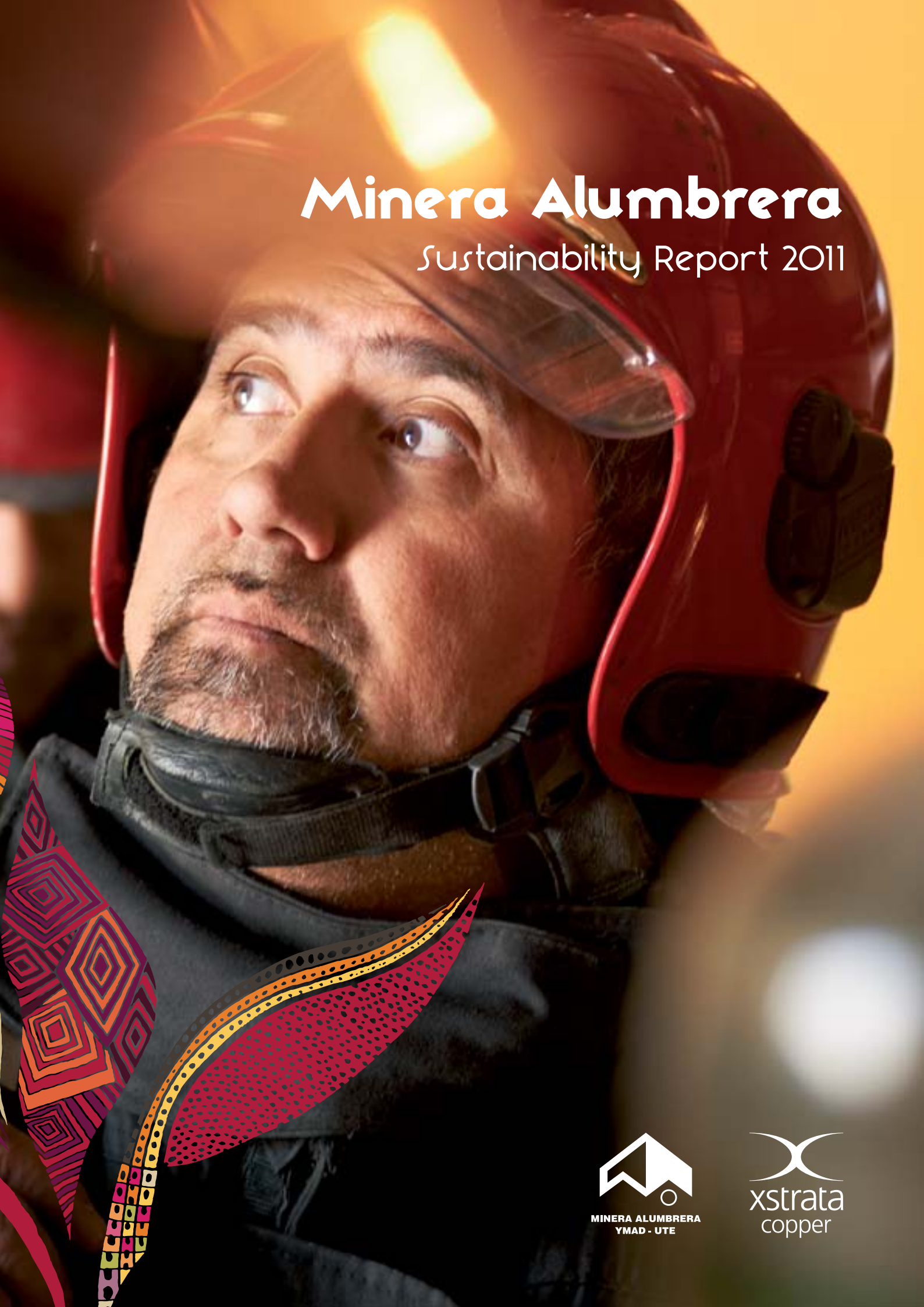


Minera Alumbra

Sustainability Report 2011



MINERA ALUMBRERA
YMAC - UTE



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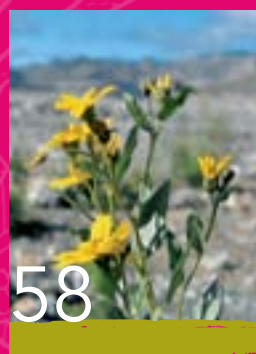
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Questions or Comments

This report has been prepared to share our progress so please feel free to send your comments to continue with our ongoing improvement process.

Verónica Morano
Senior Corporate Relations Analyst
Tel: (54-11) 4316-8300

Please send your comments by email to informe2011@xstratacopper.com.ar or by regular mail to:
Apartado especial N°140
Correo Central 1000
Buenos Aires, Argentina
www.alumbra.com.ar

A man with a goatee and glasses, wearing a white hard hat and an orange safety vest over a blue shirt, is smiling and reaching towards a large pile of green plants. The background shows a large, arched structure, likely a greenhouse or nursery. In the top right corner, there is a faint, circular logo with intricate geometric patterns.

Environmental Officer
Gonzalo Padilla at Alumbra's
nursery where 1350 carob
tree specimens grew for
subsequent plantation along
operational roads.

**We focus on responding
to community needs,
thus protecting and
maintaining human and
environmental resources.**



About Minera Alumbrera

We are proud of being a leading sustainable copper producer of vital resources for the society. We seek to support Argentina's development by fostering open and honest relationships with our people, local communities, the government and our stakeholders. We also focus on maximising value for shareholders through successful management and growth that deliver superior returns in a safe, sustainable and environmentally responsible way.

Bajo de la Alumbrera is a copper, gold and molybdenum deposit situated in Northwestern Catamarca, Argentina at an altitude of 2600 amsl, which has been operational since 1997. Initial capital expenditure for the Alumbrera project totalled USD1.3 billion.

Minera Alumbrera is managed by Xstrata Copper and adheres to its industry-leading Sustainable Development (SD) Policy and Standards and is subject to Xstrata's rigorous SD assurance process. Xstrata has a 50% share in the project, with Canadian Goldcorp and Yamana Gold having the remaining 37.5% and 12.5% share, respectively.

Property rights over the deposit (including 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 central government. YMAD has entered into a joint-venture (locally known as "UTE") agreement with Minera Alumbrera to mine the deposit, and is entitled to a 20% share in profits.

Xstrata Copper is the fourth largest global copper producer and one of the world's largest producers of smelter, refined and recycled copper, including from third party materials. In 2011, we produced 889,000 tonnes of mined copper in cathodes and concentrates.

We are one of the commodity business units within the major global diversified mining group Xstrata plc. Our headquarters are located in Brisbane, Australia and we operate in eight countries: Argentina, Australia, Canada, Chile, Peru, the Philippines, Papua New Guinea and the US. We employ over 20,000 people and play an essential role in the communities





Kidd Mine Operations
Horne
Canada Copper Refinery
Toronto
East Providence
San Jose

- Operations
- Projects
- Joint Venture Operations
- Recycling
- Sales and Marketing

Antamina
Las Bambas
Tintaya
Antapaccay
Collahuasi
Lomas Bayas
Altonorte
Agua Rica
Minera Alumbraera
Santiago
El Pachón
Energía Austral

Open pit / processing plant
Slurry pipeline
Province of Catamarca

BAJO DE LA ALUMBRERA
Province of Tucumán
Filter plant

Powerline
Province of Santa Fe
Railway line
Puerto General San Martín
Port facilities
Province of Buenos Aires

Argentina

MINERA ALUMBRERA OPERATIONS

- Operations
- Provinces

in which we live and work, providing jobs, training, infrastructure, income for suppliers and social development.

Xstrata is a major producer of a range of vital commodities used in everything from constructing buildings and delivering electricity, to developing jet engines and mobile phones. We are one of the top five global producers of copper, thermal and metallurgical coal, ferrochrome, zinc and nickel and we also produce silver, lead, platinum, gold, cobalt and vanadium.

Founded in 2002 and headquartered in Switzerland, we operate in over 20 countries and employ over 70,000 people at more than 100 operations and projects around the world. We work in a responsible and sustainable way, with an entrepreneurial spirit and dynamic approach. For more information, visit www.xstrata.com

Chief Executive's message



It gives me great pleasure to introduce the 2011 Minera Alumbra Sustainability Report, one of 11 sustainability reports Xstrata Copper is publishing for the year. For us, the principles of sustainable development (SD) are integral to our business model and guide our daily decision-making.

We recognise that in order to be successful over the long term, we need to demonstrate that we can operate our business in an environmentally sustainable manner and work in partnership with our stakeholders to create lasting benefits for the communities and countries in which we live and work.

Of course a sustainable business must also be viable and I am pleased to report that Xstrata Copper finished the year with a strong set of business results. 2011 was not, however, without its challenges as uncertain global economic conditions persisted throughout the year and our operations faced inflationary and exchange rate pressures. In addition some of our mines experienced very challenging operating conditions. Nevertheless, our solid overall production and sales performance, supported by robust commodity prices, along with further successes in our cost management efforts resulted in an impressive financial performance for Xstrata Copper.

We also continued to achieve further substantial improvements in our sustainable development performance and our efforts in this area continued to be recognised by our stakeholders, as reflected by the 28 regional and national awards we received for SD best practice during the year.

We exceeded many of our safety and health targets for the year, achieving significant improvements in our Total Recordable Injury Frequency Rate (TRIFR), Lost Time Injury Frequency Rate (LTIFR) and Disabling Injury Severity Rate (DISR) of 30%, 40% and 57% respectively.

Regrettably, however, despite this overall continuous improvement we did not

meet our target of zero fatalities. We were deeply saddened by the death of Richard Roy following a fatal incident at our Kidd underground mine in Canada in January 2011 and a serious injury at our Ernest Henry mine in Australia and also at our East Providence sampling plant in the United States. These types of incidents are not acceptable and the elimination of fatalities and critical incidents from our workplace remains our main priority.

Once again, we demonstrated strong environmental awareness across all our sites reflected by the increased reporting of category 1 (insignificant) environmental incidents and we finished the year achieving our goal of zero category 3 (moderate) environmental incidents.

Our environment footprint in terms of green house gas emissions, energy consumption and fresh water usage remained at a similar level to the previous year. With six projects either under construction or commencing operations in 2012 our footprint is expanding, however we remain committed to minimising our environmental impact and we constantly seek opportunities to improve the eco-efficiency of our operations. During the year we continued to make significant investments in infrastructure upgrades and process improvements to capitalise on these opportunities.

In 2011 we also successfully advanced a number of our environmental impact assessment studies. Some of the year's highlights include the approval of our environmental impact statement (EIS) for our Las Bambas project in Peru in March and the submission of our mine site EIS for our Tampakan Project in the Philippines in the second half of the year. We also made good progress in advancing EIS studies for our Energía Austral hydroelectric project located in southern Chile, Frieda River Project in Papua New Guinea and El Pachón Project in Argentina.

We also substantially advanced closure activities at the Kidd metallurgical site in Canada during the year. In addition we received high profile third party recognition for the decommissioning and rehabilitation of our former Gaspé copper mining and smelting site located in Murdochville, Quebec, completed in 2010, which has been acknowledged as setting "a benchmark for future mine decommissioning projects".

In 2011, we invested over USD39.2 million in our CSI projects primarily in the areas of social and community development, education, enterprise and job creation and health. These programmes were developed in consultation with local communities and in many cases implemented in partnership with local stakeholder groups.

We also continued to engage closely with local communities and other stakeholders on a range of issues relating to our mining operations and projects. At our Tampakan Project we consulted with over 9,000 stakeholders during a 12 week period on the results of our environmental impact assessment for our proposed mining project, an undertaking that has been recognised as one of the most extensive stakeholder consultation programmes of its kind in the Philippines. In Peru, we continued to work closely with host communities at our Las Bambas project on our resettlement programme as we progressed the construction of the Nueva Fuerabamba town.

During the year we achieved several important milestones across our operations and projects, including the completion of open pit mining and the successful start of underground ore production and magnetite processing operations at our Ernest Henry mine in Australia. We advanced construction of our Antapaccay project in Peru, which remains on schedule and budget for start-up in the second half of 2012 as our Tintaya mine, located 9 kilometres away, draws to the end of its mine life.

At our Canadian Kidd Operations we successfully completed a further depth extension at the mine and at our Lomas Bayas mine, in northern Chile, we commenced mining and initial

processing at our Fortuna de Cobre pit which forms part of our Lomas II project. In December, our Peruvian joint venture operation, Antamina, also began the commissioning phase of a major expansion project which is due to be completed in the first quarter of 2012.

These activities form part of an important transition to an exciting new era of operations at Xstrata Copper as we transform our operations and bring on new production. It will be critically important for us to maintain our strong SD focus as we progressively realise our growth strategy to deliver a 60% increase in our copper production to 1.5 million tonnes per annum within the next three years.

As a member of the International Copper Association (ICA), we continued to be actively involved in the association and its activities throughout the year. In my role as Chairman of the ICA over the past three years, I have been proud to support the association's work in the area of product stewardship, as well as its initiatives to promote the important role copper plays in our society.

Copper is one of the world's most versatile metals and, with its extensive use in energy generation and distribution, building products, household appliances and mobile and computing equipment, it is vital to our modern society. Furthermore, its growing use in green-technologies, anti-microbial applications and its ability to be recycled, means that copper will continue to be an important part of our sustainable future. At Xstrata Copper, we are proud to produce and recycle this vital natural resource in a safe, environmentally and socially responsible way.

Each year, Xstrata Copper publishes sustainability reports for our managed operations in line with the internationally recognised Global Reporting Initiative (GRI) guidelines. These reports detail the health, safety, environmental, social and economic performance of our operations and projects along with information on our SD governance structures and standards, labour practices and key sustainability challenges for our business.

In addition we produce a quarterly Sustainability Bulletin that highlights best practice case studies from across our business. Both the bulletin and our sustainability reports can be accessed via our website www.xstratacopper.com and I encourage you to visit this site for the latest information about our sustainability initiatives and our global operations.

Looking ahead, if the proposed merger between Xstrata and Glencore, announced on 7 February 2012, receives shareholder and regulatory approval, we will see our business expand into exciting new geographies and potentially become the world's largest copper miner by 2015. An integration of this size will not be without its challenges, however I am confident that we have the people, systems and culture in place to successfully operate and grow our combined business while maintaining our strong track record in SD performance.

I hope 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.



Charlie Sartain
Chief Executive,
Xstrata Copper



A word from our General Manager



I am happy to introduce Minera Alumbra's eighth Sustainability Report, which states our objectives, our achievements and challenges and highlights our unique and distinguishing strengths for 2011.

Our business strategy includes a sustainable development management approach that integrates social, economic, environmental and safety aspects, which improved our sustainability indicators for 2011. We continue rising to the challenge of following a business vision in response to the needs of both our project and neighbouring communities, while at the same time protecting human and environmental resources.

Our most significant targets and day-to-day efforts are summarised in our vision, as providers of leading industry returns at the regional level, through

employee development and teamwork, engagement with local communities and organisations, as well as responsible and sustainable health, safety and environmental management practices.

This report was developed using the Global Reporting Initiative (GRI) G3.1 Guidelines and the Mining and Metals Sector Supplement, the world's most widely used sustainability reporting framework.

Moreover, Minera Alumbra has been supporting the United Nations Global Compact (GC) since 2004. It is a voluntary initiative, based on universal principles to foster organisational responsibility. This report also includes our adherence to the 10 GC Principles, as 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 2011. Minera Alumbra's contribution to the local economy for the reported period totalled USD966.8 million, including taxes, royalties, salaries, social security contributions as well as local goods and services. This amount is equivalent to USD80.6 million/month spent in Argentina during 2011. Minera Alumbra export duties and income tax payments accounted for 1% and 0.6% out of the total tax revenues in Argentina, respectively.

The mining industry is subject to a total tax rate of around 39% and thus, Minera Alumbra tax payments accounted for a significant share in the total fiscal revenues from the mining industry, which represented above 45% of the value added.

At the national, provincial and municipal levels, Minera Alumbra tax and royalty payments (including YMA's profit share under the UTE Agreement) totalled USD547.8 million.

Minera Alumbra purchased goods and services from local vendors for an amount of USD360.8 million during 2011, which is 22% higher than previous year levels. This meant that Minera Alumbra spent USD30.06 million/month in Argentina.

As to Minera Alumbra's contribution to the Catamarcan economy, the mining sector has a 60% share in provincial wealth, out of which Minera Alumbra specifically accounts for 90%. Therefore, the mining industry is a prime mover for regional and provincial development.

Minera Alumbra fiscal payments for 2011 in Catamarca totalled USD158.9 million. This amount was 16% higher than previous year levels.

Minera Alumbra continued to be the largest private employer in Northwestern Argentina. Despite the changing economic scenarios in both domestic and international markets, Minera Alumbra maintained a steady number of regular and contract employees.

Production

Minera Alumbra's throughput for 2011 included 446,718 tonnes of copper and gold concentrate, 32,445 ounces of dore gold and 1708 tonnes of molybdenum. These figures are 18% and 37% below the copper concentrate and dore gold levels for the previous year respectively, with triplicate molybdenum production.

Our molybdenum facility was fully reengineered and restarted to improve our production cycles. Such upgrade helped expand plant capacity by 65% above budget levels.

Our pebble crushing facility was expanded to include an additional crusher and the associated conveyor belts. This upgrade will increase primary grinding capacity, in preparation for lower copper grades from the pit.

During 2011 we continued our ore reserve identification efforts with a view to extend the mine life.

Safety

We take great pride in our incident prevention efforts which helped us achieve 6,308,000 work hours with no disabling injuries. This milestone clearly reflects Minera Alumbra's leadership and commitment to the implementation and management of the safety standards of our company.

Our safety performance has generally exceeded our expectations. Our Total Recordable Injury Frequency Rate (TRIFR) for 2011 was 1.64, with a 33% improvement over previous year levels. Our Disabling Injury Frequency Rate (DIFR) was 0.18, in line with 2010 levels.

This was achieved by monitoring the effectiveness of our initiatives to manage potentially hazardous or high-risk activities, our in-house cross safety audits and our increased safety observation efforts.

We strive to establish a preventive safety approach to minimise incidents, by ensuring a health work environment as well as the prevention of material accidents.

Environment

Effluent Treatment at the Filter Plant received the ISO 9001:2008 Standard Certification from Bureau Veritas Argentina. With the implementation of this management system, effluent treatment is a planned process including standardised and fully-documented procedures.

Once again, our Environmental Management System received the ISO 14001:2004 Standard Certification for third consecutive year, without any non-compliance. It covers Minera Alumbra's slurry pipeline, filter plant, railway line, port facilities, human resources and management systems.

Caterpillar 5 Star Pollution Control Programme recertification of our truck shop for seventh consecutive year was a major achievement. Our 98.3% compliance rating exceeded previous year levels.

Minera Alumbra's throughput was increased during 2011 subject to the applicable CO₂ emission limits as well as the maximum allowable energy and

fresh water requirements. We have fully achieved our Eco-efficiency Performance Indicators.

Environmental Leaders were appointed in each operational area to provide additional support to our environmental management efforts. They follow up environmental risk management initiatives, supervise compliance with observations and recommendations and develop the Environmental Plan for such area.

Of note, Minera Alumbra has also achieved 365 days with no major environmental incidents.

During 2011, we ratified our sustained commitment to the highest environmental standards though our continuous improvement approach and subject to ongoing supervision and monitoring by local regulators and third parties.

Community liaison

We aim to support long-term development in neighbouring areas, beyond Bajo de la Alumbrera mine life. We seek to support locally inherent activities and to be actively involved in the social and organisational development of the communities in the vicinity of our operations.

Key infrastructure works for the period under review include Hualfin Municipal Winery, which was developed by the municipal administration out of mining royalty revenues. Support was provided by Minera Alumbra as this venture is aimed at the long-term development of the local wine industry. Capital expenditure in plant and equipment for such project totalled USD0.435 million. Moreover, capital expenditure for the third construction stage of Belén Secondary School totalled USD2.05 million, for the benefit of a large number of local students. Infrastructure works were also developed in Londres, such as the commissioning of the local nut-processing facility as well as in Andalgalá with the re-lining of irrigation channels in Villa Vil and Amanao. Likewise, the refurbishment of the centennial Lafone Quevedo School #995 required USD1.09 million over the past years and Ciénaga Redonda School #167 was finally opened in Salar del Hombre Muerto.

In Tucumán, capital expenditure for the refurbishment of four maternity wards at Nuestra Señora de las Mercedes hospital

came to USD2.18 million. The expansion of the Concepción Regional Maternity Hospital started during 2011.

Finally, I would like to highlight our ongoing internship, apprentice and graduate training programmes for students from neighbouring communities, as part of our plan to ensure the development of our neighbours as well as their integration into Minera Alumbra's growth.

Employee training

Ongoing safety and operational training is provided to our people. The agreement with Universidad Nacional de Catamarca and the Tucumán Education Department is a landmark to deliver a site-based technical course on Mining and Food Studies during 2012.

The results of Xstrata Sustainable Development audit were satisfactory, with 69% compliance, 3 good practices and 3 challenges for improvement. Strong efforts have been made to demonstrate our health, safety, environment and community performance.

Looking ahead

In line with our vision, our dedicated efforts are focused on regional sustainable development to add value to our human resources and foster growth in neighbouring communities. We are confident in our capacity to continue supporting Argentina, through new projects and challenges to be developed based on strong teamwork as well as ethical and responsible efforts.

We at Minera Alumbra take great pride in introducing our continuous improvement approach to open additional and better long-term development opportunities and benefits to both Minera Alumbra and each and every Argentinian.



Michael Holmes
General Manager,
Minera Alumbra

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Environment

	2011 Target	Performance
Fines or penalties	0	✓ No fines or penalties.
Incidents	No category 2 or higher incident.	✓ No category 2, 3, 4 or 5 environmental incident reported.
Waste	Keep waste sorting levels for recycling purposes.	✓ Waste recycling volumes were increased from 51 to 64 tonnes.
Management system	ISO 14001 recertification.	✓ The system attained the ISO 14001 recertification for three years.
Climate Change		
Energy efficiency	Keep energy consumption levels at around 1.96 CO ₂ eq tonnes/k milled tonnes.	✓ An improvement was reached at 1.93 CO ₂ eq tonnes/k milled tonnes.
Biodiversity Conservation		
Native species	Continue with the carob tree forestation plan at Campo del Arenal.	✓ 12,335 carob tree and 4,500 acacia seedlings were grown in nurseries for revegetation and reforestation projects.
Water Management		
Vis Vis monitoring	Conduct 4 monitoring activities with the relevant authority.	✓ Monitoring activities were completed as planned with no comments from the regulator.
Water conservation in dry areas	Keep fresh water consumption at 0.630 m ³ /milled tonne.	✓ Annual water consumption was 0.591 m ³ /milled tonne.
Mine Closure		
Mine closure plan	Be internally audited by Xstrata.	✓ The result was 69%, with only 3 minor comments.

Safety

	2011 Target	Performance
Prevention of fatalities	Work on risk management as a proactive and fundamental safety support.	✓ <ul style="list-style-type: none"> Risk management focused on high risk or potentially hazardous activities. Monitoring of the effectiveness of controls over potentially hazardous activities. Cross audits to contractor companies. Increased safety observations.
Incident prevention	<ul style="list-style-type: none"> Develop and implement proactive safety indicators for safety management follow-ups. Safety observations of high risk activities. Audit of control effectiveness. 	✓ <ul style="list-style-type: none"> Preventive safety plan (audits, inspections, risk analyses and safety observations, among other tools). High and medium risk incidents dropped 62% compared to 2010. Cross audits to contractors and control effectiveness monitoring of high risk activities.
LTIFR*	0	✗ LTIFR was 0.18, in line with the 2010 levels.
TRIFR**	2.1	✓ TRIFR was 1.64, which was 33% better than previous year level.
Management	<ul style="list-style-type: none"> Improve business risk management (Safety & Health). Improve the effectiveness of controls. 	<ul style="list-style-type: none"> ✓ Quarterly reviews were conducted in the H&S areas. ✓ The Safety Committee conducted 82 control effectiveness audits in compliance with Xstrata's new indicators.

*LTIFR: Lost Time Injury Frequency Rate. **TRIFR: Total Recordable Injury Frequency Rate.

Health

	2011 Target	Performance
Occupational illnesses	Prevention of occupational illnesses.	✓ <ul style="list-style-type: none"> Regular medical examinations were conducted. Training on noise, dust and welding fumes, as well as health measurements in these areas were provided.
Quality of life and health	Ongoing quality of life and health improvement programme.	✓ <ul style="list-style-type: none"> Training on rest management and non-smoking practices was provided. The "The battle continues" programme on food education and recreational exercising is continued.
Prevention of illnesses	Complete illness prevention programme.	✓ <ul style="list-style-type: none"> Campaign against breast and cervix cancer. Flu prevention and vaccination campaign.

Social Responsibility

	2011 Target	Performance
Engagement with stakeholders.	Continue supporting local farming programmes through ongoing advice by an agricultural and livestock raising consultant since 2008.	✓ During 2011 our production support programme was pursued across the entire Primary Impact Area (PIA).
	Continue developing water projects to assess its availability and develop water use projects. These projects, which are part of the programme started in 2008, are funded out of royalty revenues.	✓ Various irrigation and water utilisation projects were developed at the local level.
	Continue with the teachers' training programme developed with UNTREF and FUNDESS in the towns of Andalgalá, Belén, Santa María, Hualfín, Londres and Aconquija.	✓ This programme was pursued with very good results for local students.
	Provide training on project development, design, evaluation and control for municipal administrations to make use of royalties.	✓ Such training was provided in Andalgalá.
	Provide materials for minor irrigation works (water withdrawal, storage and irrigation).	✓ Channels and pipe connection works were developed in Hualfín, Villa Vil and Amanao.

Social

	2011 Target	Performance
Engagement with stakeholders	<ul style="list-style-type: none"> Pursue our programme to be involved in small production projects by providing economic and finance training sessions. 	<ul style="list-style-type: none"> ✓ Several small-scale projects were developed in towns within the PIA.
	<ul style="list-style-type: none"> Support traditional festivities from neighbouring communities. 	<ul style="list-style-type: none"> ✓ We were involved in most PIA festivities.
	<ul style="list-style-type: none"> Conduct the annual perception survey in the vicinity of our operations to assess progress. 	<ul style="list-style-type: none"> ✓ Conducted last November with Pulso Local consultant firm.
	<ul style="list-style-type: none"> Engage the beneficiaries of previous projects to train the beneficiaries of new projects thus fostering sustainability. 	<ul style="list-style-type: none"> ✓ Eight participants of the teachers' training programme are now trainers.
	<ul style="list-style-type: none"> Continue with the school first aid education and training sessions in the three districts, including Tinogasta and Colalao del Valle. 	<ul style="list-style-type: none"> ✓ Conducted in most local schools.
	<ul style="list-style-type: none"> Continue supporting schools by providing school supplies or making minor refurbishments in local schools as required. 	<ul style="list-style-type: none"> ✓ Teaching aids and school supplies were given to remote schools.
	<ul style="list-style-type: none"> With the HR area, continue with our apprentice and internship programme for students from Catamarca and Tucumán. 	<ul style="list-style-type: none"> ✓ This programme was pursued for 25 students from the Andalgalá technical school.
	<ul style="list-style-type: none"> Continue providing technical assistance to improve the productivity of small food projects with our catering services contractor. 	<ul style="list-style-type: none"> ✓ Food science and foodstuff conditioning training was provided.
	<ul style="list-style-type: none"> Continue sponsoring the Fundación Leer foundation. 	<ul style="list-style-type: none"> ✓ Support to Fundación Leer's national reading marathon.
	<ul style="list-style-type: none"> Continue providing specialist (equipment maintenance) training sessions to neighbouring communities and local technical school teachers. 	<ul style="list-style-type: none"> ✓ Road equipment maintenance training sessions were delivered in Hualfin.
	<ul style="list-style-type: none"> Continue with internships for local students in order to ensure the future development of tourist activities in the region. 	<ul style="list-style-type: none"> ✓ 54 interns were hired.
	<ul style="list-style-type: none"> Assistance and advertising of sports, cultural and religious activities in the region. 	<ul style="list-style-type: none"> ✓ We supported several Andalgalá and Belén sports clubs.
	<ul style="list-style-type: none"> Use the framework agreements entered into with UNCA and the Tucumán Education Department to train employees and local teachers. 	<ul style="list-style-type: none"> ✓ Agreements were made for the UNCA and Tucumán Education Department to deliver technical courses on Mining and Food Studies.
Social Responsibility	Catamarca:	
	<ul style="list-style-type: none"> Build the Aconquija health care centre. 	<ul style="list-style-type: none"> ✗ To be executed in 2012 as agreed with the local government.
	<ul style="list-style-type: none"> Build the Belén sports centre. 	<ul style="list-style-type: none"> ✓ Completed as agreed.
	Hualfin:	
	<ul style="list-style-type: none"> Continue with our agreement with the local government executed in 2006 to conduct infrastructure works. 	<ul style="list-style-type: none"> ✓ We supported the development of the municipal winery.
	Tucumán:	
	<ul style="list-style-type: none"> Build the Concepción maternity hospital. 	<ul style="list-style-type: none"> ➔ In progress; 61% completed.

✓ Goal fully achieved ➔ Goal partially achieved ✗ Goal not achieved

2012 Targets

Environmental Management

Environmental Management
No fines or penalties
No category 3, 4 or 5 incidents
Management System
Maintain the ISO 14001 Standard certification at Alumbra.
Maintain the ISO 9001 Standard certification at the Environment area.
Biodiversity Conservation
Perform the scheduled biodiversity monitoring activities.
Water Management
Maximise fresh water use. Use 0.632 m³/milled tonne.
Climate Change
Maximise fuel utilisation and use alternative fuels. Reach 1.77 t CO ₂ eq tonne/k tonne moved.

