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

Public utilities expenses in 2010

UTILITY	Ar\$ (millions)
Electricity	221,007,108.83
Water	20,193,966.90
Railway	37,253,597.42
Total	278,454,673.15



Minera Alumbra 40 trucks have a 220 tonne capacity each.

Mining Today

The mining industry generates a major contribution to the social and economic development of the region where the projects are located, usually far from urban locations. The mining industry is committed to generate wealth in Argentina through additional jobs, the acquisition of national goods and services, the utilisation of state-of-the-art technologies, tax payments, royalties and earnings for the State-owned companies involved in mining projects, and specifically Minera Alumbra profits are also distributed to a state-owned joint venturer.

As in other Latin American countries, mining in Argentina is criticised by some sectors opposing to its development due to economic and environmental reasons. As regards the social and economic benefits generated by companies, anti-mining groups stress the absence of benefits or the unfair distribution of wealth.

- Although mining is criticised for exhausting natural resources and generating a trickle-down effect outside of the country, it should be noted that this industry pays income taxes, VAT, export tariffs, social security contributions, provincial royalties, other national, provincial and municipal taxes, charges and rates, and voluntary contributions to the communities through Social Responsibility programmes and/or projects.

In this chapter, we will show the socio-economic benefits granted by Minera Alumbra supported by real information, verifiable data and official statistics on the generation of jobs, wealth and opportunities.

Regarding a specific issue involving Minera Alumbra which was also spread in the mass media, we noticed a contradiction in the complaint for the distribution of higher revenues and the refusal of some national universities to accept the distribution of profits from Yacimientos Mineros de Agua de Dionisio (YMAD) since such funds result from the operation of Bajo de la Alumbra mine

site. YMAD, as partner of Minera Alumbra, earns 20% of the company profits. Law 14771 of 1958 established the creation of YMAD as follows: 60% owned by the government of the province of Catamarca and the remaining 40% by Universidad Nacional de Tucumán (UNT). Both Catamarca and the UNT receive 60% and 40%, respectively, of the income generated by Bajo de la Alumbra, less YMAD's expenses and investments. The law also established that after completion of construction of the university facilities by UNT, distribution would be as follows: 20% for UNT and 20% to be assigned to other national universities.

Since the UNT has drawings, budgets and funds approved for the construction of the university campus, YMAD started to distribute profits to the universities in 2009. It is not a voluntary and direct contribution by Minera Alumbra to the academic community but the fulfilment of the requirements established by law.

So, although on the one hand, mining is asked to provide benefits to the country, on the other hand, the funds generated from a genuine activity complying with the existing environment and tax laws are rejected.

Without considering the right of the universities to either accept or not the funds from YMAD's revenues, Minera Alumbra does not produce any contamination and complies with Argentine environmental laws.

- Regarding the suspicion aroused by some groups related to Minera Alumbra environmental behaviour, it should be noted that the company had filed the Environmental Impact Report (EIR) before starting operations. The authorities of Catamarca and Tucumán approved such report. Likewise, every two years updates of such report are filed with the provincial authorities. All such updates have been approved and later monitored by the authorities. It should be noted that mining is the only activity regulated by a specific Law of Environmental Protection (Law 24585) in Argentina.

Minera Alumbra environmental performance -including water use, management and discharge- is monitored by the national and provincial authorities of Catamarca and Tucumán. Over 13 years of operations, no deviations from the standards set in the existing rules in any of the more than 200,000 samples taken have been detected. Minera Alumbra has never been either fined or penalised for failure to comply with environmental laws.

- There have also been apocalyptic messages about mining and its impact on health. Regarding the province of Catamarca, the provincial government has requested a survey on the effects of mining on the residents of the western area of the province to Fundación Centro de Estudios Infectológicos (FUNCEI) managed by Dr. Daniel Stamboulia. In 2010, FUNCEI submitted a report confirming that there is no environmental contamination caused by mining that may affect the health of such population.

Studies were carried out in Andalgalá and other departments of the western area of Catamarca, where the open pit mine is located. Its purpose was to study the potential consequences of mining on people's health. Experts worked in the area of scope of mining companies, and analysed the water of Vis Vis River and, particularly, in the town of Amana (Andalgalá), that takes water from Vis Vis River and is close to the ore deposit. "The surveys performed determined

that the population has a high percentage of Chagas-Mazza disease and brucellosis but no signs of environmental contamination (generated by mining) that might damage directly people's health", stressed Dr. Stamboulia.

Besides, he added "this is much more a myth than the truth. We have not found any elements that demonstrate the existence of contamination or carcinogenic standards as it is believed by some inhabitants. In terms of diseases, Catamarca has standards identical to those of Latin America".

They mentioned as an example of such distortion of the information, the death of a girl from Andalgalá in 2009, which, for some local groups, was attributed to the effects of mining operations. "According to our research based upon her medical history, her death was due to a congenital disease", they explained after holding a medical committee and talking to her family. Dr. Di Giacomo, director of the Andalgalá Hospital where the girl was treated, firmly denied such accusation: "After consultation with other doctors that treated her, both in this hospital and in the Children's Hospital of Catamarca, there is no connection between mining and the causes of death of this girl", who had a disease called Addison that later led her to death.

- In connection with the judicial investigation started in 2010 by the Federal Prosecutor in Tucumán for presumed smuggling by Minera Alumbra, which was accused of exporting not declared ore, it should be noted that a similar investigation was carried out by the Federal Courts in Rosario which was finally closed. After the relevant investigations -that took many years- the conclusion was that there was no crime, so the new investigation will certainly have the same end.

Shipments are strictly controlled by AFIP (National Tax Authority) through Dirección General de Aduanas (General Customs Office), in addition to the permanent control of YMA and the province of Catamarca. Likewise, the Customs has samples taken as per its requirements which are analysed by public entities such as the INTEMIN and in international laboratories appointed by it.



Roberto Montero, Superintendent of Metallurgy and Chemical Laboratory at the Filter Plant where the concentrate is dewatered. Such water is later treated before final discharge.



The concentrate is exported from General San Martín Port Facilities, province of Santa Fe.

ECONOMIC CONTRIBUTION

Direct and Indirect Impact Indicators of the Mining Project on Argentine Economy

In the last 13 years, Bajo de la Alumbrera had a major role in the economy at global, regional, provincial and local levels. Since the beginning, its significant investment, purchases, job demand, wage payment and tax contributions, made it necessary to quantify and monitor the socio-economic benefits/losses resulting from this productive process.

In fact, from the start of production, we have systematically monitored and assessed the economic and social impact of the project, and provided our experience to the discussion, definition and generation of the sustainability concept. In this sense, Minera Alumbrera has been one of the first firms in our country to include the concept of sustainability and social responsibility as explicit policies and to design engagement and programme management models that have been repeated in other towns with successful results. This has also led to an increase in the general welfare of the people from these towns.

On several occasions, we have participated in studies related to this issue together with national and international entities -both public and private- that have led to significant methodological progress, thus reducing the number of mistakes and increasing the participation of those involved in the construction of impact indicators.

Thus, in each of the sustainability reports, the project has tried to include the data obtained by the company in addition to any other socio-economic information resulting from such studies. The purpose is to guarantee objective, clear and transparent information supported by scientific and technical institutions, in order to communicate and share the positive and negative aspects of the actions taken.

Once again, our aim is to show the consequences of the economic and social contribution of the project to the area, taking into consideration the analysis of relevant variables such as: wealth generation, production value, employment, purchase of domestic assets and services, payment of wages and fiscal contributions in terms of tax and non-tax income.

We hope that the results shown in these pages allow sharing information and opinions with any persons that might be concerned. Working jointly to generate non-biased information is an everyday challenge.

Direct and Indirect Impact Indicators at National and Provincial Levels

PRODUCTION

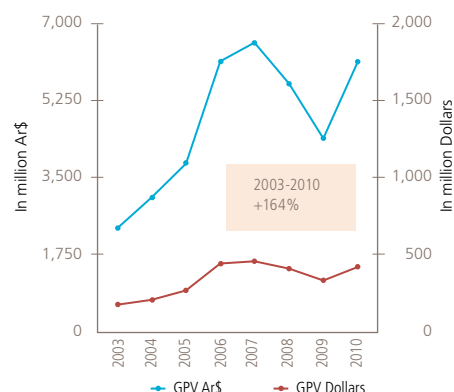
In 2010, Minera Alumbrera produced 140,333 tonnes of copper, 352,179 ounces of gold, 44,933 ounces of gold doré and 468 tonnes of molybdenum, a lower production compared to 2009. This shows a turning point in the growth curve since 2007 as a consequence of the lower grades of the ore mined.

This is related to the life of the mine and the cost-benefit ratio of this activity. So, while the mining project reduces production volumes,

there is an increase in the costs per product unit and only through technological or operational changes, it is possible to maintain the competitiveness and profitability levels close to the average. Likewise, the permanent investment in prospection and exploration aimed at improving yields, increases marginal costs.

As we mentioned in our previous sustainability report, the performance of the Gross Production Value (GPV) would depend -for 2010 and the following years- of price evolution and the incorporation of reserves. In terms of value, this production level represented 1,534.9 million¹, equivalent to Ar\$6,139 million, thus showing a 37% increase compared to the previous year, after two straight years of decline. This increase is due to the higher prices of 2010, after the deep world crisis of 2008 which affected the prices of these commodities. This situation was similar for all Xstrata copper projects throughout the world.

GPV Evolution 2003-2010. In million Ar\$ and Dollars.



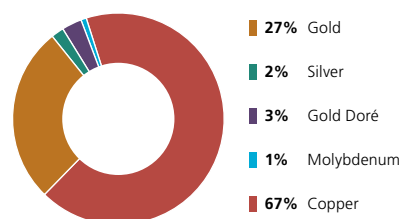
Source: Data provided by Minera Alumbrera

In fact, in November 2008, copper dropped to 139¢/lb and gold to 757 US\$/oz. In 2009 and 2010, the growth of worldwide mining, driven mainly by emerging economies, fostered an increase in the demand for these products.

¹ The Gross Production Value (GPV) is expressed in Pesos after the conversion of Dollars at the average exchange rate of 2010, to separate production variations from those of the exchange rate.

² See in this section: employment, wages and purchase of domestic products.

GPV Percentage per ore type. 2010.



Source: Data provided by Minera Alumbra

The mine operated for eight years (70% of life of mine) with prices that, on average, were 72% below current ones. In general, it is assumed that in the event of higher prices, the supply of assets is bigger in proportion to the flexibility of these assets. However, in this case, the situation is quite to the contrary: while in the 2005-2010 period, prices increased 104%, the production volume dropped 21%, taking into account that this activity is limited by the grade of the deposit under regular investment conditions.

Likewise, during the period under review, a growing increase in costs was noticed due to national and international inflation processes mainly resulting from a higher demand of supplies for the mining industry.²

the contributions of major metal ore projects. It contributes 27% to the GPV of Argentine mining³ and it is the only copper and gold concentrate producer in the country. It contributes with 1.2% to the global copper production⁴, what has led our country to rank 17th among worldwide producers and 5th in Latin America, following Chile and Peru which rank 1st and 2nd, Mexico (4th) and Brazil (15th).

Regarding the project contribution to wealth generation at provincial level, the Geographic Gross Product (in Spanish, GGP) of Catamarcan mine sites and pits for 2006 represents 61% of the total GGP, that is, more than half the Catamarcan added value results from mining. These values would be similar for 2010 or even bigger.

This growth of the mining industry in the provincial GGP shows the importance of the project and of other mining activities developed in the province, not only through direct contributions but also through indirect participation to promote activities related to mining and others not related that would allow the sustainable development of Catamarca economy.

A survey performed in 2009 by CEADS⁵ shows the positive opinion that most people from Catamarca has of this activity: 40%

the project GPV evolution and its contribution to Catamarcan economy (GGP), the following conclusions have been reached:

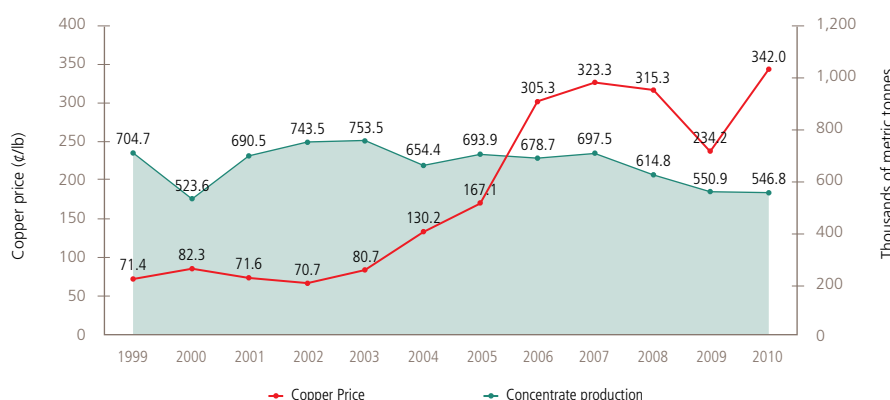
- In the last 13 years mining, has significantly modified the production profile of the province of Catamarca. The start of operations of major mining projects such as Bajo de la Alumbrera and Salar del Hombre Muerto has caused a strong expansion of the provincial GGP, by increasing its share up to more than 60% (Mines and pits PBG/total PBG) in 2006⁶.
- The results of the local survey, as previously quoted, show that beyond any technical issues that have to do with different economic theories about the exploitation of natural resources, this scenario is an opportunity to take any necessary public and private actions to benefit from the income produced by mining and transform it into an effective tool for the sustainable development of the community.

EXPORTS

Exports reached USD1,590 million in 2010 equivalent to Ar\$6,390 million. These values show a 20% increase compared to 2009. The aggregate amount for the period 1999-2010 amounts to USD10,962 million (Ar\$43,848 million). This growth, compared to that of 2009, is the result of an increase in the prices of these commodities since exports dropped 2.4% for copper, 22.3% for gold doré and 4.4% for molybdenum.

Besides, these levels of exports are similar to those of total external sales and of Argentine commodities which showed 23% and 63% increase, respectively. In the case of primary products, the increase was due to larger amounts sold rather than for higher prices.

Evolution of nominal copper price and Alumbra concentrate production. In (¢/lb) and thousands of metric tonnes.



Source: Data provided by Cochilco and Minera Alumbra

Furthermore, Minera Alumbra significantly contributes to the Argentine mining sector and to the general economy through production, job generation, wages, purchase of goods and services and tax and non-tax charges. It is a leading case for the study of

of the population considers mining as the activity that generates more and better development for the province of Catamarca. Likewise, 70% recognise the positive impacts of mining on the economy, through job and income generation, etc. Finally, after analysing

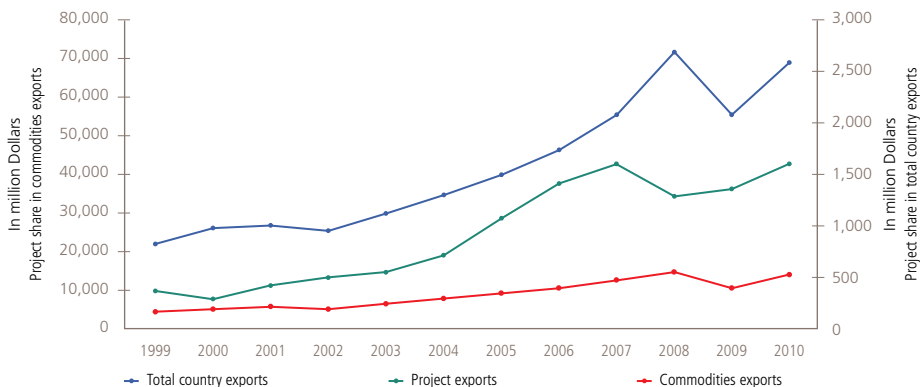
3 2008 project GPV / 2008 mining GPV - Last official information available.

4 Global average share in copper production for 2000-2009.

5 Business Council for Sustainable Development (in Spanish, CEADS) started in 2009 a research process that continued during 2010 in order to analyse the application of a socio-economic impact measuring method. Minera Alumbra has cooperated with this research and provided any necessary information and has participated in the presentation and discussion of preliminary results.

6 Although this information was provided in the previous report, and there is no official information available, the subsequent positive evolution of these variables allows inferring that this share has remained unchanged or could have increased in 2010.

Total country exports, commodities exports and project exports. 1999/2010. In million.



Source: Based on company data and data provided by INDEC-CEI.

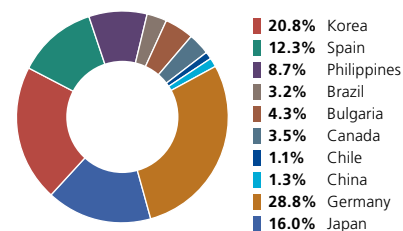
Shipments abroad represented 95.5% of exports of the copper-gold complex, 3.5% of gold doré and 1.1% of molybdenum.

Besides, the value of project exports for 2010 involves 2.3% of total country exports, 10.5% of commodities exports and 35%⁷ of mining exports.

Likewise, shipments abroad represented in 2009⁸ 53% of exports of the copper/gold complex, that is the 7th major complex for Argentine foreign trade.

Besides, mining exports have significantly contributed to an increase in the participation of non-traditional markets in Argentina foreign trade. In fact, over 50% of the project foreign sales correspond to Korea, Japan, Philippines, Bulgaria and China.

Export destination 2010.



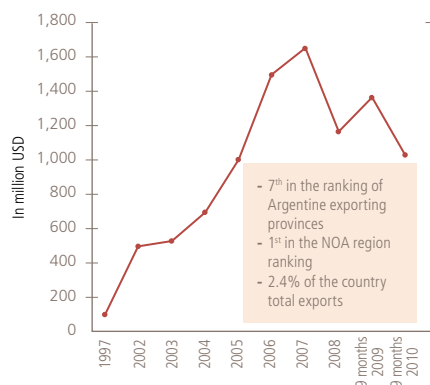
Source: Own data.

⁷ It should be noted that this percentage refers to official figures provided by the National Mining Department that also include the industrial products derived from mining. Thus, the share of this project mining exports in total mining exports is significantly bigger if only mining products are considered according to the classification of the Uniform International Industrial Code.

At regional and provincial level, the project exports have contributed to a significant increase in NOA and Catamarca exports in the last 13 years. The growth noticed amounts to 1,022% in USD (1997/2009), with the mining complex representing over 90% of the total amount.

Pursuant to a report of Dirección Nacional de Programación Regional⁹ that includes data of provincial exports for the first nine months of 2010¹⁰, the province of Catamarca gained for this period USD1,100 million, what means a 12% increase compared to the same period last year.

Evolution of Catamarca exports. 1997-2009. In million USD.



Source: Data provided by Argentine Statistics Bureau and DPR.

⁸ 2009 is the last export data available for complex from Argentine Statistics Bureau.

⁹ Dirección Nacional de Programación Económica Regional (DPR), Ministry of Economy of the Nation.

¹⁰ INDEC had not published any provincial export data of 2010 by the time of preparing this report.

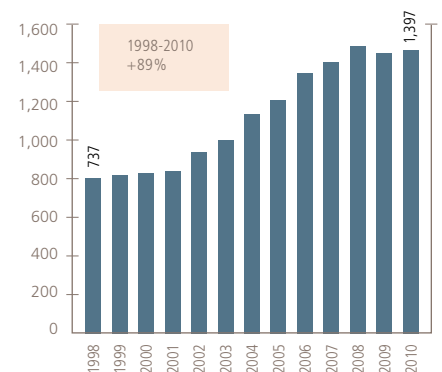


Aerial view of the Concentrator thickeners.

EMPLOYMENT

In 2010, Minera Alumbraera had 1,397 employees. If we consider contractors workers, the number of jobs amounts to 2,029. Thus, the project has nearly doubled the number of workers (+89%) since the beginning of operations.

New jobs in Minera Alumbraera. 1998-2010.



Source: Data provided by Minera Alumbraera.

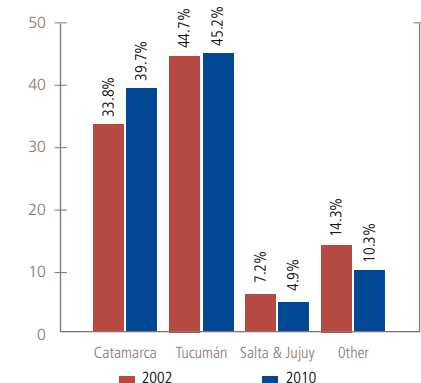
As previously mentioned, the impact of real job generation, by increasing and diversifying the demand of jobs at local and regional levels, is strongly appreciated by the communities involved. The survey performed by CEADS shows that 50% of the interviewees consider it as the most important positive impact of mining. Regarding the towns close to the mine site -Andalgala, Belén and Santa María- these answers are more frequent (55% average) what shows the real dimension of the effect that the generation of near 1,400 jobs has produced in the last 13 years.

The cumulative annual average growth rate for this period (1998-2010) reaches 6% what means that despite domestic and foreign economic crises, job demand has remained steady.

As regards the origin of direct employment, 89.7% of the employees are from the NOA region and the remaining 10.3% belong to other provinces. In this region, the province of Catamarca has had a steady growth. In 2002, it contributed 33.8% and has increased its share up to reaching 39.7% in 2010. The province of Tucumán's contribution remained in 45%.

Likewise, according to CEADS survey, 79% of the local population of Andalgalá, Santa María and Belén, confirmed they had direct (37%) or indirect (42%) links with the mining project either because they have worked or work directly or because they know someone who did it or does it. This shows the impact of the mining project on the local labour market.

Distribution by Province of the Staff Hired by Minera Alumbraera 2002-2010.

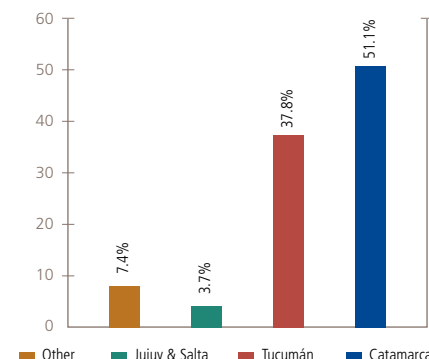


Source: Data provided by Minera Alumbraera.