Safety

Zero fatalities
LTIFR = 0
TRIFR = 1.48
Management
Improve HPR and PHA risk management
Map risks by area
Improve contractors' safety management through audits.
Incident Prevention
Improve our safety observation management system.
Increase safety leadership in (Minera Alumbra and contractor) employees.

Health

Job descriptions based on ergonomic studies and health requirements.
Prevention of cardiovascular diseases.
Quit smoking programme.

Social Responsibility

Continue with our Production Development programmes -specifically training and supply.
Continue with Education programmes encompassing the PIA communities.
Continue with small-scale project programmes.
Continue supporting local cultural events.

Concentrator Laboratory
Supervisor, Osvaldo Condari,
smelting dore gold.



Scope of the report

This report provides comprehensive information about our sustainable development (SD) performance for the calendar year of 2011.

In this report we provide a general description of Xstrata Copper's SD Policy and how it guides the way we manage our business. The full version of this policy can be found on Xstrata Copper's website www.xstratacopper.com

This is the eighth Sustainability Report we have published and it is one of eleven reports that will be published by Xstrata Copper this year. All of these reports can be found on our company website.

As part of the Xstrata Group, our policies and standards are aligned with Xstrata's SD Policy and 17 SD Standards and Minera Alumbrera is audited annually, either internally or externally, against these standards.

Xstrata's SD Policy and Standards can be found in Spanish at http://www.xstrata.com/content/assets/pdf/x_sus_sdstandards2008.sp.pdf, and the Annual Sustainability Report at <http://www.xstrata.com/sustainability/downloads/reports/2010/>

In determining the data and calculations included in this report, we have used procedures that are regulated and aligned with measurement models provided by the Xstrata Group. They also take into account technical protocols for indicators set out in the Global Reporting Initiative G3.1 Guidelines and the Mining and Metals Sector Supplement.

All monetary values are expressed in Argentine Pesos unless otherwise stated.

In 2011 there were no major changes compared to previously reported periods in terms of scope, coverage and measurement methods.

If you have questions or comments about this report, please contact:

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Report distribution

To ensure our report is widely available to all our stakeholders, we have published it in the following formats and languages:

- 5,500 printed copies in Spanish
- 200 printed copies in English
- Online at www.alumbrera.com.ar
- Online at www.xstratacopper.com



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 year¹, the layout, 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, local communities, trade unions, scholars, mining chambers and industry associations, civilian organisations, mass media, and NGOs, among others.

¹ Further information about our stakeholder surveys can be found in the Sustainable Communities chapter.



Juan Patiño and Daniel Gerván inside the Concentrator Plant.

- 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 G3.1 Guidelines, the principles of the International Council on Mining & Metals (ICMM), the GRI Mining and Metals Sector Supplement and other best-practice guidelines and initiatives.

We also conducted an opinion survey on mining activities in Catamarca and Tucumán in November 2011, including 1,400 surveys in the primary impact area of major mining projects –Santa María, Belén and Andalgalá–, the capital cities San Fernando del Valle de Catamarca and San Miguel de Tucumán, as well as Tafí del Valle².

Defining report content

In preparing this report, we have prioritised specific topics or issues with the potential to affect the long-term success of our business or the sustainability of the economies, environments and communities in which we operate, i.e. our most material issues.

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 Alumbra and our stakeholders, we have considered:

- feedback on our sustainability performance from key internal and external stakeholders;
- specific issues arising from the management of our business;
- specific issues raised by our employees;
- company-specific issues raised 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;

² This topic will be further developed in the Sustainable Communities chapter.



Our key objectives were to identify the perceptions, opinions, assessments and expectations of the local people regarding the region, key stakeholders as well as productive activities in general and mining operations in particular.

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 be included in this report.

Global Reporting Initiative (GRI)

We have developed this report using the Global Reporting Initiative (GRI) G3.1 Guidelines and the Mining and Metals Sector Supplement, the world's most widely used sustainability reporting framework.

The GRI recommends that all companies declare an "application level"³ in their sustainability reports. This tells readers the extent to which the GRI Guidelines were followed. Our report complies with GRI Application Level A on the scale of A to C established by the GRI Guidelines.



Supervisor Luis Colque arranging equipment at the end of the working day at the Mechanical Maintenance Workshop.

Quality assurance

Independent auditors, Ernst & Young, have verified the SD data used in the Xstrata Group's 2011 Sustainability Report. Their signed assurance statement contains a brief description of this process and is published in the report which is available on www.xstrata.com

While our report has not been independently audited, we draw our key data from the same database as the Xstrata report that has been externally assured.

We have included a GRI Index on page 80 which shows how we've applied the GRI Guidelines to this report.

Through the GRI Communication on Progress (COP) indicators, i.e. the annual report to be prepared by the companies voluntarily subscribing to the Global Compact, this document sets out our commitment to and compliance with the 10 guiding principles. The abovementioned 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)⁴, an international business organisation fostering economic progress based on environmental protection and social development.

³ More information in English available at <https://www.globalreporting.org/reporting/reporting-framework-overview/application-level-information/Pages/default.aspx>
⁴ Local branch of the World Business Council for Sustainable Development (WBCSD).

Firefighter Héctor Hugo Aguilar at an emergency training session.



Sustainable development strategy and governance

Our sustainable development framework

At Minera Alumbrera, the principles of sustainable development are integral to our business model and guide our daily decision-making. As outlined in our SD Policy, we are committed to balancing economic, environmental and social considerations when managing our business to ensure the long-term viability of our operations and our host communities.

We also operate in line with our Business Principles and SD standards that are aligned with international standards including the International Council on Mining and Metals (ICMM) sustainability principles and guidelines; the UN Global Compact, Voluntary Principles on Security and Human Rights, and relevant ISO standards.

We take a systematic approach to setting targets, monitoring our performance and reporting, both internally and externally, against our SD policy, standards and targets.

We regularly participate in internal and external audits to ensure that we continue to comply with our principles, policies and standards.

Definition of purpose

We are proud of sustainably developing a leading copper mining company while generating vital resources for society. We provide industry benefits and regionally grow through employee training and teamwork, in partnership with the local communities and organisations, while protecting the health, safety and environment in a responsible and sustainable way. We aim to contribute to Argentina's development through open and genuine partnerships with our stakeholders.

Our strategic objectives

- Injury-free, safe work environments.
- Demonstrated leadership in environmental performance.
- Reputation for contributing to the local communities' development.
- Realisation of the full potential of our people.
- Maximise value from our physical assets.
- Cost competitiveness through the cycles.
- Growth opportunities in the region.

Our values

Our decisions and actions will reflect the following values:

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

Precautionary approach

Minera Alumbrera takes a precautionary approach to the environmental management of its operations. We use a comprehensive risk-based approach to manage the potential detrimental impacts of our operations. 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.

Sustainable development governance

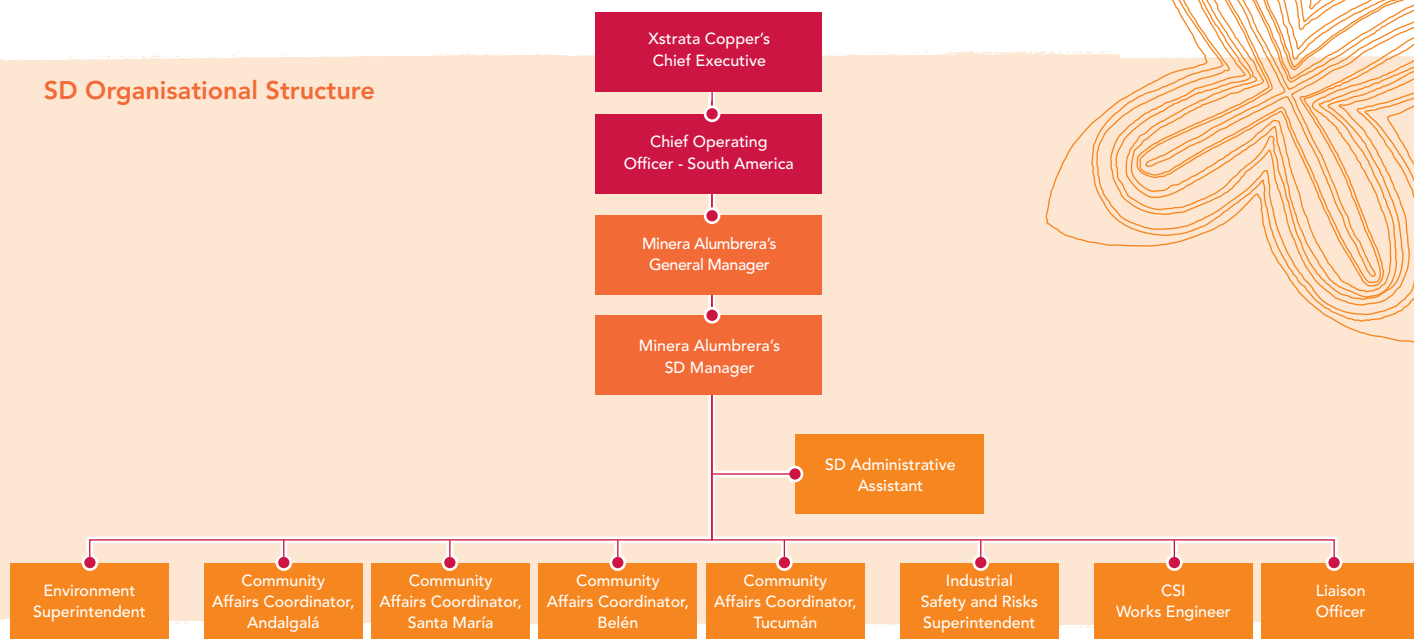
As part of the Xstrata Group, we follow the corporate governance standards set out in Xstrata's Statement of Business Principles, Code of Conduct, Global Policy on Bribery, Fraud and Corruption, and SD Management Standards. Xstrata's Board establishes and reviews the Group's SD Policy and Framework globally and its members receive regular reports on key performance indicators, critical and high-risk incidents and the wSD assurance programme.

At a business unit level, our SD performance is monitored and evaluated by the Xstrata Copper SD Committee, which meets monthly. Through Xstrata Copper's board of directors, our performance is regularly reported to the Xstrata Executive Committee.

Our General Manager sits on Xstrata Copper's SD Committee and is responsible for establishing and implementing SD strategies and management systems for Minera Alumbrera.

¹ For further details, see the corporate governance section of the Xstrata Group's Annual Report and Sustainability Report on www.xstrata.com

SD Organisational Structure



The Chief Operating Officer for South America José Marín sits on Xstrata Copper's SD Committee, which monitors and evaluates sustainability issues in the copper division. In line with Xstrata Copper's devolved management model, this Committee is responsible for drawing up, establishing and implementing SD strategies and management systems across Bajo de la Alumbra.

The achievement of Minera Alumbra's purpose and goals is closely related to good corporate governance and therefore our stakeholders can rely on its responsible management practices.

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

Minera Alumbra is a privately owned company, managed by Xstrata plc² with a 50% interest, and by Canadian Goldcorp and Yamana Resources, with a 37.5% and 12.5% interest respectively.

Minera Alumbra is managed by a Board of Directors composed 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.

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 composed of 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 representing YMAD and five members representing Minera Alumbra, and is presided over by a chairperson. At the UTE Management Committee meetings, the actions taken by Minera Alumbra, including the approval of the annual work plan and budget, are followed up by YMAD.

Sustainable development assurance

Minera Alumbra undertakes both internal and external assurance activities to guarantee compliance with our SD standards and policy and to ensure continuous improvement. This process also ensures that SD targets are in place for relevant issues, monitoring systems are robust and reporting is material, accurate and timely.

The latest bi-annual SD internal audit of Minera Alumbra was conducted by Xstrata in November 2011 and it scored an overall 69%. With this audit, Xstrata

ensures that all business operations are in line with Xstrata Business Principles and SD Policy and Standards.

In terms of good practices, the audit noted a risk analysis programme to be patented that will speed up analyses made prior to any hazardous activity with the novelty of considering the type of energy involved in each task. Our Jatropa environmental project was also noted. It involves the cultivation of Jatropa to manufacture biodiesel in neighbouring communities. The programme includes the capture of carbon dioxide emissions.

An opportunity to improve staff communication of critical safety controls was identified.

No significant issues were reported during the audit.

² 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.
³ For further details, see the "Environment" chapter in this report.

Public policy

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. Full details of the organisations in which Xstrata is involved are available at www.xstrata.com/sustainability

Similarly, Xstrata Copper plays an active role in organisations that are copper-specific and others that are unique to geographical areas where we are the only Xstrata commodity business in operation. Our global public policy participation commitments include our 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 miners and suppliers of the mining industry.
- **Association of Catamarcan Miners (AEMCA):** It represents mining 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 provides training and updates to the managers of corporate members.
- **IDEA Joven:** A think tank where young leaders exchange ideas, receive training and discuss key issues for Argentina's development.
- **Fundación Capital:** A social and economic research organisation.
- **Movimiento RAP:** A plural non-partisan foundation that fosters training and development of political leaders.
- **Association of Christian Company Managers (ACDE):** A think tank of Christian business managers.

- **Fundación del Tucumán:** A group of companies committed to regional sustainable development.
- **Catamarca Industrial Union (UICA):** A major union-company organisation representing industrial activities in Catamarca.
- **Tucumán Industrial Union (UIT):** A major union-company organisation representing industrial activities in Tucumán.
- **Fundación Impulsar:** A private non-profit organisation that supports young entrepreneurs.
- **Junior Achievement:** An international education foundation which seeks to encourage an entrepreneur spirit in young people.

International agreements

In 2004, Minera Alumbrera 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 Alumbrera's business strategy.

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.



Our catering services are ISO 22000 Food Safety Management Standard compliant since 2011 -the only accredited caterer in South America.

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

Key SD challenges and opportunities

In identifying issues or topics that are material to Minera Alumbrera and our stakeholders we have considered many sources of information, both internal and external, as outlined on page 46. Through focus groups and perception surveys, we have identified a number of key challenges and opportunities that may affect the success of our business and be relevant to our stakeholders now and in the future, including:

- Mining-related social conflicts mainly focused on economic and environmental issues, such as the distribution of wealth derived from mining operations and, particularly, water utilisation and a perception of environmental pollution. Also, mining development is regarded to have a negative impact on the health of local communities by some civil organisations.



1 CAT 793 truck repair work at the Maintenance Workshop.
2 Operator Carlos Horacio Rios working at the pit.



As to technical objections, a number of reports from public and private organisations support and uphold our claims. However, better engagement and discussions with local communities as well as with national government organisations is essential. A participatory exchange of ideas will settle valid complaints or claims from our stakeholders, who are crucial to reach and honour agreements.

- Despite the significant geological potential of the Argentine mining industry, the high degree social unrest in some provinces in respect of certain mining operations may hinder future investments. The mining industry brings significant income for the provincial administrations where the deposits are located, and even higher income for the country as a whole. However, the role of private companies as well as that of the government gets distorted as a result of stakeholder overexpectations from the mining industry. The significant income derived from mining operations is not clearly perceived by local communities as a source of revenues to fund public works and long-term projects.
- In addition to the local perception of inequitable distribution of wealth, local people do not trust foreign private miners of native resources. Our challenge is to keep building liaisons based on trust and supporting the organisational strengthening processes to ensure further social inclusion benefits in remote areas.

Alumbrera's state-owned partner Yacimientos Mineros de Agua de Dionisio is the owner of the deposit and is entitled to a 20% share in profits before taxes. YMAD is 60% owned by the Catamarca provincial administration, with Universidad Nacional de Tucumán having the remaining 40%. The initial capital expenditure was provided by Minera Alumbrera.

- As to compliance with local regulations, miners are the only industry in Argentina which is subject to a specific Environmental Protection Law (Act N° 24585).
- Minera Alumbrera's environmental performance -including water utilisation, management and discharge- is monitored by national and provincial authorities from Catamarca and Tucumán. Moreover, not even one departure from the standards set out in the regulations in force has been identified among the more than 400,000 samples taken over the past 14 years of our operations. Likewise, no fines or penalties have been imposed on Minera Alumbrera for breach of environmental regulations.
- Regarding the potential health concerns of the local people, scientific research on the impact of mining operations on human health levels in the vicinity of the minesite was undertaken by FUNCEI (a local organisation led by the renowned physician Daniel Stambouljian) during 2010, upon request of the provincial administration. The report concluded that Minera Alumbrera operations had no impact on human health⁴.

Open to dialogue and willing to receive feedback, we seek to develop an open exchange with all stakeholders. We want them to present reliable information, supported with indisputable evidence based on verifiable field data. The goal is to build trust and help them gain a better understanding of the benefits of the mining industry.

In short, some of the risks inherent to Minera Alumbrera may be:

- Actions associated to vulnerable environmental events and the climate change.
- Social conflicts at the local and national levels.
- Delays in project schedules due to non-business-related factors.
- Issues over water utilisation.
- Additional tax burden.
- Higher operating costs, including the cost of supplies.
- Insufficient infrastructure, supplies and specialist human resources for the development of new projects.

However, some tools are available to help us seize future opportunities and ensure a better scenario for investments:

- The Mining Investment Law.
- Broadly communicating the benefits from mining operations based on a specific communications plan for the mining sector.
- Government authorities and most local people regard the mining industry as a source of jobs, income and regional development.
- Additional experience dealing with social conflicts.

⁴ For more details about this study, go to <http://www.funcei.org.ar/comunidad.php?categoria=9>

Ethics and human rights

• Ethics

At Minera Alumbra, our employees, contractors and business partners have a responsibility to act ethically and in accordance with our Business Principles and associated Code of Conduct.

Our Code of Conduct describes in detail our policies on topics including gifts and hospitality; payments to public officials; specific areas or situations which may present the risk of bribery and fraud occurring; and dealing with specific business issues in a transparent and ethical manner.

During 2011, no unethical behaviour was reported at Minera Alumbra through the ethics line.

Xstrata Reporting Line

Xstrata Reporting Line is a confidential facility, operated independently by Expolink, through which our employees and other stakeholders, such as contractors or suppliers, can report any breach of our Business Principles, Code of Conduct or policies or applicable legislation. Xstrata provides a free phone number in every country in which it operates. The contact number for Minera Alumbra is 0800 6662603 (a Spanish speaking operator is also available upon request). Our Reporting Line can also be accessed online via www.xstrataethics.com

• Bribery and corruption

In accordance with our Business Principles, Code of Conduct and Global Policy on Bribery, Fraud and Corruption⁵, we do not tolerate any incident of bribery, fraud or corruption committed by our employees, contractors, suppliers, joint venture partners and other business partners, either from within or outside the organisation. We take immediate and serious action against those responsible, irrespective of length of service or position. The Xstrata Reporting Line is available for our employees or other stakeholders to safely and confidentially report non-transparent behaviour that is at odds with our principles and policies.

No corruption, fraud or bribery incident was reported during 2011.

• Extractive industries transparency initiative

Xstrata Copper supports the Extractive Industries Transparency Initiative (EITI) to increase transparency regarding company payments and government revenues in the extractives sector. We publicly report our royalty and tax payments to governments and this information can be found on the "Our Economic Contribution" chapter of this report.

Our Business Principles prohibit political contributions of any kind, and in line with this policy, we did not provide any financial or in-kind contribution to political parties or individuals in 2011.

• 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.

We are committed to transparent and honest stakeholder engagement, and we respect the cultural heritage, traditions and norms of our host communities. We have also established appropriate community grievance mechanisms to protect these rights.

At Minera Alumbra, the following are key issues for us in relation to human rights:

- **Labour:** the rights of our employees and contractors to fair remuneration, equal pay for equal work, freedom of association, safe and healthy workplaces, non-discrimination and protection of legal rights. For further details please refer to the "Our People" chapter in this report.

- **Security:** the conduct of security service providers protecting our people and assets, and the conduct of public security forces who operate within our area of

influence during the execution of their duties. For further details please refer to the "Our People" chapter in this report.

- **Communities:** the impact our operations may have on communities, including disputes relating to the use of land and mineral assets, influx of migrant workers, impacts to culturally sensitive resources, access to resources and economic benefits. For further details please refer to the "Sustainable Communities" chapter in this report.

The inclusion of specific human rights provisions in our agreements with suppliers is planned for 2012.

All our security staff was trained on Minera Alumbra's human rights policies relating to our mining operation and were taught every person's right not to be discriminated against.

During 2011, Human Rights training sessions have been delivered jointly with Instituto Nacional contra la Discriminación, la Xenofobia y el Racismo (INADI) to 40 attendees, including 23 employees from the Human Resources and Security areas, and the rest from other management areas, including the General Manager.

No human rights violations have been reported through formal complaint mechanisms or any other procedure.

• Child and forced labour

We support the elimination of all forms of forced or compulsory labour and we do not tolerate any form of child labour. We publicly report the age of our youngest employee and contractor annually and we are audited through Xstrata's internal risk-management audit programme. In 2011, the age of our youngest employee and contractor was 18.

⁵ The full version of Xstrata's Business Principles, Code of Conduct and Global Policy on Bribery, Fraud and Corruption is published at www.xstratacopper.com



Our economic contribution

At Minera Alumbraera, we make a significant contribution to the communities in which we operate by providing jobs, skills and training; paying taxes and royalties; buying goods and services from local businesses; supporting community development programmes; and by developing and improving local infrastructure. In this way, we play an important role in improving local health, education, employment levels as well as the local standard of living and we work with local governments, communities and other stakeholders to share these benefits in a sustainable manner.

Our economic contribution is also based on our operational excellence and efficiency and on the commitment of our people.

Bajo de la Alumbraera is a copper, gold and molybdenum deposit operated in Argentina since 1997. It is located in Northwestern Catamarca at 2600 masl. The initial capital expenditure amounted to USD 1.3 billion.

Minera Alumbraera is managed by Xstrata Copper and is subject to industry-leading Sustainable Development (SD) policies and standards and to Xstrata's strict assurance process¹. Xstrata has a 50% share in Minera Alumbraera, with Canadian Goldcorp and Yamana Gold having the remaining 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 central government.

YMAD has entered into an incorporated joint venture with Minera Alumbraera to mine the deposit and is entitled to a 20% share in Bajo de la Alumbraera net profits.

Ore processing

Ore is mined at the open pit using four electric shovels and is hauled to the Concentrator Plant using 41 220-tonne haul trucks. The copper, gold and silver concentrate is pumped through a 317 km long and 175 mm diameter slurry pipeline through Nevados del Aconquija up to the Filter Plant in Tucumán. Electricity is supplied by El Bracho power station, in Tucumán, through a 220 kV 200 km powerline to the minesite.

At the Filter Plant, concentrate is dewatered to obtain a drier product with 7% humidity. Then, it is railed through Nuevo Central Argentino railway using Minera Alumbraera trains to the port facilities in Puerto General San Martín, Santa Fe. Concentrate is then shipped to international markets.

Minera Alumbraera's molybdenum facility was commissioned in 2008 and such product is exported to Chile.

Gold is recovered both in concentrate and as dore through a gravitational process. Then, it is refined in international facilities to obtain a final product. Due to the geology of the deposit, ores are separated from worthless material through a gravitational process in centrifugal pumps, by introducing air as small bubbles, alcohol and frothers. Ores gather on the surface of the air bubbles due to its lower specific gravity and overflow from large vessels on an ongoing basis.

No cyanide, mercury, chromium, arsenic or lead is used for ore processing or found in Minera Alumbraera concentrates. In fact, our concentrates are sought in international markets for its chemistry since the Alumbraera deposit contains no arsenic or chromium. Although cyanide is not used in any Minera Alumbraera process, it may be used in an environmentally-responsible way, with no damages to human health. It should be noted that 10% of the world cyanide production is used by the global mining industry.

No financial support is provided to Minera Alumbraera by the central administration.

Utility costs for 2011

Utility	In US Dollars
Electricity supply	64,565,200
Water supply	4,922,302
Railway services	8,074,253
Total	77,561,755



¹ For further information about Xstrata see page 2 of this report.



1 Minera Alumbra's share in the GPV for the Argentine mining industry is 19.1%. It is the only copper and gold concentrate producer in Argentina.
2 Engineers Juan Alanis and Gustavo Argañaraz driving a 55-car train loaded with concentrate which is railed to Minera Alumbra port facilities in Puerto General San Martín, Santa Fe.

Today's mining industry

The contribution of the mining industry to the social and economic development of remote areas where mining projects are located is significant.

The mining industry is committed to bring local wealth by creating additional jobs, procuring local goods and services, providing ongoing training and external benefits in underdeveloped areas, introducing state-of-the-art technologies and paying taxes and royalties.

Research by Abeceb Consultant on "The Fiscal Contribution of the Mining Industry to Argentina" showed that the accelerated and sustained growth of major emerging countries has boosted

the demand for metal and non-metal ores. China is the world's largest consumer of mineral products.

Bullying metal prices are also linked to financial aspects. Ore prices have reached historic peaks but are also subject to more volatile price cycles and when compared to world's GDP, have much more elasticity than in previous decades.

Fortunately, during the booming stage, Latin America had a favourable tax and regulatory system for major investment projects, and thus, it played a leading role in the world's mining market.

Since mining projects are featured by significant investments, high prospecting risks and long return periods, the mining industry requires foreseeable statutory regulations which are even more critical than for other sectors of the economy. Despite Argentina's recent mining development, it ranks among the world's top 10 countries for exploration projects.

As a result of a new boom in international commodity prices the region was faced with a dilemma: how to reach a balance that enables a higher governmental

share in mining revenues in the short run and preserves the ongoing legal certainty and the internationally competitive tax burden that set the basis for sustained investments over the last decade. Argentina has unilaterally increased the tax burden on the mining industry through an export tariff system that adversely affected tax stabilisation commitments.

Fiscal revenues from the mining industry for 2010 totalled USD1.017* billion. Such amount is broken down as follows: 52% (USD532.7 million) Income Tax revenues, 28% Export Duties (USD284.7 million), 16% Payroll Taxes (USD164 million) and 3% Value Added Tax (USD33.9 million). Thus, 86% out of the total fiscal revenues came from the metal sector (USD903 million). VAT payments by the mining industry are similar to those of the automobile industry and two percentage points higher than those of the textile industry.

* These figures have been calculated using the average USD/Ar\$ exchange rate for 2011= Ar\$4.1297/USD1.

Economic contribution

• Minera Alumbra's indirect and direct impact indicators on the Argentine economy

Over the past 14 years, Bajo de la Alumbrera played a major role in the Argentine economy at local, provincial and regional levels. Our review covered variables such as revenues, throughput, jobs, domestic goods and services, salary payments and contributions as tax and non-tax revenues.

The economic and social impacts have been monitored and assessed with a focus on sustainability initiatives since project commissioning.

- Production

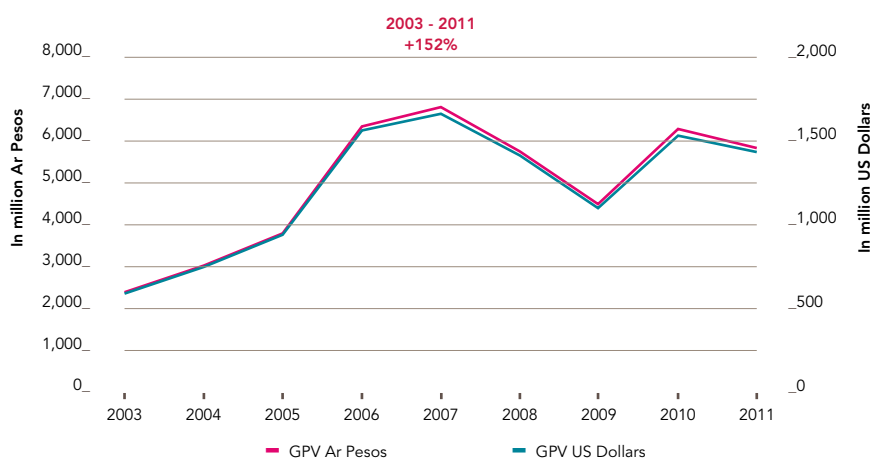
Minera Alumbra's throughput for 2011 included 446,718 tonnes of copper and gold concentrate, 32,445 ounces of dore gold and 1708 tonnes of molybdenum. These figures are 18% and 37% below the copper concentrate and dore gold levels for the previous year respectively, with triplicate molybdenum production as a result of the plant re-engineering, which improved production cycles.

As from 2007, there was a turning point in the growth curve as a result of the lower grades of the ore mined. This is the last stage in the life of our mining operations and the cost/benefit ratio of the activity. A review of mining revenues should include all the specific elements that have a major impact on the project's rate of return.

Therefore, as throughput² is lower, we will be able to remain competitive and maintain return levels close to average only through technological or operational changes. Likewise, ongoing investment in prospection and exploration activities -a condition required to maintain our production levels- with a view to obtain better returns, adds marginal costs comparable to Research and Development expenditure, since high risks are involved.

² Ore grade is lower in this operational stage and therefore, our production levels may not be maintained or increased. The design of mining operations generally depends on the type of deposit.

Gross production value. 2003 - 2011

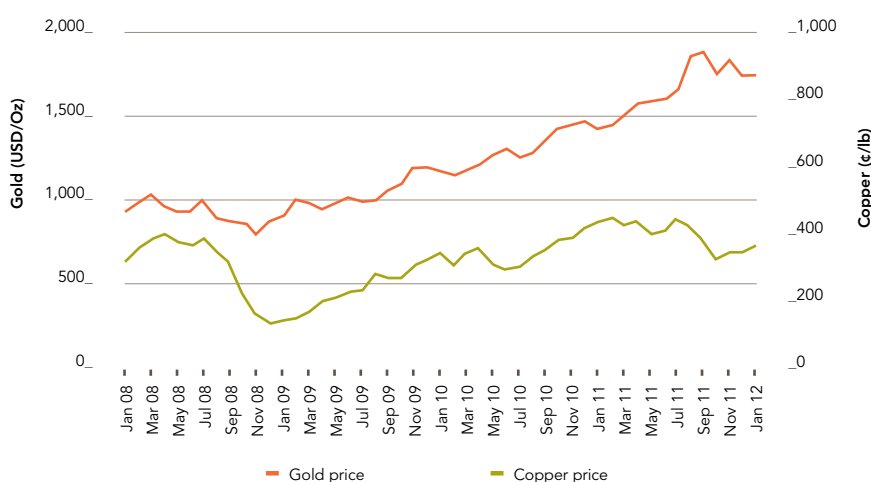


Source: Data provided by Minera Alumbra.

In terms of Gross Production Value (GPV), Minera Alumbra production level represented USD1.46 billion, thus being 4.3% lower than previous year levels. Figures for 2010 were better mainly due to rallying prices following the world

crisis of 2008. During 2011, copper and gold prices increased by 13.9% and 27.5%, respectively on average. Thus, lower production volumes could not be offset against higher copper and gold average prices.

Copper and gold prices. 2008 - 2012. In USD/Oz and €/lb



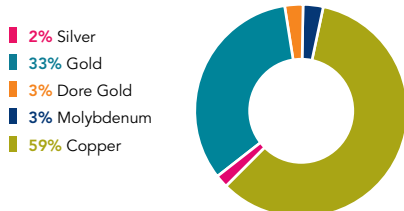
Source: Data provided by Cochilco.

Since January 2008 copper prices have dropped to 139¢/lb and gold prices fell to USD757/Oz in November 2008. Throughout 2009 and 2010, the worldwide growth of the mining industry, driven mainly by emerging economies, fostered an increased demand for these products.

During 2011, if we consider annual averages and the international crisis, the expansive performance of both copper and gold prices has led to escalating gold prices. However, copper prices have declined as from the last semester of 2011 and copper prices for December were 17.3% lower than December 2010 levels.

As reported in the last two sustainability reports, Bajo de la Alumbra production performance for 2011 and the following years will be based on price trends and on additional reserves. However, these two factors were not enough to prevent a 4.3% reduction in the GPV compared to last year levels, with a 152% increase for the 2003-2011 period.

Percentage of GPV per ore type for 2011

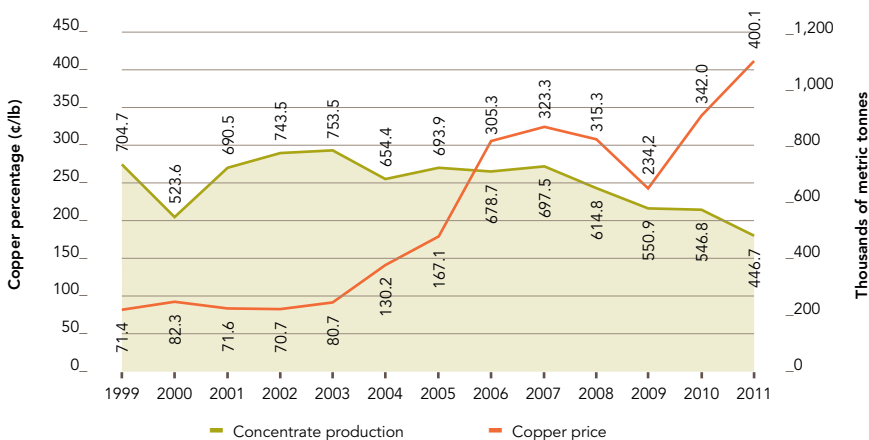


Source: Data provided by Minera Alumbra.

The mine site has been operating for eight years (70% mine life) with metal prices that, on average, have been 62% below current prices. Copper price was 122 ¢/lb on average for 1999-2005, relative to 322.97 ¢/lb for 2007-2011. Whereas supply is based on prices in other industries, in the mining industry, production does not depend on any of these factors, but rather on the type of deposit. Although, metal prices increased 139% from 2005 to 2011, production dropped by 35.6%.

Business cycles in the mining industry sometimes differ significantly from market price and production cycles. In Minera Alumbra case, over 60% of the ore mined has been sold at prices which were 27% lower than current metal prices. Another factor to be considered is inflation due to the excess demand for goods and services required by the mining industry and the inflation rate associated to the Argentine price indexes, which are not related to the mining industry³.

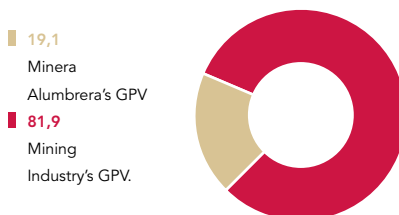
Copper prices vs Bajo de la Alumbra concentrate production. In (¢/lb). Thousands of metric tonnes



Source: Data provided by Cochilco and Minera Alumbra.

Furthermore, Minera Alumbra's share in the GPV of the Argentine mining sector⁴ is 19.1% and it is the only copper and gold concentrate producer in Argentina. Minera Alumbra's share in the world copper production⁵ is 1.2%. This ranked Argentina as the 17th largest copper producer worldwide and the 5th largest copper producer in Latin America, following Chile and Peru, which rank 1st and 2nd.

Share of Minera Alumbra's GPV in Argentina's mining GPV for 2011



Source: Data provided by Minera Alumbra and the Argentine Mining Department.

According to the Federal Investment Council (Consejo Federal de Inversiones or CFI for its Spanish acronym)⁶, over 60% of the provincial revenues are paid by the mining industry, out of which Bajo de la Alumbra accounts for over 90%.

The mining industry plays a major role in local (and regional) development not only through miscellaneous market contributions but also as a member of the supply chain that has fostered existing business and developed new activities. As a result, various business processes were merged to support the sustainability of the provincial development model.

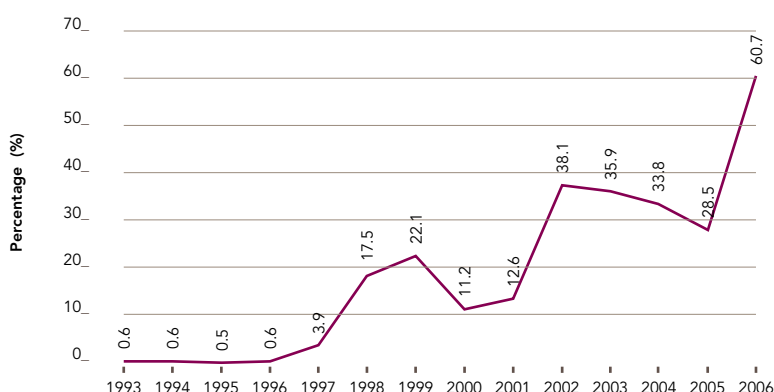
³ See the employment, salaries and domestic supplies sections in this report.

⁴ Bajo de la Alumbra's GPV for 2011 / GPV of the mining industry for 2011- Latest official information available.

⁵ Global average share in mined copper production for the 2001-2010 period.

⁶ These data were calculated when the CFI performed a survey to estimate the gross geographic product of the province, what gives an official nature to figures.

Share of GGP of mining operations and pits in total GGP.
Province of Catamarca. 1993 - 2006⁷. 1993 constant prices. In %



Source: Data provided by the Federal Investment Council.

The results of a CEADS⁸ survey for 2010 were included in our 2010 Sustainability Report. This survey was undertaken again in late 2011⁹ under Minera Alumbra's sustainable development programme to measure local involvement as a tool to satisfy local needs.

Results show that the mining industry is highly regarded at the local level.

50% of respondents from the Primary Impact Area (including the towns of Andalgalá, Belén and Santa María) -with this percentage climbing to 60% in particular at Belén- think that more and better development opportunities are derived from the mining industry in Catamarca, with agricultural and cattle-raising activities ranking first and tourist activities ranking third. Moreover, 70% of respondents noted the positive impacts of mining development on the provincial economy through additional employment, revenues, etc.

Finally, the following conclusions are derived from a review of Bajo de la Alumbra's GPV and our contribution to the provincial economy (GGP):

"Which is in your opinion the industry that brings more and better development at the provincial level?"

Total statements	Total for PIA	Santa María	Belén	Andalgalá
2011				
Farming	52%	58%	51%	47%
Mining				
operations	50%	39%	56%	54%
Tourist activities	34%	32%	40%	30%
Manufacturing	26%	31%	20%	27%
(regional products)				
Local Trade	17%	19%	17%	16%
Services	8%	9%	5%	9%
Public sector	7%	4%	7%	11%

Source: Opinion survey performed by Minera Alumbra in November 2011.

- Over the last 15 years, significant revenues have been raised by the provincial administration from mining operations. The above 60% share of the mining industry in the provincial GGP demonstrates its role as a prime mover of fiscal revenues and sustainable local development. The provincial GGP now represents 1.3% of Argentina's total GGP and 21.5% of the total regional GGP relative to the 0.5% and 9.1%, for 1997 respectively, based on data from the Macroeconomic Planning Division.



1 Metallurgical Supervisor Daniel Pérez manually adjusting Concentrator equipment.
2 Mine Management Assistant Naoko Saito.

- Despite the differing opinions on the utilisation of natural resources and how dependent are local economies on them, the positive opinion of more than 50% of survey participants who approve mining activities, and of more than 70% who recognise their positive impacts demonstrates that ongoing support should be provided to ventures that foster growth in underdeveloped areas.

⁷ 2006 is the latest official information of provincial GGP and results from CFI's survey.

⁸ Research was undertaken by the Business Council for Sustainable Development (also known as "CEADS" for its Spanish acronym) in 2009 and throughout 2010 to review the implementation of social and economic impact measurement guidelines. Minera Alumbra supported such research by providing information and was involved in the presentation and discussion of preliminary results.

⁹ This survey was undertaken by Minera Alumbra in 2011 under an agreement with the national universities of Catamarca and Tucumán. The latter were responsible for field work; they provided their experience and engaged students and professors as pollers and survey coordinators. Moreover, UNCA coordinators and local schools were responsible for field work in Andalgalá, Santa María and Belén.



Concentrate is dewatered at our filter plant. Process water is treated prior to being discharged into the DP2 canal.

Project export destination 2011

- 15.1% Japan
- 3.3% Canada
- 5.1% Chile
- 35.2% Germany
- 7.8% Spain
- 6.5% Bulgaria
- 7.8% Philippines
- 19.2% Korea



Source: Based on company data.

- Exports

Exports for 2011 came to USD1.523 billion. This figure is slightly (-4.2%) lower than previous year levels. The aggregate for the 1999-2011 period totals USD12.485 billion.

Export trends differ from the aggregate international commodity sales which have grown by 34.3%, as a result of the 75% jump in grain sales and the 20.3% increase in total Argentine exports.

Copper and gold concentrate accounts for 93.5% of the total project exports, with dore gold representing 3.3% and molybdenum the remaining 3.1%.

Project exports for 2011 accounted for 1.9% of the total Argentine exports; 7.7% of the total commodity exports and 3%¹⁰ of the total mining exports.

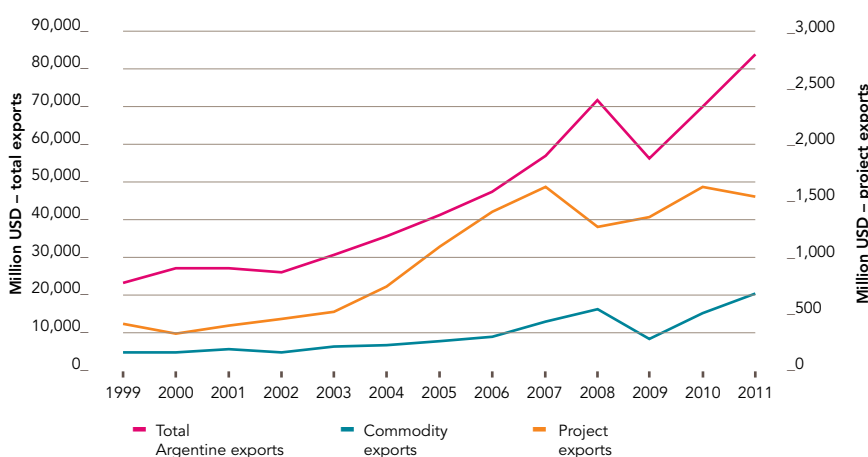
Likewise, project shipments represented 43% of the copper/gold exports for 2010¹¹. Copper and gold exports are the 6th major commodity exports for Argentina's foreign trade. In fact, 48.6% of the international project sales are shipped to non-Mercosur markets such as Korea (19.2%), Japan (15.1%), Philippines (7.8%) and Bulgaria (6.5%).

Minera Alumbra exports led the mining industry to a leading position in terms of hard currency earnings both at the regional and provincial levels over the past 15 years, as they grew by 183.1% during the 2003-2010 period, with Minera Alumbra's share being over 90% out of the total growth rate.

Moreover, the growth rate of the total Argentine exports for such seven-year period was 127.7%, which clearly shows growing provincial exports relative to the country average.

Based on a report from the Argentine Macroeconomic Planning Division that includes provincial export data for 2010, Catamarca exports totalled USD1.458 billion for such period, which is 7.7% higher than previous year levels.

Total Argentine, commodity and project export trends for the 1999 - 2011 period. In million USD



Source: Based on data provided by the Economic Planning Division under the Argentine Department of Economics and company data.

Catamarca exports

	Catamarca	Total Argentina
Exports for 2010 (in million USD)	1,458	67,334
% share in the total Argentine exports	2,2	
Provincial rank	9°	
% Growth rate for 2003 - 2010	183.1	127.7
% Growth rate for 2009 - 2010	7.7	21

¹⁰ This figure is based on the official data provided by the Mining Department. It includes mining-related industrial product. Thus, the share of this project exports in total mining exports will be much higher, considering only mining products according to the Uniform International Industrial Code classification.

¹¹ This copper and gold export figure for 2009 is the latest export data available from the Argentine Statistics Bureau (INDEC).



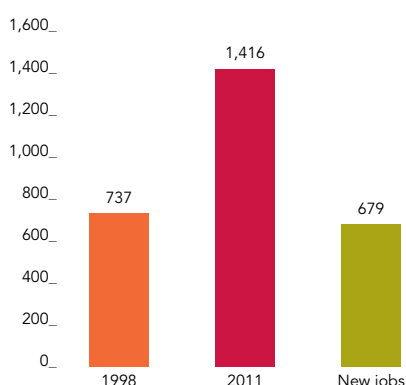
Mechanic Javier Medina at a training session at the Maintenance Workshop.

- Employment

During 2011, Minera Alumbrera manpower included 1,416 employees. Total manpower levels went up to 2,216 people, including contractors. 679 jobs have been created in addition to our initial manpower requirements, which means a 91% increase during the reporting period.

Actual job creation by expanding and diversifying local and regional labour requirements is strongly valued by the local people. The results of an opinion poll undertaken by Minera Alumbrera and the Tucumán and Catamarca universities show that 43% of respondents consider that job creation is a key advantage of mining development, with an average 53% rate in the primary impact area (including Andalgalá, Belén and Santa María).

Minera Alumbrera manpower trends for the 1998 - 2011 period



Source: Based on company data.

7.6 of Minera Alumbrera employees are female and the remaining 92.4% male workers.

Even though the cumulative annual average growth rate for the 1998-2011 period is 4.8%, the year-on-year growth has slowed down in recent years to steady employment levels.

As to the place of origin of our employees, 90% are from Northwestern Argentina, with the remaining 10% coming from other Argentine provinces. Out of Alumbrera's total manpower from Northwestern Argentina, the number of Catamarcan workers has grown steadily (7.7%) from a 33.8% share in 2002 to 41.5% in 2011. This is the result of our employee training and development practices that have been implemented ever since project inception. Similarly, Tucumán's share in the total project manpower was 42.4%.

People from the communities in the primary impact area -including Andalgalá, Belén and Santa María- consider unemployment and the lack of job opportunities as major issues. Based on survey results, 37% of respondents from the primary impact area regarded unemployment as a critical issue and around 51% of survey participants from Andalgalá considered it as an issue of utmost importance.

These indicators ratify the role of the mining industry in terms of job generation as well as the local expectations on the ability of the mining industry to attract the excess suppliers of local labour services. Simultaneously, mining development brings local manpower training which will ensure sustainable local employment at the labour market.

- Salaries

Minera Alumbrera salary payments net of payroll taxes for 2011¹² totalled USD50,536,358, which is 30.4% higher than previous year levels and 845% higher than 2002 salary payments.

Since the increasing salary trend is higher than the local inflation rates, actual salaries and consequently the purchasing power of our employees has remained stable -or has even increased. This shows Minera Alumbrera's progressive revenue sharing approach since employees have a higher share on the value locally added.

A geographic breakdown shows that Northwestern Argentina retains 87% of Minera Alumbrera salary payments, which totalled USD231 million since project inception. The USD50.36 million salary payments for 2011 entail a monthly inflow of over USD4.19 million into local economies.



Minera Alumbrera salary payments for 2011 totalled USD50,536,358.

¹² Additional information on salaries is available at "Our people" chapter.

- Domestic supplies

During 2011, Minera Alumbraera purchased goods and services from domestic suppliers for USD360.8 million, which is 22% higher than previous year levels. Hence, local business revenues amount to USD30.06 million per month, with daily business revenues exceeding USD1 million.

Local goods and services are relevant to measure project wealth and how it rolls down onto local economies. In fact, the impact of mining development on the Argentine supply chain is associated to the indirect impact multipliers of the mining industry and is thus the result of the allocation of project benefits. Supplier growth entails additional employment, salaries, additional tax revenues, etc.

The level of domestic supplies throughout the mine life is now over four times the initial amount as a result of the replacement of imported products and services and the higher prices of national goods and services and, consequently, our production costs. The aggregate amount of domestic goods and services for the past 13 years (from 1999 to 2011) totals USD1.9645 billion, which exceeds the initial capital expenditure in the Bajo de La Alumbraera project.

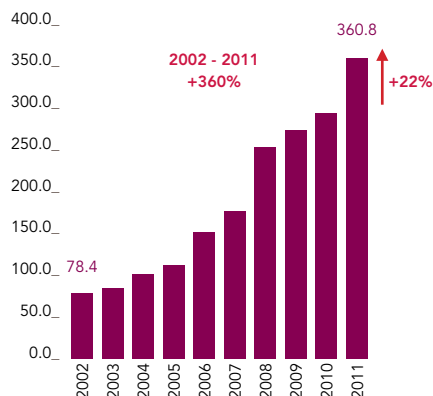
The replacement of imported products started in late 2001 and grew during subsequent years. Our policy is to prioritise local suppliers in line with municipal, provincial and central government policies.

It should be noted that out of USD10 spent by Minera Alumbraera, USD7.6 is spent on domestic supplies with only USD2.4 spent on imported goods and services.

As reported in our 2010 Sustainability Report, this policy expanded the indirect economic impact, which was reflected by higher employment multipliers, value added and GPV. Our indirect employment multipliers grew from 5 (in 2000) to 9 (in 2002) and more recently to 11, as measured in 2008.

For each direct job, 10 indirect jobs are generated as a result of this level of demand for domestic goods and services. At local and provincial levels, these multipliers are lower: 5 in Catamarca and 3.5 in the primary impact area. This shows that for every direct job, 4 indirect jobs are generated in Catamarca, and 2.5 in the PIA.

Domestic goods and services. 2002 - 2011. In million US Dollars



Source: Data provided by Minera Alumbraera.

As to the origin of domestic goods and services, 5.5% are from Catamarca and 94.5% from other Argentine provinces.

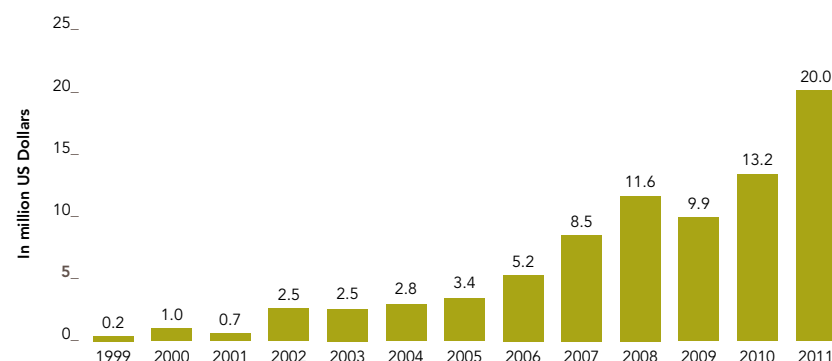
The share of Catamarcan goods and services has increased steadily throughout the mine life. Minera Alumbraera spent about USD230,040 on Argentine goods and services in 1999, such amount rocketed to USD20,016,695 in 2011.

Breakdown of local goods and services per origin. 2011



Source: Data provided by Minera Alumbraera

Catamarcan goods and services. 2002 - 2011. In million US Dollars

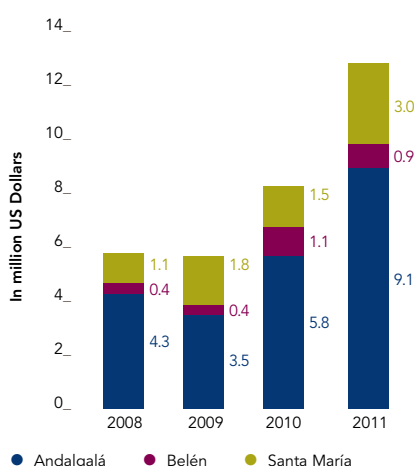


Source: Data provided by Minera Alumbraera.

Even though the above figures still need to be improved relative to the federal aggregate, corporate policies, programmes and projects have been implemented throughout the mine life to encourage the supply of local and regional goods and services. Thus, joint efforts are being made with local businesses, local and provincial authorities to ensure improved supply from the Primary Impact Area in line with Minera Alumbra requirements.

The supply of goods and services from Andalgala, Belén and Santa María for 2011 increased by 53.7% year on year, to reach USD12.9 million. This supply is equivalent to 64% of the amount spent in Catamarca.

Goods and services from Andalgala, Belén and Santa María. 2008 - 2011. In million US Dollars



Source: Data provided by Minera Alumbra.

A breakdown per town shows that 70% are goods and services from Andalgala, 23% from Santa María and 7% from Belén.

Since Bajo de la Alumbra commissioning, the goods and services from Catamarca amounted to USD81.36 million and Minera Alumbra's expenditure in the PIA exceeds USD 32.69 million over the past four years.

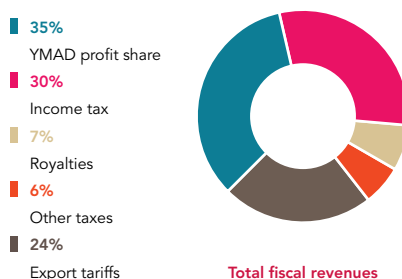


Minera Alumbra's throughput for 2011 included 446,718 tons of copper and gold concentrate, 32,445 ounces of dore and 1708 tons of molybdenum.

- Fiscal revenues¹³

Minera Alumbra fiscal payments for 2011, including taxes, charges, contributions, royalties and YMAD profit share amounted to USD547.8 million. Minera Alumbra's total fiscal payments since project commissioning came to USD3.0393 billion - more than twice Minera Alumbra's initial capital expenditure.

Direct fiscal revenues from Minera Alumbra



Source: Data provided by Minera Alumbra.

A key efficiency indicator of Minera Alumbra's contribution to the Argentine economy and to the mining industry in particular is the fiscal benefit/cost ratio. A new estimate of the tax burden in Argentina for the 2010-2012 period has been prepared by the Argentine Treasury as part of the Argentine Budget for 2012. The amount of revenues no longer raised by the government by virtue of a fiscal exemption to specific industries, areas or taxpayers not in line with the tax laws was regarded as fiscal expenditure under the above research.

For the specific case of the mining industry¹⁴, the estimated fiscal expenditure for 2010 amounted to USD150.2 million. Such amount is equivalent to 0.04% GDP and 1.5% of Argentina's total fiscal expenditure and 6.2% of the fiscal expenditure under economic development systems. Considering that only Minera Alumbra's tax payments for such year totalled USD321.4 million¹⁵, the fiscal benefit/cost ratio is 2.18. This indicator shows that Minera Alumbra's fiscal payments are more than twice the fiscal expenditure of the Argentine government to foster mining development.

¹³ The fiscal revenues (including taxes, rates, contributions, royalties, etc.) shown in this report are accrued figures.

¹⁴ Law 24196 and Law 22095.

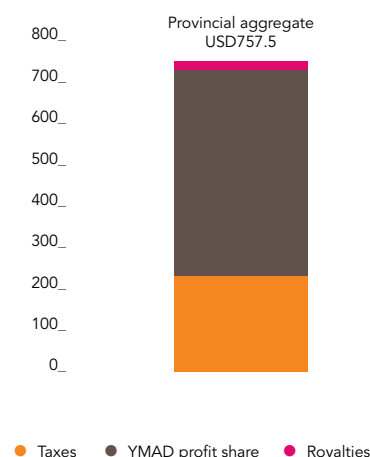
¹⁵ This amount does not include mining royalties or YMAD profit share since they are regarded as non-taxable fiscal revenues.



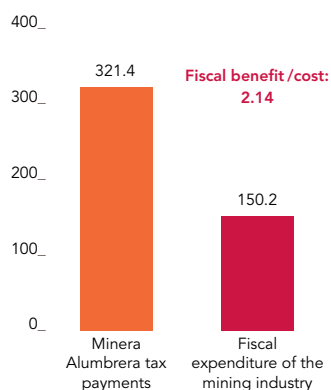
Concentrate is loaded in 180 cars at the Filter Plant, in the province of Tucumán, to General San Martín port facilities in the province of Santa Fe, where the product is shipped.

Provincial tax revenues from Minera Alumbra for 2011 totalled USD158.9 million, which is 16.06% higher than previous year levels, with 2.6% tax revenues and 97.4% non-tax revenues. The latter include mining royalty revenues (USD36.4 million).

Provincial tax and non-tax revenues from Minera Alumbra for the 1998 - 2011 period. In million US Dollars



Minera Alumbra tax payments - fiscal expenditure of the mining industry for 2011. In million US Dollars

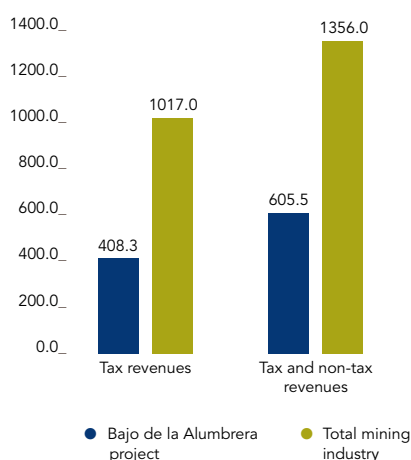


Source: Based on data provided by the Argentine Treasury and company data.

Federal tax revenues for 2011 totalled USD408.3 million, which is equivalent to 40% of the total tax revenues from the mining industry for such year, with the total fiscal revenues (amounting to USD605.5 million) equivalent to 44%, based on aggregate data from the research undertaken by Abeceb Consultant¹⁶ during 2011 for the Argentine Mining Chamber (locally known as "CAEM").

The above figures clearly show Minera Alumbra's impact on the Argentine economy since our tax payments are equivalent to nearly half of the tax revenues from the mining industry.

Tax and non-tax payments by Minera Alumbra and the mining industry in general for 2010. In million US Dollars

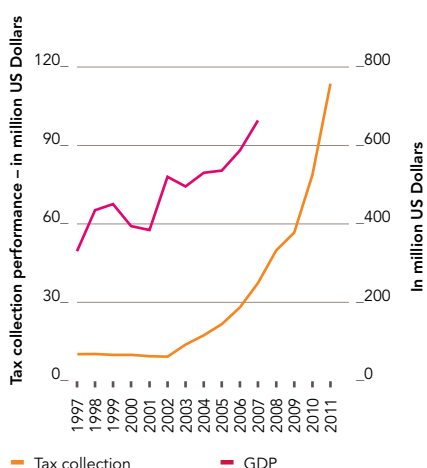


Source: Based on data provided by Minera Alumbra and Abeceb Consultant.

Minera Alumbra's impact on provincial revenues was measured based on the provincial tax collection system. Catamarca's tax collection performance for 1997 - 2011 has grown significantly year on year. Over the past nine years (2003 - 2010), tax revenues were eight times higher in nominal terms than local business growth levels.

¹⁶ See "Dimensionamiento del Aporte Fiscal del Sector Minero en Argentina" at Abeceb.com

Catamarca tax collection performance and GDP. 1997 - 2011. In million US Dollars



Source: Data provided by Catamarca Treasury.

Moreover, provincial tax revenues are mostly composed of turnover tax (84.1%), automobile tax (7.1%), stamp tax (5.7%) and realty tax (3.1%) revenues.

Minera Alumbrera's royalty and miscellaneous tax payments account for 35% of the provincial revenues. If YMAD profit share is included, it is equivalent to more than 2 times the Catamarcan fiscal revenues. This means that tax payments from a single miner is equivalent to 200% of the tax payments from other local industries.

Although no municipal budget data is available, the allocation of mining royalty revenues to municipal administrations was published by the Provincial Treasury. This clearly showed Minera Alumbrera's impact on municipal budgets.

From 2004 to 2010¹⁷, mining royalty revenues of Catamarcan towns totalled USD95.2 million, out of which USD66.03 million (69.2%) have been allocated to Andalgalá, Belén (44% each) and Santa María (12%) -the three towns in the PIA.

The allocation of mining royalty revenues to municipal administration shows only one method to roll down mining wealth to local communities.