Besides, jobs generated by contractors show a strong participation of the province of Catamarca that reaches 76% of the total amount, increasing 67% compared to 2009.

Direct jobs and those of contractors¹¹ show that the province of Catamarca has 51.1% of the total jobs, Tucumán, 37.8%, Jujuy and Salta 3.7% and other provinces 7%.

Distribution by province of staff employed by Minera Alumbraera and contractors. 2010.

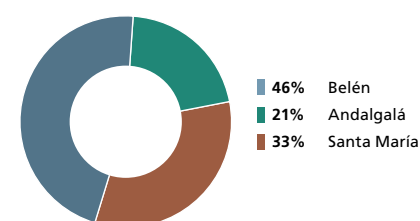


Source: Data provided by Minera Alumbraera.

The communities directly involved -Andalgalá, Belén and Santa María- that constitute the project primary impact area (PIA) consider unemployment, lack of job opportunities, as one of the major problems. In the CEADS survey, 33% of the population considered such problem as of utmost importance and in Andalgalá near 50% considered it as very serious.

These data show the importance that job generation has for each of these towns. In fact, mining and particularly Bajo de la Alumbraera have allowed a drop in unemployment and an increase in training and specialisation of the workforce through deals with different local educational institutions that have allowed that workers that in the past could not get a job, were now working with Minera Alumbraera and/or its contractors. These towns hold 481 direct jobs, what means 34.4% of Minera Alumbraera direct employment. Belén has 46% of such jobs; Santa María, 33% and Andalgalá, 21%

Distribution of staff hired by Minera Alumbraera in the PIA. 2010.

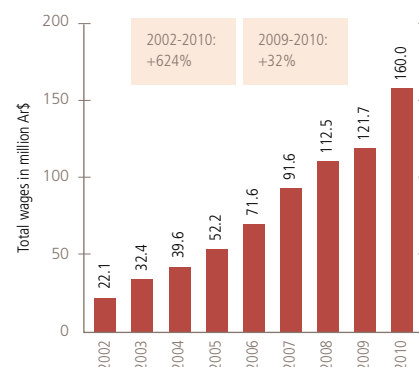


Source: Data provided by Minera Alumbraera.

SALARIES

The revenues generated from salaries, without social security charges, amounted to Ar\$159,975,615 million in 2010, 32% higher than the previous year and 624% higher than in 2002.

Evolution of salaries paid by Minera Alumbraera. 2002-2010.



Source: Data provided by Minera Alumbraera.

The evolution of this indicator is due to the increase in the number of employees -519 compared to 2002- and to the increase in nominal wages throughout the period under review, a situation that, although it is common to all sectors of Argentine post-convertibility economy, in this case, the recovery of real wages is, on average, higher.

This action has a double effect. On the one hand, mining pays wages above the average and, on the other hand, in an inflationary economy, the real wage recovery allows sustaining the purchasing power of salaries while maintaining and increasing the demand for goods and services by employees in the towns where mine sites are located. Thus, the wealth can be multiplied and distributed in the communities.

Employees have a larger involvement in the value added generated, what shows that mining contributes to a fair distribution of the wealth it generates.

¹¹ Jobs from contractors working for the mining project are considered as part of indirect jobs but do not include the total of them since other indirect jobs generated in the economy as a result of productive links should be added.

The survey performed by CEADS to Bajo de la Alumbrera employees¹² to compare the hypotheses related to the incidence of employee spending in the towns where they live¹³ and to obtain qualitative impact indicators related to the improvement of the welfare of employees and their families. In short, survey results show that:

- 28% of the employees surveyed have worked since the construction stage of the project, before 1998. Over 50% started working at the beginning of operations, before 2000. These data show the labour stability of mining jobs; on average, near 80% of employees have been working at the company for more than 10 years. This is a major condition for the economies that have a high level of precarious work due to activities that require temporary employment.
- 99% of employees have received training for the work they perform and 63% also have it for new tasks, 81% got promoted.

These indicators show the project contribution to the generation of a work force based upon employee training and qualification. This process is one of the major benefits that contribute to a sustainable development process.

- 20% was unemployed before working at Bajo de la Alumbrera. Out of that total, 52% had been unemployed for more than one year. For 87% of them, the wage earned is the main family income.

- 93% consider that their income have improved since they started working at the mine site. The wage level has allowed 33% of employees increase the amount of products they buy, 27% help their families, 22% improve the quality of the goods they buy, 12% buy goods that did not use to buy.

This information shows that the project has hired a huge number of underemployed or unemployed of the PIA. More than 4,000 persons directly related to the employment have improved their general welfare thanks to the mining project.

- 92% have savings capacity and 70% save money through the purchase of real property. 85% have improved their credit opportunities and 68% have taken loans.
- 86% buy goods, 75% construction materials and 50% cars, motorbikes, etc. in the town where they live. 84% believe that their local shops benefit from their purchases and 41% believe that such benefit is significant.

These indicators show that the hypothesis on which the multipliers of indirect impact on employment rely, taking into account the spending of Bajo de la Alumbrera employees in the towns where they live, is empirically demonstrated through the answers of these direct stakeholders.

- 55% use private health care services, 22% public and private and 7% only public. 73% consider that the quality of the health care

services provided to their families has improved since they started working at the company.

As to the distribution of these revenues through the payment of wages, it is similar to that of employment. The Northwestern region concentrates 87% of these figures and the provinces of Catamarca and Tucumán hold 84%. This is equivalent to a flow of income of approximately Ar\$130 million per year, what shows a very important quantitative and qualitative contribution to the economies of these provinces.

Finally, since the beginning of operations, the project has contributed revenues that were used to pay wages for Ar\$746 million.

REVENUES FROM THE PURCHASE OF DOMESTIC SUPPLIES

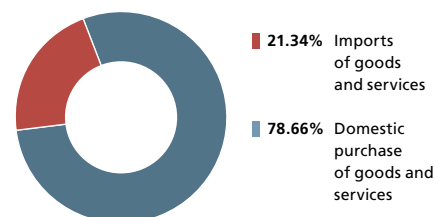
In 2010, Minera Alumbrera purchased goods and services from domestic suppliers for over Ar\$1,220 million, thus increasing expenses by 8% compared to last year. Hence, cash flow amounts to Ar\$101 million per month, that is, daily purchases for nearly Ar\$3 million.

The levels of domestic purchases for the mine life were nearly four times bigger and this was due to the replacement of imported products and services and to the higher prices of national goods and services and, consequently, of production costs. The higher the expenses of Minera Alumbrera, the higher the integration to the local productive system and its indirect and total impact on the generation of jobs and wealth of the country.



In 2010, Minera Alumbrera purchased domestic goods and services for over Ar\$1,220 million, that is, daily purchases for over Ar\$3 million.

Percentage of purchases of goods and services by origin. 2010



Source: Data provided by Minera Alumbrera.

¹² The survey to Bajo de la Alumbrera employees was carried out to complete the first and second stages of the socio-economic impact measuring performed by CEADS. Such survey was carried out by local consultant Campistas del Norte over 300 employees chosen by random, while the field operation was being performed.

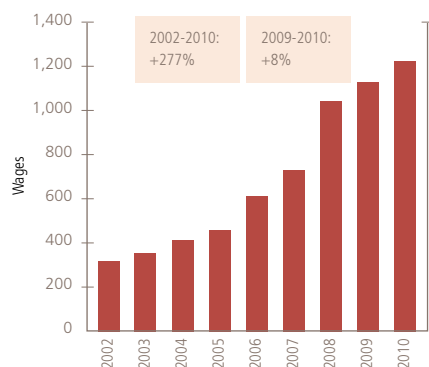
¹³ In this sense, the indirect impact measuring hypothesis considers that one of the ways of impact is through the expenses made by employees.

Nearly 80% of the total goods and services purchased by Minera Alumbra are from Argentina and only 20% are imported. That is, that for every 10 Argentine pesos that Minera Alumbra spends on goods and services for mining operation, 8 Argentine pesos are purchased in our country and only 2 Argentine pesos abroad. This scenario is different from the information that is usually communicated and which considers the activity as a net importer with a negative foreign trade balance.

This process of import replacement was originated in the devaluation process suffered by our country by late 2001, which allowed increased competitiveness of certain national products.

Thus, the indirect economic impact has increased through higher job multipliers, more added value and GPV. In this sense, indirect job multipliers changed from 5 (year 2000) to 9 (year 2002) and the last measuring in 2008 reached 11, that is, while domestic purchases increased three times, indirect job multiplier was more than doubled. For each direct job, 10 indirect jobs are generated as a result of this level of demand for domestic goods and services. At provincial and local levels, these multipliers are lower, amounting to 5 in the province of Catamarca and 3.5 for the primary impact area. This shows that for every direct job, 4 indirect jobs are generated in Catamarca, and 2.5 in the PIA.

Evolution of purchases of domestic goods and services. 2002-2010. In million Ar\$.



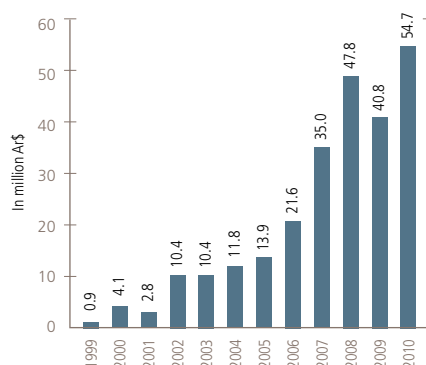
Source: Data provided by Minera Alumbra.



External view of the molybdenum plant.

As to the distribution of these purchases, 4.5% are from Catamarca and 95.5% from other Argentine provinces. 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 Ar\$950,000, while in 2010, it reached Ar\$54,676,864.

Evolution of purchases of Catamarcan goods and services. 2002-2010. In million Ar\$.

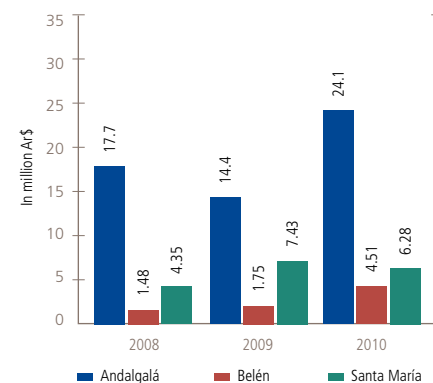


Source: Data provided by Minera Alumbra.

This is the result of the implementation of corporate policies, programmes and projects intended to improve the offer of supplies and services in the towns and provinces where the mine site operates. The PIA participation -Andalgalá, Belén and Santa María- in the supply of goods and services in 2010 increased 47.7% compared to last year, thus reaching Ar\$34.8 million. This level of purchases is equivalent to 64% of the spending in the province of Catamarca.

¹⁴ All components of tax revenues (taxes, rates, contributions, royalties, etc.) included in this survey are accrued values.

Evolution of purchases of goods and services in the PIA. 2008-2010. In million Ar\$.



Source: Data provided by Minera Alumbra.

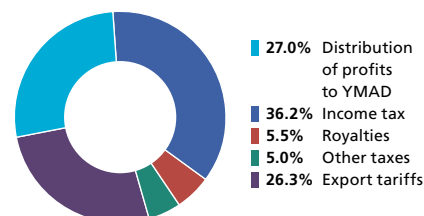
As to the distribution per town, 69% of purchases correspond to Andalgalá, 18% to Santa María and 13% to Belén.

Since the start of operations, Bajo de la Alumbra has purchased goods and services in the province of Catamarca for Ar\$254 million pesos and in the PIA, such spending has reached over Ar\$82 million in the last three years.

TAX REVENUES¹⁴

In 2010, Minera Alumbra paid taxes, charges, contributions, royalties and profits to YMAD for Ar\$2,500.6 million, 41% over the amount accrued last year. Since the start of operations, the total contribution amounted to Ar\$10,212 million, that is, twice the investment performed by the project.

Distribution of direct tax revenues generated by Minera Alumbra 2010 - In %.



Total Tax Revenues: Ar\$2,500.6 million.
Source: Data provided by Minera Alumbra.



Concentrate is recovered through a flotation process.

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 a new estimation of tax expenditure in Argentina for 2009-2011. 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, in order to benefit certain activities, areas or taxpayers.

For the specific case of mining¹⁵, this study considers that tax expenses for 2010

would amount to Ar\$452.3 million. This value represents 0.03% of the GDP and is equivalent to 1.6% of the total tax expenses of Argentine economy and to 6.9% of the tax expenses in economic development systems. Considering that only Minera Alumbrera, for the same year, contributed tax revenues for Ar\$1,686 million¹⁶, the tax benefit/cost ratio is 3.72. This indicator shows that Minera Alumbrera contribution is nearly three times the national tax expense to promote this activity.

These data confirm the sustainability of the sector and the project in particular, to the extent that mining would be generating revenues that would not only allow to afford the expenses it generates 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.

This indicator allows to infer the degree of efficiency of the policy implemented, as long as the fiscal cost/benefit ratio is higher than 1.

Besides, out of the total tax revenues generated by Minera Alumbrera for 2010, the national government would accrue 72%¹⁷, the provincial government (Catamarca) and Universidad de Tucumán, 28%. It should be noted that approximately 60% of these funds can be shared among the provinces, so the return to the province is in the proportion established by law.

In 2010, the province of Catamarca accrued tax revenues for Ar\$565 million from Minera Alumbrera, 57% higher than last year.

3.7% are tax revenues or taxes and 96.3% are non-tax revenues.

The latter include mining royalties (Ar\$140 million) and distribution of profits to YMAD¹⁸ (Ar\$404 million). Likewise, during the mine life, the province accrued Ar\$822.9 million in mining royalties, Ar\$1,610 million for the payment of profits to YMAD and Ar\$61 million for taxes.

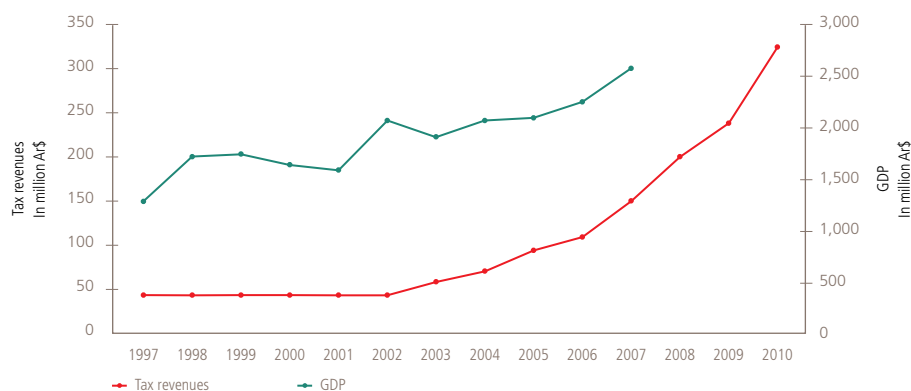
An indicator to measure the incidence of the revenues generated by the project at the provincial level is its connection with the province tax collection.

In this sense, provincial tax collection for 1997-2010 shows a strong expansion. In the last eight years (2003/2010), collection was five times bigger in connection with the expansion of local activities. Although these are nominal figures, higher prices for this period were significantly lower than the increase in nominal values. Thus, proven increases do not only correspond to inflation but also to an expansion of the taxpayer base and the economic development due to activities such as mining.



Steel balls being fed into the SAG mills to reduce rock size. 5.5 inch balls weigh 12 kg.

Evolution of tax collection and GDP in Catamarca. 1997-2010.



Source: Data provided by General Revenue Office of the province of Catamarca.

¹⁵ Law 24196 and Law 22095.

¹⁶ This amount does not include mining royalties or distributions of profits to YMAD which are considered non-taxable fiscal revenues.

¹⁷ It includes the funds that YMAD provides to National Universities.

¹⁸ This is a theoretical value, estimated from the amounts actually paid by the company and in accordance with the provisions of Law 14.771. Thus, the amount certainly earned by the province may be different from the theoretical estimation since YMAD costs, investments, etc. have not

been either considered or deducted. These calculations were performed to measure the real contributions of the company at all levels -national and provincial.

The revenues generated by the mining project in terms of royalties and other taxes, and obtained by the province represent 50% of its own tax collection. If the distribution of profits to YMAD is added to these resources, the revenues at provincial level are nearly two times local tax collection.

On the other hand, these funds represent more than 20% of total current expenses included in the provincial budget for 2010. They represent more than half of the current expenses of the central government.

Likewise, regarding the contribution of tax revenues to local communities -although there is no municipal data of the own resources of such communities and/or of their budgets- the secondary distribution of mining royalties published by the Department of Municipal Affairs of the province of Catamarca, is a clear example of the importance of mining.

From 2004 up to the first half of 2010, the total mining royalties received by the Catamarcan towns amounted to Ar\$351.8 million, with Andalgalá, Santa María and Belén (the three towns included in the PIA) receiving Ar\$243.5 million, which are equivalent to 70% of the aggregate amount. This figure was distributed in equal parts between Belén and Andalgalá (44% each) and 12% was received by Santa María.

These values represent very important contributions to the municipal budgets. For instance, the municipality of Andalgalá received Ar\$12.6 million for royalties in 2009, that is, more than 120% of the net revenues from the municipal cooperation fund, which amounted to Ar\$9.9 million. For Belén, it represented 100% since it received Ar\$5.8 million. In general, these municipalities have their own tax collection which is a minor one compared to these revenues, what allows to infer that mining royalties have a major role.

The following chart shows the trickle-down effect of mining on each of these towns.

Revenues from distribution of mining royalties. 2004-2010. In million Ar\$.

Town/Municipality	2004/2010*	Share
Andalgalá	107,535,551.16	44,2%
- Aconquija	23,485,764.36	9,6%
- Andalgalá	84,049,786.80	34,5%
Belén	107,535,551.11	44,2%
- Belén	37,766,485.56	15,5%
- Corral Quemado	7,753,313.18	3,2%
- Huallfin	13,979,621.62	5,7%
- Londres	10,871,844.19	4,5%
- Pozo de Piedra	7,688,791.90	3,2%
- Puerta de Corral Quemado	6,763,986.18	2,8%
- Puerta de San José	5,570,341.60	2,3%
- San Fernando	3,892,786.99	1,6%
- Villa Vil	13,248,379.89	5,4%
Santa María	28,452,943.47	11,7%
- San José	12,805,544.78	5,3%
- Santa María	15,647,398.69	6,4%
Total	243,524,045.74	100%

* It includes up to the second quarter of 2010.

Source: Data provided by the Department of Municipal Affairs of Catamarca.

Besides, and as part of the contributions not related to the productive process, Minera Alumbraera continued with its sustainable development programme with investments for Ar\$35.9 million in 2010, in Catamarca and Tucumán. 61% out of this total correspond to works and actions of the programme of large infrastructure works for both provinces and the remaining 39% to projects related to health, education, environment, productive activities and culture. All these plans included in the community action programme are executed with the participation of different local and/or provincial institutions. The Sustainable Communities chapter of this report has more information on this issue.

In 2010, Minera Alumbraera contributed Ar\$3,916 million to Argentine economy due to the payment of taxes, royalties, wages, social security charges, purchase of national goods and services, etc. Such contributions involve:

- Cash flows for Ar\$326 million per month and/or Ar\$10.8 million per day, which were distributed across the country.
- The income tax and export tariffs paid by Minera Alumbraera represented 1.2% and 1.4%, respectively, of the whole country's tax collection.

In 2009, according to surveys carried out by AFIP, the 1.2% project share in the total amount paid/collected in profits is:

- Equal to the total of the automotive industry.
- Above the share of grain exporters, vegetable oil producers, aluminium manufacturers and the textile sector.

This shows the importance of the project tax contribution to Argentine economy.

Likewise, if the studies previously mentioned are reviewed, considering only taxes such as VAT, Income, export duties and social security contributions as tax burden, and relating them to the total sales, in the case of this mining project, the taxes paid represent 35% of sales, while for the average 26 industrial sectors under review, they amount to 16%.

Contributions of Minera Alumbraera to Argentine economy.

Description	Amount (in million Ar\$)	Share
Income tax	905	23.11%
YMAD	674	17.21%
profit share		
Purchase of domestic goods and services	1,220	31.15%
Provincial Royalties	140.1	3.58%
Salaries	159.9	4.08%
Contributions	74	1.89%
Grants	35.7	0.91%
Wealth tax	95	0.24%
Mining easements and water charges	20.1	0.51%
Tax on diesel fuel	20.6	0.53%
Turnover tax	2	0.01%
Other charges	3	0.01%
Import duties	2	0.01%
Export tariffs	656.4	16.76%
Total	3,916	100%

Source: Data provided by Minera Alumbraera.

19 Law 5.174: municipalities participate with 25% of the total revenues from the provincial tax regimes and of the Federal Cooperation established by law or agreement.

Our People

Our goal is to support Minera Alumbrera's consolidation and development as a leading miner in Argentina, by providing top quality services to our people. As to safe working practices, we seek to maintain a "zero-harm" environment.



Through ongoing training sessions for our people, we enhance local skills for the long term, with a view to improve local employability. At the regional level, we seek to become an attractive employer able to attract and retain top talent.

Safety & Health

We aim to operate a safe workplace that is injury- and fatality-free, and to enhance the well-being of employees, contractors and communities.

We pursue this goal by promoting and sustaining a culture of safety that seeks to promote a positive attitude and awareness of the issues involved. We provide visible leadership and make our management accountable for safety performance and for training employees to improve their safety knowledge and skills and make them aware that they have a responsibility to themselves, their family and friends to work and behave safely.

We detect and eliminate or mitigate conditions that pose a risk to safety and health in our workplaces and neighbouring communities. We ensure that every task undertaken in our operations has a safe system of work defined and that our people have tools and equipment that are fit for the purpose and well maintained to complete tasks safely and productively. In addition, through screening programmes, we monitor our employees' health, wellbeing and fitness for work.

Xstrata Copper uses a risk-management system to identify, assess and eliminate or control safety risks. When an unsafe condition is detected or a safety incident occurs, it is investigated immediately and the necessary action is taken to eliminate the risks involved. Safety auditing takes place regularly across our business to improve safety standards, practices and performance. Safety initiatives and issues are regularly communicated to all of our people.

Our Performance

Minera Alumbraera is committed to preserve the health and safety of all employees, contractors and neighbouring communities. We strive to ensure a safe and healthy workplace. Our goal is to ensure zero occupational illnesses and work-related injuries.

Safety is a condition for employment. Best Health and Safety practices are integrated and consistent across the organisation. The GM strongly and actively supports the enforcement of our Safety and Health policy. It provides that both employees and the organisation are jointly responsible for preserving safety at the workplace.

A Safety official has been appointed to each operational area to assist managers, superintendents and supervisors achieve their goals. They exchange their findings, assist managers to develop and implement effective safety programmes and design measurement methods to ensure operating excellence. To this end, we provide the necessary training and resources to all employees.

Our overall performance indicators as to recordable work-related injury prevention are encouraging, namely:

Performance indicators

	OBJECTIVES FOR 2008	PERFORMANCE FOR 2008	OBJECTIVES FOR 2009	PERFORMANCE FOR 2009	OBJECTIVES FOR 2010	PERFORMANCE FOR 2010	2009-2010 % IMPROVEMENT
DIFR	<1.5	✓ 1.02	<1	✓ 0.36	<0.5	✓ 0.19	47.22%
LTIFR	<1	✗ 1.02	<1	✓ 0.36	<0.5	✓ 0.19	47.22%
TRIFR	<10	✓ 6.81	<6.5	✓ 3.95	<4.4	✓ 2.47	37.47%
DISR	<50	✗ 147.74	<48	✓ 17.78	<45	✓ 18.23	2.53%

✓ Objective fully met ⚡ Objective partially met ✗ Objective not met

Safety and Health audits are regularly conducted across our operations to ensure compliance with existing programmes. We exchange audit results with our leadership team to establish joint work practices exclusively intended to ensure an injury-free work environment.

In July 2010, Minera Alumbraera recorded one year with no disabling injuries. This is an outstanding landmark for the mining industry, as a result of the safety awareness of all operational teams. As a result of one operator injury during ordinary and repetitive tasks, additional efforts were made to

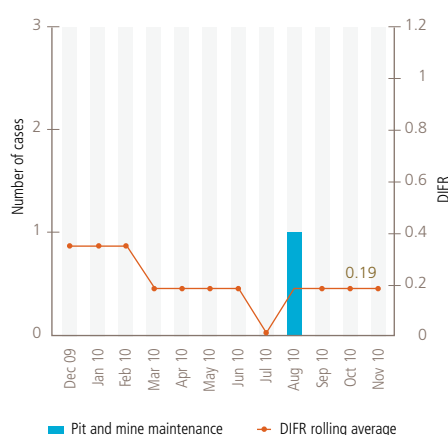
manage the risks involved in ordinary and repetitive tasks.

Notwithstanding the incident described above, our Disabling Injury Frequency Rate (DIFR¹) remains below the target (0.19 vs 0.5) set for this year.

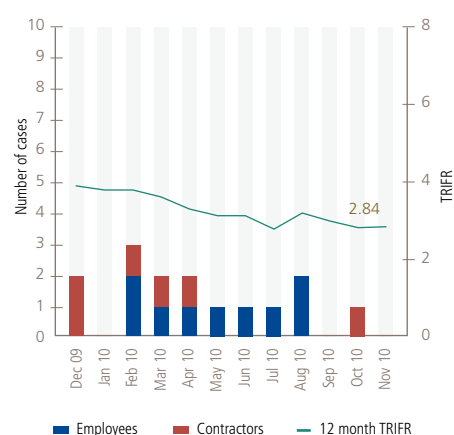
Although our Disabling Injury Severity Rate (DISR²) is slightly above 2009 levels, it is well below the target set for 2010 (45).

We monitor our Total Recordable Injury Frequency Rate (TRIFR³) closely. Currently it is 35% lower than the target set for 2010.

Disabling Injury Frequency Rate (DIFR) for 2010.



Total Recordable Injury Frequency Rate (TRIFR) en 2010.



1 DIFR: Acronym that stands for Disabling Injury Frequency Rate and refers to injuries that prevent employees from performing their day-to-day tasks during the following work shift.

2 DISR: Acronym that stands for Disabling Injury Severity Rate and represents the total time lost as a result of a disabling injury. It is

based on the number of man hours worked over a specific period. In this case, it is based on the total man hours per year.

3 TRIFR: Acronym that stands for Total Recordable Injury Frequency Rate and includes lost time injuries -including fatalities-, restricted work injuries as well as injuries requiring medical treatment.

As a result of our practices and improvements for this year, good results have been obtained in incidental event causality, the effective implementation of corrective actions as specified in incident investigations and the implementation of safety observations. This is a prevention tool to monitor specific work areas, focusing on safe and unsafe practices and to provide prompt feedback to employees in order to be recorded.



Diploma by Instituto Argentino de Seguridad for 3.5 million work hours with no disabling injuries in February 2010.

Proactive safety indicators.



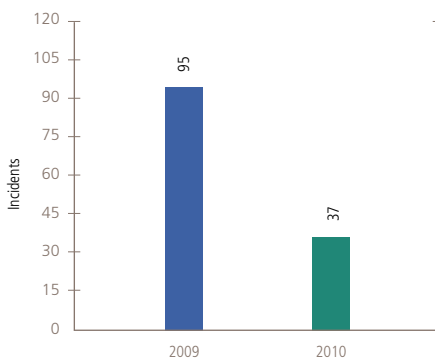
As a result of our incident prevention efforts, 5,980,000 man hours have been recorded at Bajo de la Alumbrera with no disabling injuries, which is a significant achievement.

This record reflects Minera Alumbrera's leadership and commitment to implement and manage corporate safety standards. Based on our Health and Safety policies, we foster and maintain a safety system to ensure preventive approach and adequate training on safety leadership.

Risk Management

Our Risk Management programme was a proactive tool to prevent High Potential Risk Injuries (HPRI), Potentially Hazardous Tasks and Critical Incidents (CI), which helped upgrade our safety performance during 2010.

High and mid-potential incident performance for 2009 vs 2010.



We assessed the effectiveness of critical risk management practices to identify improvement opportunities and additional actions. Our supervisor leadership efforts were reinforced with training sessions and additional preventive tools for health and safety management. These reduced the occurrence of High and Mid Potential Incidents by 61%, relative to 2009 levels.

Furthermore, all HPRI and LTIs at other Xstrata operations were assessed and analysed for comparison purposes, as an improvement opportunity. Such comparison was undertaken by a multi-functional team to reinforce our preventive approach and to implement related actions. The results of such comparison were broadly communicated to the relevant teams.

Safety meetings are arranged every four months with contractor safety officials. This has ensured synergy over time, based on exchange and technical innovation.

Our Health, Safety and Risk Management Committee has developed Alumbrera's Health and Safety Strategy for 2010, with a view to meet the goals set, following best practice and ensure improved results.

Psycho-metric Test Programme (REID System)

This programme is intended to reduce work-related accidents and improve our safety performance by reinforcing our individual and group attitudes thus building a proactive safety approach and employee engagement with Alumbrera's "prevention" standards.

A review was undertaken in late 2008 of the incidents occurred in previous years, taking into consideration the contributing factors and using statistical tools. Results showed that 67% of the incidents were associated to human factors.

A work plan was developed to reinforce weaknesses and explore options to implement psychological tools focused on human factors. The REID system was selected to identify and recognise the human mistakes involved in the accident.



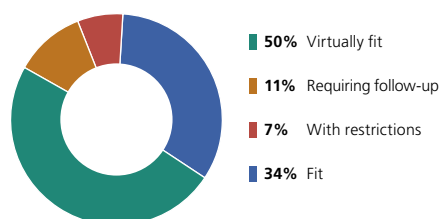
Off-road truck operators Liliana Cancinos and Carlos Bulacios during the Motivation Workshop.

These factors may result from sensorial, motor skills or psychological disorders, poor attention and imprudent behaviour or acceptance of hazardous behaviour.

Psycho-metric tests enable objective and measurable assessments of mental skills. Once disorders were identified, an improvement programme was developed.

The second programme stage is now being developed, with more than 623 participants (including Minera Alumbra employees and contractors). Psycho-metric test results show that employee behaviour is mostly associated to attitudinal aspects rather than abilities.

Psychological and p-metric test results.



Our Health and Safety Programme for employee family members included preventive information sessions at neighbouring communities.

Family Safety Programme

Our Family Safety Programme for Minera Alumbra employees is intended to reinforce operational safety standards and encourage safe attitudes for every-day activities.

It should be noted that our safety culture, approach and integration to the family members of our people has a positive impact on neighbouring communities.

This initiative was launched in 2009 and is ongoing. Defensive driving, fire fighting and first aid training sessions have been arranged for 178 participants from Belén, Santa María and San Miguel de Tucumán during 2010.

Crisis and emergency preparedness

Several improvements to equipment and facilities have been made during 2010 to ensure effective emergency response. These improvements are intended to ensure protection of critical equipment and facilities.

Our fire detection and fighting system maintenance programme for fixed assets and heavy equipment is ongoing.

Our emergency brigade training programme is ongoing to ensure effective emergency response. It includes emergency drills of various emergency events.

Under the risk prevention system for the mining industry, Minera Alumbra joined the "Enhanced Prevention, Improved Safety" programme, including a technical rescue drill with a view to develop the Argentine Brigade for Mining Emergencies.



As a result of our professional safety performance, 5.98 million work hours have been recorded with no disabling injuries.



Medical equipment and skilled human resources are available to ensure employee health care.

OCCUPATIONAL HEALTH

Regular health examinations of our employees have been undertaken under the applicable laws during 2010 by site physicians. No work-related illness was identified. If non-compliant levels were identified, the relevant follow-up programme was established.

Our fundamental health goal is to keep the risks that may potentially result in occupational illness under control.

During 2010 our Risk Management (GR) and Health and Safety Committee (CSS) has been in charge of our Occupational Health management programme, including

site physicians, a health specialist, safety advisors from the various operational areas and experts from the Workers Compensation Insurer. An annual monitoring plan was devised and developed for the following risks: vibration, acid mist, silica, thermal load, lighting, total dust, breathable dust and noise levels. During noise monitoring results, noise levels above the applicable standards were identified in mobile heavy equipment. This gave rise to improvement opportunities through engineering solutions -including the identification of sound mitigation weaknesses at the driver cabin as well as innovative personal protection equipment.

Objectives

- Identify work-related illnesses through health examinations under our annual risk programme.
- Ensure follow up of non-compliances.
- Review work stations and implement the required improvements (if any).
- Monitor and identify risks that may result in occupational illnesses, in order to take preventive action to remove or minimise exposure.
- Implement a training programme in line with operational risks.

Close liaison was maintained with our contractors throughout the review period, including regular meetings to discuss safety goals and performance as well as the management and follow up software under our annual contractor audit programme.

In addition to our site occupational risk management programme, monthly audits are undertaken of the mess hall, site kitchen, food warehouse, restrooms, food and catering services.

No work-related illness rate is kept. Illnesses are regularly monitored to prevent adverse impacts. Quarterly reports are lodged with the Provincial Mining Department of the risk monitoring results gathered at site by our Workers Compensation Insurer. These are made available to the competent regulators, upon request.

No additional work-related illness has been recorded during the review period.

Health Prevention Programme

- During April and May, we pursue our annual vaccination programme against influenza -including the Influenza A- and work meetings to discuss preventive steps.
- Preventive risk training sessions included breathing and ear protection, thermal load, steam and welding fumes.
- Health care sessions have been organised by site physicians to foster healthy habits as well as recommendations on the dengue fever, smoking, and employee off-duty activities.
- First aid training sessions have taken place, including Cardio Pulmonary Resuscitation, fractures, wounds and fire injuries.

EMPLOYMENT

We maintain a safe working environment, based on mutual respect, equity and integrity. Our goal is to realise the full potential of our employees.

Minera Alumbrera Employment Policy is based on the principles and standards of a world-class organisation. Our guidelines cover human rights, equal opportunities, fair and equal treatment, recognition of merit and human capital development. As we are committed to our people, we make sure that these values are implemented throughout the organisation.

During 2010, Minera Alumbrera workforce totalled 2,029 people, including 1,397 regular employees. The number of local employees has been sustained since project commissioning. This means a significant contribution to local employment levels as well as to the Argentine economy.



Health and Safety Official Romina Guerrero monitoring concentrator operations.

Priority to local workforce

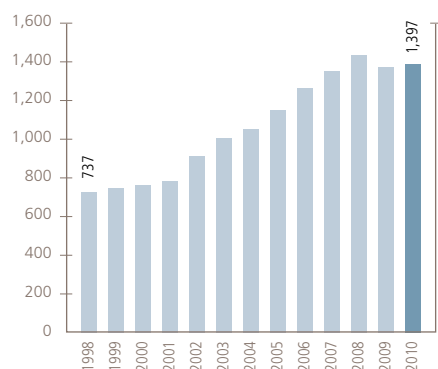
Under the Argentine labour laws, Minera Alumbraera complies with the equal opportunities and non-discrimination provisions on the basis of race, origin, sex or ethnic group. Therefore, no recruitment programme based on the candidates' place of residence has been formalised at Minera Alumbraera. Instead, our recruitment guidelines are based on prioritising the quality and quantity of candidates available at the primary impact area of our operations. Our priority is to maintain alignment with international conventions on human rights and labour laws (as established in ILO regulations).

Minera Alumbraera takes into account the recommendations of team leaders, the skills and competencies set out in the relevant job descriptions and the local candidate's suitability to the technical, professional or operational requirements for each role. This is based on Minera Alumbraera's decision to develop local talent and foster the development of human capital at the local level, in line with our Corporate Social Involvement and sustainable development policy.

As established in our employee selection and recruitment policy, we will attract, retain and develop highly skilled candidates to fill in vacant positions by promoting or transferring existing employees. If this is not possible, a rigorous external selection is undertaken. Such policy is intended to ensure that our recruitment processes follow the equal opportunity principle under the laws in force as well as the applicable human right provisions.

Most employees are from Argentina, with only two expatriates to date. Management includes eight managers from Argentina, one from Colombia with dual citizenship as he has been residing in Argentina for 10 years, and one Australian resident. Middle management (including supervisors and superintendents) are all from Argentina, with 90% from Tucumán and Catamarca and 32% from neighbouring Catamarcan communities.

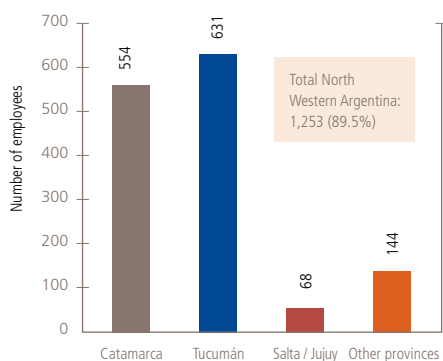
Employee trends for the 1998-2010 period.



Source: based on company data.

Catamarca accounts for 51.1% out of the total number of Minera Alumbraera direct and contractor employees, 37.8% for Tucumán, 3.7% for Salta and Jujuy and 7.4% for other Argentine provinces.

Direct employees for 2010.



Source: based on company data.

A regional breakdown of the workforce shows that the percentage of Catamarcan employees has increased from 33.8% in 2002 to 39.7% in 2010.

Local labour requirements in the Primary Impact Area (including Andalgalá, Santa María and Belén) total 481 people. This is 12.9% over 2009 levels and accounts for 34.4% of Minera Alumbraera regular employees. Out of this percentage, 20.6% employees are from Andalgalá, 46.5% from Belén and 32.9% from Santa María.

Our favourable employment conditions include ongoing training, professional development opportunities such as in-house promotion both at Minera Alumbraera and within the Xstrata Group, competitive salaries both in the mining industry and particularly in Catamarca. Our employee turnover rate for 2010 was -1.9% with 112 new recruits and 140 terminations of employment under our annual Internship Programme.

Our full and part time employees are entitled to the same benefits, with 28 part time employees during 2010.

Compensation

Total salary payments (excluding payroll taxes) for 2010 totalled Ar\$159.9 million, with the average salary well above the salaries paid by other local industries. This is due to our commitment to provide a proper and fair compensation to our employees, in line with their performance, in particular taking into consideration their ongoing training, specialisation, qualification, and the family uprooting of those who work at a mining operation.

The importance of this salary indicator is associated to income allocation, namely: 87% of the above amount is spent in Northwestern Argentina and at the provincial level, Catamarca and Tucumán account for 84% or about Ar\$130 annually -i.e. a significant amount for the local economies.

Work environment

During 2010 our organisational strengthening efforts were aimed at ensuring the best work environment with a view to retain key talent and reinforce Minera Alumbrera's position as an attractive employer in the market.

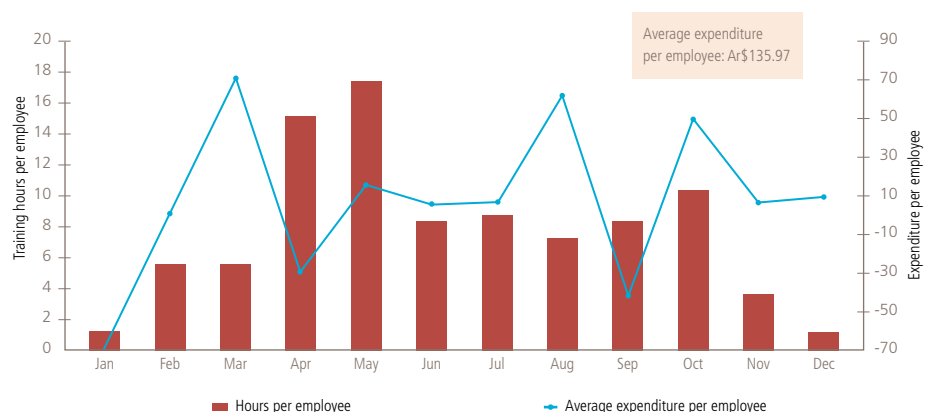
To this end, an Organisational Survey of Employee Perceptions was undertaken. Survey results were useful for our business strategy as well as our short and long term plans.

Such measurements were based on the voluntary response of our employees to 25 custom questions grouped in the following 5 categories: organisation; leadership, social environment (comradeship, communications, conflict management); teamwork; interpersonal relations (motivation, expectations, development, human rights); employee engagement, belonging and personal development.



The female hockey team at the indoor sports facility in the recreational area of Minera Alumbrera's campsite.

Training resources for 2010 (in hours and in Ar\$).



Survey respondents accounted for 41% of our workforce. Survey results show a high degree of employee satisfaction with interpersonal relations. Key findings as to organisational strengths included:

- 74.9% of survey respondents acknowledged Minera Alumbrera efforts to ensure a healthy and injury-free environment at all times.
- 71.8% of respondents treasured the possibility to express their beliefs, values and ideas to their work colleagues as well as the experience of living together at site.
- 79.3% of respondents said they like to work for Minera Alumbrera, notwithstanding their daily work demands

In addition to these positive survey results, 42.9% of survey respondents noted "acknowledgement for additional teamwork efforts" as an improvement opportunity.

The next step to complete the 2010 organisational measurement process is to report survey results, recommend improvements and communicate the action plan to employees.

EMPLOYEE TRAINING AND DEVELOPMENT

Our fundamental commitment to our employees includes ongoing training. In line with our policies, priority is given to in-house employees to fill potential vacancies. This supports regular promotion. For this purpose, training sessions are aligned with our long term goals.

Thus, 92,285 training hours have been provided during 2010, with an average of 65.93 employee training hours per year at an average cost of Ar\$135.97 per employee.

Employee development is a key challenge for Minera Alumbrera. The need to ensure competitive human resources, who are able to fill potential vacancies adequately and in line with our production process is also value added to neighbouring communities. Minera Alumbrera has signed education agreements with academic organisations both at the local and provincial levels. This undoubtedly provides additional benefits to the society in general as our human resources are trained at the local level. This value added will help them apply to positions in other mining companies or industries, given the highly competitive expertise gained at Minera Alumbrera.

Our development policy encourages our employees to pursue higher education courses in their spare time, with a view to improve their performance in their present or future roles through formal education initiatives.

Supporting Xstrata's Human Capital Development Programme, a foreign language (English) course has been launched in order that our employees are able to speak a foreign language fluently to facilitate communications.



Site-Based Secondary School Programme

The first graduates under Minera Alumbra's secondary school programme for miners based at 2,600 m completed their studies during 2010.

Strong efforts have been made by these 108 graduates to obtain their secondary school degree in Economics and Organisational Management, under the official course of studies implemented by the Education Department. 48% of the newly graduates are from Catamarca.

This voluntary programme was devised for Alumbra and Eurest (our catering services contractor) employees. It was launched in April 2008 for a term of 26 months and comprised 22 courses.

This programme was developed by Minera Alumbra jointly with Instituto de Ciencias Empresariales, a local education centre officially authorised by the Education Department.

Programme participants attended to one course per month and then sat for a final examination. During the 7-day work roster, each course included 2-hour lessons per day. Students managed to maintain regular attendance and enthusiastically kept motivated throughout the programme.

It is worth noting that Supervisors and Superintendents provided tutorship. Several participants were also supported by their families as not only is their degree a personal achievement but it will also entail improved employability conditions by the end of mining operations.

This programme was closed with a graduation ceremony in Tucumán and

Catamarca where graduates and their families were in attendance.

Programme champion **Marcelo Aragón** said "when I knew of this programme, I did not doubt to enroll in it. It was a personal unresolved matter and when the possibility opened up to complete my secondary school studies, I said to myself 'I will not miss it'. This is a commendable initiative of Minera Alumbra".