Municipal allocation of mining royalty revenues for the 2004 - 2010 period. In million US Dollars

Town / Municipality	2004 - 2010	Percentage
Andalgalá	29,161,915.19	44.16%
• Aconquija	6,368,962.28	9.64%
• Andalgalá	27,726,087.19	41.99%
Belén	29,161,915.18	44.16%
• Belén	10,241,664.61	15.51%
• Corral Quemado	2,102,574.07	3.18%
• Hualfin	3,791,048.97	5.74%
• Londres	2,948,269.62	4.46%
• Pozo de Piedra	2,085,076.93	3.16%
• Puerta de Corral Quemado	1,834,284.47	2.78%
• Puerta de San José	1,510,587.22	2.29%
• San Fernando	1,055,661.34	1.60%
• Villa Vil	3,592,747.95	5.44%
Santa María	7,711,302.15	11.68%
• San José	3,470,502.52	5.26%
• Santa María	4,240,799.63	6.42%
Total	66,035,132.51	100.00%

Source: Data provided by the Provincial Division of Municipal Affairs and the Catamarca Treasury.

• Summary of Minera Alumbrera's total contribution to the Argentine Economy for 2011

During 2011, Minera Alumbrera's contribution to the Argentine economy totalled USD966.85 million, including



Gold is mostly recovered using a gravitational method.

taxes, royalties, salaries, payroll taxes, domestic goods and services, etc.¹⁸. Such contribution involves:

- USD 80.6 expenditure per month and/or USD2.6 million per day across Argentina.
- Income tax and export tariffs on Minera Alumbrera accounted for 0.6% and 1%, of Argentina's total income tax and export tariff revenues, respectively.
- Based on Abeceb.com research, the mining industry is subject to a burden of around 39%, with Alumbrera having a significant share in the total fiscal revenues since our tax burden is equivalent to over 45% of the value added.

Minera Alumbrera contribution to the Argentine economy

DESCRIPTION	AMOUNT IN MILLIONS US DOLLARS	PERCENTAGE
Income tax	147,3	15.2%
YMAD profit share	190,0	19.6%
Domestic goods and services	360,8	37.3%
Provincial Royalties	36,4	3.8%
Salaries	50,5	5.2%
Contributions	24,9	2.6%
Grants	7,7	0.8%
Wealth tax	2,4	0.2%
Mining easements and water charges	4,2	0.4%
Tax on diesel fuel	5,8	0.6%
Turnover tax	0,02	0.0%
Miscellaneous charges	0,09	0.01%
Import duties	0,09	0.01%
Export tariffs	136,6	14.1%
Total	966,85	100.00%

Source: Data provided by Minera Alumbrera.

¹⁷ The latest official data available is for 2010.
¹⁸ Values accrued and not actually received by stakeholders.

Carla Natalia Molina is a
CAT 793 haul truck driver.



Our people



Minera Alumbra's ability to attract, develop and retain the best talent is fundamental to our business success. In addition to providing development and training opportunities and safe and healthy workplaces, we have a strong set of values, expressed by our company-wide Business Principles and Code of Conduct, which are based on integrity, trust, personal accountability, respect and care for others.

Our goal is to support Minera Alumbra's consolidation and development as a leading miner in Argentina, by providing top quality services to our people. 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.

Employment practices

Minera Alumbra 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 2011, Minera Alumbra direct employees totalled 1416 people, including 924 unionised employees and 492 clerical staff not subject to collective bargaining agreements. Minera Alumbra workforce including contractors comes to 2216 people. 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. Over the past 15 years, a further 679 direct jobs have been created at the local level, which means a 91% increase for such period.

Out of the total workforce, 92% are male employees. Our more 100 female employees clearly show our equal opportunity principle. Likewise, process technological breakthroughs enabled an increasing number of female operators for highly complex assignments requiring know-how and ongoing training and development.

As to work categories, 65.3% are unionised ("AOMA") maintenance and mine operators, with the remaining 34.7% being non-unionised clerical staff.

Minera Alumbra's share in direct employment levels for the mining industry comes to 10%.

Our favourable employment conditions include ongoing training, professional development opportunities such as in-house promotion both at Minera Alumbra and within the Xstrata Group, competitive salaries both in the mining industry and particularly in Catamarca. Our employee turnover rate for 2011 was -2.09% with 98 new recruits and 69 terminations of employment.

Our full and part time, regular and contract employees are entitled to the same benefits with a view to ensure non discrimination recruitment and employment at Minera Alumbra. To ensure compliance, Minera Alumbra has a Fair and Equitable Treatment Policy. Our part time employees for 2011 totalled 28.

Minera Alumbra has no retirement programme.

• Priority to local workforce

Minera Alumbra's recruitment processes are in line with the Argentine labour laws, international conventions and the International Labour Organisation regulations. Our policies are set under this labour, human rights and legal framework to ensure equal opportunities and non-discrimination on the basis of age, sex, religion, origin, etc. to those candidates seeking a job at Minera Alumbra.

In accordance with the above principle, no recruitment programme based on the candidates' place of residence has been formalised at Minera Alumbra. Instead, priority is given to regional talent having the education and experience required for individual positions.



Chemical analyst Vanessa Elizabeth De Gregorio working at the Concentrator Lab.

Tucumán, 3.7% for Salta and Jujuy and 6.7% for other Argentine provinces

Manpower from the Primary Impact Area totals 725 direct and indirect employees, representing 36% of Minera Alumbrera's total workforce. Out of this percentage, 25% employees are from Andalgalá, 39% from Belén and 36% from Santa María.

Breakdown of Minera Alumbrera manpower per PIA district of origin for 2011 period

■ 36% Santa María
■ 25% Andalgalá
■ 39% Belén

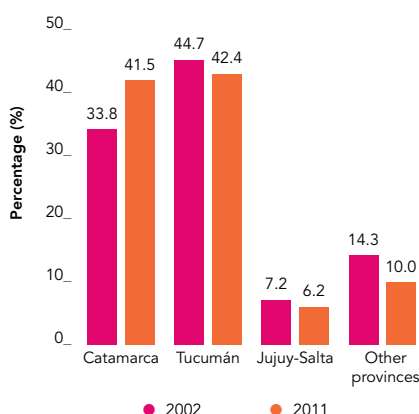


Source: Based on company data.

Our Recruitment Policy ensures that selection processes are subject to the Equal Employment Opportunity principles. Thus, in-house candidates having the required skills have competitive advantages over external candidates to fill in vacant positions.

As to the place of origin of our workforce, 90% of our direct employees come from Northwestern Argentina with the remaining 10% from other Argentine provinces. A regional breakdown shows that the number of Catamarcan employees has increased on a sustained basis by 7.7 percentage points from 33.8% in 2002 to 41.5% in 2011. This is the result of Minera Alumbrera's training and development practices which have been implemented ever since project startup. Similarly, the share of Tucumanian employees now reached 42.4%. Currently, Minera Alumbrera has 2 expatriate employees -1 from Colombia and 1 from Australia.

Breakdown of Minera Alumbrera manpower per jurisdiction of origin for the 2002 - 2011 period



Source: Based on company data.

The number of workers (including operators, skilled employees and middle management) from neighbouring communities in Catamarca has increased during 2011.

Based on data from an opinion poll¹, 77% of the residents from the Primary Impact Area (PIA) are directly (28%) or indirectly (49%) related to Minera Alumbrera, either as a direct or indirect, current or former job within their acquaintances. This indicator measures the degree of Minera Alumbrera's liaison to neighbouring communities through recruitment of local manpower.

The aggregate number of direct employees and contractors² shows that Catamarca accounts for 52.3% of the total employment levels, 37.3% for

• Compensation

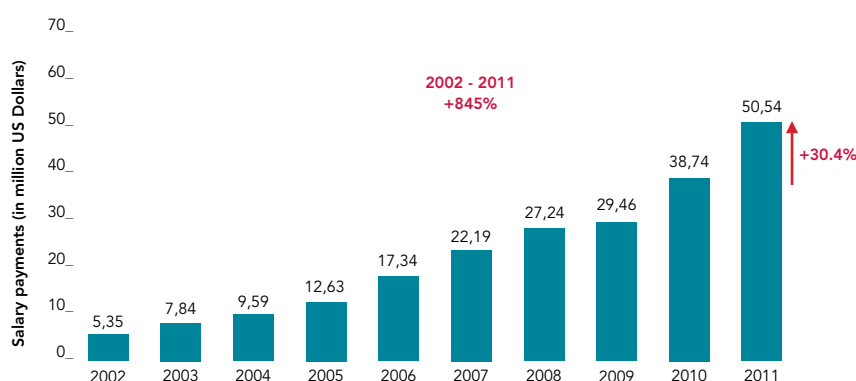
The average salary of our male and female employees was well above the compensation paid by other local industries. This helped us be a competitive employer in the local, provincial and Argentine markets. Our Compensation Policy is to provide a proper and fair compensation to our employees in line with their efforts, performance and skills; that not only satisfies the basic needs of their family but it also supports personal projects and initiatives.

Minera Alumbrera total salary payments (excluding payroll taxes) for 2011 totalled USD50,536,358. This is 30.4% higher than salary payments for 2010 and 845% over 2002 levels.

¹ An opinion survey has been undertaken by Minera Alumbrera under an agreement with the national universities from Catamarca and Tucumán. The latter assisted field work and provided know-how -including university professors and students as coordinators and pollers. Furthermore, local school teachers and pupils were involved in field activities at Andalgalá, Santa María and Belén, together with UNCA coordinators.

² Minera Alumbrera contractors are computed in the indirect employment indicator, which also includes other indirect jobs in the supply chain.

Minera Alumbra salary payment trend for the 2002 - 2011 period. In million US Dollars



Source: Based on company data.

The positive trend of this indicator -measuring the impact of labour on value added- is a reflection of the additional 679 jobs created during the period under study and the nominal payrise associated to domestic price trends.

The increase in nominal compensation is higher than inflation trends, which helped maintain -and even grow- the actual salaries and the purchasing power of our employees. This entails progressive income allocation as a result of the increasing share in value added at the local level for our employees.

The results of our employee survey³ made in 2010 by CEADS are reported to verify the assumptions on the impact of the amounts actually spent by our employees at the local level⁴. This resulted in qualitative impact indicators associated to the enhanced standard of living of our employees and their family.

Research on the rollover of benefits from the mining industry to local economies should include our employees to obtain indirect impact indicators in neighbouring areas. Results show that:

- 99% of the employees surveyed were trained for their job; 63% was trained for a new job and 81% of them were promoted.

These indicators show Minera Alumbra's contribution to human capital development through training and development of our human resources. This is a key benefit to ensure sustainable development.

- 20% of survey participants had been previously unemployed for over one year (52% out of the preceding percentage). To 87% of respondents, their salary was the main household income; 93% earned a higher salary at Minera Alumbra. 33% of respondents could afford additional consumer products with 12% buying consumer products not previously purchased, 22% improving the quality of products purchased and 27% helping their families.

This shows that Minera Alumbra has employed a significant number of unemployed or informal workers from the Primary Impact Area. The standard of living of more than 4,000 direct employees has improved with Minera Alumbra operations.

- 92% of respondents could save money, with 70% of survey respondents investing in realty, 85% meeting borrowing requirements and 68% actually entering into loan agreements.

- 86% of survey participants purchased consumer products (including food, clothes, etc.); 75% construction materials and 50% automobiles, motorbikes, etc. at the local level. 84% believed that benefits are rolled to local business and 41% noted significant benefits for local benefits.



Geology Superintendent Julio Bruna giving a training course on Leadership.

A breakdown of employee disbursements per province shows that over 87% of the amounts disbursed by our employees (totalling USD231 million from project startup) is spent in Northwestern Argentina. The USD50.5 million spent in 2011 entail additional resources for the local economies equivalent to USD4.2 million/month.

In compliance with the provisions of the Argentine Labour Laws as well as collective bargaining agreements, the employee entitlements associated to maternity are available to our female employees, including extended maternity leaves for our female operators.

During 2011, all the employees subject to maternity and childbirth leave have returned to work.

³ Minera Alumbra site employees were polled by Campistas del Norte Consultants under the First and Second Stage of CEADS measurement of social and economic impacts. Field work included 300 survey participants selected at random.

⁴ To measure indirect impacts, it is assumed that employee expenditure is an impact factor.

Labour relations

All Minera Alumbra employees have the right to collective representation and are free to join a union of their choice. Labour relations are based on equal treatment at all levels of the organisation. We strive to form direct relationships between our employees and management teams that are based on quality leadership with a view to maximise individual and team capacity, effective communication, respect and mutual trust.

We are committed to communicate in advance of any significant operational change -such as acquisitions, divestments or mergers or the closure of operations- to our employees in order to ensure a smooth transition. Minimum notice periods are subject to potential variations across our operations and are generally specified in collective agreements.

As established in the Argentine Labour Laws, we respect and ensure the right of our employees to join the union of their choice. Thus, 81% of our workforce has been unionised.

The 2007-2011 Collective Bargaining Agreement (CBA) was revised by Minera Alumbra management and union leaders during 2011, with the revised agreement effective until 2015. No major issues arose during negotiations. As a result of the salary adjustments under



Human Resources Manager Luis Torres and his team.

the new CBA, Minera Alumbra became the employer offering the best labour conditions and salaries in the mining industry.

Under the collective bargaining deal, a Public-Private Occupational Health and Safety Committee composed of 10 union leaders and 2-4 Minera Alumbra management and/or regular (unionised / non-unionised) employees has been arranged to help improve health and safety performance across the organisation. Such Committee gathers on a monthly basis.

Even though the provisions of the previous collective bargaining deal remain effective, improved labour conditions have been stipulated, namely: seniority levels, special sick leave for family care as well as an increased rate for the annual performance bonus.

The issues covered by formal deals with the guild include:

- Free transportation services to and from the minesite.
- Employee accommodation at site according to world class standards for the mining industry and the legislation in force in Argentina.

- Strict quality, health and nutrition standards to ensure employee health and well being.

- 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 as well as for the safety of their co-workers, work equipment and tools. It includes induction programmes and monitoring systems.

- Daily safety meetings of individual work teams.

- The highest operational safety standards to ensure zero accidents, including the material resources, training facilities and personal protection equipment required for this purpose.

- A Healthy Environment Programme to minimise exposure to unhealthy conditions, including the statutory medical examinations.

- Site medical services including the necessary health infrastructure and human resources as well as the emergency treatment and transfer systems.



José María Rivadeneira purifying oil from Cat 793 haul truck hydraulic systems.

Our employee accommodation facilities include a 650-room permanent campsite as well as a 750-room temporary campsite. Modern and comfortable sports and recreation facilities are also available to our employees, including table games, a pub with background music, a cinema, video rooms, a big gym, a football field and a roofed football pitch, a multi-sport court, as well as paddle and tennis courts, a sweet shop and three barbecue sites.

• Promoting decent work

Minera Alumbra has joined a programme to promote decent work policies among our contractors, as developed by the Argentine Labour and Social Security Department along the supply chain, namely:

- 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 Alumbra enforce the Argentine labour laws in force but we also foster compliance throughout the supply chain and we are involved in global Corporate Social Involvement initiatives.

No penalties or fines for non-compliance with labour laws have been imposed on Minera Alumbra during 2011.

Employee training and development

To achieve our strategic goals as a leading business, we at Minera Alumbra ensure that our people are highly qualified at each and every stage of project operations. For this purpose, significant financial resources are annually allocated to employee training and development. The amount spent during 2011 totalled USD543,748.8.

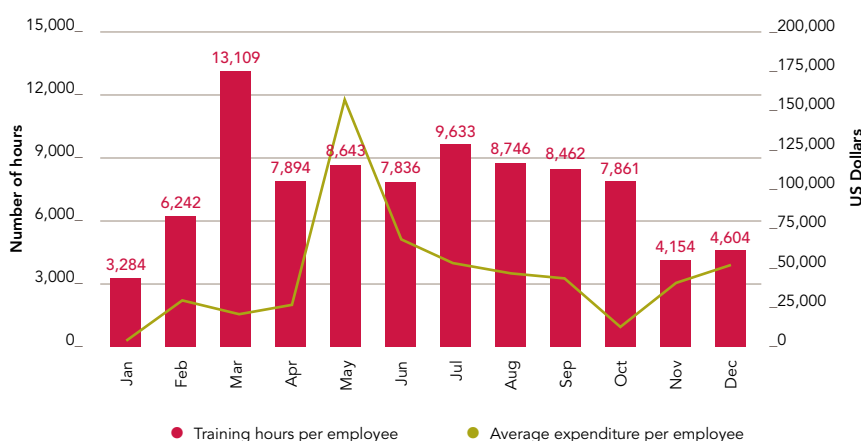
Thus, 92,698 training hours have been provided during 2011, with an average of 65 employee training hours per year. Training sessions covered among other topics, Leadership, Industrial Safety, Environmental Protection and Management and Technical Skills.

We seek to provide personal and professional development opportunities to our people, through competitive tools that facilitate employment in future mining operations or in any

other business subject to high business standards.

To ensure the formal education of our people, 108 employees from Catamarca and Tucumán completed their secondary school programme during 2010 at 2600 m amsl. Their enthusiasm gave rise to our site-based continued education programme under an agreement with Universidad Nacional de Catamarca and the Tucumán Education Department signed in 2011.

Training hours provided during 2011 in USD



Source: Based on company data.



92,698 training hours have been provided during 2011 to ensure professional development opportunities as well as improved competitiveness of our human resources.



Site-based continued technical education

A frame agreement was signed by Minera Alumbra and Universidad Nacional de Catamarca in November 2011 to ensure continued technical education (including a Technical Mining Degree) to our site employees. Thus, 230 employees from various Catamarca and Tucumán locations have enrolled in this initiative.

This 3-year programme includes 22 courses consisting of three weekly sessions totalling 1800 training hours.

UNCa President Flavio Fama noted the importance of "in-company education to preserve local wealth and the environment". Dean Carlos Savio of the UNCa Technological College remarked the role of local universities and referred to this major opportunity for Alumbra employees by stating that responsible mining operations means training human resources adequately to ensure development.

A further agreement was signed with the Tucumán Education Department to deliver an Advanced Food Course on site for 128 employees from various locations of Catamarca and Tucumán. Most (74%) students are male employees.

This 3-year programme includes 30 courses, totalling 90 training hours.

Courses are expected to start in February 2012.

These voluntary initiatives will ensure cultural development and professional training to our employees who did not have the chance to go to University due to social, labour or geographic limitations. Our education programmes are based on our business policy to ensure highly qualified and motivated local human resources as well as fair and decent work conditions including safety, health, human and professional development.

Not only is such expenditure for the benefit of our organisation, but it also fosters employability of local manpower in both the domestic and international labour markets. We are proud of having expatriated a significant number of employees to Xstrata operations in Peru and Chile.

As part of our Talent Attraction, Development and Management Programme, additional junior professionals -including nearly and newly graduates of various fields of speciality such as Geology, Mine & Mechanical Engineering and Economics- mainly from Tucumán and Catamarca universities have been recruited. Under an education programme developed by Alumbra tutors, apprentices take up their first job, put their technical know-how into practice and develop their professional skills as well as the required competences.

Under our Apprentice Programme for secondary school graduates from Andalgala, Belén and Santa María, technical on-the-job training was provided to 12 local youngsters who will be finally recruited as regular maintenance operators during 2012. Our aim is to ensure a specialist human capital recruitment source for our operations.

• Employee assessment

Each employee is subject to annual performance assessments under our Strategic Performance Management process, which is aimed to ensure performance feedback to our human resources, foster team communication and improve employee performance.



A new facility was opened in 2011 under our higher education programme.

Diversity and equal opportunity

At Minera Alumbra, we value diversity and treat all our employees and contractors fairly and offer equal 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.

We do not tolerate any form of discrimination, abuse of power, harassment or physical or verbal violence in the workplace. Our employee complaint mechanisms are fair and non-discriminatory and we foster practices that respect the rights and personal dignity of all our workers.



We ensure that safe work practices are available for each task and that the tools and equipment suitable for each job are available to our employees.



A safety meeting is arranged before each work shift to review safety performance for the previous day and seek improvement opportunities.

Workplace safety and health

Minera Alumbra strives to achieve injury-free, safe work environments and we hold our management accountable for safety performance and for providing visible leadership. We ensure our employees and contractors receive training 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 act safely.

The pillars of our world-class safety policies are individual commitment, involvement, dedicated efforts and accountability. At Minera Alumbra, each employee is accountable for his/her own safety as well as for the safety of his/her co-workers and team members. Not only does Minera Alumbra ensure a safe work environment, but it also encourages employees to follow our safety principles in their personal lives too.

We detect and eliminate or mitigate conditions that pose a risk to the health and safety of 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 the right tools and equipment to complete tasks safely and productively.

When we detect an unsafe condition or a safety incident occurs, we investigate immediately and take the necessary action to eliminate the risks involved. We ensure that our employees and contractors are aware of safety initiatives and issues and we undertake regular safety audits across our business to continuously improve our safety standards, practices and performance.

Occupational health

At Minera Alumbra, there is no occupational disease rate. Regular health monitoring is carried out to prevent diseases. Quarterly site risk monitoring reports by the ART (Workers Compensation Insurer) are required by the Catamarca Mining Department. This information is made available to the relevant authorities.

No new cases of occupational diseases have been identified.

Besides, our people's health, wellbeing and work are monitored through rigorous medical checkups.





Awareness on breast cancer

For the second consecutive year, Minera Alumbra supported international initiatives to defeat breast cancer through our awareness programme for female miners. Given the increasing number of women who suffer from breast cancer worldwide, Minera Alumbra has joined a public and private initiative to foster preventive healthcare.

Our "Preventive Health Information" Programme includes actions aimed at preventing or early detecting certain illnesses. Our awareness programme includes information sessions by Dr. Miguel Angel Melano for 45 employees and contractors. Dr. Melano leads the Perinatology and Obstetrics Unit in Nicolás de Avellaneda Hospital in Tucumán. Dr. Melano stated that, like abortion, breast and uterine cancer is a leading cause of death among women. Thus, breast cancer prevention, awareness and early diagnosis and treatment initiatives are essential.

Our efforts are focused on providing our employees with reliable and updated information to prevent breast cancer. Environment Intern Romina Arias from Belén noted that information sessions were valuable to "become aware of the importance of preventing breast cancer through routine examinations. I shared such information with my acquaintances to remain vigilant to prevention".

Information sessions were coupled with the initiative of our Mine Maintenance team to have a CAT 793 haul truck painted pink as part of our advocacy campaign against breast cancer. Such haul truck was fully assembled at our workshop. Our Mine Maintenance Manager Miguel Seú noted that "this initiative is intended as a gift in support of all women who suffer from breast cancer and make their best efforts in their day-to-day activities".

Our performance

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.

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.

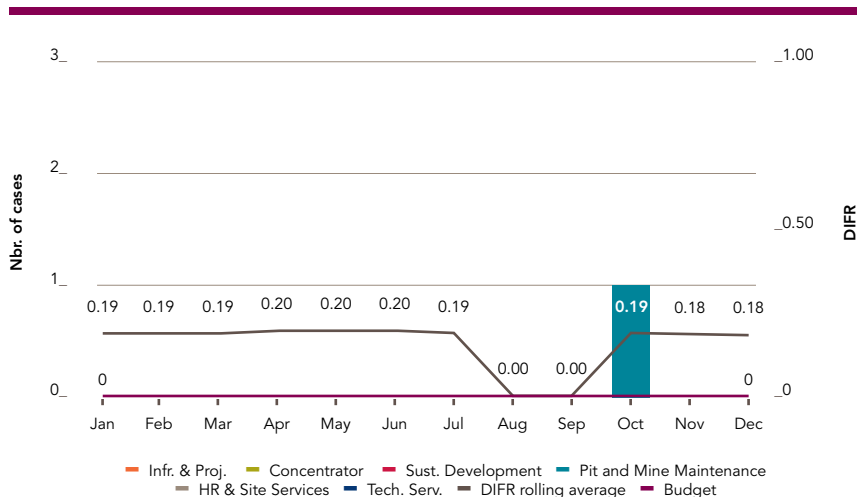
Our safety performance has generally exceeded our expectations. Our Total Recordable Injury Frequency Rate (TRIFR⁵) for 2011 was 1.64, with a 33% improvement over previous year levels.

⁵ 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.

Performance indicators

	Objectives for 2009	Performance for 2009	Objectives for 2010	Performance for 2010	Objectives for 2011	Performance for 2011	2010 - 2011 % improvement
DIFR	< 1.5	0.36	< 0.5	0.19	0	0.18	0%
LTIFR	< 1	0.36	< 0.5	0.19	0	0.18	0%
TRIFR	< 6.5	3.95	< 4.4	2.47	2.1	1.64	33%
DISR	< 48	17.18	< 45	18.23	0	12.05	33%

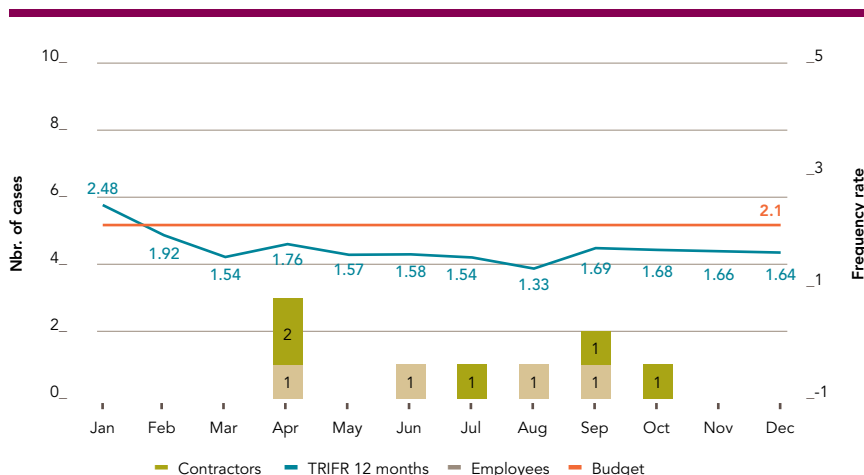
Disabling Injury Frequency Rate (DIFR) for 2011



In August 2011, Minera Alumbraera achieved a record zero DIFR⁶ for the second consecutive year. Our record 6,308,000 man-hours with no disabling injuries were disrupted by an occupational injury in October 2011.

This milestone clearly reflects Minera Alumbraera's leadership and commitment to the implementation and management of our 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.

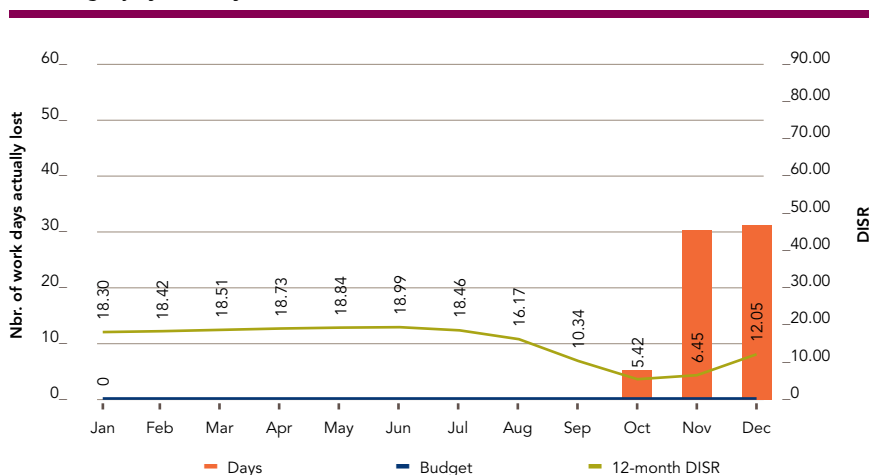
Total Recordable Injury Frequency Rate (TRIFR) for 2011



Our DIFR for 2011 was 0.18 as a result of the injury mentioned above. However, this rate was lower than the DIFR rate for 2010.

As a result of the October injury, our (12.05) DISR⁷ rate was above budget.

Disabling Injury Severity Rate (DISR) for 2011



⁶ 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.

⁷ 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.

As a result of our practices and improvements for this year, we have successfully reviewed incidental event causality and have effectively implemented the corrective actions specified in incident investigations as well as safety observations.



Working at heights: drills are organised by our emergency brigade team for training purposes. Minera Alumbra provides them with the adequate tools and equipment.

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.

The strategy of our Safety, Health and Risk Superintendent was focused on:

- Reinforcing management actions for high potential risk incidents.
- Strengthening the holistic safety leadership skills of our supervisors.
- Implementing proactive safety standards.

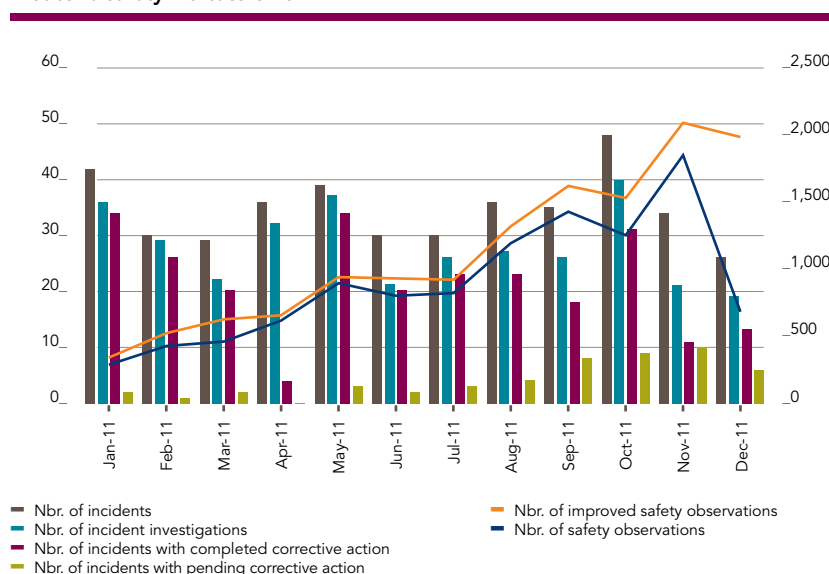
The key Safety, Health and Risk Management initiatives for the past 12 years having a positive impact on our business performance included:

- Focusing on Potentially Hazardous (APP, for its Spanish acronym) and High Potential Risk Incident (HPRI) management practices.
- Monitoring the effectiveness of our HPRI and APP management practices.
- Cross audits to contractors.
- Increased safety observations

• Fire brigade leader training

During 2011, members of the Fire Department continued training our Fire Brigade Leaders. Training was provided by the Emergency Brigade Training Centre, supported by Universidad Tecnológica Nacional. Practices included

Proactive safety indicators 2011



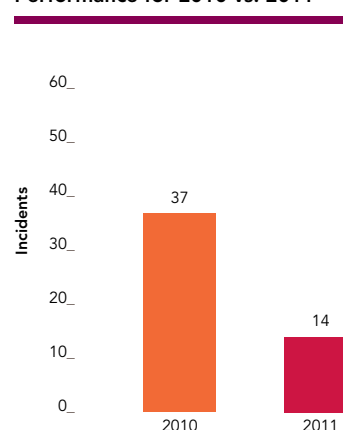
rescue from high and confined areas, first aid, hazardous spill response and emergency psychology.

• Risk management

Our Risk Management programme is a proactive tool to prevent incidents associated to High Potential Risk Injuries (HPRI), Potentially Hazardous Tasks (APP, for its Spanish acronym) and Critical Incidents (CI).

We continue assessing the effectiveness of critical risk management practices. The key role of our preventive Health and Safety management leadership teams was reinforced. These were reflected in the reduced occurrence of High and Mid Potential Incidents by 62%, relative to 2010 levels and 85% lower than 2009 levels.

High and Mid-Potential Incident Performance for 2010 vs. 2011



• The Psycho-metric Screening 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 Alumbra's "prevention approach".

Psycho-metric Screening enables objective and measurable assessments of mental skills. Our employee's attention, perception, awareness, identification, processing and decision making and performance skills were tested. Once disorders were identified, an improvement programme was developed.

During 2011, 190 employees were psychometric screened at our Filter Plant and Port facilities, including the drivers of our passenger transportation system. Tests were undertaken by duly-trained Alumbra staff.

No significant departure leading to a higher Psycho-metric Screening Process stage has been identified.

Further psychometric screening initiatives of all Alumbra employees are planned for 2012.



Minera Alumbra medical services include the proper medical equipment as well as highly qualified health-care professionals.



1 We strive to ensure healthy and injury-free work environments.
2 José Arnaldo López is a member of Minera Alumbra emergency brigade.
3 Sports and recreation facilities are available on site, including table games, a cinema, a gym, football fields as well as paddle and tennis courts.

• The RECTA System

Our RECTA System has been designed to manage risks under a new approach that relates the risk posed by a task to the required energy and resources. The resources and intrinsic energy required for a task are provided by the people, who only provide basic technical knowledge. By managing the energies involved in a task, the work environment remains under control.

The RECTA system helps plan task and, share experience and allows prompt risk analysis.

Tests have been undertaken during 2011 with positive feedback. Our RECTA system is being patented and will be implemented in March 2012.

comprised three stages. The topics initially addressed included making safety decisions at daily meetings; making behavioural adjustments through safety observations and risk analysis (required energy and resources).

The second phase included a review of system effectiveness through cross in-house audits. During the third stage, a programme with the tools to make the right decisions was developed for inclusion in our Leadership Development Programme. A logo was designed for each stage.

• "Yo Decido Trabajar Seguro" Safety Campaign

Our "Yo Decido Trabajar Seguro" safety campaign was intended to increase employee safety awareness during the decision-making process. Each stage of this campaign took 14 weeks and



Minera Alumbra
supports "Raíces Zazeñas"
dancers from Amaicha
del Valle (Tucumán) for
their contribution to local
culture.



Sustainable communities

At Minera Alumbrera, we are committed to support the sustainable development of the communities close to our operations in order to improve the quality of life.

We work closely with our host communities to balance the benefits of our activities and minimise or avoid potential negative impacts. By working jointly, we identify and engage openly and honestly with all our stakeholders and respond to all community complaints and enquiries through fair and equitable grievance and conflict resolution processes.

Through our community expenditure activities, referred to as corporate social involvement (CSI), we seek to reinforce the social and economic development of local communities so as to avoid their long-term dependency on our operations. Our social involvement plans are established through extensive engagement with communities and other stakeholders and are coordinated, where possible, with local government and development organisations.

We support small-scale local businesses with development potential in order to cooperate with the local and regional economies. Our community contributions also include local priority to local workforce, local suppliers' development, competitive salaries and ongoing training for our staff and neighbouring communities through agreements with educational organisations.

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

Since the onset of our operations, we have developed various community projects to support the sustainable development of the communities close to the deposit, including training initiatives as well as financial and technical support.

Our overall goal is to improve the quality of life of local people in terms of health, education, housing, sports, culture and recreational activities.

- **Production activities:**

Varietal re-engineering of local crops, water works, training for local businesses, and small-scale ventures.

- **Education:**

Comprehensive teacher training programme, infrastructure works and provision of teaching aids.

- **Health:**

Work plans to refurbish hospitals and upgrade their technological equipment, provide critical medical supplies to hospitals and health centres as well as training efforts to improve healthcare quality at local hospitals.

Our commitment to sustainable development entails stakeholder efforts to ensure a community that is capable of generating and distributing wealth in a fair and equitable manner, with special emphasis on mine closure implications.

SD projects are broadly based on priority needs as well as specific requirements

from local communities. Action is taken after identifying, designing and implementing projects in which different stakeholders are involved, including provincial and municipal government representatives, members of governmental agencies, principals and teachers from local schools, members of NGOs and local industry associations, among others. Surveys have been conducted to identify the concerns of local people.



Stakeholder liaison and consultation

During 2010, we participated in the socio-economic impact survey that has been conducted by CEADS since 2009¹. It partly consisted in an opinion poll² to identify the perceptions and views of local people about the economic and social impacts of Minera Alumbra on both the PIA (Andalgalá, Belén and Santa María) and the capital cities of Catamarca and Tucumán.

In line with previous surveys, Minera Alumbra, through Pulso Local, conducted a perception survey in November 2011. It was intended to identify the perceptions, opinions, assessments and expectations of the local people regarding the region, key stakeholders as well as production activities in general and mining operations in particular, specifically, mining projects in the region.

The study³ included 1,400 surveys in both provinces. The UNCA and UNT universities designed, planned and conducted the survey.

In the case of Catamarca, agreements were made with local schools to conduct field work in the PIA under the supervision of UNCA professors, whereas in Tucumán, college students, chosen by the UNT and trained by Alumbra, conducted the survey.

The key demands of Catamarcan people relate to their poor base infrastructure (drinking water system and roads), health and education services. Unemployment is the most relevant issue for the Andalgalá people, while environmental issues and pollution are key concerns in Santa María and Belén.

1 Support was provided, including all the necessary information and assistance for the presentation and discussion of survey results.

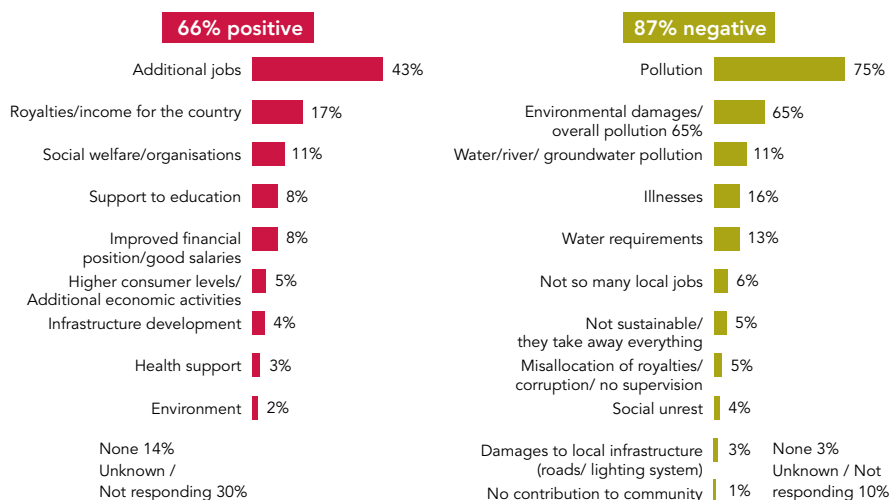
2 This survey was conducted by CEADS with the participation of Pulso Local, which coordinated the field work carried out by local schools.

3 Executive summary is available at www.alumbra.com.ar



Under the supervision of Universidad de Catamarca educators, students of a Santa María school are trained to conduct the Minera Alumbra surveys in local communities.

"In your opinion, what are the main benefits derived from mining operations? And what are the key adverse impacts of mining operations?"



Source: Opinion survey conducted in November 2011 by Minera Alumbra. *Multiple choice questions.

Three out of four people from the PIA state having a direct (Andalgalá) or indirect connection (Santa María) with Minera Alumbra.

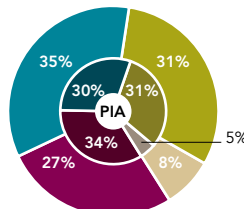
People from the PIA have the following views about Minera Alumbra:

■ **Minera Alumbra does business; however, additional jobs and fiscal revenues are available**
San Miguel/San Fernando
Aged 18-29 (secondary education completed/higher education - critical)

	Total	PIA
2008	42%	37%
2009	42%	41%
2010	33%	27%

■ **It supports growth in Catamarca and in neighbouring districts**
Belén/Andalgalá - Close connection
Pro-mining - optimists

	Total	PIA
2008	20%	25%
2009	15%	15%
2010	24%	29%



■ **It retains profits while taking away native resources with nothing left for the province**
Santa María
Indirect connection
Fatalists - pessimists

	Total	PIA
2008	33%	33%
2009	35%	36%
2010	34%	36%

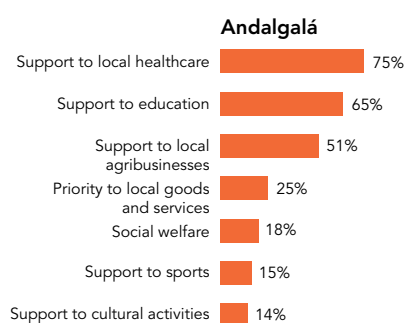
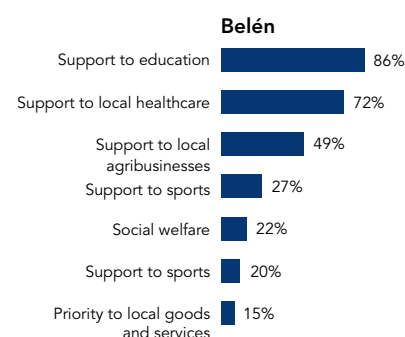
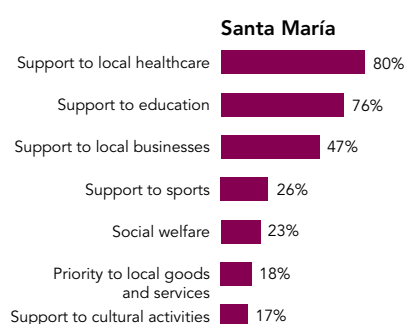
Note: the inner ring represents the PIA while the outer ring represents the total 2011 sample.

Total cases surveyed: 1,400
Total PIA cases surveyed: 750

Source: Opinion survey conducted in November 2011 by Minera Alumbra.

Regarding the actions required from Minera Alumbra, education and health issues were prioritised by more than three fourths of survey participants, followed by support to local businesses. Whereas support to education was a priority in Belén, health is a priority in Santa María and support to local businesses in Andalgalá.

What do you think should be Minera Alumbra's most significant contribution to the community?



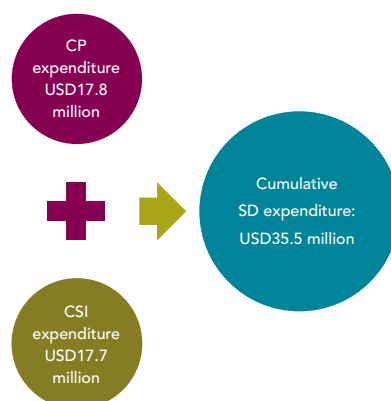
Source: Opinion survey conducted in November 2011 by Minera Alumbra.

Social expenditure

Minera Alumbra's SD actions split into two major project categories: our Community Programme (CP) and Corporate Social Involvement (CSI) activities. The former involve projects intended to increase the local human, social and cultural capital, while the latter involve supplementary projects to increase the actual capital in the form of infrastructure works⁴.

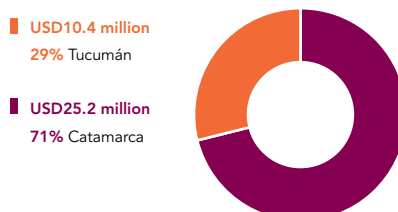
Minera Alumbra has spent more than USD35.6 million in SD initiatives from 1999 to 2011.

Total cumulative SD expenditure, 1999 - 2011. In million US Dollars



71% (i.e. USD25.18 million) out of the total expenditure was spent in Catamarcan communities with 29% spent in the Tucumán communities.

Geographic breakdown of the cumulative SD expenditure, 1999 - 2011. In million US Dollars



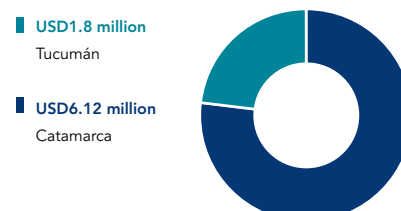
These voluntary contributions from Minera Alumbra represent a sustained flow of income in addition to the royalty revenues under the Argentine revenue sharing programme.

Firstly, the aggregate SD expenditure is approximately one third of the Andalgalá, Santa María and Belén total mining royalties revenues for the 2004-2011 period. Secondly, nearly all of our CP actions and CSI programme infrastructure projects entail savings for municipal and provincial administrations.

Minera Alumbra expenditure also has an additional benefit, i.e. a positive multiplier effect on local jobs and salaries, since local goods and services are generally required for the works under the above programmes.

During 2011, our total SD expenditure was USD7.7 million, out of which 77% was spent in Catamarca, with the remaining 23% spent in Tucumán.

Geographic breakdown of the cumulative SD expenditure for 2011, in million US Dollars



Focus group organised with students from a Belén school to qualitatively reinforce the opinion survey.

⁴ Although Corporate Social Involvement normally comprises all the above mentioned actions, the CSI programme under our SD plan includes only infrastructure works.



1 We supported the construction of a new building for School #167 "Ciénaga Redonda", in Antofagasta de la Sierra at 4,080 masl
2 Tools were supplied to the "Ing. Maury de la Angostura" school carpentry workshop in El Mollar, Tafi del Valle.

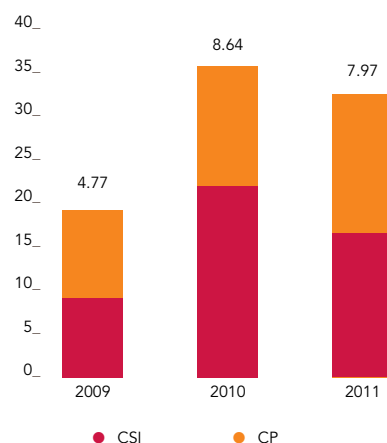
During 2011, our CP and CSI expenditure totalled USD3.9 million and USD3.7 million (51% and 49% out of the total expenditure respectively), which is similar to the cumulative expenditure since 1999, which reflects a rising trend. In fact, expenditure for 2011 is three times the annual average since the programmes were first implemented and is now 68% higher than 2009 levels.

However, expenditure was 7% lower than the 2010 level, with significant CSI infrastructure expenditure accounting for 61% of the total expenditure for 2010. Please note that 2010 was an exceptional year with bullying commodity prices rallying from the global recession and crisis.

Reduced expenditure is due to the completion of CSI infrastructure works such as healthcare facilities, with the supply of very expensive medical equipment in 2010 to the Catamarca, Tucumán and Concepción maternity hospitals and the works performed at various hospitals and intensive care units. However, during 2011, expenditure in similar healthcare infrastructure works was significant and amounted to USD1.75 million. Healthcare expenditure under both CP and CSI totalled USD1.93 million.

Despite the 26% decline in infrastructure work expenditure during 2011, this amount was 78% higher than the CSI expenditure for 2009, with the CP expenditure 22% higher than the 2010 level and 60% higher than 2009 expenditure.

Breakdown of SD expenditure for 2009 - 2011, in million US Dollars



Our 2011 CSI Programme included infrastructure works representing 49% of the total SD expenditure, at a cost of USD1.42 million -i.e. 37% of the CSI expenditure- for civil engineering works and equipment for healthcare centres.

In Catamarca, USD2.46 million (63% of the CSI expenditure) was spent in the districts of Belén (51%), Andalgalá (36%) and San Fernando del Valle de Catamarca (13%).

Our Community Programme initiatives are intended to raise capital other than physical assets, machinery, facilities, roads or infrastructure works, including principally human capital (know-how, skills), social capital (trust and factors

leading to desirable social relationships among stakeholders) as well as symbolic capital (values and shared notions) that are key sustainable development factors.

Our Community Programme mainly covers social development, such as sports and recreational activities, as well as education and environmental actions, including the environmental training of local community leaders, which required a total expenditure of USD4.06 million in 2011. Social development projects included civil engineering works related to housing initiatives in the Vis Vis area, a swimming pool at the Belén sports facilities and additional contributions to Belén sports centre totalling USD117,684. Support to social development and education programmes totalled USD1.16 million and USD1.017 million, respectively.

During 2011, the school refurbishment expenditure was 230% higher than 2010 levels, totalling USD726,445 million, whereas expenditure on production infrastructure works increased by 288%, totalling USD1.28 million. This includes major works in schools from Belén and Andalgalá, equipment for the Hualfin winery, the laundry services in Andalgalá, a medium voltage powerline for Hualfin, support to Cooperativa Emprendedores del Oeste in Andalgalá, and the Londres by-pass road work, among others.



Support to the wine industry in Hualfín.

Improvement initiatives for the grapevine growing activities in Hualfín started in 1999, when Minera Alumbraera implemented the Grapevine Varietal Re-engineering Programme to replace the traditional torrontés and cereza varieties with more competitive types such as Malbec and Syrah.

This grapevine re-engineering initiative -which included state-of-the-art growing and harvesting techniques, upgraded tools and larger cultivated areas- was intended to improve the quality of local grapes by switching to a more competitive variety at higher prices in the domestic and foreign markets.

This initiative was developed jointly with Instituto Nacional de Tecnología Agropecuaria (INTA), the Hualfín local administration, and an agricultural engineer appointed by Minera Alumbraera to assist grapevine farmers in pilot testing their seedlings. Once results were obtained, technical training was provided to farmers by Minera Alumbraera, as well as plants, wire, posts and pesticide equipment. In exchange, farmers agreed to provide land and workforce and to plough the vineyards.

Support was also provided to local grapevine farmers in 2006 and 2008 by

purchasing part of their annual grapevine crop to make our "Testimonio" wine -a limited edition corporate gift- in the Santa María and Cafayate wineries since there was no winery in Hualfín.

Annual expenditure on the grapevine varietal re-engineering and growing initiatives totalled USD48,437.

During 2011, we managed to keep wine making activities in Hualfín, since our Testimonio 2011 wine was made in the newly opened municipal winery of Hualfín, built by the municipal administration out of mining royalty revenues and support from Minera Alumbraera, which included electrical facilities, wine-making equipment, oak drums, medium voltage power supply and a new power station. More than 40 people are employed during the harvest season.

In addition to stainless steel tanks with a cooling system to maintain steady temperature, the winery includes a cellar with 65 French oak barrels with a capacity of 225 litres each. Although additional grape processing potential remains available, approximately 215 tons of grapes (including 83 tons

of torrontés, 60 tons of Malbec, 30 tons of Syrah and 42 tons of cerezo) were processed in 2011.

Winery impact on local farmers

	Kg of white grape		Kg of black grape	
	Before	Now	Before	Now
Sale price	USD0.19	USD0.29	USD0.73	USD0.85
Freight cost	USD0.10	USD 0.00	USD0.10	USD 0.00
Net profit	USD0.09	USD0.29	USD0.62	USD0.85
\$ improvement	-	USD0.20	-	USD0.22
% improvement	-	216%	-	36%

Even larger grapevine crops are expected as a result of the competitive advantages of this winery, which will in turn support future tourist activities in the area since a wine route is planned in the area as a gate to Valles Calchaquíes.

This winery is expected to make world-class aged wine using state-of-the-art equipment to attain the desired quality. In August 2011, the Hualfín wine was ranked among the top ten wines at the annual Wine Tasting exhibition for Northwestern Argentina held in La Rioja. 50 wineries were invited to such event.

The following table shows our agricultural support programmes for the last few years in the impact area:

Producer development programmes for Catamarca and Tucumán

BELÉN DISTRICT							
Project type	Name	Location	Term	Results	Beneficiaries	Contribution by Minera Alumbrera	Organisations involved
Agribusiness	Aromatic seeds project: cumin growing	Londres, Belén	May-November 2011	65% of cumin production sold	34 direct beneficiaries	Supplies to ensure cumin growing and crops	Farmers Organisation, Londres Municipal Administration and Minera Alumbrera
Water	Drinking water piping	Paraje La Aguadita, Londres, Belén	June-August 2011	Water treatment and piping	12 households	5 km water pipes and 1.5 km residential water supply	Londres Public Works Department and Minera Alumbrera
Agro-industries	Walnut processing plant	Londres, Belén	November 2011-March 2012	Project re-statement in line with local needs and agreement with the municipal administration	65 direct and 30 indirect beneficiaries from Norte Chico	Refurbishment of the walnut chlorine washing and drying area and provision of walnut processing equipment	Londres Municipal Administration and Minera Alumbrera
Agribusiness	Olive trees	Belén	Since 2005 to date	Increased olive crops	27 direct and 5 indirect beneficiaries	4,000 olive trees	Belén Municipal Administration and Minera Alumbrera
Agribusiness	PROFAM project	Belén	2005-2011	500 kg/hectare cumin crop and 600 kg/hectare aniseed crops	14 beneficiaries	Herbicides and fungicides, and weed management training sessions	Minera Alumbrera
Agribusiness	Pastureland project	Belén	2011	Development of pastureland (lucerne and barley) and sown fields	27 direct beneficiaries	Assistance to livestock raisers and seed supply	Minera Alumbrera
Agribusiness	Walnut varietal re-engineering out of mining royalty revenues	Puerta de San José, Belén	Completed in 2011	60 additional hectares to grow walnut trees, expected to yield 150 tonnes by 2014	69 beneficiaries	250 walnut trees and ongoing training	Minera Alumbrera and Puerta de San José Municipal Administration
Water	Laying a 2,000 m channel	La Ciénaga, Belén	2010-2011	Improved irrigation water supply system	30 beneficiaries	500 cement bags	Minera Alumbrera and Puerta de San José Municipal Administration
Water	Irrigation water piping	Azampay, Belén	2011	Improved irrigation water supply system	12 beneficiaries	Provision of 1,800 m full PVC pipes	Puerta de San José Municipal Administration and Minera Alumbrera
Agribusiness	Walnut varietal re-engineering	Norte Chico, Belén	Since 2007	95% higher walnut yield to be marketed outside Belén and technical services	15 farmers	750 walnut trees and permanent support to farmers	Minera Alumbrera
Agribusiness	Walnut varietal re-engineering	Las Juntas and Las Barrancas, Belén	Started in 2009 and completion in 2012	25 additional hectares to grow walnut trees, training on plant handling, major progress in group organisation	14 farmers	750 walnut trees and training sessions for farmers; farming and sanitation control; equipment repairs	Walnut Farmers Association of Las Juntas and Las Barrancas, Catamarca Production Department and Minera Alumbrera
Water	Laying a 6,000 m irrigation channel	Hualfin, Belén	2010- 2011	A 2,100 m irrigation channel has been laid (35% complete)	40 direct beneficiaries	500 cement bags	Catamarca Water and Environmental Department and Minera Alumbrera
Agribusiness	Grapevine varietal re-engineering	Hualfin, Belén; El Durazno, Puerta de Corral Quemado, Belén	Started in 2002. The winery was opened in 2011	18 vineyards were developed out of 35 built over the last few years Winery construction	37 direct beneficiaries	Project development; provision of equipment (tractors, pesticide equipment) and supplies (wood, wires, fertilisers), 15,000 grapevine seedlings and training sessions	"Cepas de Hualfin" (Hualfin Strains) (Hualfin Association, organisations from La Quebrada and Los Nacimientos, Hualfin Municipal Administration and Minera Alumbrera
Agribusiness	Walnut varietal re-engineering	El Durazno, Puerta de Corral Quemado, Belén	2007-2010	Re-engineering project completed	7 direct beneficiaries	Training sessions	Minera Alumbrera

ANDALGALÁ DISTRICT, CATAMARCA PROVINCE

Project type	Name	Location	Term	Results	Beneficiaries	Contribution by Minera Alumbrera	Organisations involved
Orchard	Dried tomatoes	Andalgalá	2011	10 tonnes of tomatoes were dried with a further 10 tonnes sold to local greengrocers as fresh tomatoes	6 farmers	Supplies to build a 100 m vegetable drying module	Minera Alumbrera and Andalgalá Municipal Administration
Livestock raising	Las Estancias	Andalgalá	2011	50 hectare grazing land to ensure good nutritional balance	1 household	Permanent forage varieties and training	Minera Alumbrera and Andalgalá Municipal Administration
Phytosanitation	Pesticide Project	El Potrero, Choya, Chaquiago and Villa Vil, Andalgalá district	2009-2011	Phytosanitation control over 200 and 100 hectare walnut and quince plantation	50 beneficiaries	Agrochemicals	Agribusiness Department under the Andalgalá Municipal Administration and Minera Alumbrera



Our SD expenditure for 2011 was 242% higher than the 2010 level.

SANTA MARÍA DISTRICT, CATAMARCA PROVINCE							
Project type	Name	Location	Term	Results	Beneficiaries	Contribution by Minera Alumbra	Organisations involved
Agribusiness	Pepper for paprika	Santa María	2008-2011	Pepper yield grew by 1,000 kg/hectare with improved product quality	10 direct beneficiaries	Phytosanitation controls, construction of 10 drying facilities, supply of work tools and seeds	Universidad de Catamarca, Small Farmers Association and Minera Alumbra
Agro-industries	Channelling project	El Puesto and Fuerte Quemado, Santa María	Completed in 2011	600 m channel	20 direct beneficiaries	Miscellaneous supplies	Santa María Municipal Administration, Minera Alumbra, Small Farmers Association
Agribusiness and livestock raising	Agribusiness and livestock raising activities	El Puesto, Loro Huasi, Caspichango and Las Mojarras, Santa María	August 2011	Forage oat and barley planting; improved pastureland	22 direct beneficiaries	Oat, barley, forage and lucerne seeds	Santa María Municipal Administration, Small Farmers Association of El Puesto, Loro Huasi, Caspichango, Las Mojarras, and Minera Alumbra
Agribusiness	Replacement of old walnut trees	Entre Ríos, San José, Santa María	3-year project started in 2011	Removal and replacement of old walnut trees with 1,280 new trees	8 direct beneficiaries	1,000 walnut trees	Minera Alumbra and Farmers Association

TINOGASTA DISTRICT, CATAMARCA PROVINCE							
Project type	Name	Location	Term	Results	Beneficiaries	Contribution by Minera Alumbra	Organisations involved
Agribusiness	Solar drying facilities for raisins	Tinogasta	2010 - 2012	Improved product quality and drying time reduced by 200%	26 direct beneficiaries, plus 10 additional beneficiaries in 2012	Supplies for 10 drying modules	Agricultural Department of Tinogasta and Fiambalá, Small Farmers Association and Minera Alumbra

AMAICHA DEL VALLE, TUCUMÁN PROVINCE							
Project type	Name	Location	Term	Results	Beneficiaries	Contribution by Minera Alumbra	Organisations involved
Agribusiness	Vineyard	Amaicha del Valle	Started in January 2010	16 vertically-trained vineyards were successfully planted for indigenous people	16 direct beneficiaries	Crop management training sessions, 15,000 grapevines were provided including the entire structure for the 16 vertically-trained vineyards.	Los Zazos Small Farmers Association and Minera Alumbra
Agribusiness	Varietal re-engineering	Los Zazos	2011	4 new plantations	4 beneficiaries	450 walnut trees transplanted	Farmers Association and Minera Alumbra
Agribusiness	Stone and bone fruit trees	Amaicha del Valle	2011	Fruit trees were planted to improve the diet of local people and to make jam	32 direct beneficiaries	450 peach, pear, apple and plum trees	Minera Alumbra and Farmers Association

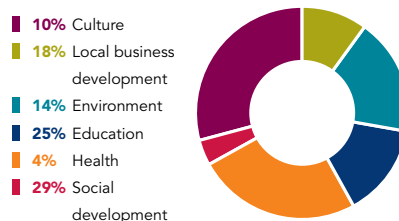


9 million were spent to refurbish the Tucumán Maternity Hospital in the last five years, where 12,000 babies are born per year.

During 2011, 77% out of the total SD expenditure in Tucumán was spent in health initiatives including the ongoing (CSI) infrastructure works mainly in the Concepción Maternity and Tucumán Maternity Hospitals, (USD968,593 and USD363,222 million expenditure, respectively).

Minera Alumbrera's financial support to local business development initiatives significantly increased during 2011 mainly in Hualfín (Belén) as USD435,867 has been spent to purchase winery equipment, and in Andalgalá, where USD629,585 have been spent on irrigation channels in Villa Vil and Amaniao and USD77,487 on a laundry services facility.