Operator **Alfredo Amado** said "Overall, this was a highly positive experience, for several reasons. When I was young, I could not complete my secondary school studies. Then this opportunity came up and I arose to the occasion. It was an unfinished business in my life".

Truck Driver **Graciela Alsogaray** said "I had already obtained my secondary school degree in Business. I joined this programme as a hobby to support and coach my workmates. But then I enjoyed the experience".



108 graduates obtained their secondary school degree in Economics and Organisational Management.

Our Programmes

Our training programme for 1,300 participants required 1,550 training hours.

Higher Education Programme

In line with our Site-based Secondary School Programme, efforts are being made by Minera Alumbra to provide continued education opportunities to our employees. A voluntary programme is expected to be implemented in 2011 for our employees.

In line with our sustainable development approach, a survey of critical professions is under way across the primary impact area of our operations, in order to ensure that the Higher Education courses to be delivered on site meet the professional requirements of neighbouring communities and ensure additional job opportunities when the mine is finally closed.

University Internship and Apprenticeship Programme

During 2010, the existing agreements with Public Universities (including La Rioja and San Luis Universities) have been extended during 2010 to the following fields of study: Mechanic, Electronic, Mine Engineering, Geology, Metallurgy, Finance and Chemistry. Under this programme, nearly graduates are recruited to gain professional expertise at site with a view to enhance their formal education and ensure specialisation opportunities to young students. The Catamarca and Tucumán Universities have also joined this programme.

Additionally, our Technical Apprenticeship Programme is intended for secondary school students from the primary impact area of our operations (i.e. Andalgalá, Belén and Santa María). Twenty-eight apprentices joined this programme in the areas of Mine Maintenance and Concentrator during 2010.

Both programmes are a major source of recruitment, which ensure training focused on the technical competencies and skills required at the various operational areas.



Awareness on Breast Cancer Health Programme

By virtue of our commitment to preserve the health of our human capital, proactive planned initiatives are developed jointly with our Sustainable Development Department to ensure early diagnosis of pathological conditions that may have a physical or psychological impact on our people, such as our initiative to ensure awareness on breast cancer that was recently launched throughout Minera Alumbraera.

Given the high number of women who suffer from breast cancer worldwide and the international efforts to ensure awareness on breast cancer, Minera Alumbraera has launched a public and private initiative to foster preventive healthcare. Thus, during 2010 Minera Alumbraera joined caregivers to defeat breast cancer worldwide.



Strong emphasis was placed on ensuring the information required for an early detection of breast cancer symptoms.

An awareness programme has been developed jointly with OSDE Binario Health Insurer. MD María Elida Benedek, a gynaecologist from Tucumán Health Centre, remarked that women must be

fully informed to ensure early detection of breast cancer since if diagnosed early, the percentage of patients who live at least 5 years after their cancer is found comes to 96% (i.e. 5-year survival rate). Breast cancer is diagnosed every two minutes worldwide with 70% of them as a result of a breast-self exam. Thus, a monthly breast self exam is recommended in addition to a screening mammogram every year to ensure early detection and effective treatment.

To provide valuable information to as many people as possible, contract employees (including men who wanted to support their wives, daughters and other female family members) were involved in our initiative.

Information sessions were supplemented by a unique initiative by the Mine Maintenance Department to have a CAT 793 haul truck painted pink as part of our advocacy campaign against breast cancer. Such CAT 793 haul truck was fully assembled at our workshop.

During the information session, Maintenance Operator Rosana Cañete cleared out some doubts and became aware of the importance of regular screening. Shovel Maintenance Operator Juan Cruz said "I want to get fully informed in order to preserve my wife's health. As she is pregnant with our first baby, we are both responsible for her healthcare".

As information sessions were highly successful, additional training on breast cancer is expected for 2011 to reinforce these topics. Additional information sessions will be arranged to ensure awareness of prevention efforts.

Performance Reviews

A Performance Review of all employees is annually undertaken across the organisation. This is in addition to the semi-annual review intended to identify actual performance. This process improves performance, effectiveness and communication levels throughout the organisation.

Diversity and Equal Opportunity

In line with Xstrata Copper's Sustainable Development (SD) Policy, we value diversity and treat all our employees and contractors fairly, offering equality of opportunity at all levels of the organisation, without prejudice of any type. We hire according to the skills and experience required for each particular position, without discrimination based on gender, race, age, sexual orientation, religion, nationality or any other factor.

All employees are aware of Minera Alumbraera's strict adherence to our Diversity and Equal Opportunity Policy during the employee selection and recruitment processes. All employment and professional development decisions, including those associated to recruitment, training, promotion, transfer and general work conditions, are based on merit. Any form of discrimination is unacceptable.

Our employees are selected based on their skills and abilities during a recruitment process for both genders. No specific number of female workers has been previously set. Currently, female employees account for 7.5% of our staff. By virtue of Minera Alumbraera's core principles upholding the "equal pay for equal work" constitutional principle, our female employees are not discriminated against in terms of compensation. No discrimination is made on the basis of gender in our salary levels and related conditions.

Non-discrimination policy

We value the contribution made by our employees and, under our SD Policy, do not tolerate any form of discrimination, abuse of power, harassment or physical or verbal violence in the workplace. We also provide employees with a fair and non-discriminatory mechanism for complaints and foster practices that respect their rights and personal dignity.



Minera Alumbrera's campsite includes 480 rooms and recreational areas.

Minera Alumbrera'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 this commitment by our employees and contractors, no discrimination event was reported during 2010.

LABOUR RELATIONS

Within Xstrata Copper there are examples of various workplace relations models, including individual agreements and collective bargaining agreements, which reflect the circumstances of any given site and Xstrata Copper's devolved management structure. All employees are free to join a union of their choice, under the applicable laws in force.

Labour relations are a fundamental responsibility of operational management and we seek to achieve a direct relationship between our employees and line management that is anchored in high-quality leadership, effective communication, respect and mutual trust.

We consult with our employees in advance of any significant operational change. Similarly, we provide employees with support and open channels of communication in the event of significant organisational changes, acquisitions, the closure of operations, divestments or mergers.

Under Minera Alumbrera's labour relations with the guild and as established in the applicable collective bargaining deal, a Public-Private Occupational Health and Safety Committee has been arranged to discuss

the health and safety issues involving our employees on a monthly basis. Initiatives included among others, improved safety, off-duty and transportation conditions in line with the functional role of individual employees.

Our workforce is broken down into the following two categories: 936 regular employees under the applicable Collective Bargaining Agreement (CBA) and 448 regular employees not subject to the CBA, excluding interns, apprentices and part-time employees. Even though regular employees are represented by our Collective Bargaining Agreement, not all of them are unionised by virtue of the freedom of association principle. The CBA is partially reviewed annually and fully renegotiated every four years. The CBA now in force was entered into in 2007 and will remain effective until 2011.

The formal review of the economic terms under the CBA in force started in May 2010 and included two salary adjustments which became effective in May and October 2010. The outcome of non-conflicting negotiations was favourable for both parties. No strikes have been called at Minera Alumbrera operations.

The formal agreements reached with the guild covered, among others, the following:

- Free transportation services to and from the minesite.
- On site employee accommodation in line with the employee roster.
- Strict quality, health and nutrition practices in line with international standards.
- A preventive education programme including behavioural guidelines to ensure a healthy lifestyle, free from drugs and alcohol.

- A Safe Work Programme whereby all employees and union leaders are accountable for their own safety and the safety of their co-workers, team members and work equipment and tools.
- Daily safety meetings of individual work teams.
- The highest operational safety standards to ensure zero harm.
- A Healthy Environment Programme to minimise exposure to unhealthy conditions.
- Site medical services including the health infrastructure and human resources required for emergencies.

Membership of our Health and Safety Committee is established in the CBA and includes all regular employees. The Health and Safety Committee meets on a monthly basis and is composed of 4 union leaders, and 2 to 4 senior management and/or employees.

Minera Alumbrera complies with all its obligations under the labour laws in force in Argentina.

Promoting Decent Work

Minera Alumbrera has joined a programme to promote decent work policies along the supply chain, as developed by the Argentine Labour and Social Security Department.

By virtue of such programme, we encourage our contractors to follow:

- The ten key principles based on the world-wide labour standards set by the International Labour Association.
- The ten principles of the United Nations Global Compact.
- Best business practice.

Not only does Minera Alumbrera enforce the Argentine laws throughout the supply chain but we are also involved in global Corporate Social Involvement initiatives.

Sustainable Communities

Minera Alumbraera is committed to contributing to the sustainable development of the communities nearby our operations to improve the quality of life for all.



This commitment is undertaken by Xstrata Copper for all its operations around the world. We believe that contributing to the development of sustainable communities and engaging with our stakeholders in two-way, open dialogue enhances our corporate reputation and is crucial to maintain our social licence to operate.

We identify our communities and other stakeholders at the earliest possible stage

and maintain an active, transparent and culturally appropriate engagement with them throughout the life cycle of our operations. In this way, we seek to establish mutually beneficial relations based on active involvement.

We register, monitor and address questions and complaints from communities. We establish fair and equitable processes in our relationship with indigenous and local communities, seeking, where relevant, their

prior informed consent and respecting their culture, customs, interests and rights.

Through our Corporate Social Involvement (CSI) Programmes, we seek to develop partnerships with the community in the areas of art and culture, education, entrepreneurship, the environment, social and community development and healthcare. These partnerships contribute to the communities' sustainable development and local capacity building.

At Minera Alumbraera, we strive to balance the benefits received by our organisation and those created for stakeholders in order to sustain harmonious relationships by partnering with them. We support local businesses with potential, even non-mining businesses, to help strengthen the local and regional economies.

Our community contributions also include employment, local workforce hiring, benefits and tax revenues, suppliers' development, competitive salaries and training.

Our area of influence includes Andalgala, Belén, Santa María, Tinogasta and San Fernando in Catamarca province, and Amaicha del Valle and Concepción in Tucumán province.

From the onset of our operation we have put in place a Community Programme focused on health, education, production development, art, culture and sports. We provide training, funds and technical support by partnering with local organisations, universities and non-profit organisations to develop the following projects:

Production activity:

Varietal re-engineering of local crops, water works and farmer training initiatives, development of orchards, greenhouses and school farms, and small-scale ventures.

Education:

Comprehensive education improvement plan for teachers, infrastructure works and educational material provision.

Health:

Work plans to improve hospital infrastructure, upgrade technological equipment and provide critical medical supplies to hospitals and health posts as well as training to improve care quality at hospitals.

We also contributed to education and health development through major infrastructure works under two consecutive three-year agreements entered into with the Catamarca and Tucumán governments in 2005 and 2008. They provide for hospital construction, state-of-the-art technological equipment



Serafin Pastrana and Amado "Paco" Pastrana lead the irrigation project which supplied, through new pipes and a water pump, irrigation and drinking water throughout the year to 10 families from "El Paraíso", a site in the Calchaquí Valleys in Tucumán.

provision and school refurbishment and construction. The works were selected by the respective provincial authority and executed by Minera Alumbraera.

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.

Community relations management perspective

Bajo de la Alumbraera is located in a dry region with scarce resources and unsatisfied basic needs. Mining royalties represent today the most significant community income. Contributing with agricultural and livestock activities is one of the local key issues and, consequently, irrigation related production plans have been developed. The goal is to develop projects using mining royalties in the communities in the area of influence.

We attempt to have the relevant social actors more involved every day. We understand that any process could be sustainable only if the parties -state, community and company- have a common goal, i.e. to enhance the local people's wellbeing and plan a balanced development for the future.

LIAISON AND CONSULTATION WITH STAKEHOLDERS

An opinion survey conducted in 2010 by CEADS¹ -already mentioned throughout this report- shows in general a set of unsatisfied basic needs from residents from the impact area², focusing on particular needs for each town.

Health services and housing are a need shared across the region. In Belén, drinking and irrigation water network construction

works are needed. For Andalgalá residents, a highway and road infrastructure is a priority request. In Santa María, they expect the urban electrical wiring to be upgraded and renewed, since they cannot efficiently use the electrical work externality developed by Minera Alumbra, and a sports centre to be built. A gas and sewer network is required at the urban conglomerates of the capital cities of Catamarca and Tucumán.

Likewise, when asked about the works they would choose to be executed in their towns, from a set of multiple choices, 76% of the surveyed people said hospital construction and equipment provision, while more than 70% also mentioned irrigation works, road construction, education and recreational works such as sports centres.



The recreational work case: Belén Sports Centre

Since late 2010, the Belén community enjoys the Famayfil Sports Centre with capacity for 600 people. At this 1,352 square meter centre, basketball or volleyball matches are played or it may be used as a multi-purpose room.

The brand new centre required an investment of Ar\$3.5 million by Minera Alumbra and took one year to be built. Five-a-side soccer is also played there and the facilities have a cycle and athletics track.

This work is part of the agreement entered

into by Minera Alumbra and the Catamarca government for the construction or upgrading of health, educational and recreational facilities in various towns of Catamarca. The local government, in turn, supplied the grandstand seats. "This work brought social change. The city improved its appearance since the land where it was built used to be a garbage dump", said with emotion Luis Palacios, Belén's Sports Department director.

Many users are pleased with the work. "We used to play outdoors where the weather

was a problem. The sports centre is very nice. We are proud of it and it was something we needed. With this centre, now I can even dream of seeing the national volleyball team playing here", enthusiastically said María Magdalena Gómez, a kindergarten teacher and volleyball player. Likewise, Walter Bonader, a clerk and basketball player, merrily says that "the work done is spectacular. I know many courts but I was surprised by this one. There was nothing here one year ago. Now I'm amazed by what I see".

¹ This survey was conducted by the Argentine Business Council for Sustainable Development with the participation of Pulso Local, which coordinated the field work carried out in local schools.

² The public works requirements are mainly focused on health and education, roads, drinking and irrigation water, gas and sewer network infrastructure and housing.



The education case: Education Improvement Plan

In November 2010, the Belén educational community, municipal authorities and Minera Alumbrera held the “Belén Digital Education” sessions as part of the Education Improvement Plan developed by Minera Alumbrera with a cross-discipline teacher team from Universidad Tres de Febrero (UNTREF) and the Technological Project, developed with Fundación para el Desarrollo Social Sustentable (FUNDESS).

Primary and secondary school teachers and students from Belén, Londres, Corral Quemado, Hualfín and Jacipuncu presented their work to the community, after the results achieved at the training courses on the pedagogic use of Information and Communications Technologies (ICTs). This was a local initiative proposed by teachers and students, who were eager to communicate their progress and innovative practices.

It consisted of workshops, open classes, innovative teacher practices, education conferences and panels, the use of radio broadcasts at school and of technological tools for learning, digitalisation of school administrative management, development and creation of videos, natural sciences open classes, school magazines presentation, distance learning course of studies, the use of social networks and a non-formal education project for youngsters developed by Intel.

The municipal government participated in the Technological Programme through “Youngsters Centre”, where Technical Support and Virtual Classroom (Microsoft) courses were delivered to municipal and teacher training grantees. Young people were trained to deliver the “Intel Learning Project”. The same programme courses are delivered by local teachers under the education improvement plan executed by Minera Alumbrera with UNTREF.

The Belén municipal government has built and equipped computer studies classrooms

in schools where municipal training grantees assist teachers with computer classes. Likewise, the Hualfín government performs an important task by creating and maintaining the infrastructure required for digital expansion, including the connection of all local schools to facilitate the education plan and technical assistance. It also equipped a community technological centre where the UNTREF courses are delivered to the municipal staff and local people.

Intel and Microsoft, which supported Minera Alumbrera's Education Improvement Plan, UNTREF and FUNDESS presented their works. In the first case, the Proyecto Intel Aprender has been implemented at Belén's Virtual Centre mainly focusing on the use of technology in the community and achieving technological literacy, critical thinking and collaboration. In turn, Microsoft showed the Technological Support and Virtual Classroom activities carried out since 2009 in Hualfín and Belén.

Since Minera Alumbrera's Education Improvement Plan was implemented, there is a highly positive synergy which could lead to an unprecedented joining of efforts to expand and keep the technological infrastructure needed for the community to achieve digital culture development.

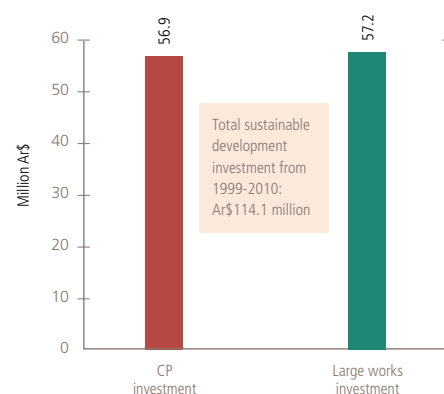


Digital training session in Belén promoted and planned by the educational community to show what was learnt under the Education Improvement Plan.

Additionally, the community programme investment in education was 30% of the total investment in the Primary Impact Area (PIA), 34.2% for social spending, 18.5% for environment, 7.5% for production, 6.8% for culture, and 3% for health.

Considering the survey's social demand results against the sustainable development investment made by Minera Alumbrera over the years, it is clear that they are both strongly connected. In fact, due to the agreements entered into with the Catamarca and Tucumán provincial authorities and the municipal governments and representative organisations, Minera Alumbrera's sustainable development investment has been Ar\$114 million since the project commissioning in the form of community programmes (CP) and large CSI infrastructure works intended to meet the different requirements of each of the impacted towns.

Sustainable development investment (1999-2010) in million Ar\$.



Source: Company data.

The local farmers' development case



With the focus on production diversification, Minera Alumbrera contributes with local farmers from the project's area of influence through an intensive training and advice programme, work monitoring and general support, including the provision of seeds and work tools.

There are 400 programme beneficiaries including grapevine, walnut, forage, olive, aromatic seeds and even pasture and meat producers. This work improves regional economies. The area involved is even larger than the Tucumán one.

There are nearly 200 walnut farmers in Belén and Andalgalá who are re-engineering this variety into one with greater market demand, which directly affects the crop value. The new technologies allow them to produce one tonne per hectare and earn around USD13,000. "I am very pleased to see how walnut production grew to over 3,000 kilos per year, when the average production

used to be 800 kilos". "I have been working in the farm for seven years. Now I have 170 trees. You have to apply everything you've learnt to improve. The possibilities are unlimited", said Jorge Rufino Moreno, an entrepreneur from Las Juntas.

There are ten grapevine farmers in Tinogasta, ten in Amaicha del Valle and 23 new vineyards in Hualfín, which will total 70 hectares in 2011. As for aromatic seeds like cumin, anise and paprika pepper, there are 20 farmers in Santa María and 20-25 farmers in Belén. In the area of influence, 20 farmers grow olives for fresh olives and oil.

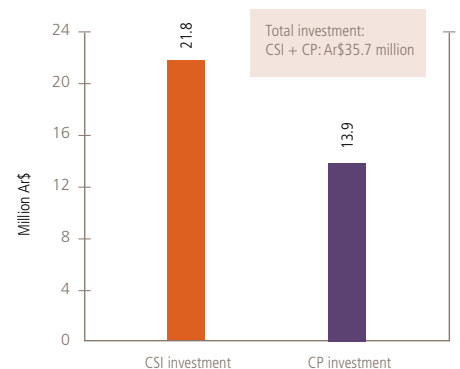


Rufino, 70, with his walnut crops located 40 km away from Belén. "I feel that the new advantages are unlimited".

Out of the Ar\$114 million investment, Catamarca and Tucumán received 69% and 31% of the funds respectively. This also represents a major contribution for the PIA towns since the total SD investment is 32% of the total mining royalties received in 2004-2010 by Andalgalá, Santa María and Belén. Thus, the amount voluntarily and locally invested under the mining project is nearly one third of the distributed mining royalties.

In 2010, the SD investment was Ar\$35.7 million, out of which Catamarca received 73% and Tucumán, 27%.

2010 sustainable development investment in million Ar\$.



This direct investment was materialised locally with significant results in different areas.

For instance, human capital building through employee training not only on their particular tasks but also on other non-mining skills -such as the Secondary School Completion Programme at the mine for employees-; cross-discipline training for local primary and secondary school teachers which supplements the state education programmes; the construction of schools which in some cases are considered model schools -Belén's technical school and the Andalgalá school #995- are some of the supports securing the process' continuity even after the mine closure.

In 2010, the company invested Ar\$5.1 million in such education programmes totalling Ar\$21 million since the programmes started.



The education case: Construction of Belén's Secondary School #19

Minera Alumbra joined the challenge of Belén's and Catamarca's authorities to move ahead with the construction of a new building for Secondary School #19. In 2009 the work was inaugurated and welcomed by all stakeholders and, particularly, the educational community.

This school is crucial for local progress hopes. Education is a substantial value allowing for upward social mobility. Considering these guidelines, Alumbra decided to participate in this joint project under the agreement entered into with the Catamarca government to build or upgrade local education, health and recreational facilities.



Mabel Santillán, a Language and Literature teacher.

The Company invested Ar\$3.5 million in this school, in addition to Ar\$2.2 million and Ar\$1 million contributed by the provincial government and Belén's municipal government respectively. The land was granted by Alumbra to the community.

In the future, there will be lodgings for 400 students, most of which are now staying with relatives or renting rooms during the school year.

At present, the curricular activities take place in comfortable classrooms, reading areas, photocopy rooms, teachers' lounge, teacher aides' room, administrative offices and sport facilities. Héctor Iturriza, the school's principal for 14 years, does not hide his happiness for the work completion: "From the very beginning, Minera Alumbra showed interest and determination to contribute funds for the new school. The provincial and municipal authorities also understood that the old building located in downtown Belén would not resist any longer since the early 20th century structure was obsolete". Efforts were made for the school to fuel new educational prospects and opportunities locally focused on production, tourist and mining activities.



The planned school capacity was 1,700 students in an area of 7,500 square metres.

The senior students were satisfied with the new classrooms: "We have more space and amenities. Now we have to take care of it and we hope that future students value this school, since it is important", said Rosa Fernández Quiroga, 17.

In 2010, approximately 120 students graduated from this school. Mabel Santillán, a Language and Literature teacher, said: "the entire educational community supported the new building initiative. There was a strong social commitment and today this school is able to meet the pedagogical task needs and requirements".



The new Catamarca maternity hospital case

The new 25 de Mayo Maternity Hospital was inaugurated in Catamarca in May 2010 by the local government. It was fully equipped by the Minera Alumbra - YMAD joint venture which invested Ar\$8 million in state-of-the-art medical technologies. Due to this modern medical equipment, this hospital became the most important neonatal maternity hospital in the region and is part of Minera Alumbra's CSI programme developed under the agreement made with the Catamarca government.

The new provincial maternity hospital has video laparoscopy equipment, fix and mobile x-ray machines, neonatal respirators, multi-parameter ultrasound scan, fix and mobile Doppler ultrasound devices, incubators, anaesthesia and surgery tables, foetal monitors and other equipment that, without a doubt, will significantly improve the care quality of newborns and mothers in the capital city. There is also an isolation room for eight children with serious respiratory conditions or malnutrition, an adult intensive care unit and an x-ray room, labs and pharmacy.

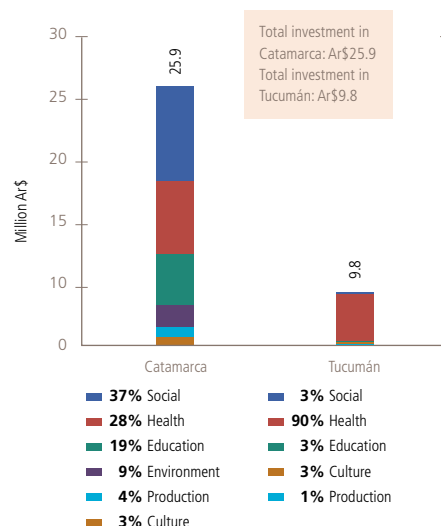
In addition to the 44 beds available in the maternity area, there are 41 beds in the neonatal intensive care unit with the best technology. There are 6 delivery rooms and an intensive care unit for 46 newborns. "The hospital is fully operational and



Over 220 professionals work at this health centre and their goal is to beat the 4,000 births per year mark.

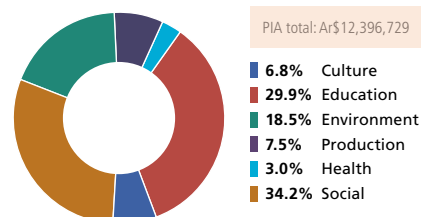
helps us perform a job in line with the needs of Catamarca people. Once again, Alumbra showed its engagement with the community. We have a worthy maternity hospital. Now it's our job to give the hospital a good reputation", proudly said Dr. Luis Alberto del Pino Ahumada, the hospital's director, a Catamarca local with 32 years of medical practice.

Breakdown of SD investment in 2010 in % and million Ar\$.



With respect to the SD investment in Catamarca, broken down by impact area town, the total reported investment in 2010 in the districts of Belén, Santa María and Andalgalá was Ar\$19.2 million, out of which 35% was allocated to health, educational and recreational infrastructure works (CSI), while the remaining 65% was allotted to community development programmes.

Breakdown of PIA community programme spending in 2010 in %.



The SD contributions made by Minera Alumbra are positively viewed by 83% of the PIA people surveyed by CEADS, and 62% consider them to be very important for their communities. In addition, 48% said that Minera Alumbra's actions helped achieve urban and recreational improvements in the last year; 32% thought that it increased economic activities and employment levels; 40% also mentioned improved health and educational infrastructures, supplies provision and scholarship granting, and 25% saw progress in production and tourist activities.

The production development case: the Hualfín Winery



Matías Aibar re-engineered six grapevine hectares with Alumbra's support and training.

The town of Hualfín, a fertile valley area in the Belén district, Catamarca province, is now re-engineering old crops to improve the quantity and quality of grapevine crops grown in an area of nearly 200 hectares. The purpose is to convert farming units formerly used to grow peppers, vegetables and corn into vineyards.

The local authorities have decided to invest to improve crop quality with training and grapevine varietal re-engineering reinforcement using the new strains that are being obtained.

Minera Alumbra supports this initiative with training and resources to build the vineyards. The goal is to develop a sustainable Premium wine industry with a brand of its own. Nearly 40 farmers grow grapevines in the area.

In 2010, 24 farmers expanded their small farm plots introducing technical and operative changes to efficiently manage their resources. More than 120 hectares are occupied by productive vineyards to which 20 additional hectares will be added next year.

In order to improve land performance, Matías Aibar and his brother Daniel decided to re-engineer nearly 6 hectares of land formerly used to grow peppers. "We've recovered some unproductive plots, worked the land and started gradual irrigation. Thanks to Minera Alumbra's and the local

government's contribution, we are receiving training to obtain optimum crops in the near future".

The farmers have positive expectations for this initiative. Aibar explains that "we could achieve a good production and better wine quality", a project already reaping concrete benefits for all vineyards where grapevine varieties were re-engineered using new strains, such as Malbec.

The Cabezas family -one of the first farmers to adopt grapevine re-engineering in the area- said that "to the works started many years ago we've added new techniques and therefore we increased our crop production in the last harvests".



Cabezas leads the project to develop a winery owned by farmers in Hualfín, which is now under construction.

However, there are still unsatisfied community demands requiring attention from the actors responsible for this process.

At the focal group sessions conducted under the CEADS surveys in 2009 and 2010 -called to provide them with formal feedback of the results to the participating groups, which selflessly collaborated with this research-, the following conclusions were reported:

- The priority demands are shared across the three surveyed towns. They aim at generating sustainability and focus at what will be left in the town once the mining activity is over.

"If we provide good Education or Health services, a large number of people will come to our communities. We don't have anything they want or need at this moment. We could create something that makes them come here to get it."

(Andalgalá traders)

- Although the efforts of Alumbra and the local governments are acknowledged, the reinforcement and extension of the help to local farmers is required in the form of infrastructure works, crop re-engineering, and provision of supplies, agrochemicals, machinery and technology.

"We definitely need an aqueduct in Belén and a dam in Londres. In Pozo de Piedra, a water collection work is necessary; it may consist of small ponds where water is collected during the night so that irrigation activities can continue at night."

(Walnut farmers from Belén)

- We need to add value to the various primary medium-scale production activities by establishing commercialisation networks and gaining markets.

"We need a factory here where people can work. It may be a clothing factory since we have good quality vicuña and llama wool, which is highly valued internationally."

(Young boys from Belén)

- One way to create sustainability is to provide training on different areas thus creating more jobs which fuel the local communities.

"A higher education school is needed. It would be nice if local students could complete their course of studies here instead of studying in Salta, Catamarca, Tucumán and Córdoba, especially considering the expensive travel and accommodation fees and their unwillingness to return once they become professionals."

(Teachers from Santa María)

- Training is needed for local health professionals to attend the local residents.

- Improving access roads, routes and roads would represent a progress in connecting different towns and could foster tourist activities and maximise trading. There is also a demand to move forward with the water system work through long term planning and execution of the relevant water distribution and potabilisation works. The electrical power network is also said to be insufficient to meet local requirements.

"We should have infrastructure in place so that when mining activities are finished, we can continue working."

(Andalgalá teachers)

The quotes in this report were made due to the research works conducted and contributed by CEADS, with the collaboration of a significant number of local residents, who agreed to participate, without conditions, every step of the way by selflessly sharing their knowledge and opinions.

2011 Objectives

In 2011, we will continue with our Community Programme with the focus on providing social support to the communities through the maximisation of health, education, production development, culture and education activities, taking into account the local residents' needs and feedback obtained through the surveys.



Farmers of the Los Zazos Irrigation Board working the land to plant 4.5 ha of vineyards in the Espaldero area, Amaicha del Valle.

In our area of influence in Catamarca -Belén, Andalgalá and Santa María- we will work in the following projects in 2011:

Health:

Our efforts will be focused on providing advanced first aid and emergency training to the staff of local urban and rural health posts and members of public interest organisations. The goal will be to professionally teach these topics focused on the social integration of trainees with a socially-committed vision of their role as citizens. In Santa María, a new method for health professionals will be implemented, i.e. pre-hospital care of trauma patients. We will continue contributing to infrastructure development and provision of state-of-the-art equipment in hospitals, mini hospitals and Primary Health Care Centres.

Education:

We continue supporting education as a key factor for sustainable human development and a fairer society. We believe that the education systems' quality improves regional social and economic relationships. Therefore, we will continue training the Catamarca teachers through an education improvement plan to further achieve this goal.

We will continue carrying out large infrastructure works, providing construction materials and, together with local organisations in each province, we will provide educational materials and training to local professionals so that they can fill competitive positions in the local market through internships, apprenticeships and grants.

Production development:

The objectives are to increase the cultivated area and production and improve crop quality. The walnut varietal re-engineering programme is being expanded to increase productivity and gain access to new markets. It will be tested in the Huaco, Malli, La Aguada and Aconquija towns (Andalgalá district). In the Belén and Santa María districts, varietal changes will be also made in crops like grapevine, pepper and olive. In the latter, a dairy farm will be installed to pasteurise and sell locally produced milk. These programmes are supported by the municipal governments and they mostly use royalty funds too.

The agricultural development raises the need for irrigation water. This motivated another of our programmes consisting in the study, design and construction of irrigation systems in the area of influence.

Also innovations will be made in small-scale ventures associated with the use of alternative energies and solid waste treatment, in addition to consolidating existing projects through technical training and assessments. We will continue supporting the irrigation boards and the works that maximise local water resources.

³ These papers have been submitted to Minera Alumbrera for discussion. Support has been provided by Minera Alumbrera by providing the necessary information as well as feedback for the final conclusions.

Risks and opportunities

Regarding the environmental movement spreading that globally affects several industries, we should face the challenge of addressing the complaints of local environmental groups that are against mining activities.

Provincial and national authorities, local residents and mining companies should seek a point of equilibrium. Mining activities

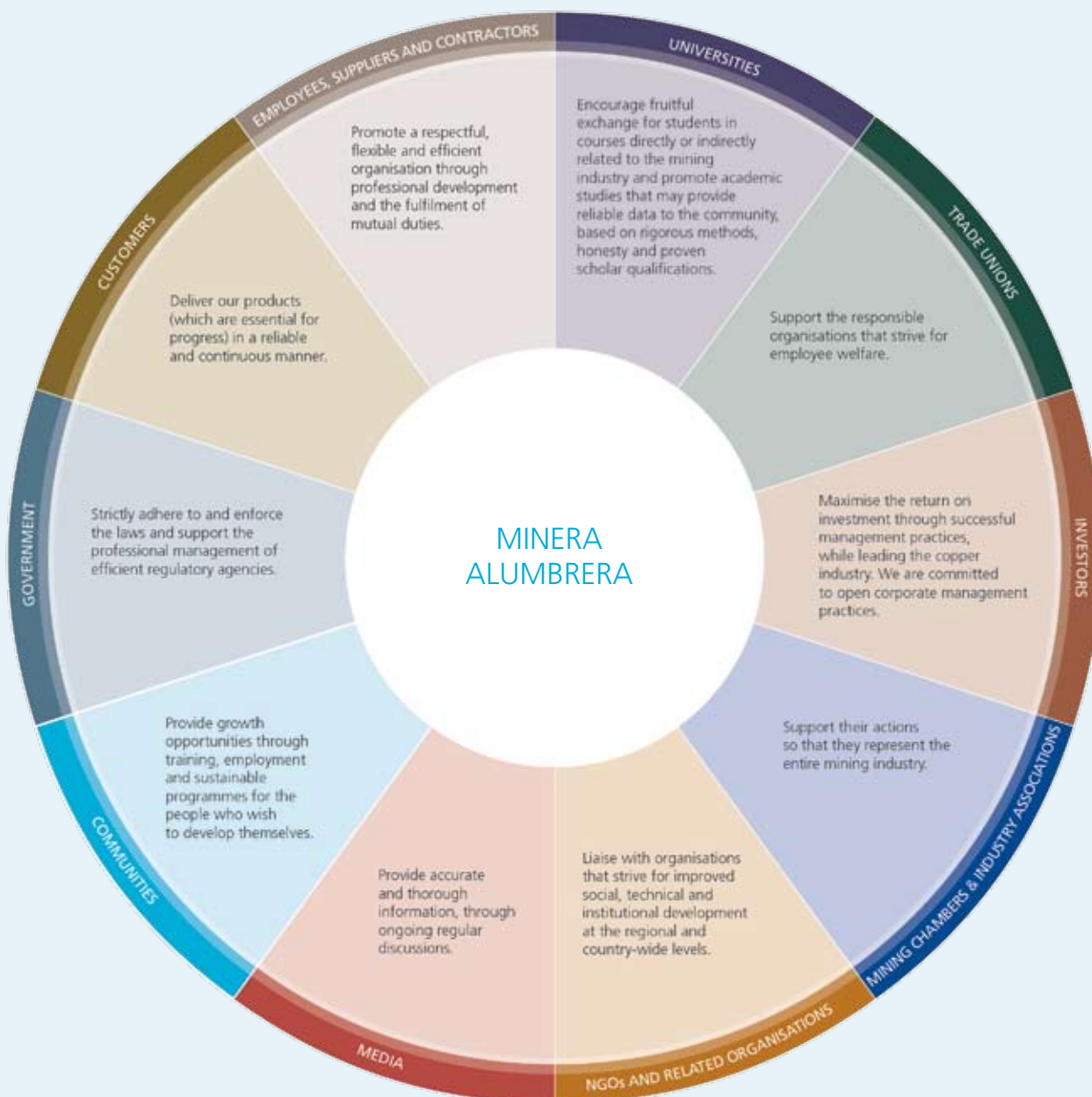
generate social and economic benefits, particularly for the communities close to the mine deposits.

Therefore, due to our significant economic contribution to Catamarca province and, particularly, Argentina, we should work on the communities' perception about the environmental impact and economic distribution of the project. This issue was addressed in the perception survey, whose results are explained above.

We should further support the mining industry based on its inclusive nature. Our goal is to extend the life of the mine and continue working in Argentina. But if mining activities are limited by any reason, the resulting benefits will also be affected thus impacting on the communities. We will, however, continue working towards an open engagement that helps improve the position of mining activities in Argentina.

STAKEHOLDERS

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





In 2011, the grapevine varietal changes will continue in Santa María.

Communication with stakeholders

We contact the various parties to report on our management efforts. We use mass media, social networks, face-to-face discussions or specific publications.

In Catamarca and Tucumán provinces, we make publications which inform about our Community Programme through best CSI practice cases including chain value, human resources and environment. Four annual editions are published in El Ancastrí and La Unión newspapers (Catamarca) and La Gaceta newspaper (Tucumán), while a special edition is delivered door to door in the communities.

We hold regular meetings with reporters to inform about and clarify firsthand any news or concerns. In addition, we regularly distribute bulletins and communications to the provincial and national press and provide the information required by universities, schools, NGOs and other stakeholder representatives. Our website also facilitates the interaction between the Minera Alumbrera and its stakeholders. Since 2010, we started gradually using social networks to engage in the dynamic far-reaching discussions made available by this computer tool.

There is also the annual sustainability report aimed at all stakeholders, which helps us get feedback. Although a large number of printed copies of the report are distributed, it

is also available at Minera Alumbrera's website. The report includes a form to provide feedback. Those with access to a computer can e-mail their messages to infoalumbrera@xstratacopper.com.ar

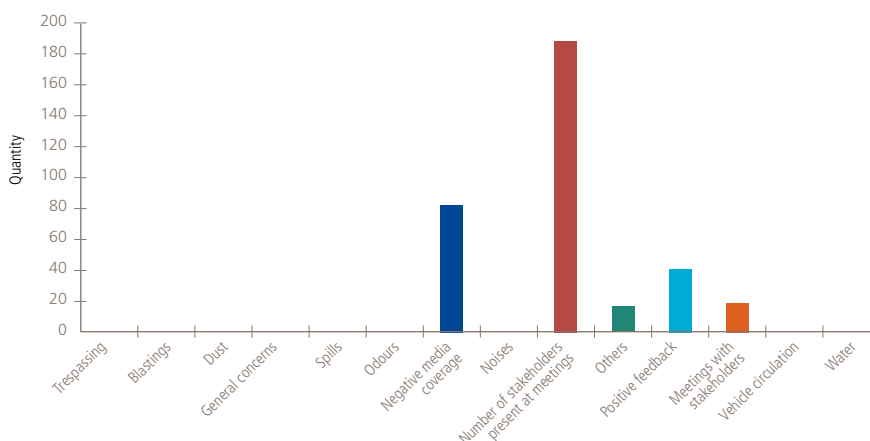
Regarding interpersonal communication, each Minera Alumbrera representative residing in Andalgalá, Belén and Santa María maintains ongoing communication with local authorities and community organisations and associations, while stakeholders can go to our offices to express their concerns. Additionally, community leaders as well as local and mainstream media representatives regularly visit the site to get acquainted with ore processing practices.

Main community concerns

The company keeps a record of all claims from stakeholders in writing. The aim is to include comments in the continuous improvement process in order to give responses in the short or long term, as applicable.

Whenever there is a claim or complaint in relation to the company's operation, the injured party is identified, potential solutions are discussed with the parties involved until an agreement is reached and a programme is implemented to deal with the claim.

Stakeholders' claims in 2010.



The clean-up of the Los Zazos Dam, Tucumán, helped recover its water flow and improved water supply for 5,000 residents.



The community claim case

The Amanao community water supply traditionally came from one Amanao River affluent, whose water level experiences significant seasonal variations. In 2010, the affected parties requested Minera Alumbraera to provide a constant water supply for the community.

The water intake, developed by an Alumbraera contractor when the mining project started, was deteriorated. This challenge was made part of the Community Programme for 2010 and required a Ar\$920,000 investment.

The water collection system had serious problems since it started at a derivation dam followed by a ditch with open sections and obstructed by sediments from mountain rivers.

The first step was to conduct a hydrological study and alluvial bed movement survey of the Yacochuyo River.

Alumbraera was in charge of developing the project to be executed and providing funds and technical directions through its CSI Work Engineering area and community relations representatives in Andalgala.

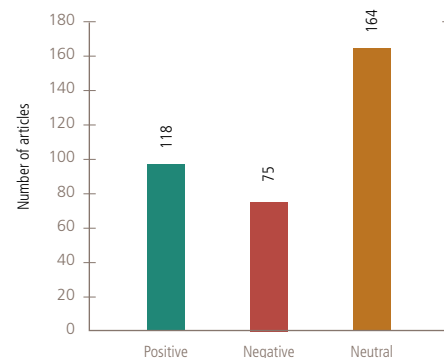
A draining water collection system was implemented upstream of the existing water intake to take underground water, which ensures clean water supply while avoiding evaporation losses. The system is protected against water swells which makes it operational during rainy seasons. Likewise, a sand trap was built downstream the intake to avoid sediment entry in the main ditch.

The work also included the construction of concrete irrigation ditches -made out of local stones and sand- to ensure water supply to the surrounding lands.

The beneficiaries include 30 families who raise goats and develop agricultural activities.

The water collection ensures a 10 l/sec water supply, which greatly exceeds the requirements of the 150 residents. Among the benefits derived from Alumbraera's work is a constant drinking water supply, the hiring of local workforce for the works, the construction of irrigation ditches - which allows for a more efficient water use and expansion of cultivable areas. Moreover, it would neutralise the risk of a potential pipeline failure which could affect the drinking water supply for the Amanao community.

Articles on Alumbraera published by the local and national press in 2010.



These numbers include newspaper articles and coverage in digital media and radio.

Rights of indigenous people

Even if our operations do not affect indigenous territories -the Amaicha del Valle and Quilmes communities in the province of Tucumán- along highways 40 and 307, are indigenous communities. There is a respectful relationship with both communities. We have even signed a joint agreement to carry out a production project: the construction of a pressurised irrigation system in Los Zazos. No incidents of violation of indigenous people rights by Minera Alumbraera were reported over the life of the mining project.

Mine closure

While environmental programmes are being implemented to attain a responsible mine closure, the Sustainable Development managers have started closure planning from a community's point of view. Therefore, the tools used will be local perception surveys and focus groups interviews. In developing the social and environmental closure plan, we will consider the community's expectations, their association with mining activities and the priorities and needs expressed in such surveys.

Environment

Environmental care is for Minera Alumbra a responsibility towards the surroundings of the mine site and local communities, where most of the employees and their families live. We operate within the framework of sustainable development, focused on the efficient use of natural resources, soil rehabilitation and waste reduction.



Our environmental management supports long term mining operations, in line with Xstrata plc, Minera Alumbra's operator, a company that has been named "Super Sector Leader for mining industries" on the Dow Jones Sustainability Index for the fourth consecutive year.

We strive to preserve the long term health, function and viability of the natural environments affected by our operations.

In line with Xstrata Copper's Sustainable Development (SD) policy, Minera Alumbra operates according to industry-leading environmental norms and, where relevant, eliminates, mitigates or repairs the environmental impact of its operations.

The environmental management systems in place at each of our copper sites and operations are aligned with Xstrata's Business Principles and Sustainable Development Standards against which we regularly test our performance.

Our operations and projects must comply with standards that sometimes exceed local standards. Xstrata Copper has set robust targets to reduce carbon and energy intensity, fresh water use in arid regions, and sulphur dioxide (SO₂) emissions.

We manage biodiversity-related risks and seek to avoid, minimise or mitigate any negative effects on biodiversity caused by our operations.



Water from the tailings dam is pumped back to the process.

Xstrata Copper is committed to its recycling business in North America that extends the life cycle of metals and disposes of electronic scrap, an increasing source of environmental concern and landfill waste.

When environmental incidents do occur, we determine the cause and take steps to prevent recurrence. Xstrata Copper also plans and implements the closure of operations in a way that is consistent with our commitment to sustainable development and local regulations.