Breakdown of community programme (CP) expenditure per area for 2011 - %

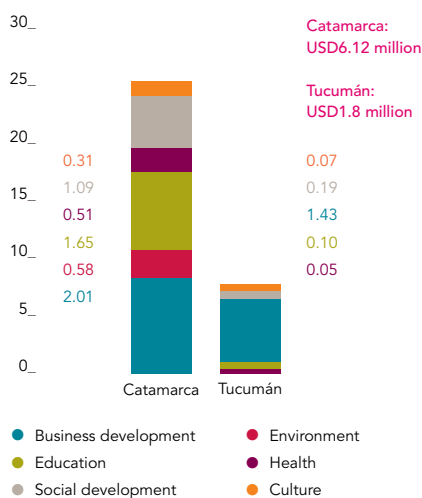


Geographic breakdown

As shown in the geographic breakdown, our SD expenditure remained stable in Catamarca, but fell slightly in Tucumán since major infrastructure works there have been completed, as noted above.

Our SD expenditure for 2011 has been evenly allocated to three key areas - health, education and local business development, which in the aggregate are equivalent to three fourths of the total expenditure, with local business development 242% higher than 2010 levels, at USD2.05 million. Social development is the fourth largest area and involves sports, housing and recreational initiatives

Breakdown of SD expenditure per area in Catamarca and Tucumán during 2011



Since 2006, Minera Alumbrera has supported a Teacher Training Programme initially launched in Andalgalá and then extended to Belén and Santa María. It is mainly intended to train local teachers with a view to improve local education indicators. This programme entailed USD920,163 million financial support, out of which 27% were trainer fees as well as travelling and transportation expenses and teaching aids.

Moreover, the expenditure on environmental training sessions in neighbouring districts grew by 6.4% at USD581,156. This figure represents 9.5% out of the total SD expenditure in Catamarca.



Teacher training in Catamarca

Five 1st grade teachers from Belén presented their book for teachers across Catamarca. It is entitled "Compartiendo saberes. Enseñar a leer y a escribir en primer grado" ("Exchanging Skills. Teaching how to read and write to 1st graders").

When the authors were asked to write a book for their colleagues under the Teacher Training Programme launched by Minera Alumbra, Universidad Nacional Tres de Febrero (UNTREF) and Fundación para el Desarrollo Educativo y Socioprodutivo Sustentable (FUNDESS), they became astonished.

Noticing that some 1st graders had poor reading and writing skills by the end of the school year, they sought pedagogical tools to overcome this issue.

At the Reading and Writing Workshop for teachers under Minera Alumbra's education programme, UNTREF trainers discussed teaching strategies based on methods that teachers were already familiar with. The Literacy Project coordinator Dr. Beatriz Diuk explained "their research results were very close to our methods and thus they found their practices were fully supported by our principles".

A review of methods to teach children how to read was enough to ponder on the changes required to streamline their practices, and finally their teaching aids were compiled in a book, which is now available to all 1st grade teachers from Belén.

"We were taking tentative steps but we needed to make sure that we were on the right track. Although sometimes we feel we lag behind, these initiatives are highly motivating and encourage us to keep up. Thus, we are grateful to FUNDESS for their support and assistance and to Minera Alumbra for having made it possible," says author and "Fray Mamerto Esquiú" Primary School #6 teacher Sofía Palavecino from Belén.

UNTREF Secretary José María Berraondo pointed out that this education project "is a good example of the potential achievements of an education organisation liaising with a business company to improve social standards".

Authors:

- Sofía Palavecino
- Analía del Valle Segovia Isasmendi
- María de los Ángeles Inga
- Cristina Amelia Figueroa
- Felisa Cristina Hernández



The book describes in great detail the pillars of this successful method, teaching practices and the changes required, as well as specific exercises and reading activities.

In short, during 2011 ongoing support was provided to the sustainable development of the communities close to our operations through infrastructure works and community programmes. This clearly shows that the local needs identified during the survey have been satisfied as a result of the above programmes.

These initiatives have been undertaken under agreements with the provincial and municipal administrations from Catamarca and Tucumán as well as with local organisations. These collaborative practices were followed in recognition to the key role of local stakeholders to manage local development processes. Therefore, surveys are intended to gather the actual views of the local people on their needs, the potential solutions to local issues as well as outstanding issues.

Cumulative CSI expenditure by project, district and province (2006 - 2011)

ANDALGALÁ	US Dollars
School #995	1,110,733
Vis Vis housing works	110,404
Cooperativa de Emprendedores del Oeste Ltda. laundry shop	148,851
Irrigation channels in Villa Vil and Amanao, Centro de Trabajadores del Oeste, Andalgalá	624,703
Subtotal	1,994,691

BELÉN	
Belén secondary school	2,068,247
Equipment for Hualfin	73,264
Hualfin sports centre	605,164
Hydraulic crane truck for Hualfin	51,782
Trailer for Hualfin	25,496
Refurbishment of School "Ciénaga Redonda"	260,652
Intensive care unit in Belén	24,234
Sports centre in Hualfin	1,856
Sports centre in Belén	800,442
Londres bypass road	359,360
Irrigation truck for Belén.	11,668
Medium voltage powerline for Hualfin	59,172
Swimming pool in sports facility in Belén	98,902
Equipment for the Hualfin winery	426,517
Subtotal	4,866,757

OTHER PROJECTS IN CATAMARCA

Water laboratory	57,156
Universidad Nacional de Catamarca auditorium	40,629
Health centre	170,205
Intensive care units	624,097
Medical equipment for intensive care units	237,735
Equipment for the maternity hospital	1,724,412
"San Juan Bautista de Catamarca" Hospital	62,124
Subtotal	2,916,358
TOTAL FOR CATAMARCA	9,777,806

TUCUMÁN

Centro de Salud Hospital	270,861.08
Perimeter fencing around Obarrio Hospital	143,387.90
Padilla Hospital	639,952.05
Niño de Jesús Hospital	210,630.55
Sur healthcare centres	219,182.75
Obarrio Hospital	313,696.64
El Carmen Shelter	482,342.54
Avellaneda Hospital	190,866.16
Centro de Salud Hospital (under the 2 nd agreement with Tucumán administration)	1,203,940.00
Tucumán Maternity Hospital	268,994.60
Civil Maternity	1,913,943.87
Concepción Maternity Hospital	2,063,266.82
TOTAL TUCUMÁN	7,921,065.45
TOTAL FOR CATAMARCA AND TUCUMÁN	17,698,871.83



1 Quince pulp and pickle processing equipment was provided to a cooperative from Andalgalá.
 2 As a result of the water works in Villa Vil, irrigation now takes place four times a week.
 3 The historical "Lafone Quevedo" School #995 was refurbished with Minera Alumbrera support.

Risks and opportunities

Our goal is to extend the mine life and to continue operating in Argentina. However, certain anti-mining initiatives have been observed in Catamarca. Full support should be provided to mining operations as an inclusive industry that provides significant social and economic benefits. Joint efforts are being made by the government, miners and social organisations to ensure ongoing liaison and improve the reputation of the mining industry in Argentina.

Stakeholders

Stakeholders include all those directly or indirectly associated to Minera Alumbra operations. Liaison has been established by Minera Alumbra with organisations and individuals with varying interests by virtue of the following commitments:

Minera Alumbra

● Investors

Maximise the return on investment through successful management practices, while leading the copper industry. We are committed to open corporate management practices.

● Customers

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

● Employees, suppliers and contractors

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

● Government

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

● Trade unions

Support the responsible organisations that strive for employee welfare.

● Communities

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

● Mining chambers and industry associations

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

● NGOs and related organisations

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

● Media

Provide accurate and thorough information, through ongoing regular discussions.

● Universities

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

Communication with stakeholders

We report our management efforts to our stakeholders through mass media, polls and surveys, social networks, face-to-face discussions or specific publications, as applicable.

In Catamarca and Tucumán, magazines are published relating to our Community Programme through best CSI practice cases including value chain, human resources and environment. Four annual issues are published in El Ancasti newspaper (Catamarca) and La Gaceta (Tucumán), and a special issue is distributed within the local communities.

Regular meetings are arranged with local reporters to directly report new developments and address their concerns. In addition, corporate

brochures and communications are regularly distributed to the provincial and mainstream press, including the information requirements from local universities, schools, NGOs and other stakeholder representatives. Our website is a technological tool that facilitates interaction between Minera Alumbra and our stakeholders. Since 2010, we have been using social networks to engage in the dynamic far-reaching discussions made available by this computer tool through our blog www.infoalumbra.com.ar and our Twitter account www.twitter/infoalumbra

Furthermore, our annual sustainability report for stakeholders helps us get feedback, with 5,700 printed copies and available at www.alumbra.com.ar

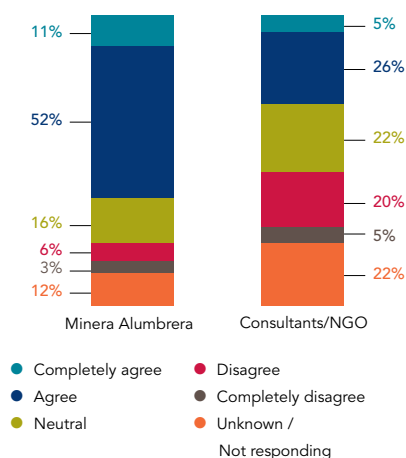
The report includes a form to provide feedback via e-mail, mail or fax, as stated in the form included at the end of the report.

Regarding interpersonal communication, Minera Alumbra representatives at Andalgalá, Belén and Santa María maintain ongoing communication with local authorities and community organisations and associations. Potential stakeholder concerns may be raised personally at our offices. Additionally, site visits are arranged for community stakeholders, reporters, and legislators, among others, who are interested in getting acquainted with ore processing practices.

Sustainability report assessment

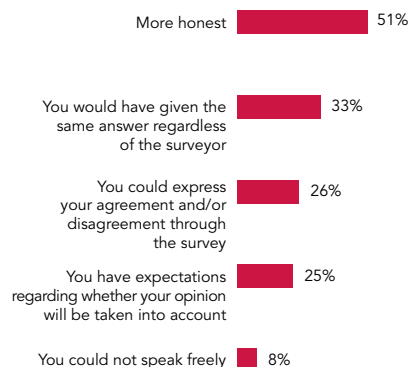
Local community feedback was gathered through Minera Alumbra's perception survey (November 2011) including their opinions about our communication practices since 63% of respondents believe that it is appropriate for Minera Alumbra to carry out an opinion poll.

"In the past, this opinion poll was conducted by various organisations. This year it has been undertaken directly by Minera Alumbra. Do you think it is appropriate that Minera Alumbra conducts these opinion surveys?"



Source: Opinion survey conducted in November 2011 by Minera Alumbra.

"Aware that this opinion poll was undertaken by Minera Alumbra, do you think that your answers were ...?"



Source: Opinion survey conducted in November 2011 by Minera Alumbra.

From June to August 2011, two meetings were held with national and Catamarca stakeholders to present our 2010 Sustainability Report and have it

assessed and reviewed by them, with a view to gather the relevant feedback to improve subsequent editions⁶.

Report assessment in Catamarca and Buenos Aires, per GRI indicators

Name	Poor	Fair	Good	Very good	Excellent	Unknown/not responding	Total
Relevance (outer appearance)	5%	15%	37%	27%	16%		100%
Thoroughness		13%	42%	43%	3%		100%
Sustainability scenario	8%	5%	53%	31%	3%		100%
Stakeholder involvement	5%	34%	29%	16%	16%		100%
Balance	5%	29%	31%	29%	11%		100%
Comparability		15%	51%	26%	5%	3%	100%
Clearness		16%	26%	45%	13%		100%
Accuracy			44%	48%	8%		100%

Overall assessment of the meeting in Catamarca and Buenos Aires

Feature	Disagree	Agree	Completely agree	Unknown/not responding	Total
The trigger questions made me ponder	14%	38%	48%		100%
I became aware of other people's opinions and ideas and I could rethink mine	5%	35%	60%		100%
I could state my opinions and respect the opinions of others	3%	24%	73%		100%
The scheduled agenda was met	16%	24%	57%	3%	100%
Involvement methods were appropriate	16%	32%	52%		100%



Focus group organised with students from a Belén school to qualitatively reinforce the opinion survey.



1

Alumbrera media reports run in local and mainstream press during 2011

Positive	775
Negative	455
Neutral	21

These figures include printed articles, digital media and radio broadcasts.



2



3

1 Farmers from Norte Chico de Belén are trained on walnut tree pruning to obtain better Chandler walnuts. 2 New health centre in La Quebrada, Santa María, a time and money-saving option for local residents who formerly had to travel long distances for medical services. 3 Safety equipment has been provided for an emergency drill at Santa María EPET school #5, Catamarca.

Concerns reported

Written records are kept of all stakeholder claims to include them in our continuous improvement process in order to respond in the short or long term, as applicable. Seven complaints related to trespassing and other issues have been raised during 2011.

For each operational complaint, the claimant is duly identified, potential solutions are discussed with the stakeholders involved until an agreement is reached and a programme is implemented to address each claim.

Stakeholder complaints for 2011

Type of issue	Quantity
Trespassing	5
Blasting	0
Dust	0
Noise	0
Odorous fumes	0
Traffic services	1
Water	1

In March 2011, some landowners from the Huaco and Malli slurry pipeline crossings (in Andalgala, Catamarca) stated that local rivers used to flood grazing lands during the summer season before our pipeline was laid.

In response, training sessions on cooperative work were provided to organise a local agricultural cooperative to grow olives and other native crops. Under such programme, their claim turned into a production venture, with Minera Alumbrera providing training resources and some supplies. One of the claimants is now involved in our *Jatropha*⁷ project.

Liaison with indigenous people

Even if our operations do not affect indigenous territories, the Amaicha del Valle and Quilmes communities, residing along Routes 40 and 307 in Tucumán, are indigenous communities, with which we have a respectful relationship.

No incidents of violation of indigenous people rights by Minera Alumbrera have been reported in 2011.

Mine closure

Mine closure planning from a community's point of view has started at our Sustainable Development area. The tools used to this end include local perception surveys and focus groups.

In developing the social and environmental closure plan, we will consider the community's expectations, their association with mining operations and the priorities and needs identified during such surveys.

⁶ The complete assessment of the stakeholders' feedback on the 2010 Sustainability Report can be found at www.alumbrera.com.ar

⁷ Additional information is available at the Environment chapter of this report.

Environmental Officer Sergio Olea monitoring water quality at Vis Vis River.



Environmental performance

Minera Alumbrera is committed to preventing and mitigating the environmental impacts of our activities and we set ourselves robust environmental performance targets.

We operate within the framework of sustainable development, focused on the efficient use of natural resources, soil rehabilitation and waste reduction. Based on our environmental commitment, we protect with responsibility the surroundings of the minesite as well as local communities, where most of the employees and their families live.

We strive to preserve the long-term health, function and viability of the natural environments that might be affected by our operations. As described in Xstrata Copper's Sustainable Development (SD) policy¹, Minera Alumbrera operates according to industry-leading environmental standards and, where relevant, eliminates, mitigates or repairs the environmental impact of its operations.

Our environmental management approach centres on preserving and restoring the natural environment throughout the life cycle of our operations. This is underpinned by a precautionary philosophy, meaning that even in the absence of scientific evidence that environmental degradation is occurring or will occur, we take action to mitigate this possibility. If environmental incidents do occur we determine the cause and take immediate action to remediate and prevent a recurrence. Additionally, we plan the closure of our operations in line with our Sustainable Development commitment.

Minera Alumbrera is operated by Xstrata Copper, a division of Xstrata plc. Xstrata is a Resource Sector

Leader for Basic Resources in the Dow Jones Sustainability Index for the fifth consecutive year. Xstrata's recycling business in North America is helping to extend the life of valuable base metals and reduce electronic scrap which is an increasing source of environmental concern and landfill waste.

Our environmental management system sets our long term operations and is aligned with Xstrata's Business Principles and 17 Sustainable Development Standards² against which we regularly measure our performance.

Environmental management

Minera Alumbrera operational sites comply with all the applicable laws, rules and regulations in force. Our environmental performance -including water requirements, management and discharge- is monitored by the competent national and provincial regulators from Catamarca and Tucumán. No departures have been identified from the standards under the rules in force in any of over 200,000 samples taken during the past 14 operational years.

Minera Alumbrera operations (including ore processing and marketing) are subject to ongoing monitoring by the competent regulators, including among others, the Argentine Customs House, the Argentine Treasury (locally known as AFIP), the Argentine Mining Department, the Argentine Environment and Sustainable Development Department, the Catamarca Mining Department, the Tucumán Mining Department as well as the Catamarca and Tucumán Environment Departments.

Minera Alumbrera's Environmental Impact Report (EIR) was lodged with the provincial regulators from Catamarca and Tucumán, prior to operational commissioning. Such report has been duly approved. EIR Updates are lodged biannually with provincial regulators. All EIR Updates have been duly

approved and subsequently monitored by regulators. It should be noted that the mining industry is the only sector in Argentina which is subject to industry-specific environmental legislation (Act 24585). No environmental fines or penalties have been imposed on Minera Alumbrera during the past operational years.

Goals achieved

Our environmental goals and objectives have been specified in Minera Alumbrera's Environmental Management Annual Programme. It is a planning tool listing the actions to be taken during the year, budgetary resources and term as well as the manager in charge, with a view to ensure continuous improvement.

Thus, additional projects have been implemented to ensure environmental leadership.

• Surface water quality monitoring programme

- The influence of our ore processing operations on the regional aquifer and surface water is closely monitored by Minera Alumbrera. To this end, further geological research on the ground flow system has been undertaken by Universidad Nacional de Tucumán at the Vis Vis river basin³ to ensure continuously improving monitoring practices.
- No changes to the fresh water chemistry have been identified during the trace metal monitoring programme at the Vis Vis Canyon. This has been ratified by the competent regulators. Results are obtained at renowned laboratories using state of the art technology to identify virtually negligible trace metal levels.

¹ http://www.xstrata.com/content/assets/pdf/x_sus_sdpolicy2008.sp.pdf

² http://www.xstrata.com/content/assets/pdf/x_sus_sdstandards2008.sp.pdf

³ The Vis Vis Canyon drains the south end of Sierra del Aconquija, next to Minera Alumbrera operations.



1 Jorge Lisiak and Martín Leguizamón pointing at the new tailings dam pumphouse. 2 Archaeological Survey. 3 Rock engravings in good condition. 4 Wall restoration works using ancient methods.

- Minera Alumbrera put in place a water quality programme using bioindicators. Biota in water samples is being analysed at the lab.

- The scheduled water quality monitoring programme has been successfully completed at Vis Vis, Campo del Arenal as well as in the rivers crossing our slurry pipeline route and the rainfall drainage canal DP2, in Tucumán. This programme is intended to avoid influence of Minera Alumbrera operations on surface and underground water systems. Our water quality monitoring programme has been certified under the applicable quality standards and lab results have been certified under proven methods to ensure accuracy.

- Archaeological sites have been monitored on an annual basis since 1994. About 40 archaeological sites along the powerline and slurry pipelines route in our operational areas have been monitored by an archaeological team during 2011 as part of the relevant permitting process.

Exposed archaeological items as a result of vandalism or adverse weather conditions were taken to local museums from Andalgalá, Belén and Santa María (Catamarca) for research and conservation purposes.

• Biodiversity conservation

Under Xstrata Copper's 17 Sustainable Development Standards, our Environment Department is responsible for biodiversity conservation and territory management. This involves full acquaintance with local ecosystems and ecological variables, identifying potential or actual impacts on local ecosystems and supporting academic research and publications.

Our bat monitoring programme and the scheduled biodiversity monitoring programme to identify local vegetation and wildlife within operational sites were completed. Our carob tree forestation programme in Campo del Arenal is ongoing. This programme is intended to get fully acquainted with the local environment with a view to grow similar crops in the area⁴.

• Water management

- Minera Alumbrera remains strongly committed to efficiently manage natural resources through reliable water conservation and management tools, by monitoring the influence of our operations on regional aquifers and by monitoring and measuring water requirements against our targets.

- The Campo del Arenal Mathematical Model has been recalibrated during 2011 to measure the potential influence of Minera Alumbrera water requirements accurately. Additional water wells have been drilled to update the existing model.

- Our pumpback system was maintained fully operational, including an additional water well. A further monitoring well was drilled outside the mining lease to ratify our conceptual flow model for the canyon area. Our Mathematical Flow and Solute Transport Modelling has been recalibrated and audited by experts under our operational monitoring programme for the Vis Vis basin.

- A pipeline was laid to pump recycled water from the pumpback system to the pumping system and thus avoid evaporation at the tailings dam. This ensured reduced fresh water requirements from Campo del Arenal aquifer and additional recycled water availability for our crushing and grinding operations.

• Certification

- Our Environmental Management System received the ISO 14001 Standard Certification for third consecutive year.

- Our effluent treatment practices at the Filter Plant received the ISO 9001:2008 Standard Certification from Bureau Veritas Argentina. With the implementation of this management system, effluent treatment is a planned process including standardised and fully-documented procedures. This includes suitable waste treatment methods, regular monitoring, follow up and assessment and documentary evidence of compliance.

⁴ Additional information on our biodiversity programme is available in subsequent sections of this report.



- Our truck maintenance workshop received Caterpillar 5 Star Award for seventh consecutive year. This has led to lower safety risks and responsible environment management practices.
- Since the implementation of the Pollution Control Plan, the number of maintenance-related safety incidents was reduced by 50%, whereas equipment availability and the life of heavy equipment increased by 3% and 15%, respectively.

• Waste recycling and final disposal

- Ongoing responsible waste management practices, including waste transport and final disposal through qualified contractors.
- Our electrical and electronic recycling programme (RAEE) was launched in 2011, to include damaged and obsolete electrical and electronic devices that became useless for our operations. The initial shipment to Industrias Dalafer included 7.6 tons. Industrias Dalafer is one of the four certified environmental management service providers in Argentina under the ISO 14001 Standard for final disposal of electrical and electronic devices.
- Ongoing research on how to obtain fuel out of used CAT 793 tyres. This initiative combines waste (tyre) recycling and power generation efforts.
- Energy efficiency initiatives have been developed during 2011.

Cases



1) Environmental leaders

A decision was made in 2011 to arrange a team of 30 Environmental Leaders for operational areas to reinforce statutory environmental compliance and the environmental commitments specified in Minera Alumbrera's Sustainable Development Policy.

Team members were selected based on their leadership skills, proactive approach, extensive experience and acquaintance with their working area. Environmental leaders support the operations by liaising with our Environment Department through the environmental initiatives identified to mitigate environmental impacts.

This initiative is intended to ensure continuously improving environmental performance as well as greater awareness and decentralised Environmental functions by designating qualified leaders to identify improvement opportunities at individual operational areas.

Thus, Alumbrera met all Ecoefficiency Performance Indicators during 2011 and our production levels have been increased in line with the applicable maximum fresh water, energy and carbon emission levels.

2) Installation of solar panels

Solar panels supply power to wireless mobile communication towers serving open pit and waste dump operations. This is intended to ensure ongoing communication among the drivers of haul trucks, loaders, ancillary mine equipment and the dispatch official, who schedules open pit traffic.

In addition to the above operational role, solar panels have been installed to maximise employee safety performance. The first solar panels were installed five years ago. Currently, 25 towers with three solar panels each have been installed.

The renewable energy supplied by solar panels avoids electrical sources. In turn, it provides additional infrastructure savings since no posts, wiring or fossil-fuel fed power generators are required. The advantages of this technological breakthrough were described by IT senior operator Yamil Pacha from Tinogasta (Catamarca) as follows: "Solar panels supply clean energy to a core pit operation systems. They also provide electrical supply and infrastructure cost savings while protecting the environment and optimising company resources".



Electrical Maintenance telecommunication operators Yamil Pachá and Germán Morelli monitoring solar panel operations.

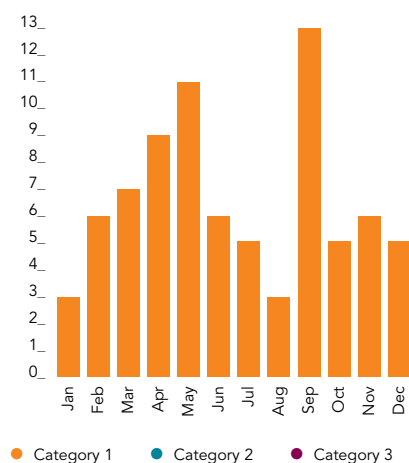


Chemical Analyst María José Castellanos taking samples at the Filter Plant Laboratory (Tucumán) -the first laboratory ISO 17025 Standard compliant at the regional level.

• Environmental incidents

No significant environmental incidents were reported during 2011. By the end of 2011, 658 days had elapsed with no Category 2⁵ or above environmental incidents. No fines or penalties have been imposed on Minera Alumbrera by the competent regulators.

Significant environmental Incidents - 2011



Environmental Expenditure - 2011

Environment Department Costs	\$ million
Labour costs	3,447,129
Consultants and contractors	3,365,360
Permits	162,871
Miscellaneous operating expenses	1,077,784
Capital expenditure	1,989,961
Total 2011	10,043,106

Climate change

At Minera Alumbrera, 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 communities⁶. We seek to be as energy efficient as possible to minimise our greenhouse gas emissions and reduce our operating costs. We also switch to renewable or low-carbon sources where it is available and cost effective.

Research was undertaken during 2010 to ensure an inventory and measure greenhouse gas emissions (GGE) based on individual operation and throughput levels, in line with the US Environmental Protection Agency (EPA) Climate Leadership programme. The US EPA is a government-industry agency that assists private organisations in the development of climate change strategies.

All the Category 1 (direct, company controlled) sources of company emissions have been identified. The direct Category 1 GGE (including CO₂, CH₄ and N₂O) have been measured. The key direct CO₂ emissions from our operations are associated to the engines of our mobile haulage and ore processing equipment fleet. Such emissions totalled 156,747 t CO₂ eq⁷.

Minera Alumbrera achieved 1.95 t CO₂ eq/kt of material moved, thus meeting our 1.96 goal for 2011.

By attaining all the goals set, Minera Alumbrera achieved full (100%) Ecoefficiency performance.

Supply-throughput ratio

Performance indicators	2011	Target
Fresh water Lt / tonne milled	591	630
Recycled water Lt / tonne milled	1,760	1,600
Energy GJ / tonne milled	0.083	0.090
CO ₂ eq t CO ₂ / k tonne moved	1.93	1.96

Considering that 52% of our power requirements are hydraulically generated, the indirect Category 2 GGE (associated to the industry electrical requirements) totalled 200,008 t CO₂ eq.

Thus the Category 1 and 2 sources have been identified and emissions were individually measured accordingly, based on 2010 levels. Our carbon footprint was calculated at 356,756 t CO₂ eq. Emissions must be regularly measured to identify potential reductions following the implementation of the relevant actions.

Based on Minera Alumbrera operations, no further GGEs are considered.

• Fleet maintenance programme

- Reduced diesel fuel emissions from our truck fleet.
- Oil refiltering to reduce unused oil requirements.

• Energy efficiency programme

- Enhanced energy utilization at our concentrator.
- Implementation of solar cells.
- Alternative energy research (Campo del Arenal Radiation Measurement).
- Renewable Energy (hydroelectrical power) Agreements.

• Forestation projects

- Campo del Arenal forestation
- Minesite forestation
- Jatropha project

⁵ A Category 2 Environmental Incident includes, for instance an offsite spill requiring cleaning and remediation work. Incidents requiring subsequent follow-up are category 3 incidents.

⁶ Further information about Xstrata's approach to climate change can be found in the Group's Sustainability Reports and its sustainability website www.xstrata.com/sustainability

⁷ The CO₂ calculation formula is based on fuel requirements -i.e. kg CO₂ eq per litre of fuel required.

Energy requirements

We, at Minera Alumbra, encourage energy efficiency programmes at our site. Operating generators for camps and fuel for light vehicles and drilling programmes are our main energy consuming and greenhouse gas emitting activities.

We recognise that the key to effectively managing greenhouse gases lies in the design of our mining and processing operations. Contingency cost for carbon is included in our financial models which helps us optimise the greenhouse gas footprint of our project.

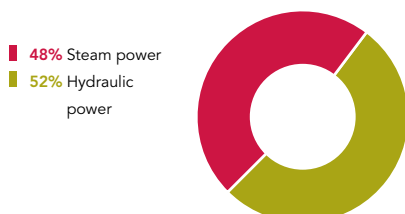
Power is supplied to Minera Alumbra through a 202 km 220 kV powerline including three transformers -one at El Bracho power station in Tucumán, the second one is at Ampajango (128 km away from El Bracho) and the third one at the mine site. Power is supplied by a number of providers -i.e. no segmented power sources.

Alumbra power requirements remain stable. Our powerline and the associated transformers are operated and maintained by Transener S.A., under Minera Alumbra's supervision. Our power contractor has been certified under the ISO 9001/14001 Quality Standard, which is applicable to the above facilities.

Our powerline is subject to the Argentine Power Regulator (ENRE) Public Safety policies, including electromagnetic field measurements, information sessions at schools close to the powerline, signage, waste classification practices, etc.

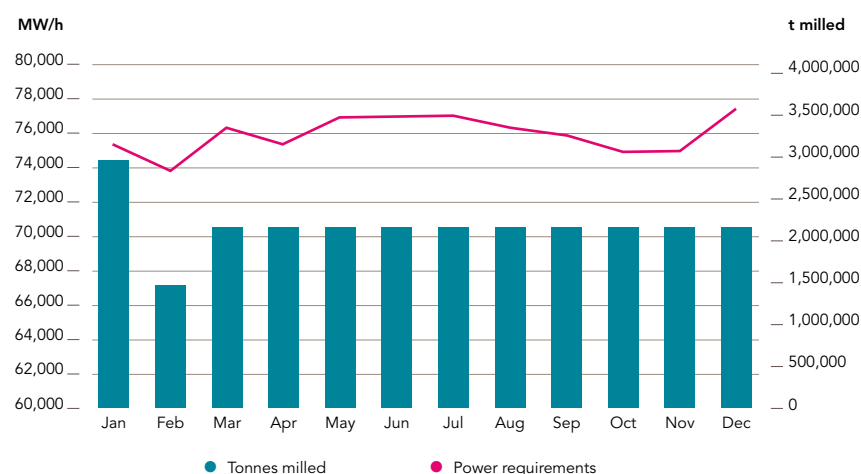
Like in 2010, our direct power requirements for 2011 totalled 880,336 MW/h and 0.082 GJ/tonne milled, with 52% out of such total being hydraulic power and 48% being steam power.