Minera Alumbrera adheres to all existing laws, standards and regulations in place at all our operating sites and activities. Environmental performance -which includes water consumption, management and discharge- is monitored by national authorities and provincial authorities of Tucumán and Catamarca. No deviations from the parameters established in existing regulations have been detected in any of the over 200,000 samples tested throughout twelve years of operation.

The enforcement authorities monitoring our company include, but are not limited to, the Customs Department, the National Secretariat of Mining, the National Secretariat of Sustainable Development and Environment, the Federal Tax Authority (AFIP), the Secretariat of Mining of Catamarca, the Department of Mining of Tucumán, and the Environmental Secretariats of Catamarca and Tucumán.

Minera Alumbrera has received no fines or penalties for non-compliance with environmental regulations throughout the years of operation.

Before starting operations, Minera Alumbrera submitted the Environmental Impact Report (EIR) to the provincial authorities of Catamarca and Tucumán. Such reports were duly approved. EIR updates are submitted every two years to the provincial authorities. All updates have been approved and subsequently monitored by the authorities. It is worth noting that mining in Argentina is the only activity regulated under a specific environmental protection law (Law No. 24585).

Targets achieved

Minera Alumbrera plans and works in annual environmental programmes to achieve the goals and objectives that provide for the continuous improvement of our environmental performance.

An environmentally responsible operation and compliance with the requirements of mining regulatory authorities are the foundation of our management approach.

We maintain our commitment to an efficient administration of natural resources, ensuring the reliability of our management tools for a reasonable use and conservation of water, monitoring the interaction between production processes and regional aquifers, checking and measuring our consumption against our targets.

Improvements introduced in 2010 in relation to our commitment to environmental care include the appointment of Environmental Advisors by the different administration and production areas.

Environmental Advisors are responsible for carrying out initiatives to improve environmental management in different

areas of the company. Their activities are coordinated with area managers, and supported by the staff of the Environmental Department of Minera Alumbrera.

Their action allows for the identification of environmental management improvement opportunities and for building a sense of belonging in relation to these concerns.

- Water quality monitoring has been performed as scheduled, preventing the occurrence of any adverse or negative environmental impact on surface or underground water. All water quality monitoring activities are conducted under certified quality standards, thus ensuring the safety and reliability of results.
- The pumpback system associated with the tailing dam was kept in optimal operating conditions and was improved by the addition of four new wells to pump back water to the recycling system.
- As regards biodiversity conservation, we conducted monitoring activities in our operating areas in accordance with the programme established for the life of the project. We evaluated the possibility of implementing new monitoring projects, such as water bio-indicators in the Vis Vis river or nocturnal bat surveys, all of them voluntary initiatives that demonstrate our responsibility in this issue. An understanding of the specific composition of aquatic insects in this water system will provide further data on the ecological status of the river.

Knowledge of nocturnal animals and their role in our ecological balance is very important. One of the roles played by bats is seed dispersal for native revegetation in secondary forests. Furthermore, bats are essentially species that control pests in ecosystems and for this reason it is important to identify the composition of insect-eating bats in the region.

- We continued with the carob tree revegetation project, improving conditions in Campo del Arenal to favour the growth of the 1,000 trees planted, and started planting new trees at the mine site area. We conducted ongoing growing activities of nursery species.
- In 2010, revegetation of 5.05 hectares was performed with native species, as part of the pilot tests that will provide data on the final capping system revegetation programmes for mine closure.
- Careful waste management, transportation and final disposal by authorised companies required the personnel's dedicated efforts. Results become evident when analysing the large volume of waste generated, which is mostly reused for power generation or recycled to be used as paper, cardboard, plastic or scrap metal.

Environmental Plan for 2011

Through our Environmental Management Programme, we will implement our goals for 2011 to maintain our environmental performance. We will maintain our management tools to preserve and optimise the use of natural resources and their conservation. We will also continue monitoring the Campo del Arenal regional aquifer and the Vis Vis water basin. We will review our monitoring processes to identify improvement opportunities. We will strive to maintain the ISO 14001 standard certification. As part of our contribution to biodiversity, we will continue with the carob tree revegetation programme in Campo del Arenal. In addition, we will expand our responsible waste disposal and recycling programme.

Environmental Incidents

No significant environmental incidents, category 3 or above, occurred in 2010. We received no fines or penalties from the enforcement authorities during 2010.



Environmental care case: improvement in truck maintenance

Huge Caterpillar 793 trucks are driven around the inside of the active mine 24 hours a day, on a shift-work basis, by operators who are attentive to the instructions they receive by radio to approach one of the four shovels that will load the 220 tons to be carried by the haul truck. Approximately seven trucks per day drive into the Repair and Maintenance Shop to recover their optimal operating conditions.

Even if trucks can drive into the shop only after being thoroughly cleaned, free of dust and oil in order to measure and monitor contaminants that may be generated during daily operations, faults were detected in the equipment due to external agents that caused damage during the maintenance service. About 80% of faults in hydraulic systems of trucks were attributed to this cause. In addition, there were incidents associated with maintenance work.

In order to face these challenges and maintain the best standards, a Contamination Control programme was implemented in 2003 at the mine site maintenance areas in a joint work with the Caterpillar representative in South America, Finning.

The 14 standards of the programme were addressed in a 6,872-hour training session provided to all the shop personnel for six years. The issues discussed included

housekeeping conditions at the shop, maintenance practices, equipment washing, fluids cleaning, parts storage, particle count, fuel and lube truck conditions, tasks performed at filling stations, optimal field service conditions and practices.

Benefits

The positive effects of the programme during 2010 are focused on environmental care, reduction of risks associated with employee's safety and a longer life of main parts. As regards environmental advantages, filtering oil that used to be discarded helps to reduce oil consumption and to prevent wastage. Furthermore, waste sorting was performed for proper final disposal.

Since the implementation of the Contamination Control Plan, the number of maintenance-related safety incidents has fallen by 50%, equipment availability has increased by 3% and the useful life of main parts has been extended by 15%.

Acknowledgment

Minera Alumbrera has received 5-star recertification from Caterpillar for the sixth consecutive year. The score obtained in 2010 was 97.4%. It is not only this high score that rates Minera Alumbrera as the first World Class Maintenance mine in South America, but also the sustainability of this programme throughout a long period of time, which contributes to place it among the best in the world.



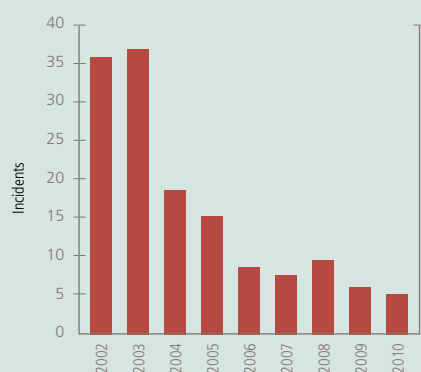
Environmental protection and expenditures for 2010.

Investment in environmental issues for 2010 was Ar\$10.6 million.

Item	Ar\$
Employee expenditure	3,939,556
Consultants and contractors	3,417,544
Licences	394,232
Other operating expenditure	1,134,776
Capital expenditure	1,756,800
Total for 2010	10,642,908

This case contributes to reinforce Minera Alumbra's strong commitment to environmental care, which strengthens mining operations in our country within the framework of best world practices.

Reduction of safety incidents at the workshop. 2002-2010.



Climate change

As established in Xstrata Copper's SD Policy, we set targets to reduce our direct and indirect greenhouse gas emissions and work with governments, organisations and other groups to address climate change.

We recognise that the future effects of climate change -including increased regulation, higher energy costs and physical impacts such as drought and flooding- represent a risk for our operations and communities.¹

During 2010, at Minera Alumbra we initiated a study to make an inventory and measure Greenhouse Gas emissions according to activity and production, based on the methodological guidance developed by Climate Leaders, an EPA (US Environmental Protection Agency) industry-government partnership that works with companies to develop climate change strategies.

Direct GHG emissions were measured, i.e. emissions from sources that are owned or controlled by the company.

The main direct emissions of CO₂ from our operations are caused by combustion of ore transportation and processing mobile equipment. During 2010, direct GHG emissions were 1.66 ton CO₂/k ton moved.

No data is available on indirect GHG emissions related to electric power consumption and acquisition or on measurements of other emissions or GHG reductions.



¹ Further information about Xstrata's approach to climate change can be found in the group's 2008 and 2009 Sustainability Reports and its Sustainability website: <http://www.xstrata.com/sustainability/>

Energy

Energy for the Alumbra project is supplied by a 220 kV 202-km powerline. We do not have segmented energy sources, but several suppliers. There are three electrical substations: one at the origin of the line, located in El Bracho, Tucumán; another one 128 km from El Bracho, in Ampajango, Catamarca, and the last one at the Alumbra project.

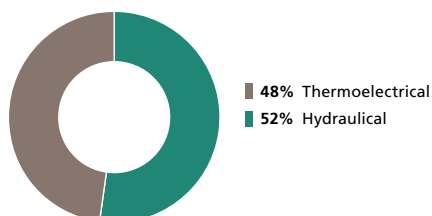
The project's energy requirements are growing as a result of the development of new works aimed at enhancing production.

Electrical substations and transmission lines are operated and maintained by Transener and supervised by Minera Alumbra. The contractor certifies a quality system according to the ISO 9001/14001 Standard. Therefore, the aforementioned facilities conform to such standards.

The transmission system operates under Public Safety policies established by the regulatory authority for electricity (Ente Nacional Regulador de la Electricidad -ENRE): measurements of electromagnetic fields, briefings at schools located close to the powerline, signalling, waste sorting, etc.

Direct energy requirements for 2010 totalled 851,209,753 kWh. Fifty two per cent was generated from hydraulic sources and 48% from thermal sources.

Energy consumption by source. Year 2010.



There is no information available on initiatives to use/provide energy-efficient or renewable energy-based products and services. No information is available on initiatives to reduce indirect energy consumption.

Energy consumption varies depending on the physical properties of the ore feeding the crusher and mills at the concentrator, its hardness, type and extent of weathering, and on whether it is fresh ore or stockpile ore with oxidation.

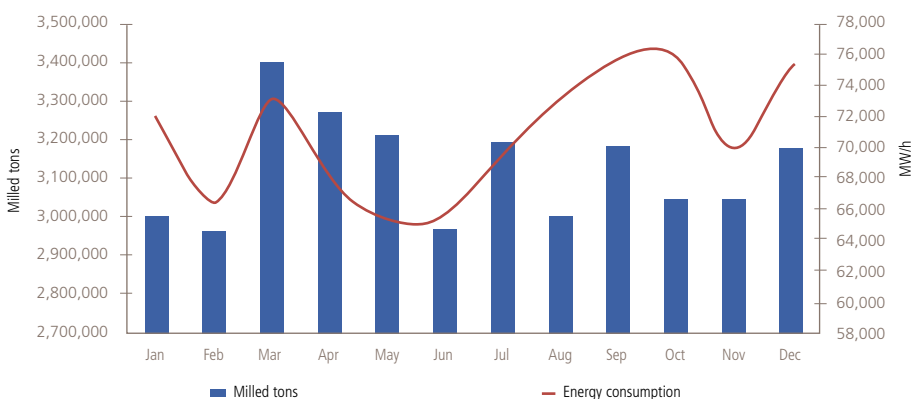
Energy consumption by milled ton during 2010 was 0.082 Gj/milled ton.

The use of solar cells has been extended to mine site lighting and to supply remote stations at the pipeline and weather stations. Energy used in beacon systems and to feed

instruments in isolated areas of the pipeline is generated by solar panels, avoiding the use of internal combustion engine generators, which reduces carbon dioxide emissions. This form of power supply can only be used for equipment with low electricity consumption.

During 2010, an investigation was initiated on the potential use of alternative energy sources, such as solar radiation. The first step was measurement of Global Solar Radiation at Campo del Arenal, where this alternative source might be used. As this is an arid site exposed to many daily hours of sun, measurement of solar energy is highly feasible. By measuring solar radiation, we obtain data on the amount of kWh of energy per square meter. Variations during the different months of the year could also be analysed.

Energy consumption by energy intensity source. Year 2010.



Biodiversity monitoring in rivers was performed along the pipeline route.



Tests show that operations cause no adverse impacts on biological communities.

Water Management

Fresh water required for mining operations is supplied from Campo del Arenal, a large aquifer located to the northeast of the deposit, in Santa María, province of Catamarca. This water reservoir is filled by rainfall and melting ice from the hills of Aconquija, del Cajón and minor ridges. Water is obtained from seven 250-m deep holes.

Since commissioning of the mining project, we have been committed to maintaining the quality of surface and underground water and have performed monitoring activities on an ongoing basis. Water from ore mining and processing operations conducted in the province of Catamarca is not sent back to rivers or aquifers. Water from the tailings dam is pumped back by a state-of-the-art system to be reused in ore mining and processing operations.

In order to optimise water quality maintenance, new monitoring wells are annually drilled at sites suggested by ancillary studies, which are approved by the authorities.

We seek to minimise the impact of water use and report to the authorities as required. We focus our attention on optimising every year the use of recycled water. Before the initiation of operations, baseline studies were performed to ensure that operations should have no impact on the water supply for nearby communities. Wells are over 60 km away from the Santa María valley.

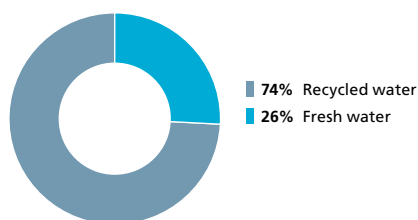
Water withdrawal

We control the impact of water withdrawal, which is monitored by means of a mathematical model for evaluating performance of the basin. Compliance with the underground water flow and current regulations is monitored by provincial authorities.

During 2010, fresh water withdrawn from the aquifer in Campo del Arenal totalled 23,105,472 m³, which accounts for 91% of the volume authorised in the water withdrawal permit issued by the Water and Environmental Secretariat of Catamarca.

Water recycled from the tailings dam and used in the process during 2010 totalled 66,628,629 m³.

Water requirements for 2010.



Discharged water

Copper and gold concentrate is pumped through the pipeline to the Filter Plant located in the province of Tucumán. At the Filter Plant, the concentrate is dewatered.

Water is treated at the laboratory of the Filter Plant, before being discharged into the rainfall drainage canal DP2.

The discharge permit is regulated by Resolution 030 of the Environmental Secretariat of the province of Tucumán. Authorised discharge is registered in the Effluents Register of the province, under the Environmental Monitoring Department. The discharge permit granted by the Mining Department of Tucumán is renewed on a yearly basis.

The filter plant has been granted ISO 14001 environmental standard certification by Bureau Veritas. The standard is also applicable to the pipeline and port facilities in Santa Fe. Minera Alumbrera's Environmental Management System performance is audited by BV on a six-monthly basis for recertification.

During 2010, total water discharge into the DP2 canal, resulting from concentrate dewatering, was 1,248,891 m³.

Daily, monthly and biannual monitoring of the effluent quality is performed with the enforcement authorities.

Water samples are tested at the chemical laboratory. This laboratory is evaluated by the Argentine Office for Accreditation (Organismo Argentino de Acreditación), an entity responsible for accrediting compliance with IRAM standard 301-2005, which sets the general requirements for the competence of testing laboratories.

Biodiversity has not been adversely affected at water sources or associated habitats as a result of water discharge.

Monitoring agencies have confirmed Minera Alumbrera's good environmental performance by approving periodical tests performed, as authorised parameters set for discharge are met.

No water sources are affected by water withdrawal.

Independent monitoring activities

Monitoring activities have been conducted by third-parties, under agreements with two universities.

Universidad Nacional de Santiago del Estero

The National University of Santiago del Estero (Universidad Nacional de Santiago del Estero - UNSE) had the specific objective of monitoring the quality of discharge water and receiving bodies. Results confirm that the quality of effluents complies with the laws in force.

According to the investigator and specialist in Underground Biology of UNSE, Ángel Storniolo, "results of the tests performed in major ions and trace minerals have shown that values found in water discharged by Minera Alumbrera are within the standards set by the World Health Organisation and the Argentine Food Code."

Studies conducted throughout 2010 by investigators of the Geology and Geotechnics Department of the School of Sciences at UNSE in Minera Alumbrera's discharge water show that it is not contaminated. Sampling was performed on an unscheduled basis. The company was subsequently informed, so that they could collect a sample. Data processing was performed at UNSE and subsequently sent to an international laboratory. "We try to be objective -he emphasised-; we base our opinion on scientific data, not on rumours."

Universidad Nacional de Tucumán

A technical and scientific assistance agreement has been entered into with the School of Natural Sciences and Instituto Miguel Lillo at the National University of Tucumán (Universidad Nacional de Tucumán - UNT). This agreement includes water quality monitoring for compliance with provincial regulations at the point of discharge of the DP2 canal. Results confirm that effluents are within the limits set by Tucumán's authorities.

UNSE conducted 10 monitoring tests in 2010 and UNT conducted 11 monitoring tests during the same period. Monitoring will continue in 2011.

Water and Environmental Secretariat of Catamarca

Conclusions of studies conducted in the Santa María valley by the Water and Environmental Secretariat of the province of Catamarca, and in Campo del Arenal aquifer by the aforementioned Secretariat with the participation of the National Institute of Water (Instituto Nacional del Agua - INA) were reported in 2010. These studies were submitted to the highest government authorities of the province of Catamarca in November 2010. The following is a summary of the report submitted to the authorities:

The study of underground water performance at the Santa María Valley was conducted to evaluate water supply in the Campo del Arenal basin, and to determine the effects of the continuous use of water resources, in response to local farmers' complaints about a decrease in water levels and withdrawal flow rates of wells, and concerns about water shortage in drilled shallow holes.

One of the aims of the study was to identify potential negative effects on Santa María aquifers, resulting from Alumbrera's pumping activities in Campo del Arenal.

Once the working plan had been designed and after completing collection of historical data and field work (identification of wells, groundwater measurement campaigns, sampling and mapping activities) the following conclusions were drawn:

- *There is no decrease in water reservoir levels in the Santa María Valley as a result of pumping activities in Campo del Arenal.*
- *In the southern part of the most densely populated area of the Santa María Valley -from El Desmonte and Palo Seco to the border with Tucumán- water levels increased in 2009 above baseline (when there were no mining operations).*
- *Changes in underground water levels reflect regional climatic conditions; lower precipitations result in a decline in the recharge of the underground reservoir.*
- *Other studies conducted in Campo del Arenal indicate that there is no impact on the Santa María river.*

The Santa María Valley study is supplementary to the study conducted in the Campo del Arenal basin, which provided substantial geological, hydrological and hydrogeological data throughout many years of exploration and surveys performed with the aim of understanding how the underground aquifer works and its relation to surface water.

Based on the results obtained from the aforementioned studies and with reference to the northwest area of Campo del Arenal -point of contact with the Santa María Valley- the following conclusions can be drawn as regards underground water flow direction and the underground communication between Campo del Arenal and the Santa María Valley.

- *The pumping cone does not affect the Santa María river.*
- *Most -if not all- underground water in that area flows into the intense evaporation area, where it evaporates.*
- *A scarce amount of groundwater very rarely flows into the river through the saline site drainage trench.*
- *Impervious formations prevent groundwater from flowing into the Santa María river.*
- *For the same reason, there are no water leaks from the river to Campo del Arenal.*

As reported in the Sustainability Report for 2009, during 2007-2009, Minera Alumbrera conducted a survey of the Campo del Arenal aquifer, which was agreed upon with authorities and involved technically qualified professionals from the province. As an actor and member of the community, Minera Alumbrera rejoices in the success of these studies, which is an evidence of the successful liaison between private companies and state agencies.

Biodiversity

Biodiversity is the variety of life in a natural environment and it involves all plant and animal species, microorganisms and their genetic material. We promote the integration between economic development and the environment and conduct monitoring programmes of plant and animal species. We support a forest policy that favours sustained management of native woods and we avoid the introduction of exotic species, unless thorough studies demonstrate that they are beneficial.

Total land area -including tailings dam, waste dumps, facilities- is 5,700 hectares.

There are no IUCN Red List species and national conservation list species with habitats in areas affected by our operations.

Monitoring programmes

Biodiversity monitoring programmes contribute to biodiversity conservation.

During 2010, we recorded species that had not been surveyed in previous monitoring programmes for different reasons, such as difficult access to the area, high costs of campaigns for public institutions, lack of opportunities to conduct such surveys and/or adverse seasonal or climatic conditions. These species include *Chrysomelidae Sp* (beetle) *Leptotyphlops australis* (Freiberg's blind snake) *Liolaemus espinozai* (lizard).

Biological monitoring of concentrate pipeline rivers

During the 2009-2010 summer, biodiversity monitoring of rivers along the route of the pipeline was performed, from the mine site to Tucumán. Monitoring is performed biannually and the survey includes all flora and fauna in the river beds.

From the baseline study conducted in 1999 to the present, the same species continue to be identified and new ones are added, contributing to species richness and biodiversity. Studies show that the concentrate pipeline operation and maintenance cause no adverse impact on these biological communities.



In 2010, we recorded species that had not been previously surveyed.

Flora and fauna

Biodiversity monitoring at the mine site is performed annually.

The area covered by these monitoring activities extends from the mine site and nearby areas (VisVis Canyon, TampaTampa and Campo del Arenal). Monitoring includes flora, vertebrates (fish, amphibians, reptiles, birds and mammals), terrestrial invertebrates (insects, spiders, crustaceans, gastropod molluscs) and aquatic organisms (phytoplankton and zooplankton, phyto-benthos and macroinvertebrates).

During the summer campaign, new species were found, and were added to the systematic list of species of the project's area.

We continued with our two conservation projects: the Carbon Cacti Rescue Project in Tampa Tampa and the Carob Tree Revegetation Project in Campo del Arenal.



Gonzalo Padilla, Environmental Officer, conducting a test as part of the Vis Vis water monitoring programme.