Alumbra power requirements per source - 2011



Environmental Officers Jorge Cantou and Esteban Báez monitoring water.

Alumbra power requirements vs. grinding levels for 2011



Our power efficiency performance for 2011 was better than previous year levels since a higher ore tonnage was milled using the same amount of energy. Power requirements for the grinding process were influenced by the higher tonnage of low and medium-grade stock fed into the mills. The properties of such material (i.e. hardness, mineral type and content) differ from non-weathered run of mine.

Solar panels are increasingly used for lighting purposes at site and to supply power to remote slurry pipeline and weather stations. Furthermore, solar panels have been installed at various site locations such as the external lighting system of our molybdenum facility (using a timer) and the electrical facilities of our water system (using a motion detector) to ensure gradually increasing energy savings.

Water management

Fresh water for the operations is drawn from the Campo del Arenal aquifer, a large basin to the Northeast of the deposit, in Santa María, Catamarca. This water reservoir is recharged by rainfall and snow melt water from the Aconquija and Cajón mountain ranges and neighbouring hills. Water is drawn from seven 250 m deep wells. Baseline research was undertaken in advance of project operations to ensure the availability of drinking water supply to neighbouring communities. Minera Alumbrera wells have been drilled 60 km away from the Santa María farming areas.

Ever since project inception, we have been committed to maintain ground and surface water quality through ongoing monitoring practices. Process water is not discharged into local rivers or aquifers, but is rather pumped from the tailings dam back to our mining and ore processing facilities using a state-of-the-art pumpback system.

In support of our water management practices, additional monitoring wells are drilled on an annual basis at the sites recommended by ancillary research work and approved by the regulators. We focus on enhancing the use of recycled water, as part of our continuous improvement policy.

Under the latest water research at the Campo del Arenal basin, two additional monitoring wells have been recently drilled in support of the Groundflow Model for the Arenal basin. The fine drilling material is a clear indication of restricted groundwater flow from the Arenal basin to Los Nacimientos river basin.

• Fresh water supply

The impact of fresh water supply to our operations is managed and monitored through a mathematical model to assess the condition of the local basin. Additionally, the statutory groundwater flow levels are enforced by the provincial administration.



Biodiversity monitoring at the Tailings Dam.

Freshwater requirements from Alumbrera wellfield in Campo del Arenal for 2011 totalled 20,686,466 m³, which is equivalent to 88% of the volume authorised by the provincial regulator.

Recycled water from the tailings dam and reused at the ore processing facility during the period under review totalled 61,092,484 m³. The percentage of recycled and fresh water remained constant at 74.7% and 25.3% respectively.

Water requirements for 2011

■ 25.3%
Fresh water

■ 74.7%
Recycled water



• Discharges

Copper and gold concentrate is pumped through the slurry pipeline from the minesite to our Filter Plant in Tucumán, where it is dewatered. Pumping water is treated prior to discharge into the DP2 canal.

During 2011, 815,238 m³ of treated water have been discharged into the DP2 canal. Such volume is 35% lower than 2010 levels. This demonstrates Minera Alumbrera's enhanced water utilization and treatment practices.

Water treatment at our Filter Plant received the ISO 14001 Standard Certification from Bureau Veritas (BV) Argentina. Our slurry pipeline and port facilities in Santa Fe have also been certified under such standard. Minera Alumbrera's Environmental Management System is subject to semiannual audits by BV to ensure compliance.

- Permitting

Our discharge permit has been granted in accordance with Resolution # 30 from the Provincial Environment Division (SEMA) under the Tucumán Public Health Department. Discharge levels are registered at the Provincial Record of Effluents, under the Environment Supervisory Division, including the relevant discharge permit from the Tucumán Mining Department.

Discharges are subject to daily quality sampling and chemical analysis at our Filter Plant lab. Such lab was certified under the IRAM 301-2005 Standard that established the technical assaying requirements for chemical labs, from the Argentine Accreditation Agency.

Additionally, our discharges are monitored by experts from Universidad Nacional de Santiago del Estero and Tucumán. Through Minera Alumbrera's agreements with such universities, the chemistry of our discharges and the DP canal is subject to external monitoring. The results obtained to date ratify compliance with Alumbrera discharge standards under the Tucumán legislation.

Biodiversity and land management

Biodiversity includes all the living organisms in a natural environment and it involves all vegetation and wildlife species, microorganisms and their genetic material. We at Minera Alumbra, encourage the integration of economic development and the environment and conduct monitoring programmes of vegetation and animal species. We put in place a forestation policy to prioritise sustained management of native wood and avoid exotic species, unless demonstrated by thorough studies.

No species in the International Union for Conservation of Nature (IUCN) Red List or Argentine conservation list have been observed in the operational areas.

The total project area -including the pit and ore-processing areas- totals 5,700 hectares.

• Our biodiversity monitoring programme

Our biodiversity monitoring programme is a significant contribution to global biodiversity research. Unique records have been compiled of species that had not been previously surveyed due to access restrictions and the high survey costs involved for conservation organisations.

Vegetation and wildlife is monitored on an annual basis at site and biannually in the rivers crossing our slurry pipeline route. Our monitoring programme has been undertaken in the summer season during 2011, with four seasonal monitoring programmes scheduled as from 2012, as established in the ISO 9001 Standard and Xstrata Copper standards.

The survey area includes neighbouring areas, from the Vis Vis river to Campo del Arenal, via the minesite.

Our monitoring programme covers flowering species, vertebrates (including fish, amphibian, reptiles, birds and mammals), surface invertebrates (insects, arachnids, crustacean, mollusks, arthropods) as well as aquatic microorganisms including plankton (phytoplankton and zooplankton) and benthos (phytobenthos and macroinvertebrates).

Approximately 470 species of the surveyed categories have been identified during this monitoring programme. No significant differences have been noted from previous survey results as to the overall status and operation of the local ecosystems. This is shown by the wealthy biodiversity resources and the percentage of species per family and/or the overall description of physiographic units.

Although additional species have been noted, their magnitude is significantly lower than previous year levels. Based on this, it may be inferred that biodiversity has been successfully surveyed in the vicinity of the Bajo de la Alumbra minesite.

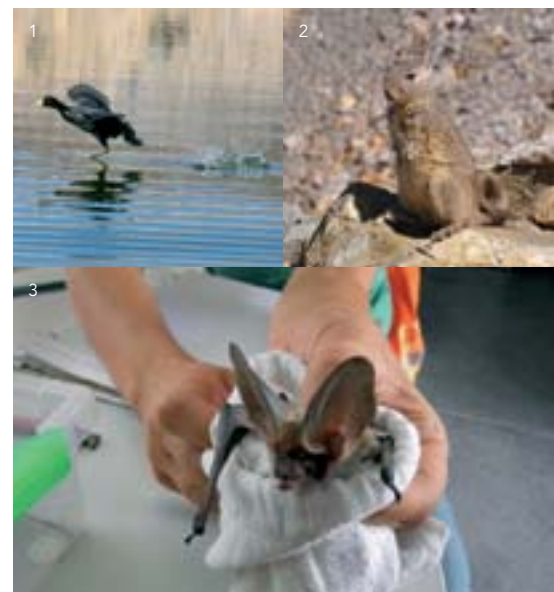
Based on field studies and sampling results, no physical or chemical stressing condition has been observed in the environments surveyed, which facilitates plankton and benthos colonization. Additional ecosystem data has been gathered by our ongoing monitoring programme.

• Biodiversity management programmes

- Cardon cacti conservation

With a view to ensure the conservation of native vegetation species that might be disturbed by our operations, our cardon cacti programme was launched in 2007 including the *Trichocereus atacamensis* sp. and *Gymnocalycium* sp. species. Even though this programme was completed in 2010, follow up is ongoing.

Based on survey results, 95% out of the 568 *Trichocereus* specimens and 85% out of the 2048 *Gymnocalycium* specimens



1 Common Moorhen at the fresh water dam.
2 Southern Viscacha.
3 *Histiotus macrotus* sp. essential for insect control.

transplanted have actually grown and propagated, with an average 90% success rate for both species. The main reasons for non-development of these species include ants, pests as well as inability to root into the soil.

- Bat biodiversity

Since bat species had not been captured during our previous biodiversity monitoring programme, a special monitoring programme was developed for chiropterans. Chiropterans are very important flying mammals for surface ecosystems. They are responsible for scattering seeds and pest control. They are also useful as healthy environment indicators.

Research work included the identification of frugivores, insectivores and blood-feeding species. All the specimens captured were examined and returned to their natural habitat.



Geological mapping at Vis Vis Canyon by Geologists Antonio Gutiérrez, Sebastián Moyano and Jorge Rasuk from Universidad Nacional de Tucumán.



Carob tree forestation at Campo del Arenal

Woodlands (in particular carob tree forests) have been removed in Argentina with a view to obtain wood, firewood and coal, without even considering their capacity to grow again. We seek to grow carob trees in Campo del Arenal, Santa María, Catamarca in order to reinstate the local heritage, restore areas that might have been previously subject to inappropriate soil management practices, reinstate the local landscape and support neighbouring woodlands.

The goals for the initial stage are to identify the features and the number of *Prosopis* sp. specimens in the vicinity of the minesite. We seek to support the conservation, gathering and utilisation of phytogenetic resources, their natural habitat and its surroundings in order to preserve the environment, local tradition and cultural heritage.

This initiative is also useful to restore the local landscape. In line with the habitat requirements of carob tree species as identified in preliminary research, 1,350 specimens grown at Minera Alumbra nursery were planted in our site roads. Lab tests include carob tree germination, plantation and adaptation trials based on the various nutrition and care methods.

Improved propagation material was obtained by selecting individual seeding trees to meet regional demand and Minera Alumbra forestation programme. Thus, 17,000 carob tree seedlings were grown on site.

A customised harvesting machine has been designed and manufactured to gather carob tree seeds and thus ensure genetic material for future seedlings.

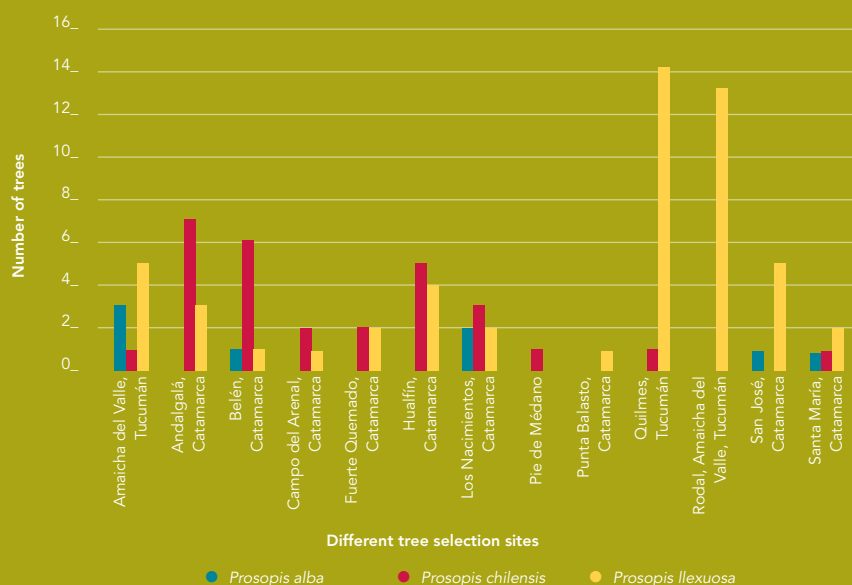
Likewise, a Local Carob Tree Management Programme has been developed by Minera Alumbra, including the guidelines for the sustainable utilisation of carob tree plantations in the future. Joint efforts have been made with local landowners to grow carob trees in their property under the existing programme. Pastureland for forest grazing will be included in the

future to ensure additional sustainable low-cost initiatives.

As a secondary succession species, carob trees grow in steady and mature environments. Our biodiversity project includes a Pilot Germplasm Bank at Alumbra's nursery, which will be managed by a local organisation upon completion of mine operations.

In the mid term, community support is sought mainly from the local people, businesses, schools, scholars as well as public and private organisations to lead this initiative.

Different carob species at each site





- Biodiversity research on mammals

Research was undertaken during 2011 to map small and large fugitive mammals that had not been previously identified. Mammals are essential for biodiversity conservation.

Fieldwork is expected to start in 2012 through "camera-traps" -i.e, a remotely activated camera that is equipped with a motion sensor as a trigger.

- Vis Vis water quality bioindicators

Biological indicators are used to identify changes to surface water chemistry. This ensures a more representative survey as to the time-span relative to specific sampling methods. Bioindicators provide a series of complex environmental features (including type of substratum, temperature, water pH and dissolved oxygen levels). This allows the identification of time-related disturbances since the absence / presence of indicator species reflects an ongoing / past impact on the environment.

This initiative is in an advanced stage, including the Insect Baseline Survey at the Vis Vis River.

Our biodiversity management programme is developed on site, at Campo del Arenal, in the Vis Vis river as well as in our slurry pipeline area and the DP2 Canal.

Disturbed and rehabilitated land during 2011

- 1,62 ha Rehabilitated area
- 1,63 ha Revegetated area
- 41,18 ha Disturbed area



Air emissions

SO₂ (sulphur dioxide) and NO_x (nitrogen oxide) emissions are not reported as they are not applicable. Since Alumbra emissions into the air are negligible, the scope of our air quality monitoring programme is mainly associated to particulate matter.

• Air quality monitoring programme

Minera Alumbra's air quality monitoring programme was launched in late 2010. Four out of the seven stations are based at site, with the remaining three stations situated in neighbouring locations (Hualfin, Los Nacimientos and Amanao).

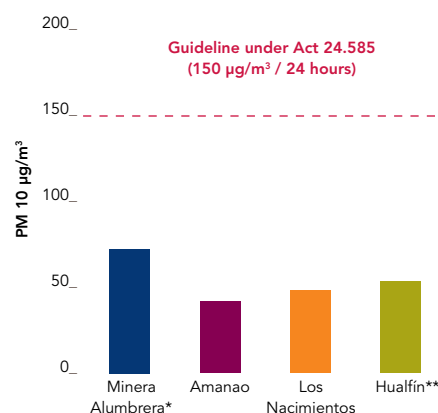
This weekly monitoring programme is intended to measure Total Suspended Particulate Matter (TSP), Particulate Matter smaller than 10 microns (PM10)⁸ and Settleable Particulate Matter (SPM) with a view to adjust operational controls while taking preventive and/or corrective action, as required.

From November 2010 to November 2011, fifty PM10 and TSP measurements have been undertaken at each air quality station. As a result, the average annual PM10 concentration was found to be lower than 50 µg/m³. The applicable standards include the Supplementary Regulation of Act 24.858, as approved by the Federal Mining Council in Bariloche in 1996.

⁸ Breathable particulate with equivalent aerodynamic diameter smaller than 10 microns. It is an air-quality environmental indicator.

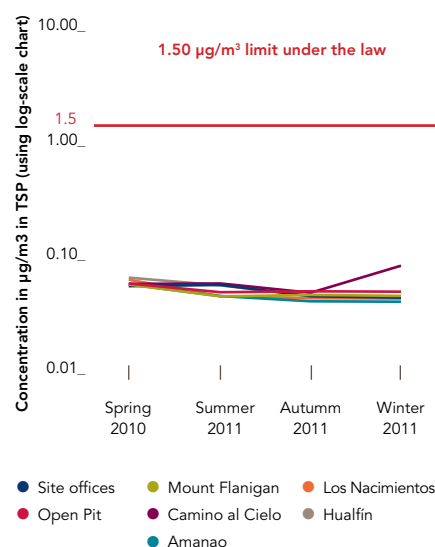
* This is higher at the site offices since most mine operations (including the primary crusher, ore unloading

Annual PM 10 Concentration in µg/m³ for the 2010 - 2011 period



From a review of TSP levels, Lead (Pb) concentration was found to be lower than 0.10 µg/m³ at all sampling sites for all measurements, taking into consideration the 1.50 µg/m³ maximum allowable level under the Supplementary Regulation mentioned above.

Annual Lead Concentration in µg/m³ in TSP (using logarithmic scale chart)



operations, heavy equipment traffic) take place at a distance of 25 km from neighbouring locations.

** The 53 µg/m³ measurement at the Hualfin station resulted from the typical dust storms in the area as well as from external earthmoving operations involved in the paving works at Road #40.

• Conclusions

TSP levels increase during winter and spring seasons and are reduced during summer and autumn seasons, as they are related to rainfall and to the air and soil relative humidity levels.

From the monitoring results for the 2010-2011 period, the risk associated to PM10 concentration has not adversely affected neighbouring communities. This ratifies that Minera Alumbra operations have no impact on air quality at neighbouring Los Nacimientos, Hualfín and Amanao locations.

Furthermore, Minera Alumbra operations have no impact on the lead concentration identified in air quality levels at neighbouring locations and at site, taking into consideration the fact that BLA is copper and gold porphyry.

Waste and tailings management

During 2011, waste rock from the pit totalled 52,201,514 tons, and 37,551,615 tons of tailings. Waste rock is not treated but disposed in the waste dumps and the tailings dam, respectively.

Total waste tonnage for 2011

64.2 t	Plastic, paper and cardboard
861.6 t	Used oil
892.6 t	Solid hydrocarbon waste
28.4 t	Batteries
668.2 t	Domestics
2.912 t	Scrap metal



During 2011, 64,230 kg of plastic, cardboard and paper were recycled, out of which 59,970 kg of cardboard and paper were sent to "Hospital de Pediatría Garrahan" charity, where a recycling programme is in place and 4260 kg of plastic were sent to Cottolengo Don Orione -a charity that serves 1,500 disabled and poor people.

Hazardous waste is sent to waste operators duly authorised by the national or provincial regulators. Final disposal certificates are issued by the authorised waste operators.

77% out of the 3072 tons of new mill lining required during 2011 was returned to vendors for recycling purposes. Hazardous waste is not imported or exported.

No reportable spills have occurred during 2011.

The massive use of wood-fibre paper has adversely affected world forests. Thus, a decision was made at Minera Alumbra offices to use recycled paper⁹ as part of our continuous improvement approach to maximise resource, with very good results, since 80% paper requirements were met out of recycled paper. Based on our annual paper requirements, 135 mid-sized trees have been saved.

Breakdown of materials required at Alumbra

Materials required during 2011	Quantity	Units
Conveyor belts	1,059	Metres
Diesel fuel	57,634	kilolitre
Electricity	783,504,689	KW/h
Anfo explosives	2,405.5	Tons
Anfo Explosives -emulsion	7,035.2	Tons
Heavy Anfo explosives	15,266	Tons
Mill balls	222,423.1	Tons
Lime	47,548.3	Tons
LPG	503	kilolitre
Lubricating oil	1,580.6	kilolitre
Tyres - heavy vehicles	295	
Tyres - light vehicles	1,029	
Fuel	16	m ³
Xanthates	143	Tons

- EN2 recycled input materials.

Out of the 2,674.4 tons of new lining required during 2010, 30% was recycled from used lining from Minera Alumbra, 55% from ordinary scrap metal and 15% from ferroalloys.

Impacts of employee and cargo transport

	Km	Diesel fuel
(Surface) employee transport	1,870,867	333,338
Cargo ¹⁰	8,268,000	3,300,000

• Product responsibility

As there are many producers and users of copper, and it is sold into a global market place, Xstrata Copper believes that meeting our product stewardship commitments is best done in collaboration with our key stakeholders including governments, industry associations, the scientific community and civil society groups. Much of our engagement on product stewardship is done via industry associations. Xstrata Copper is a member of the International Copper Association (ICA) and we are actively involved with its efforts to ensure copper is used safely and sustainably. Xstrata Copper Chief Executive, Charlie Sartain, is Chairman of the ICA and we have company representatives participating in several of the ICA's advisory and steering committees.

Our products have material safety data sheets that provide pertinent information on product composition, toxicology relating to human health and the environment, handling, storage and exposure issues and recommendations for managing spills and disposal. In addition we inform our employees, contractors, customers and other stakeholders about these potential hazards and product handling best practices.

No environmental incidents associated to Cu and Mo concentrate or dore gold transport have occurred during 2011.

⁹ Elemental Chlorine Free (ECF) and recycled paper is now used. We will keep on sending used paper for recycling to Garrahan Foundation. However, the bleaching process will be easier since no chlorine waste will be involved.

¹⁰ Incoming general cargo (including spares, food, fuel, mill balls, lime, lub oil) from Buenos Aires, Santa Fe, Córdoba, San Luis, San Juan, Catamarca, Tucumán, Salta and Mendoza provinces.

• Product stewardship

- Special attention is given to the environmental and safety guidelines for our copper and molybdenum concentrate freight forwarders to minimise potential safety and environmental incidents. Sea freight forwarders must be approved by RightShip, a boutique ship vetting specialist, promoting safety and efficiency in the global maritime industry.

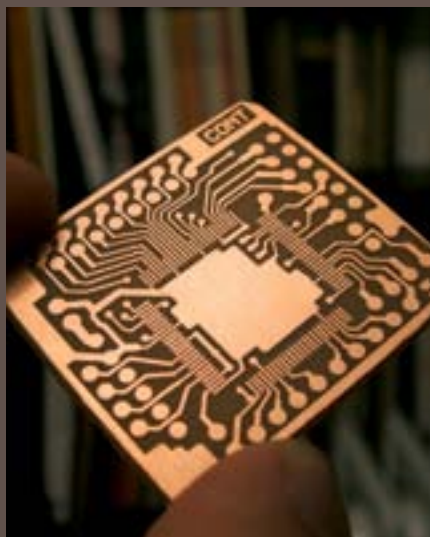
- As to our molybdenum concentrate trucking services, special emphasis is placed on truck drivers' rest periods. Unloading operations are monitored by international companies that report any events occurring during transportation. A material safety data sheet (MSDS) is provided to each driver, with the specifications of the materials being transported, the relevant handling methods as well as the risks posed by skin contact and how to mitigate them.

- At the Alumbra port facilities, concentrate is unloaded and stored in enclosed facilities. It is conveyed along belts mounted on an enclosed conveyor system from the railway unloading station to the warehouse and thence to the ship that will carry it to international smelters. This avoids product contact with the environment.

- The use of generators at the Alumbra port facilities minimises the risk of collision or falling products, by preventing interruption of the conveyor loading operations in the event of an electrical failure.

- A growing demand for our products exists in international markets, given their metal purity. Minera Alumbra regularly tests concentrate chemistry with a view to identify potential changes to metal content. However, such changes have never been identified over the past 14 years of operations.

No fines have been imposed for non-compliance with the laws or regulations concerning the use and supply of our products.



Copper and Sustainable Development

Copper is one of the oldest metals known to man. It is estimated that around 80% of the copper that has been mined over the centuries is still in circulation as copper is 100% recyclable, one of its distinguishing features,

Over the years, copper uses have multiplied, thanks to its unique combination of properties. Copper is both malleable and ductile, that is it can be shaped into a variety of forms, such as wire or thin sheets, and is a highly efficient heat and electrical conductor¹¹. It is estimated that around 70% of all copper consumed is used for its thermal and electrical properties.

This versatility, combined with copper's durability, makes it a key component of everyday life, from the electrical wiring, to the air conditioning system and the water piping of our house.

New uses are also constantly appearing as technology advances, whether in communications, computers or medicine. Furthermore its extensive use in 'green' technologies such as solar cells, water heating panels and electric vehicles, ensures that copper will continue to play a key role in our sustainable future.

Antimicrobial copper

Copper and its alloys possess an inherent capability to quickly inactivate infection-causing bacteria including MRSA and Escherichia coli. The antimicrobial property is intrinsic to the metal and last the lifetime of the product. Competing materials such as stainless steel, plastics and aluminum do not have this capability.

When cleaned regularly, copper surfaces can kill 99.9% of bacteria within two hours of exposure. Antimicrobial copper¹² has been recognised by the US Environmental Protection Agency (EPA); no other solid touch surfaces have permission to make human health claims.

Copper benefits Sustainable Development:

- A typical 70 m² house contains between 70 and 90 kilos of copper.
- A typical car contains around 22 kilos of copper, mostly in the form of electrical components.
- Copper is used in the fish farming industry to control the growth of bacteria in the water.
- Copper pipes help to keep drinking water clean by inhibiting the growth of bacteria.
- Electrical equipment that contains more copper runs cooler and reduces electricity bills

¹¹ www.copperinfo.com

¹² For further information visit www.antimicrobialcopper.com





1 Moisture monitoring activities at the new trial area. 2 Revegetation monitoring at the waste dump area. 3 Puente Waste Dump Revegetation.

Mine closure

We are focused on the development of rehabilitation technologies for operational areas that ensure ecosystem balance by reestablishing native vegetation and wildlife.

As to the social and economic issues, efforts are being made to identify the education, health and business initiatives to be potentially developed by neighbouring communities to encourage sustainable projects.

As part of our long-term environmental initiatives, the Environmental management programme for 2011 has been completed, as approved by the Catamarca Mining Department:

• Waste dump capping system

Our waste dump capping system using barren-core material and local vegetation has been designed to mitigate dust and erosion levels with a view to ensure chemically stable capping materials while avoiding exposure to weather conditions, thus reducing acid rock drainage potential.

Temperature and moisture measurements continued at the capping system during 2011, with very good results on the moisture store-and-release capacity of the cover system. The temperature of the capping material did not exceed 25°C, which demonstrates the chemically stable waste material under the capping system.

• Tailings dam cover system

This programme is intended to monitor the performance of the alluvial capping system (including fine sediments such as silt and clay) by assessing the hydraulic moisture store-and-release performance of the cover system that limits the infiltration of rainfall to the underlying (tailings) material.

The moisture store and release system performance for 2011 was very good.

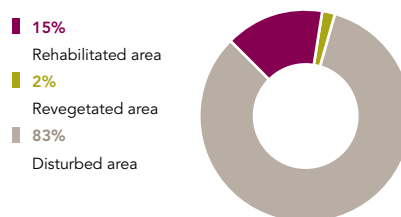
• Progressive waste dump rehabilitation

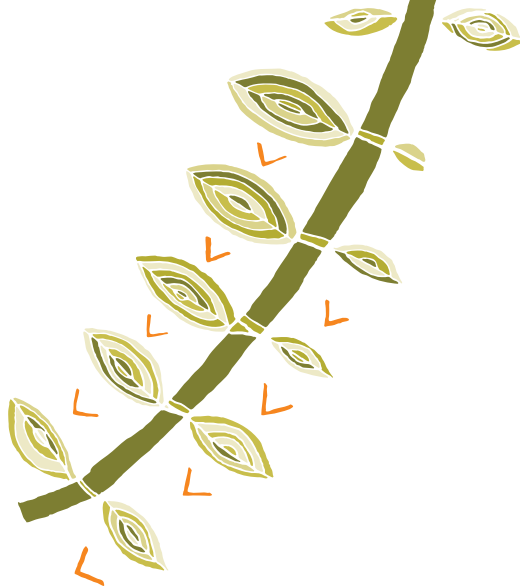
This programme was launched in 2003 to follow up and ensure the proper disposal of barren core capping material on waste

dumps. Flat waste dump areas have been rehabilitated to a 30 m thick layer.

During 2011, 1.62 ha of the Puente Waste Dump was rehabilitated. This percentage is lower than 2010 levels due to the thicker capping system involved. To date, 67.7 ha have been rehabilitated, which is equivalent to 15% of the total disturbed area throughout the mine life.

Progressive Waste Dump Rehabilitation and Revegetation for 2003 -1001





Case



Our Jatropha project

Moreover, a priority of our waste dump rehabilitation programme is to reestablish natural ecosystem conditions. Revegetation is a key factor to prevent erosion, encourage soil development and restore the natural landscape. The rehabilitated areas of the Puente Waste Dump have been revegetated since 2009. Revegetation methods for flat areas have been developed during 2011.

• Top soil recovery

This environmental management programme is intended to recover a 40 cm thick top soil layer to ensure organic matter, nutrients and Graminae grass seeds for our future tailings dam revegetation programme. This will improve surface soil, while reducing the impact on the native vegetation being planted and/or sown in the alluvial fan.

Research is ongoing on the tailings dam and waste dump revegetation methods for slopes and plain areas. Trials included native species and various methods such as hydroseeding. 240,000 m³ of fertile top soil was recovered to cover the tailings dam upon mine closure. The revegetated area at the end of the reporting period totaled 10.85 hectares.

• Tailings dam revegetation

During 2011, 1.23 hectares of the tailings dam have been rehabilitated using native species such as Cercidium, Senna; Larrea and Zuccagnia.

Our Jatropha Project pursues economic development in Belén, Andalgalá and Santa María. Initially, it consists in 100 ha Jatropha crop to manufacture biodiesel and briquettes as byproducts. Not only will our Jatropha Project bring environmental benefits but it will also reinforce Alumbra's liaison with neighbouring communities.

Jatropha is a shrub from the Euphorbiaceae family that grows in America. This project involves the Jatropha Curcas oil seeds, the widely known species that best adapts to the project area.

Under this initiative, the 90-day Jatropha seedlings are planted in the project area. After they blossom in the spring, the seedpod is harvested 4 - 5 months after transplantation. Jatropha blooms in blossom as long as the weather conditions are favourable, generally until the winter. Thus, ripe and unripe seedpods may be observed in Jatropha in blossom. Jatropha oil seeds are used for biofuels since the oil content is equivalent to 30% of the total seed weight. Once oilseeds are ground, the hard shell is used for wood briquettes.