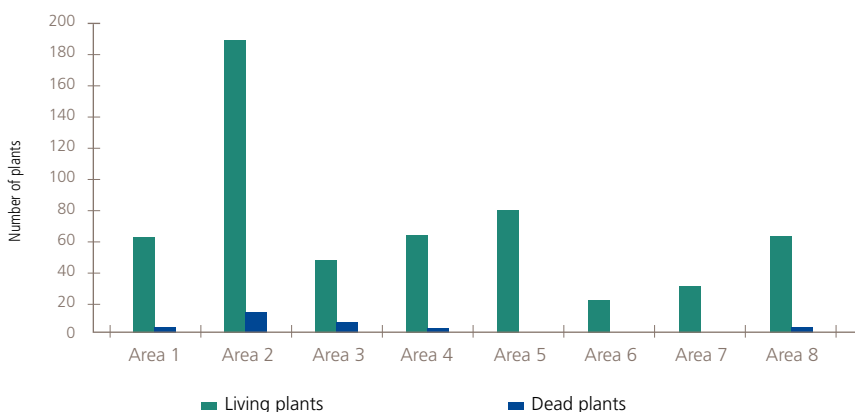
Cardon Cacti conservation

The Cardon Cacti Rescue Project has finished, but in 2010 we continued monitoring the rate of survival at the transplant areas.

Two years after transplantation, results showed a positive rate of survival of the species (96%), with losses being due to cattle attack.

Transplant was performed in eight areas over 86,300 m². Baseline area, density and resistance to transplant were estimated. Of a population of 594 cardon cacti, at the time of the survey, 568 were found to be sound and fit.

Transplanted cardon cacti survival rate.





The objective of the carob tree revegetation project is to recover an area currently undergoing desertification.

Carob Tree Revegetation Project

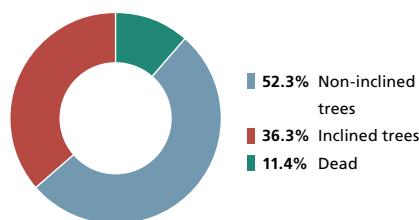
The Carob Tree (*Prosopis genus*) is native to the North of Argentina. It is a long-lived, slow-growing tree that has been indiscriminately cut down to be used in the manufacture of furniture, for building purposes and for fire wood. The presence of carob trees is increasingly reduced, leading to a decreased gene pool.

The site of the project is located in Campo del Arenal, 20 km to the northwest of the mine. As from 2008, a wire fence has been placed around the perimeter of an area of 5 hectares, where five species of the *Prosopis genus* were planted: *P.alba*, *P.chilensis*, *P.flexuosa*, *P.strombulifera* and *P.nigra*. Localised irrigation was performed with improvement of the water catchment pond.

Soils at the site of the project are sandy and silty. Planted trees are exposed to extremely adverse climatic conditions and one of the factors delaying their growth is the foliar surface and stem erosion caused by sand and wind. During 2010, protective structures have been installed to minimise the damage caused by this phenomenon and to protect planted trees from the attack of herbivores, which occasionally access the area.

The 1,194 trees planted have shown different responses to planting methodologies and extreme climatic conditions, enduring minimum temperatures of -15° C, sand storms with winds of 50 km/h and a long dry season. The rate of survival is 88%.

Current status of carob trees.



Native species revegetation project

These studies are directly related to research conducted for mine closure. Upon completion of mining operations, selected materials known as capping will be placed on the tailings storage facilities and waste rock dumps. Revegetation of the capping system will be performed with local native species. The objective is to achieve soil stabilization to protect soil from erosive forces and to obtain further benefits, including soil formation, generation of microorganisms and the establishment of natural ecosystem dynamics.

During 2010, a seed bank was created to store seeds from different species which are potentially useful for revegetation. Seeds are stored in a refrigerator at controlled temperature.

In our nurseries, we continue with germination studies for preparing seedlings of species to be incorporated into our revegetation tests.

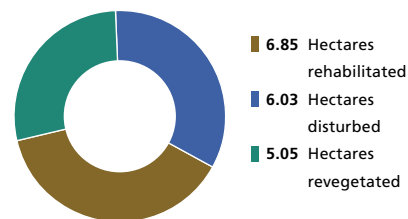
Monitoring and maintenance of revegetated areas

During 2010, trial revegetation was performed with native species in an area of 5 hectares in the Puente waste dump, located to the North. Initial follow-up shows a high average rate of survival (88%). Maintenance of revegetated areas started in November 2009 and continued during 2010. Irrigation will continue until late December 2010, when plants are expected to have become adapted to their new habitat.

Monitoring of the growth and survival of planted species (*Zucagnia punctata*, *Tessaria Dodoneifolia*, *Larrea divaricata*, *Cercidium Praecox* and *Senna rigida*) conducted in April and May showed a rate of survival of 75%. Results were as expected, considering the climatic conditions to which plants have been exposed (snowfall and low temperatures). Instead, species planted at a later time showed a better performance and a higher rate of survival is expected.

Likewise, surveys of trials conducted in February 2009 at the B200 waste dump with rescued plants and nursery seed -or cutting-grown species showed that 91% of trial plants survived. Results obtained from this trial suggest that any of the species planted may grow free from symptoms of stress on fine-textured soil.

Land disturbed, rehabilitated and revegetated for 2010.



Biodiversity management plans cover the following sites: mine site, Campo del Arenal, Vis Vis, concentrate pipeline, DP2 canal.

Air emissions

SO and NO emissions are not reported because they are not applicable to the project, the same as sulphur dioxide emissions. Emissions from the project are negligible and are associated with coolant gases.

In late 2010, an air quality monitoring programme was implemented under the same standards as those of the National Secretariat of Mining, as part of the Geo-environmental Project "Farallón Negro Volcanic Complex", so that the efforts performed by the state may continue for many years with Minera Alumbrera's work. Data from the first monitoring activities will be available in early 2011.

Mine closure. Programmes and activities

Mine closure is governed by Xstrata's Corporate Policy, focusing on the company's commitment to environmental protection and sustainable development. Primary considerations include compliance with environmental standards in force, biodiversity conservation, an appropriate use of natural resources and soils, and promotion of sustainability projects with the community.

The environmental component focuses on the development of technology for rehabilitation of operational areas, promoting ecosystem balance through reinstatement of native plant and animal species.

The social and economic component focuses on the identification of potential activities that may be developed by nearby

communities in education, health and production in order to promote long term sustainable projects.

As part of the mine closure plan, during 2010 we worked on the programmes we have been developing since 2003, which include:

- Tailings dam and waste dumps capping system.
- Waste dumps temperature monitoring.
- Waste dumps revegetation programmes.
- Waste dumps progressive rehabilitation.

The first three issues are part of field pilot trials and research programmes, while the waste dumps progressive rehabilitation programme is operational, and it is being developed simultaneously with mining operations.

In 2010, we submitted these environmental closure programmes, with their scope, coverage and methods, to the Mining Secretariat of Catamarca for approval.

1- Tailings dam and waste dumps capping system

Field trials continue to be conducted in 4 rehabilitated (capping) areas in a waste rock dump. Monitoring is performed of soil moisture store and subsequent release during the rainy season. This mechanism prevents direct seepage into the waste rock underlying the soil cover, thus preventing the influx of atmospheric oxygen and water, which together may cause oxidation processes.

Studies have also been conducted in the tailings dam since 2003. Data obtained to date is highly relevant to the final design of the capping system to be installed in the tailings dam once this facility has been closed.

In 2010, 0.53 further hectares were rehabilitated on tailings with the aim of evaluating the performance of the capping system including a base of coarse material and a cover of revegetated alluvial material.

2- Waste dumps temperature monitoring

In addition to waste dump capping field testing, temperature sensors were installed at different depths with the aim of measuring temperature in materials. This is to evaluate the chemical stability of waste material with time, since a significant increase in temperature would be indicative of the exothermic reaction of oxidation of materials.



As part of the mine closure plan, progress of the native species revegetation programme is monitored.

Temperature monitoring means further testing of the efficiency of the capping in the rehabilitated area.

3- Waste dumps revegetation

Revegetation will make it possible to create ecosystem conditions. Plant population density in the original areas of the project was low and the same will happen in areas revegetated during mine closure. However, acceleration of this process by means of adequate techniques results in further benefits associated with biodiversity and prevention of severe erosion processes.

As from 2009, revegetation of demonstration plots has been performed in rehabilitated areas of waste dumps, and in 2010, development of revegetation methods for flat areas continued, covering an area of 5.05 hectares (performance assessment is detailed under Biodiversity in this chapter).

4- Waste Dumps progressive rehabilitation

Progressive rehabilitation has been performed since 2003 in the slopes of the waste dumps, with 30- to 40-m thick layers of waste material ensuring chemical stability throughout the years. As from 2009 rehabilitation of flat areas not longer used by operations has been performed according to mining and waste dumps development schedules. In 2010, 6.85 hectares were rehabilitated, which is well above the target set for 2010.



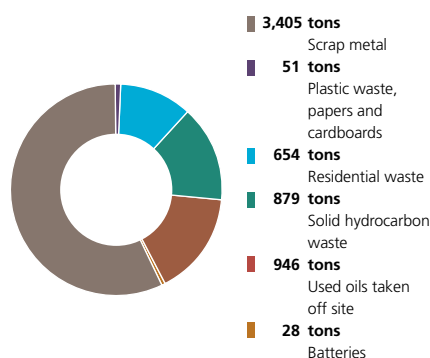
Waste and Tailings Management

In 2010, waste rock generated at the pit totalled 59,122,902 tons, while tailings totalled 36,218,257 million tons of tailings. Mine waste is not treated but deposited in waste dumps and the tailings dam, respectively.



Operator Jorge Carrizo and Environmental Superintendent Juan Angera at the Recycling Plant.

Total waste 2010.

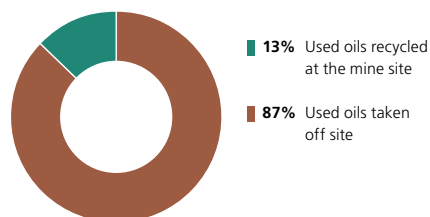


Hazardous waste is sent to operators authorised by national or provincial authorities. Authorised operators issue final disposal certificates. Process waste is not recycled.

In 2010, we have recycled 51,4 tons of plastic, cardboard and paper, of which 7,800 kilos of plastic were sent to Cottolengo Don Orione -a charity institution that serves 1,500 poor people with disabilities- and 43,660 kilos of cardboard and paper were sent to the children's hospital "Hospital de Pediatría Garrahan", where a recycling programme is in place.

We do not import or export hazardous waste.

Hazardous waste treatment for 2010.



Materials

Materials used in 2010

	Quantity	Units
Conveyor belts	2,775	Metres
Diesel	59,773	Kiloliter
Electricity	851,209,753	KW/h
Anfo explosives	1,571	Tons
Anfo explosives-emulsion	5,814	Tons
Heavy Anfo explosives	12,959	Tons
Mill balls	24,040	Tons
Lime	42,297	Tons
LPG	611	Kiloliter
Lubricating oil	2,093	Kiloliter
Tyres - heavy vehicles	283	
Tyres - light vehicles	1,095	
Fuel	16	m³
Xanthates	148	Tons

Considering that in 2010, 2,674,4 tons of new lining were used, 30% comes from used lining provided by Minera Alumbrera, 55% from ordinary scrap metal and 15% from ferroalloys.

Products, merchandise and materials transport

Impacts caused by employee and products transport

Employee transport (land)	872,000 km	240,000 l of diesel fuel
	2,420 flight hours	360,000 l of JP1
Cargo	12,463,880 km	5,234,829 l of diesel fuel

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 chemistry and

physical properties, risks for human health, handling, transportation, storage and exposure control.

During 2010, no environmental incidents were caused as a result of transportation of concentrates (Cu and Mo) or gold doré.

Products care

- When contracting vessels and trucks for transportation of copper and molybdenum concentrate, special emphasis is placed on environmental and safety issues to minimise potential incidents during transportation. Vessels must be approved by RightShip, a company that provides vetting services for the global shipping industry in order to promote safety and efficiency for the safe transport of concentrate.
- As regards molybdenum concentrate transportation, special emphasis is placed on truck drivers' rest so that they drive from the mine site to Tinogasta (province of Catamarca), where they clear customs, and then cross the border to Chile in daylight. All unloading operations are monitored by international companies that report any events occurring during transportation.
- At the Alumbrera port the material is unloaded and stored in enclosed facilities. It is transferred on conveyor belts mounted on an enclosed system from the trains to the warehouse and then to the vessel that will carry the product to international smelters. This avoids any contact between the material and the environment.

- The use of generators for the Alumbrera port minimises the risk of collision or product falls, by preventing any interruptions of the conveyor belt loading operations in the event of a power cut.

- Settling ponds have been built for rainfall recovery at the port, so as to avoid any potential suspended particles of concentrate dust.

- There is a high demand for our product in international markets because of its purity. This makes it possible for our customers to process this material with others containing impurities, in compliance with the environmental parameters of destination terminals.

Nevertheless, Minera Alumbra periodically tests the full composition of concentrate for changes in the content of minerals that may threaten health and environment. However, such changes have never occurred in 13 years of operation.

- We comply with product data reporting requirements for transportation. For example, as regards issuance of pre-shipment certificates (required by the International Maritime Organisation) by third parties, information is provided to the captain of the vessel on the concentrate stockpiling conditions in the hold (transportable moisture limit, angle of repose, stowage factor, estimated moisture content of the product to be shipped, to name but a few).
- For molybdenum land transport, we provide drivers with a material safety data sheet with product details, information for safe handling, potential risks from contact with the product and how to mitigate them. In addition, contact details are provided in case the cargo is involved in any incident that may affect people or the environment.

No fines have been received for non-compliance with laws or regulations concerning products use and supply.



Copper and sustainable development

Copper is one of the most ancient metals known to man. It is estimated that approximately 80% of all copper ever mined is still in circulation today because it is 100% recyclable.

The uses of copper have multiplied because of its unique blend of properties. Copper is malleable and ductile, that is, it can be drawn out into thin wire or sheets, and it is a very efficient conductor of heat and electricity. It is estimated that about 70% of all copper consumption results from copper's thermal and electrical conductivity properties.

Copper's versatility and durability make it an essential element in our daily life, and we can find it in coins in our pockets, in the roofs of our homes or in electrical wiring.

In addition, with technological advances, new applications are constantly developed for copper in communications, computer technology or medicine. Furthermore, its broadened use in "green" technologies, solar cells, solar water heaters and electric vehicles ensures that copper will continue to play an essential role in our sustainable future.

Copper for health

Copper is vital to all plants and animal life. As a micronutrient found in a wide variety of foods, copper makes an essential contribution to human health. Inadequate copper intake in children results in growth impairment and fragile bones, while in adults it may lead to increased infections and liver and cardiac complications.

According to the US Department of Agriculture, the recommended daily requirement of dietary copper is 1 to 2 mg for adults. A balanced diet will naturally meet the requirements, as copper is present in various foods, such as milk, nuts and chocolate.

Another important contribution of copper to human health is its ability to kill bacteria. As officially stated by the US Environmental Protection Agency, copper and its alloys kill 99.9% of bacteria within two hours. As a result, copper has been increasingly used in hospital touch-surfaces, which has contributed to fight transmission of hospital-acquired infections, one of the main health problems these days.

The leading organisation for the promotion of copper use is the International Copper Association (ICA). Since 2009, ICA is chaired by Xstrata Copper Chief Executive, Charlie Sartain. Therefore, our company has committed itself to creating awareness about copper uses.

Copper benefits sustainable development

- Copper alloy touch-surfaces kill over 99.9% of bacteria within two hours.
- Copper is 100% recyclable and it is estimated that at least 80% of all copper ever mined is still in circulation.
- About 70% of all copper use results from copper's thermal and electrical efficiency properties.
- A standard 70-m² house contains between 70 and 90 kilos of copper.
- A standard automobile contains about 22 kilos of copper, mainly in the form of electrical components.
- Copper is used in the fishing industry to fight the increase in bacterial content in water.
- Copper pipelines contribute to maintaining drinking water clean by inhibiting bacterial growth.
- Electrical equipment with a higher copper content has a better performance and saves electricity.



An important contribution of copper to human health is its ability to kill bacteria.

Value Chain

At Minera Alumbraera, we define the value chain as the productive framework that takes place in national, provincial and local economies as a consequence of the project operation as well as of the actions related to the programmes and projects implemented based upon our sustainable development policy¹.



It is the complete sequence of activities or parties that generate value -suppliers, subcontracted workers, contractors- or that receive value -customers, consumers, members and other users under the form of products or services².

The purpose of the company -according to Michael E. Porter³- should be redefined as the creation of shared value. This principle involves the creation of economic value so that it may also generate value for the society, taking into account its needs. In Porter's words, businesses should reconnect company success with social progress.

Decent Work

Quality work has been defined by the International Labour Organisation as steady work, with social security protection, remuneration in proportion to the effort and seniority of workers, paid time off and holidays and safe in terms of health and working conditions. For it to be sustainable and competitive -and considered shared added value- it is necessary to support it with suitable public education and training policies and plans.

At Minera Alumbraera, we are committed to promoting and developing in our value chain the basics for reliable management.

Large companies -such as Minera Alumbraera- agreed on that issue with the Ministry of Labour in a work-group on Value Chain, some years ago.

These principles are related to international labour standards, the ten principles of the United Nations Global Jobs Pact and also to the best corporate practices, which not only promote the respect for national laws in their value chain, but also the participation in the global movement of corporate social responsibility.

We refer to the respect for human rights, decent and safe working conditions, freedom of association, elimination of corruption, elimination of forced labour, elimination of child labour and discrimination at work, environment protection, guaranteed transparent actions and the establishment of sustainable business relationships.

Shared Value

Minera Alumbrera actions are in line with the group of companies that aim at generating economic value for the society where companies operate. For instance, the start-up of a mining project involves -from construction to operations- a demand for domestic goods, services and jobs both for the construction of directly and indirectly related infrastructure works and for the supply of production. Likewise, the jobs created and the sustainable development programmes and/or projects not related to the productive process also influence the market of local goods and services.

Each of these stages of the process provides additional value to the products obtained. The combination of direct and indirect values shows the importance of the total wealth generated.

Thus, one of the foundations of our sustainable development policy is to increase, year after year, the participation of local suppliers, by expanding the local supplier base and consequently the trickle-down effect on nearby communities. This can also be achieved through the joint action of the mining project, local manufacturers, businesses, service providers, the community and the relevant institutions at national, provincial and municipal level.

The trickle-down effect caused by any productive activity is conditioned to the participation of every party involved. The single desire of one of the parties does not allow the achievement of objectives.

Thus, since the start of the project, we have executed different programmes and/or actions with each of these stakeholders that have led to positive results.

In fact, the origin of the project goods and services has changed significantly. In 2010, 80% of the supply was domestic and only 20% was imported. This renders the value chain into a significant element at the time of evaluating and quantifying the contributions made by the project to Argentine economy.

Objectives met during 2010

- Gradual increase in domestic supplies by establishing common strategies with local authorities to foster business and industrial development.
- Increased commitment of in-house staff and service suppliers from neighbouring communities to effectively develop local suppliers.
- Improved liaison with local suppliers of nearby communities through scheduled visits to other towns of the province of Catamarca to continue with the identification of opportunities to supply not only the mining industry but also other sectors.
- Disclosure of information on our requirements, service quality policies and delivery times to ensure our suppliers' commitment to Minera Alumbrera's daily operations and to improve both their services and communication.
- Higher retention of the economic resources of the region through an increased business liaison with local companies. Thus, we contribute to improve the local distribution of revenues to the communities involved.

Challenges for 2011

In order to establish the challenges for 2011, we have considered the world economic scenario, and evaluated different alternatives to maintain not only the business profitability but also our contribution to the development of the communities influenced by the project.

We will establish business strategies for the effective management of our costs always focusing on the importance of sustaining and increasing our demand in the area of scope of the project.

We will continue with the identification of general and specific mining activities in our communities, with potential development for our business and for the communities in the future. Thus, once our operations come to an end, they may continue supplying other productive activities or other mining projects.

We will continue training our local suppliers in safety, health and environment issues to reach sustainable development throughout time.



We increased domestic purchases thus promoting the commercial and industrial development of the region.

For us, local suppliers will always have the priority, followed by the best options of the regional and national market companies.

We will transfer the company-community experience as a model of integrated development, by assuming clear leadership in the sector, with a participatory, integrating and pioneering image.

We will promote sustainable development with medium and long term goals: a reliable productive chain that promotes reliable and proactive behaviour, a community both informed and committed to maintain the development of productive and commercial activities.

¹ Value chain is an economic concept introduced in 1985 by Michael E. Porter as an analysis tool to optimise business profits. The term was later used in economic literature to include all the productive sectors that participate in the generation of goods or services. Thus, for instance, the value chain concept was used by economists such as Kaplinsky and Morris to treat the development of local and regional productions and their contribution to the access of marginalised people.
² Source: IRAM, 2010. Social Responsibility Guide IRAM-ISO 26000
³ Porter, Michael. Creating Shared Value, Harvard Business Review, February 2011 edition.

Best Practices

At Minera Alumbrera, we require our suppliers to comply with labour laws. Likewise, we have developed clear policies for the transfer and implementation of the best environmental, safety and health and human resources practices. Thus, our suppliers have reached quality standards in each of these areas by increasing the competitiveness of their products and services in their markets.

Safety and Health

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 Alumbrera best practices and statutory requirements. We encourage workers to develop effective management through training, safety comments, improved procedures, risk audits and inspections. 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

We inform our contractors about our Environmental Performance policy that establishes our commitment to achieve the highest environmental performance and compliance with the laws in force. Minera Alumbrera operates in a responsible way to protect employees, contractors, neighbouring communities and the environment. This includes responsible waste management practices and water and energy conservation.

Employment

Minera Alumbrera 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 Alumbrera sets and informs about the priority of local workers in the recruitment process as well as the company's fraud control and environmental policies. Minera Alumbrera firmly repudiates any kind of child work, discrimination and corruption.

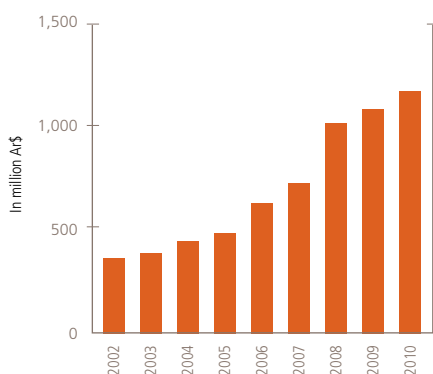
Local purchases

In 2010, we purchased Argentine goods and services for over Ar\$1,220 million, what represents a 12% increase compared to 2009.

Since 2002, the cash flow generated by local suppliers has been nearly four times bigger and in the last 12 years, the demand has reached over Ar\$6,600 million, which is one time the project total investment⁴.

In 2010, domestic purchases amounted to more than Ar\$100 million, thus contributing to an increase in indirect impacts thanks to a higher level of integration with local productive groups.

Evolution of purchases of national goods and services. 2002-2010.
In million Ar\$.



Source: Data provided by Minera Alumbrera.

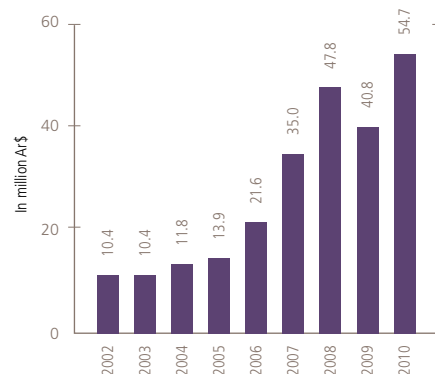
Achieving and maintaining significant levels of local purchases in the project supply is the principle of creation and acquisition of local value.

The sustainability of this process during the mine life allows the design of public policies that guarantee, in the long run, the continuity of these elements despite the mine closure. In fact, promoting project sustainability involves the generation of new productive activities and/or services or increasing the offer of the existing ones

in the short and medium term, to supply the specific project. Likewise, learning and, consequently, the higher competitiveness of these products in the market will allow, in the long run, supplying other customers either in the local market or through the exports of services and products associated to mining.

At provincial level, in 2010, Catamarcan purchases amounted to Ar\$54,676,864, a 34% increase compared to last year. In this case, since 2002, the amounts spent by the province were five times bigger thus allowing a higher degree of integration of the Catamarcan offer to the project supply. Since the beginning of operations, the total purchased by the province amounted to Ar\$254 million, and the 2010 figures represent cash flows for over Ar\$4.5 million per month.

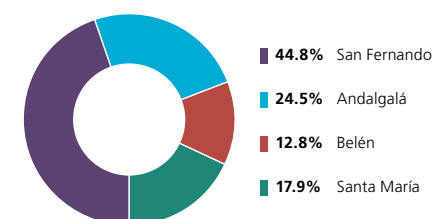
Evolution of purchases of goods and services in Catamarca 2002-2010.
In million Ar\$.



Source: Data provided by Minera Alumbrera.

Likewise, the base of Catamarcan suppliers increases year after year, and amounted to 301 active suppliers in 2010.

Distribution of Catamarcan suppliers per town. 2010.



Total: 301 suppliers
Source: Data provided by Minera Alumbrera.

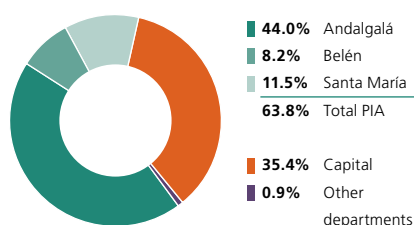
⁴ Equivalent to 2010 US Dollars.



Most workers of the food service live in the nearby towns.

In 2010, 63.7% of Minera Alumbraera purchases were from Andalgalá, Belén and Santa María; 35.4% from the capital city of Catamarca and 0.9% from other towns.

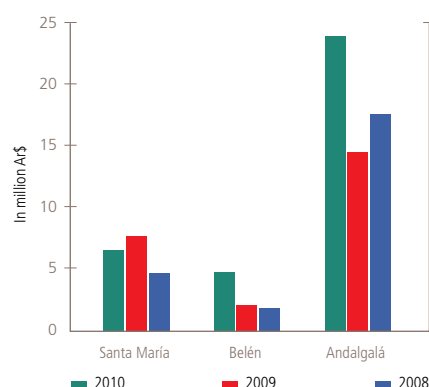
Catamarcan supplies, by town - 2010.



Source: Data provided by Minera Alumbraera.

For the PIA, project purchases amounted to Ar\$34,862,045 in 2010, what represented 47% more than in 2009. In the last three years, Minera Alumbraera spent Ar\$82 million in goods and services from these towns. On average, the revenues from local demand represent Ar\$2.9 million per month.

Purchases in the Primary Impact Area (PIA) 2008-2010. In million Ar\$.



Source: Data provided by Minera Alumbraera.

It should be noted that these revenues are aimed at the creation of value in the private sector. And since in these economies, most people are employed in the public sector, this factor contributes to the generation of indirect jobs in different local productive activities, what allowed a lower pressure on municipal budgets.

Finally, it should be mentioned that in 2010 we made major capital investments that were assigned through services to local suppliers what represented a major contribution to the development of our communities.

Programmes

Since the start of operations, Minera Alumbraera has adopted a strong commitment to develop local suppliers in Catamarca, in other towns and provinces of the country. This contributes to the growth of regional economies with a firm economic impact -both direct and indirect. We have made significant progress by substituting imported goods and services with national ones.

Objectives were set in medium and long run scenarios. In the first case, we aim at developing local suppliers not only in the mining industry but also in other industries and markets, thus generating sustainable development going beyond the life of mine. For that purpose, we provide training and counselling to suppliers with development potential related to the requirements of our industry in general and of our company in particular. Likewise, we also identify the opportunities of purchase of food and regional products from nearby communities.

In the long run, we are strengthening the liaison with the Mining Supplier Chambers to both maintain and increase purchases.

Training Workshops for Contractors

Minera Alumbraera recognises that good contractors' operations contribute to business success and responsible operational performance while ensuring environmental sustainability, preserving and creating a healthy and accident-free workplace.

Therefore, Minera Alumbraera conducts two training workshops on safety, health, environment and community relations, emergency procedures for environmental incidents, emergency systems on the road, failure tree for transportation, etc. The purpose is to generate integration among different companies and exchange experiences through proactive participation.

In 2010, we shared activities with our suppliers and contractors in Sustainable Development issues and worked on the application of Minera Alumbraera and Xstrata standards to current and new contractors and suppliers. We assessed the level of compliance and application of our standards and prepared a work plan, through training workshops.

We also organised audits on the works performed by contractors, to assess compliance with sustainability requirements.

Workshops deal with safety issues, risk identification, safe work procedures, accident investigation, behaviour, defensive driving, environmental incident report, recycling, waste management and environment awareness.

In terms of community relations, we have provided training on hazardous products. We trained on the toxicology of chemicals and their effects on health, treatment of intoxicated patients, transportation of hazardous materials, answer to incidents with explosive materials.

At the mine site or in neighbouring cities, we hold regular meetings with suppliers, contractors and community representatives (police, fire fighters, superintendent).



Santa María Supplier: Transporte Parra

Transporte Parra takes Alumbrera employees to and from the mine site.

"I started with a repair shop", remembered Rodolfo Parra, owner of the Santa María transportation company of the same name. His life has been an example of effort and determination as he retells the events that took place since he first started working in this sector with an old little truck in 1971.

He has transported Alumbrera and Eurest (catering and cleaning services) employees. *"This is a family business and a great source of work. I'm proud because we foster the socio-economic development of the region", he added.*

In 1997, he participated in the bidding process to transport employees at the mine site. Since 2000, he has expanded his services beyond the limits of the mine. At present, he travels to Santa María, Amaicha, Belén, Andalgalá, San Fernando and San Miguel de Tucumán.

His fleet includes 19 buses, 10 vans and machinery to maintain roads.



Parra's fleet includes 19 buses and 10 vans to transport Minera Alumbrera employees inside and outside the mine site.



Andalgalá Supplier: family restaurant

Alfredo Starencich has provided food service to the mining companies of Andalgalá and the people from the town for 15 years.

Thanks to the steady growth of his business, 2010 invoicing was twice that of 2005. The search for continuous improvement, the recruitment of local employees, the quality and services complying with national health and safety standards have turned his business into an example to be followed.

From locro (Argentine corn stew) to stuffed pasta, including different dishes with poultry, Alfredo Starencich used to delight Andalgalá people with home-made flavours and aromas long before Minera Alumbrera started operations. With the purpose of supplying the mining industry, "La Casa de Lucio" was founded in 1996 *"to offer food suitable to the mining companies of the area"*, explained Alfredo Starencich about the origin of this family business.

Food can be eaten either in the restaurant or taken away to the site under approved health and safety standards. In the case of Minera Alumbrera, the restaurant provides food services to the mining company in Andalgalá and to the four subcontractors at the slurry pipeline pump station.

Local employment and purchases

To serve Andalgalá neighbours at the restaurant, only two employees were necessary. However, after the incorporation of mining companies to the list of fixed customers, a radical change took place. At present, the restaurant has 15 employees as a consequence of the impact caused by such incorporation.

Mr. Starencich does not only hire local employees but also purchases local products and services. *"We try to buy every item we need from the area. When this need cannot be satisfied, we resort to a different place. This allows us promoting other suppliers. The impact of a mining project on an area like this is enormous"*, he reasonably explained.

Health and safety

Minera Alumbrera requirements as a customer and the regular bromatology controls we perform obliged Starencich to adopt the continuous improvement approach. At "La Casa de Lucio" they work with safety and health standards based upon responsible food management according to MERCOSUR protocol and the Argentine Food Code.

This father is proud of the work of his wife Hilda and of the training offered to current cooks that did not belong to the professional food service. In this sense, he humbly said *"when people had the chance to learn, they act in the way they are supposed to. That is very remarkable"*.

Future vision

His desire to work better and provide more services to his customers, led him to improve the facilities to capture local demand. They moved to a larger building one block from the current restaurant where they can serve simultaneously 160 guests and take-away food.



Summary of key sustainability data

ECONOMIC CONTRIBUTION	2008	2009	2010
Division's revenues (in million Ar\$)	4,313.6	5,019.6	6,390
Division's EBIT (in million Ar\$)	1,489.6	1,943	2,795.5
Employee salaries and benefits (in million Ar\$)	112.5	121.7	159.9
Royalties and taxes ¹ (in million Ar\$)	2,092.9	2,119	2,874.9
Corporate social involvement (in million Ar\$)	22.2	19.9	35.7
Courses, grants and training (in million Ar\$)	2.6	1.3	0.2

CORPORATE GOVERNANCE AND ETHICS	2008	2009	2010
Total value of financial and in-kind contributions to political parties	0	0	0
Percentage of security personnel trained on human rights (%)	100	100	100
Percentage of suppliers and contractors subject to human rights investigation	0	0	0

OUR PEOPLE	2008	2009	2010
Total workforce	2,208	2,097	2,029
Permanent employees	1,416	1,387	1,397
Full-time contractors	792	710	632
Total employees covered by collective bargaining agreements	908	927	936
Percentage of local employees (%)	38	40	40
Fatalities	1	0	0
Total Recordable Injury Frequency Rate (TRIFR)	6.81	3.95	2.84
Lost Time Injury Frequency Rate (LTIFR)	1.02	0.36	0.19
Disabling Injury Severity Rate (DISR)	147.74	17.79	18.16
Health and safety prosecutions	2	4	0
Health and safety fines	0	0	0
Occupational illnesses			0
Average hours of training per employee	173.71	164.35	72.64

OUR COMMUNITY	2008	2009	2010
Community complaints	29	14	34
Community relocation	0	0	0

ENVIRONMENT	2008	2009	2010
Direct energy consumption (kW/h)	835,854,720	808,370,193	851,209,753
Total water consumption (m³)	21,100,967	22,848,469	23,105,472
Total recycled and re-used water (m³)	59,840,256	61,325,130	66,628,629
Direct greenhouse gas emissions (CO ₂ equivalent per million tonnes moved)	Not calculated	1.45	1.66
Total greenhouse gas emission (CO ₂ equivalent per million tonnes)	-	-	Not calculated
Sulphur dioxide stack emissions	Not applicable	Not applicable	Not applicable
Land disturbed (ha)	8.1	25.82	6.03
Land rehabilitated (ha)	11.3	10.98	6.85
Category 3 incidents	0	0	0
Category 4 incidents	0	0	0
Category 5 incidents	0	0	0
Prosecutions	0	0	0
Fines	0	0	0

¹ Figures for 2008 include amounts actually received/paid, and as from 2009 amounts accrued. Taxes, including VAT fiscal credit and withholding tax have also been contemplated.

GRI Index

Indicator	Description	Reported 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.	✓		01
Organisational profile				
2.1	Name of the organisation.	✓		01
2.2	Primary products and services.	✓		01
2.3	Operational structure of the organisation.	✓		17
2.4	Location of organisation's headquarters.	✓		01
2.5	Countries where the organisation operates.	✓		01
2.6	Nature of ownership and legal form.	✓		01
2.7	Nature of markets served.	✓		22
2.8	Scale of the reporting organisation.	✓		17
2.9	Significant changes in size, structure, ownership, and products since the last report.	✓		08
2.10	Awards received.	✓		52-53
Report Parameters				
3.1	Reporting period.	✓		08
3.2	Date of most recent previous report.	✓		08
3.3	Reporting cycle (annual, bi-annual).	✓		08
3.4	Contact point for questions regarding the report or its contents.	✓		08
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.	✓		08
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	✓		08
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	✓		08
3.12	Table identifying the location of GRI report content by section and indicator.	✓		09
3.13	Policy and practices with regard to seeking external assurance for the report.	✓		09
Governance Structure and Management Systems				
4.1	Governance structure of the organisation, including committees.	✓		12 & 13
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.	→		13
4.4	Mechanisms for shareholders and employees to provide recommendations or directions.	✓		13
4.5	Linkage between executive compensation and HSEC performance.	n/a		*
4.6	Processes in place for the highest governance body to ensure that conflicts of interest are avoided.	n/a		*

Indicator	Description	Reported GRI Indicator	Global Compact Principle	Reference Page
Governance Structure and Management Systems				
4.7	Process for determining the qualification and expertise of members of the highest governance body.	n/a		*
4.8	Internally developed statements of mission or values, codes of conduct, etc.	✓	1 & 2	10, 11, 13
4.9	Procedures of the highest governance body for overseeing the identification and management of HSEC performance by the organisation.	✓		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.	✓		14
4.13	Principal memberships in industry and business associations and advocacy organisations.	✓		14
4.14	List of stakeholder groups engaged by the organisation.	✓		47
4.15	Basis for identification and selection of stakeholders with whom to engage.	✓		47
4.16	Approaches to stakeholder engagement, including frequency and type.	✓		48
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded.	✓		40-46
Economic Performance Indicators				
EC1	Direct economic value generated.	✓		20-21
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	✓		11, 53
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.	✓		23
EC6	Policies, practices and proportion of spending on locally-based suppliers.	✓		63
EC7	Procedures for local hiring and proportion of senior management hired from the local community.	✓	6	33
EC8	Development and impact of infrastructure investments and services provided for public benefit.	✓		40, 43-44
EC9	Understanding and describing significant indirect economic impacts.	✓		24-26
MM1	Local economic contribution - e.g. goods/services purchased/hired locally, % of workforce from local communities, investment in public infrastructure.	✓		23, 40, 43, 44, 64
MM2	Value added disaggregated to country level (revenue less cost of procurement).	✓		27
Environmental Performance Indicators				
EN1	Materials used by weight or volume.	✓	8	61
EN2 (MM4)	Percentage of materials used that are recycled input materials.	✓	8 & 9	60
EN3	Direct energy consumption by primary energy source.	✓	8	54

Indicator	Description	Reported GRI Indicator	Global Compact Principle	Reference Page
Environmental Performance Indicators				
EN4	Indirect energy consumption.	✓	8	54
EN5	Energy saved due to conservation and efficiency improvements.	✓	8	54
EN6	Initiatives to use/provide energy-efficient or renewable energy based products and services.	✓	8 & 9	54
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	→	8	54
EN8	Total water withdrawal by source.	✓	8	55
EN9	Water sources significantly affected by withdrawal of water.	✓	8	55
EN10	Percentage and total volume of water recycled and re-used.	✓	8	55
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	57
EN12	Description of significant impacts on biodiversity in protected areas and areas of high biodiversity value.	✓	8	57
EN13	Habitats protected or restored.	✓	8	57
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	✓	8	57-58
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations.	✓	8	57
EN16	Total direct and indirect greenhouse gas emissions by weight.	✓	8	53
EN17	Other relevant indirect greenhouse gas emissions by weight.	→	8	53
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	✓	7, 8	53
EN19	Emissions of ozone-depleting substances by weight.	n/a	8	59
EN20	NO, SO, and other significant air emissions by type and weight.	n/a		59
EN21	Total water discharge by quality and destination.	✓	8	55
EN22	Total weight of waste by type and disposal method.	✓	8	60
EN23	Total number and volume of significant spills.	✓	8	60
EN24	Weight of transported, imported, exported or treated waste deemed hazardous and percentage shipped internationally.	✓	8	60
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff.	✓	8	55-56
EN26	Initiatives to mitigate environmental impacts of products and services.	✓	7, 8	60-61
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	n/a	8	60
EN28	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations.	✓	7 & 8	60
EN29	Significant environmental impact of transporting products used for operations.	✓	8	60-61
MM	Total environmental protection expenditures and investments by type.	✓	7 & 8	53

Indicator	Description	Reported GRI Indicator	Global Compact Principle	Reference Page
Environmental Performance Indicators				
MM6	Management of overburden, rock, tailings, and sludges/residues.	✓	8	60
Social Performance Indicators: Labour Practices and Decent Work				
LA1	Workforce by employment type, employment contract, and region.	✓	6	33
LA2	Total number and rate of employee turnover.	✓	6	32-33
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	✓	3 & 6	33
LA4	Percentage of employees covered by collective bargaining agreements.	✓	3	37
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective bargaining agreements.	✓	3	37
LA6	Percentage of total workforce represented in joint management-employee health and safety committees.	✓	1	37
LA7	Rate of injury, occupational diseases, lost days and number of fatalities.	✓	1	5, 29
LA8	Education, training, counselling, and prevention programmes in place to assist workers, their families or community members.	✓	1	30-31
LA9	Health and safety topics covered in formal agreements with trade unions.	✓	6	37
LA10	Average hours of training per year per employee by employee category.	✓		34
LA11	Programmes for skills management and lifelong learning that support continued employability.	✓		34-35
LA12	Percentage of employees receiving regular performance and career development reviews.	✓		36
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	37
MM12	Emergency preparedness.	✓		31
MM13	Number of new cases of occupational disease by type and prevention programmes (overview only).	✓		29
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 & 2	15
HR2	Percentage of suppliers and contractors that have undergone screening on human rights.	✓	1 & 2	15
HR3	Total hours of employee training on human rights policies and procedures.	✓	1 & 2	12, 34
HR4	Non-discrimination policies.	✓	6	37
HR5	Freedom of association and collective bargaining.	✓	3	37
HR6	Child labour policies.	✓	5	15
HR7	Forced and compulsory labour policies.	✓	4	15
HR8	Percentage of security personnel trained on human rights policies.	✓	2	15

✓ Data available → Data partially available ✗ Data unavailable
 n/a Not applicable * Refer to Xstrata Copper plc's 2010 Sustainability Report

GRI Index

Indicator	Description	Reported GRI Indicator	Global Compact Principle	Reference Page
Social Performance Indicators: Human Rights				
HR9	Number of incidents involving violation of rights of indigenous people and actions taken.	✓	2	49
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.	✓		39
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	12
SO4	Actions taken in response to incidents of corruption.	✓	10	13
SO5	Public policy positions and participation in public policy development and lobbying.	✓		14
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 incidents		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	✓		67
MM7	Significant issues affecting communities and their resolution.	✓		48
MM8	Involvement in small-scale mining operations within company areas of operation.	n/a		
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.	✓		49
Social Performance Indicators: Product Responsibility				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement.	✓		60-61
PR3	Type of product and service information required by current procedures.	✓		60
PR6	Programmes of adherence to laws, standards, etc. related to marketing and advertising.	✓		61
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning products and services.	✓		61

Global Compact Principles

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

Principle 2: Business should 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: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

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

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

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should 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 partially available ✗ Data unavailable
 n/a Not applicable * Refer to Xstrata Copper plc's 2010 Sustainability Report

Reader's Feedback Form

We will appreciate your feedback to streamline our activities.

■ HOW DID YOU FIND THE REPORT IN GENERAL?

Uninteresting ☐

Somewhat interesting ☐

Interesting ☐

Very interesting ☐

■ IT REPORTED ON MINERA ALUMBRERA'S CORPORATE SOCIAL INVOLVEMENT INITIATIVES IN ... DETAIL:

No ☐

Little ☐

Sufficient ☐

Great ☐

■ HOW WOULD YOU RATE THE INFORMATION INCLUDED IN THE FOLLOWING CHAPTERS:

	Insufficient	Sufficient	Superior
■ Chief Executive's Message	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ A Word from our General Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Table of Contents and Objectives for 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Scope of the Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Our Sustainable Development and Corporate Governance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Our Economic Contribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Our People	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Sustainable Communities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
■ Value Chain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

■ YOUR COMMENTS AND/OR SUGGESTIONS:

Name:

Full address:

Province:

Country:

E-mail:

Telephone:

■ YOUR RELATIONSHIP WITH MINERA ALUMBRERA:

Customer ☐

Shareholder ☐

Employee ☐

Supplier ☐

Resident from neighbouring communities ☐

Other (specify) ☐

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