Expanding local Jatropha crops will ensure alternative fuels. The Jatropha lifecycle may be up to 50 years.

Jatropha seedlings were transplanted in a 10 ha area in Amanao and Malli (Andalgalá) during the second half of December 2011. Similar activities are

expected in Belén and Santa María during 2012. The initial plantation stage includes a 100 ha area in the three towns mentioned above.

Project land is provided by local landowners, provided no other traditional crops are harvested in the project land. Jatropha may be grown in marginal non-agricultural land given its negligible water requirements.

Minera Alumbra project contribution includes:

- Providing seedlings to selected farmers.
- Sowing seeds, including good tilling, marking out rows and gel sowing.
- Training sessions for local farmers on agricultural management, business cooperatives and associations) and technical support throughout the project.
- 2 year agreement to purchase Jatropha yield under this project



Andalgá Contractor staff
conducting road maintenance
activities at the pit.



Value chain

Value added

In line with our Sustainable Development Policy, our goal is to bring social and economic benefits to our stakeholders, through programmes and/or actions leading to an increased and progressive involvement of local and regional businesses in our value chain¹. In this sense, we are devoted to the development of business exchange opportunities and we are training people who, although interested in getting involved in the process, are subject to some access restrictions.

The different stages of a mining project -from exploration to operations- involve a major demand for local and national goods and services, in addition to employment, which are required for both the construction of infrastructure works and for supply to mining operations.

Each process stage adds extra value to products which, in the aggregate, allow the quantisation of locally generated resources.

Minera Alumbrera sustainable development programmes -not specifically related to production- are also a source of employment and local goods and services for the benefit of both local industries and neighbouring communities.

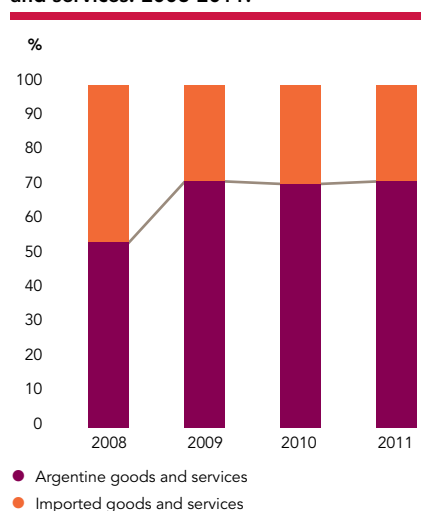
Likewise, Minera Alumbrera's sustainable development policy is intended to increase, year after year, the share of local business in our supply chain, thus expanding local suppliers and, consequently, revenues to the communities involved. This may only be achieved through joint work by all stakeholders: miners, local producers, businesses, service providers, local communities as well as the national, provincial and municipal organisations.

Over the years, the introduction of new community representatives who have a business relationship with our company has proved to be successful. This is connected to clear corporate policies and the involvement of various areas of the society which are voluntarily involved in the achievement of these objectives.

72% of the goods purchased by Minera Alumbrera during 2011 were Argentine products, with only 28% imported products. Our value chain is thus very important to evaluate and quantify Minera Alumbrera contributions to the Argentine economy.

The mining sector offers major upstream growth opportunities since Argentina -with the introduction of technology- has a great development potential in areas such as power generation, the petrochemical industry as well as the steel and services sector, which are key supplies to the mining industry.

Domestic and imported goods and services. 2008-2011.



Source: Data provided by Minera Alumbrera.

Our Local Supplier Development Programme was implemented since project commissioning with long and medium term objectives. We are committed to developing local suppliers not only for the mining industry, but also for other sectors and markets, in compliance with our high standards. We are focused on sustainable development beyond the life of our operations through the development of locally installed capacity.

For such purpose, we train and make suppliers with development potential aware of the requirements of the mining industry, in general, and of our own requirements, in particular. Thus, we have identified opportunities to purchase food and regional products, as well as transportation and other services from nearby providers.

Our team is fully devoted to supplier developments and, for such purpose, team members travel across the provincial territories, particularly Catamarca. The development of certain suppliers during Minera Alumbrera early operations allowed the development of export programmes to Peru and Chile, in many cases to companies which are not Xstrata subsidiaries.

We will also continue with the long term approach and, to that end, joint efforts are being made with Mining Supplier Chambers from the neighbouring communities and other Argentine regions. Supplier exchange with Minera Alumbrera improves the existing relationships and is a significant contribution to the value chain.

Efforts have been made to replace imported goods and services with local products and services as to entails direct and indirect benefits for nearby communities and the region as a whole. The beneficiaries of this policy are mainly in Catamarca and Tucumán. Examples of growth and development have been identified in both provinces.

¹ Value chain is an economic notion introduced in 1985 by Michael E. Porter as a method of analysis to optimise company yields. Later, in economic literature, the term was used to include all producers participating in the goods or services sectors. Likewise, for instance, the value chain concept was used by economists such as Kaplinsky and Morris to refer to the development of local and regional businesses and their contribution to deprived sectors.

Objectives met during 2011

- Ongoing identification of both general and specific local businesses associated to the mining industry, with potential development for our business and the region.
- Ongoing liaison with potential suppliers from Catamarca to provide training and assistance according to company guidelines.
- Business strategies for effective cost management.
- Training workshops on sustainable development for local suppliers.
- Progress in the replacement of imported supplies to ensure local employment, products and services.
- Exchange our company-community experience as an industry-leading integrated development model, to build Minera Alumbrera's participatory, integrating and pioneering reputation.
- Cost arrangements with 14 construction companies from Andalgala.

Challenges for 2012

- Arrange our supplier development department, composed of technical and commercial staff, to survey critical spares and manufacture them locally.
- Increased number of supplies purchased in Catamarca.
- Increased number of imported goods replaced with domestic products in order to add more value both at the regional and nation-wide levels.
- Train local suppliers to perform repairs and ensure local employment.

Best practices

Minera Alumbrera suppliers must strictly comply with labour laws. Likewise, our safety and health, environment, employment and corporate social involvement policies are enforceable on our suppliers. Minera Alumbrera's direct workforce is subject to these standards and policies. Our joint effort to develop best practices has resulted in improved goods and services supplied to our company and the market, in general.

• Safety and health

We are committed to enforce our Safety and Health policies on our suppliers, and we encourage them to develop effective management through training, safety observation, improved procedures, risk audits and inspections, for site and off-site operations.

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 observation, 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 are committed to achieving the highest environmental performance standards and we carry out our operations in a responsible way to minimise the impact of mining operations. For that purpose, our contractors are also subject to our Environmental Performance policy and our standards.

Minera Alumbrera operates in a responsible way to protect employees, contractors, neighbouring communities and the environment. This includes

responsible waste management practices as well as water and energy conservation initiatives.

• 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, safety programmes, etc. Minera Alumbrera prioritises local workers during our recruitment process and our operations are subject to the company's fraud control, repudiation of child labour, discrimination and corruption policies and procedures.

Decent work

According to the International Labour Organisation, quality work is steady work, providing social security coverage, compensation in line with the efforts and seniority of workers, paid time off and holidays, and also safe work in terms of health and working conditions. In order to ensure sustainable and competitive labour -and to be considered added value shared by all- suitable public education and training policies and plans need to be in place.

By virtue of our sustainability commitment, an agreement has been reached by Minera Alumbrera and other major companies with the Ministry of Labour to foster responsible management principles throughout our value chain.



Minera Alumbra and ADIMRA reached an ongoing consultation and assistance arrangement to strengthen our supplier development process.

These principles are based upon international labour standards, the ten principles of the United Nations Global Compact and also upon the best corporate practices, which promote not only compliance with national laws in the value chain, but also involvement with global corporate social involvement initiatives. We respect human rights, provide decent and safe working conditions, ensure freedom of association as well as the elimination of corruption, forced and child labour and discrimination at work, environmental protection, transparent management and sustainable business relationships.

Local development

During 2011, by virtue of our Supplier Development Programme, our Sustainable Development standards have been submitted to government agencies, business associations and potential suppliers and contractors. We enforce our industrial safety and health, environment, community relations, corporate social involvement and Human Rights policies.

We have visited potential suppliers or contractors in order to assess their performance and their Sustainable Development practices. Such assessments are intended to measure their performance level against our standards.

This exchange has allowed increased awareness of Minera Alumbra standards. Notoriously differing

requirements have been noted by local businesses between other local firms and Minera Alumbra. However, local businesses trust that such difference will result in a quantum leap for national products and services.

Thus, 35 local businesses have been assessed and 200 were contacted during this process. Local firms noted that existing processes, practices and competences were not enough to become mining suppliers. A Development Plan should be developed jointly with Minera Alumbra. In this sense, efforts are being made to foster local development by several agencies, such as the Argentine Industry Department, the Argentine Mining Department, the Argentine Metallurgical Association, the Association of Mining Suppliers from Córdoba and the Argentine Chamber of Mining Services.

In line with our local procurement initiatives since 1997, Minera Alumbra has been recognised by ADIMRA (the Argentine Metallurgical Association) for its commitment to the development of local industries.

Under our Supplier Development Programme, a party of metallurgical executives representing ADIMRA visited the minesite in November 2011. Potential suppliers visited the mine site and our Filter Plant in Tucumán, and met the leaders from various areas to gather information about our operational supplies. Our intention is to develop joint growth opportunities for local industries in order to replace imports for the mining sector.

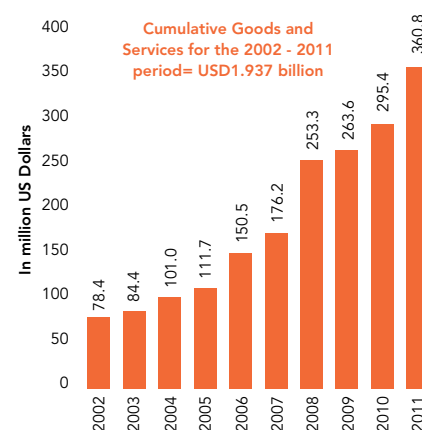
Local goods and services

During 2011, the Argentine goods and services purchased by Minera Alumbra totalled over USD360.8 million. This amount is 22% higher than 2010 levels. Local supply revenues since the beginning of operations grew seven times and over the last 12 years, it has exceeded USD1.937 billion², which is 1.38 times the initial capital expenditure. This clearly shows the significant supply of local products and services as well as the resulting local wealth.

In short, the contribution to the Argentine economy of the goods and services locally purchased by Minera Alumbra is more than twice the initial capital expenditure, thus maximising the positive impact.

During 2011, the domestic supplies exceeded USD30.02 million/month, which had an additional indirect impact as a result of Minera Alumbra's consolidated liaison with local businesses.

Local goods and services for the 2002 - 2011 period*. In million US Dollars



Source: Data provided by Minera Alumbra.

* This chart does not show variations in currency's purchasing power.
² Equivalent to 2011 US Dollars.



Engineer Jorge Gramillo, owner of the metal smelting and machining workshop in Tucumán, supplies parts for Minera Alumbra equipment. As a result of his venture, imports were replaced at lower costs and delivery times.

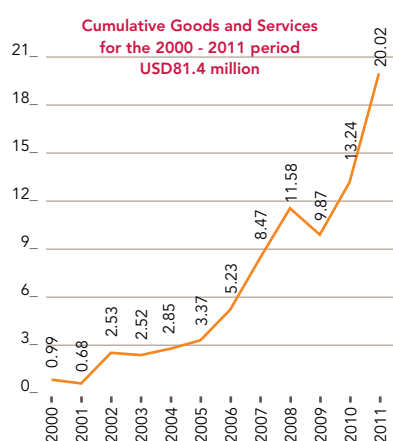
The steady growth of local supplies in our procurement matrix (import replacement) is an indicator of the positive trend of value locally added.

However, a sustainable process requires long term public policies. This means that mining development should foster the development of local businesses and/or new services or increased supply of existing businesses for the short and medium terms.

Similarly, additional Research and Development expenditure is required to ensure technological innovation for Argentine industries. Thus, the highly competitive products in the local market could be supplied in the long run to other companies, either in the local market or exported to Canada and Australia, and to Chile and Peru in Latin America.

The goods and services purchased in Catamarca during 2011 was 51% higher than 2010 levels, totalling USD20 million. The aggregate amount grew twenty times since 2000, to ensure an increased share of local goods and services into Minera Alumbra procurement programme. The aggregate amount of provincial supplies to the operations comes to USD81.4 million, with a monthly expenditure of over USD1.64 million during 2011.

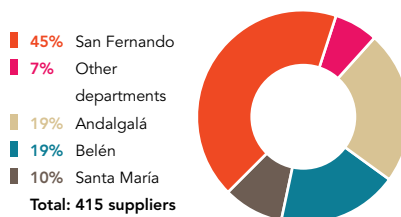
Catamarca goods and services. 2002 - 2011. In million US Dollars



Source: Data provided by Minera Alumbra.

Moreover, 114 Catamarca businesses (+38%) became Minera Alumbra suppliers in 2011, totalling 415 regular suppliers.

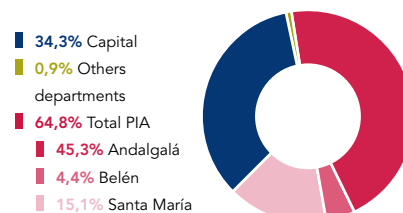
Percentage of Catamarca suppliers per town for 2011



Source: Data provided by Minera Alumbra.

The Catamarca goods and services may be broken down per town as follows: 64.8% Belén, Andalgala and Santa María (covering the Primary Impact Area), 34.3% San Fernando del Valle de Catamarca and 0.9% other provincial towns.

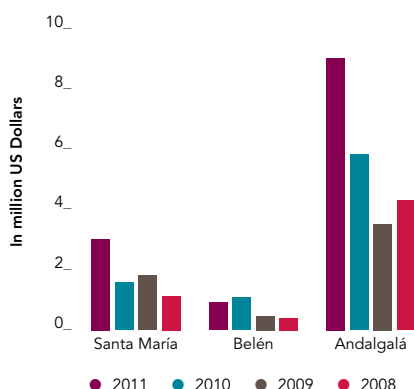
Breakdown of Catamarca Suppliers for 2011



Source: Data provided by Minera Alumbra.

The goods and services from the PIA amounted to USD12.9 million in 2011. This is 53% higher than 2010 levels. Over the past four years, Minera Alumbra spent USD32.8 million in goods and services from these towns. On average, monthly expenditure totals USD1.06 million.

**Goods and services from the
Primary Impact Area (PIA) 2008 - 2011.
In million US Dollars**



Source: Data provided by Minera Alumbrera.

The above amounts are intended to add local value in the private sector. Since most people are employed in the public sector in this area, this initiative supports indirect employment in various local industries while reducing municipal budgets.

Finally, major capital investments have been made during 2011 through local supplier services in support of local community development.

Training workshops

Minera Alumbrera recognises that proper contractor management supports business success, as part of responsible performance, under an injury-free and sustainable environment.

In order to raise the awareness of transportation companies and contractors, Minera Alumbrera conducts training workshops on safety, health, environment and community relations, emergency procedures for environmental incidents, road emergency systems, failure tree for transportation services, etc. The purpose is to ensure integration among different contractors and exchange experience.



Members of the Procurement Department met Santa María contractors to discuss sustainable development issues.

During 2011, two annual workshops on Sustainable Development were held in Santa María and other districts from Catamarca, Tucumán, Córdoba and Buenos Aires for 65 businesses and other organisations.

Training sessions covered:

- Industrial Safety, unemployment rates, safety alarms, audits, "Yo Decido Trabajar Seguro" programme.
- Environment: corporate policy, carbon footprint, environmental incident report, biodiversity, Greenhouse Gas emissions, waste management.
- The environmental objectives and progress for 2011 were reviewed, including the implementation of community programmes and CSI principles.
- Safety Plan, interaction with the community, optimisation of breaks at work.
- Food safety guidelines, healthy food, food pyramid and behavioural rules.

Minera Alumbrera leadership in Sustainable Development is shown by the development of CSI programmes as well as by the achievement of safety and environmental objectives by our suppliers and contractors.

Human rights training

Our Human Rights training programme started in 2009 under our agreement with Universidad Nacional Santo Tomás de Aquino from Tucumán. This training programme has been certified by such University and 44 surveillants have been evaluated.

To ensure the enforcement of Human Rights, a workshop on Human Rights and Citizenship was arranged by Minera Alumbrera and the Argentine Agency against Discrimination, Xenophobia and Racism (INADI) in 2011.

Four workshops consisting of six modules each have been arranged for 40 participants – including 23 attendees from our Security and Human Resources, Sustainable Development, Administration and Finance, General Management, Infrastructure and Projects, Mine Mechanical Maintenance and other areas.



A supplier from Andalgalá with good local development and employment prospects

Catamarca Luis Rojano and his brothers Ariel and Eduardo relationship with the mining sector started in 2008 at a local deposit under exploration. With the support of their two other business units -a supermarket and a builder's yard- this family business dared to make inroads into a new industry.

Mafap provides earth moving, excavation and road machinery operational services. Their initial fleet of light equipment included only some backhoes and trucks.

A couple of years later, exploration activities came to a halt in such deposit. With idle equipment, they joined Minera Alumbra bidding processes. Their first operation was based at Minera Alumbra's slurry pipeline monitoring station in Andalgalá, where Luis was born. Raising the initial funds to purchase heavy equipment has certainly been a major challenge. The good performance of their other businesses supported the required investment. "Reinvestment has helped us grow," explained Rojano recalling his efforts.

Then, their services were required at the tailings dam and now four pieces of Rojano equipment are being operated in our open pit. Soil grading is required prior to the operation of drillers and Rojano's road maintenance equipment includes motor graders.

Heavier equipment was progressively purchased in line with the requirements of their local customers. At present, their fleet includes 10 pieces of heavy equipment. Mafap had four employees at the beginning, now they are happy to employ 25 young people. 92% of their employees are from Andalgalá, one from Tucumán and another from Jujuy. Their purpose is to "continue training local people. We are looking for people willing to learn how to maintain heavy equipment in order to operate it in the future". Twelve Rojano employees are currently based at the mine site. "We trained many local people", said Rojano proudly.

Likewise, Minera Alumbra provides specialist technical training. Thus, Rojano manpower at site includes four Safety officials from Andalgalá, aged between 19 and 24. They were the first Safety graduates from Higher Education Centres in Catamarca.

Besides, Mafap operations are subject to Minera Alumbra environmental audits and to our operational standards, including for instance our oil collection and final disposal guidelines. Similarly, they are subject to safety audits. Rojano stated that "Minera Alumbra showed us how major companies work. They helped us grow, create jobs and take a different business approach. With the supermarket and the builder's yard, we could never have attained this degree of

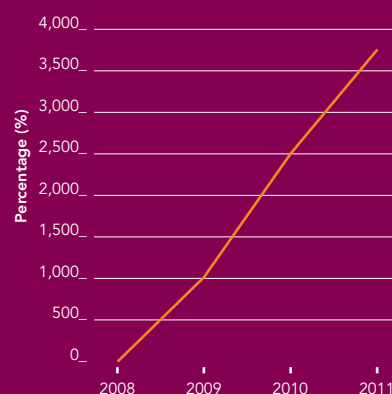
development. Our business has a huge local employment potential. Progress is leading us towards that goal."

Share in annual turnover, over total turnover

50% 2011
34% 2010
15% 2009
1% 2008



Growth compared to 2008 turnover



Key sustainability data

Economic contribution	2009	2010	2011
Division revenues (USD)	1,324,534,901.11	1,593,182,300.16	1,522,179,992.57
Division EBIT (USD)	479,340,005.00	681,045,159.00	554,413,599.40
Employee salaries and benefits* (USD)	32,435,697.80	40,750,349.28	50,182,203.64
Royalties and taxes (USD)	139,462,837.95	210,859,129.83	227,280,773.66
Corporate Social Involvement (USD)	4,644,876.60	6,065,043.94	4,918,026.75
Apprenticeships, scholarships and training (USD)	339,977.80	191,533.37	542,832.80

Governance and ethics	2009	2010	2011
Total value of financial and in-kind contributions to political parties	0	0	0
Percentage of security personnel trained in human rights	100	100	100
Percentage of suppliers and contractors screened on human rights	0	0	0

Our people	2009	2010	2011
Total workforce	2,097	2,029	2,216
Permanent employees	1,387	1,397	1,416
Full-time contractors	710	632	800
Total employees covered by collective agreements	927	936	924
Percentage of employees hired from local area	40	40	41.1
Fatalities	0	0	0
Total Recordable Injury Frequency Rate (TRIFR)	3.95	2.84	1.64
Lost Time Injury Frequent Rate (LTIFR)	0.36	0.19	0.18
Disabling Injury Severity Rate (DISR)	17.79	18.16	12.05
Health and safety prosecutions	4	0	0
Health and safety fines	0	0	0
Occupational Illnesses	0	0	0
Average training hours per employee	164.35	72.64	65

Sustainable communities			
Community complaints	14	34	7
Community resettlement	0	0	0

Environmental performance	2009	2010	2011
Direct energy requirements (kW/h)	808,370,193	851,209,753	850,647,905
Total energy requirements (kW/h)	890,168,723	899,422,773	886,091,568
Total water requirements (m ³)	22,848,469	23,105,472	22,528,750
Total water recycling and reutilisation (m ³)	61,325,130	66,628,629	67,657,750
Direct greenhouse gas emissions (CO ₂ equivalent million tonnes)	1.45	1.66	1.93
Total green house gas emissions (CO ₂ equivalent million tonnes)	Not calculated	Not calculated	Not calculated
Sulphur dioxide stack emissions	Not applicable	Not applicable	Not applicable
Disturbed land (ha)	25.82	6.03	45.95
Rehabilitated land (ha)	10.98	6.85	1.04
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

*Not including social security charges.

GRI Index

Indicator	Description	Reported GRI Indicator	Global Compact Principle	Reference Page
Vision & Strategy				
1.1	Statement from the CEO.	✓		04
1.2	Description of key impacts, risks and opportunities.	✓		17
Organisational profile				
2.1	Name of the organisation.	✓		02
2.2	Primary products and services.	✓		02
2.3	Operational structure of the organisation.	✓		02
2.4	Location of organisation's headquarters.	✓		02
2.5	Countries where the organisation operates.	✓		02
2.6	Nature of ownership and legal form.	✓		02
2.7	Nature of markets served.	✓		02
2.8	Scale of the reporting organisation.	✓		02
2.9	Significant changes in size, structure, ownership, and products since the last report.	✓		11
2.10	Awards received.	✓		61
Report Parameters				
3.1	Reporting period.	✓		11
3.2	Date of most recent previous report.	✓		11
3.3	Reporting cycle (annual, biennial).	✓		11
3.4	Contact point for questions regarding the report or its contents.	✓		11
3.5	Process for defining report content.	✓		12
3.6	Boundary of the report (project covered).	✓		11
3.7	Any limitations on the scope or boundary of the report.	✓		11
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.	✓		11
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	✓		11
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	✓		11
3.12	Table identifying the location of GRI report content by section and indicator.	✓		80
3.13	Policy and practices with regard to seeking external assurance for the report.	✓		13
Governance Structure and Management Systems				
4.1	Governance structure of the organisation, including committees.	✓		15
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	✓		16
4.3	Number of members of the highest governance body that are independent and/or non-executive members.	⚠		16
4.4	Mechanisms for shareholders and employees to provide recommendations or directions.	✓		19
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	15
4.9	Procedures of the highest governance body for overseeing the identification and management of HSEC performance by the organisation.	✓		15
4.10	Processes for evaluating the highest governance body's own performance with respect to HSEC.	✓		15
4.11	Precautinary approach or principle adopted by the organisation.	✓	7	15, 59
4.12	Externally developed principles to which the organisation subscribes or endorses.	✓		6, 17
4.13	Principal memberships in industry and business associations and advocacy organisations.	✓		17
4.14	List of stakeholder groups engaged by the organisation.	✓		55
4.15	Basis for identification and selection of stakeholders with whom to engage.	✓		55
4.16	Approaches to stakeholder engagement, including frequency and type.	✓		55
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded.	✓		57
Economic Performance Indicators				
EC1	Direct economic value generated.	✓		22
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	✓		18, 22, 62
EC3	Coverage of the organisation's social security 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.	✓		34
EC6	Policies, practices and proportion of spending on locally-based suppliers.	✓		73
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.	✓		47, 48
EC9	Understanding and describing significant indirect economic impacts.	✓		29, 31
MM1	Local economic contribution –e.g. goods/services purchased/hired locally, % of workforce from local communities, investment in public infrastructure.	✓		27, 28
MM2	Value added disaggregated to country level (revenue less cost of procurement).	✓		31
Environmental Performance Indicators				
EN1	Materials used by weight or volume.	✓	8	68
EN2	Percentage of materials used that (MM4) are recycled input materials.	✓	8 & 9	68
EN3	Direct energy consumption by primary energy source.	✓	8	68

Indicator	Description	Reported GRI Indicator	Global Compact Principle	Reference Page
Environmental Performance Indicators				
EN4	Indirect energy consumption.	✓	8	63
EN5	Energy saved due to conservation and efficiency improvements.	✓	8	63
EN6	Initiatives to use/provide energy-efficient or renewable energy based products and services.	✓	8 & 9	61, 63
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	✓	8	63
EN8	Total water withdrawal by source.	✓	8	64
EN9	Water sources significantly affected by withdrawal of water.	✓	8	64
EN10	Percentage and total volume of water recycled and re-used.	✓	8	64
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	65
EN12	Description of significant impacts on biodiversity in protected areas and areas of high biodiversity value.	✓	8	65
EN13	Habitats protected or restored.	✓	8	65
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	✓	8	65, 66
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations.	✓	8	65
EN16	Total direct and indirect greenhouse gas emissions by weight.	✓	8	62
EN17	Other relevant indirect greenhouse gas emissions by weight.	✓	8	62
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	✓	7, 8, 9	62
EN19	Emissions of ozone-depleting substances by weight.	n/a	8	
EN20	NO, SO, and other significant air emissions by type and weight.	n/a		
EN21	Total water discharge by quality and destination.	✓	8	64
EN22	Total weight of waste by type and disposal method.	✓	8	68
EN23	Total number and volume of significant spills.	✓	8	68
EN24	Weight of transported, imported, exported or treated waste deemed hazardous and percentage shipped internationally.	✓	8	68
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff.	✓	8	64
EN26	Initiatives to mitigate environmental impacts of products and services.	✓	7, 8, 9	69
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	n/a	8	
EN28	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations.	✓	7 & 8	69
EN29	Significant environmental impact of transporting products used for operations.	✓	8	68

Indicator	Description	Reported GRI Indicator	Global Compact Principle	Reference Page
Environmental Performance Indicators				
MM	Total environmental protection expenditures and investments by type.	✓	7 & 8	62
MM6	Management of overburden, rock, tailings, and sludge/residues.	✓	8	60
Social Performance Indicators: Labour Practices and Decent Work				
LA1	Workforce by employment type, employment contract, and region.	✓	6	33, 34
LA2	Total number and rate of employee turnover.	✓	6	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	33
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective bargaining agreements.	✓	3	36
LA6	Percentage of total workforce represented in joint management-employee health and safety committees.	✓	1	36
LA7	Rate of injury, occupational diseases, lost days and number of fatalities.	✓	1	40, 41
LA8	Education, training, counselling, and prevention programmes in place to assist workers, their families or community members.	✓	1	37, 43
LA9	Health and safety topics covered in formal agreements with trade unions.	✓	6	36
LA10	Average hours of training per year per employee by employee category.	✓		37
LA11	Programmes for skills management and lifelong learning that support continued employability.	✓		38
LA12	Percentage of employees receiving regular performance and career development reviews.	✓		37, 38
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	34
MM12	Emergency preparedness.	✓		42
MM13	Number of new cases of occupational disease by type and prevention programmes (overview only).	✓		39
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	19
HR2	Percentage of suppliers and contractors that have undergone screening on human rights.	✓	1 & 2	77, 79
HR3	Total hours of employee training on human rights policies and procedures.	✓	1 & 2	77
HR4	Non-discrimination policies.	✓	6	19, 33
HR5	Freedom of association and collective bargaining.	✓	3	36
HR6	Child labour policies.	✓	5	19
HR7	Forced and compulsory labour policies.	✓	4	19
HR8	Percentage of security personnel trained on human rights policies.	✓	2	77, 79
✓ Data available ⚠ Data partially available ✗ Data unavailable n/a Not applicable * Refer to Xstrata Copper plc's 2010 Sustainability Report				

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.	✓		57
MM11	Process for identifying local communities' land and customary rights, and mechanisms for dispute resolution.	n/a		57
Social Performance Indicators: Society				
SO1	Community development policies and programmes.	✓		45
SO2	Percentage of operations analysed for risks related to corruption.	n/a		
SO3	Percentage of employees trained on anti-corruption policies and procedures.	✓		19
SO4	Actions taken in response to incidents of corruption.	✓		19
SO5	Public policy positions and participation in public policy development and lobbying.	✓		19
SO6	Total value of financial and in-kind contributions to political parties or individuals.	✓		19
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 penalties for non-compliance with laws and regulations.	✓		79
MM7	Significant issues affecting communities and their resolution.	✓		57
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.	✓		70
Social Performance Indicators: Product Responsibility				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement.	✓		68
PR3	Type of product and service information required by current procedures.	✓		68
PR6	Programmes of adherence to laws, standards, etc. related to marketing and advertising.	✓		69
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning products and services.	✓		69

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 dissemination of environmentally friendly technologies.

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

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="radio"/>	<input type="radio"/>	<input type="radio"/>
• A word from Minera Alumbra's General Manager	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Table of Contents and Objectives for 2011	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Scope of the report	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Sustainable development strategy and governance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Our economic contribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Our people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Sustainable communities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Environmental performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Value chain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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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