Las Bambas Project

LAS BAMBAS

xstrata copper

Joe Albright, Project Director
4 October 2012

Agenda

- Project Overview
- Highlights
- Challenges
- Initiatives
- Schedule
- Pictures
- Summary

Assembly of the first two dozers that support the project

Project overview

New tier one mine

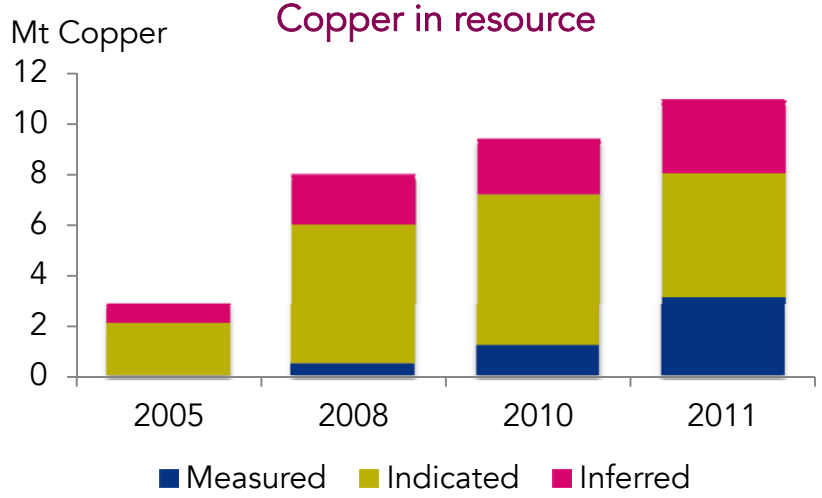
Description

- Location: Apurimac, Peru
- Ownership: 100%
- Mineral Resource: 1.71 billion tonnes @ 0.61% Cu
- Concentrator: 140ktpd, 2 grinding lines
- Production: 400ktpa Cu for at least first five years
- Capex forecast $5.2bn
- LOM: ~20 years

Project Status

- Approved by Xstrata plc Board July 2010
- ESIA approved March 2011
- Main Construction Permit issued 31 May 2012
- Mass Earthworks started 1 June 2012
- Engineering 90% complete
- Commitments $3.02 billion, 58% locked-in pricing
- Construction 5% complete

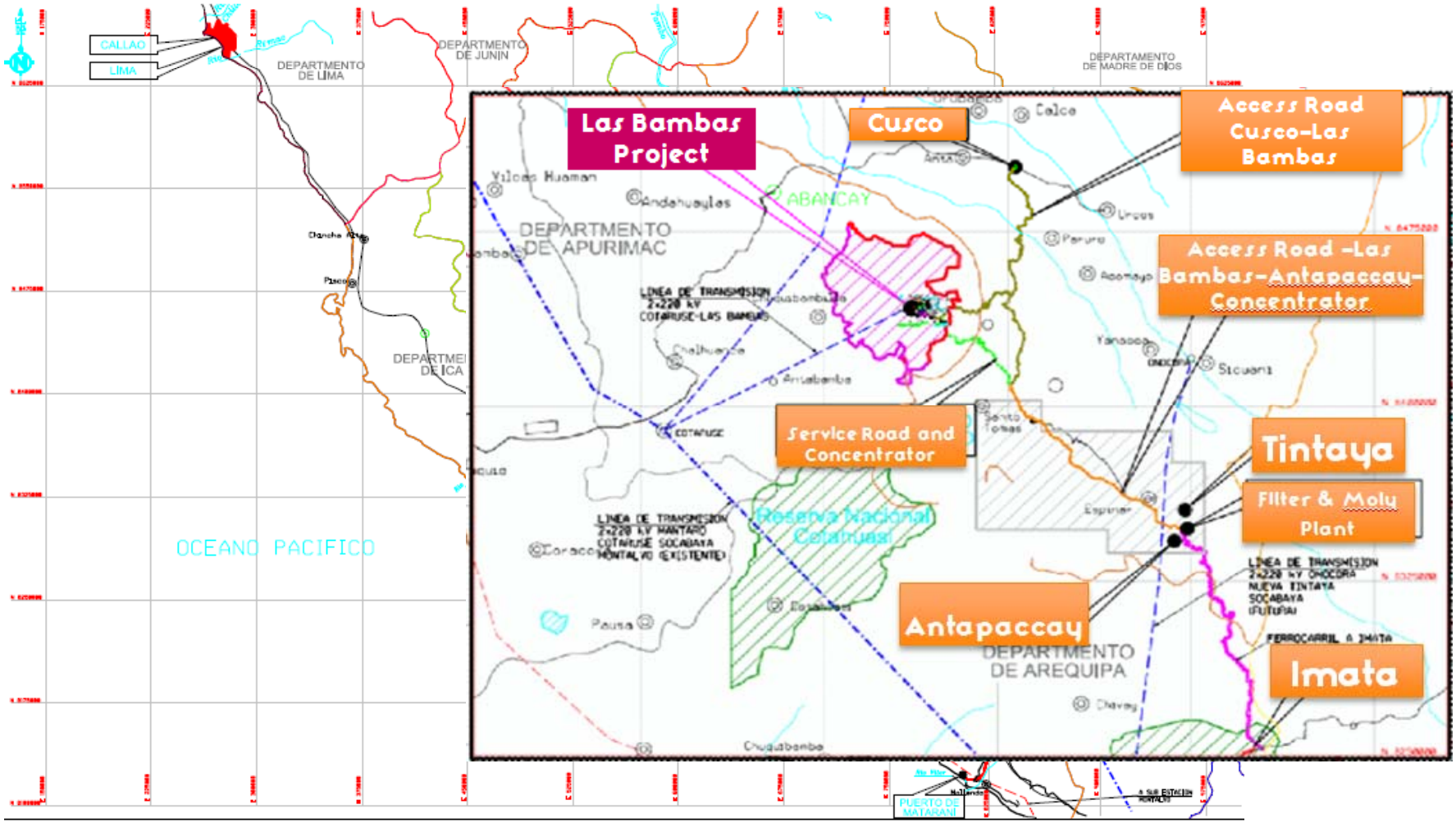
Copper in resource



First Concrete, Flotation Area Tower Crane

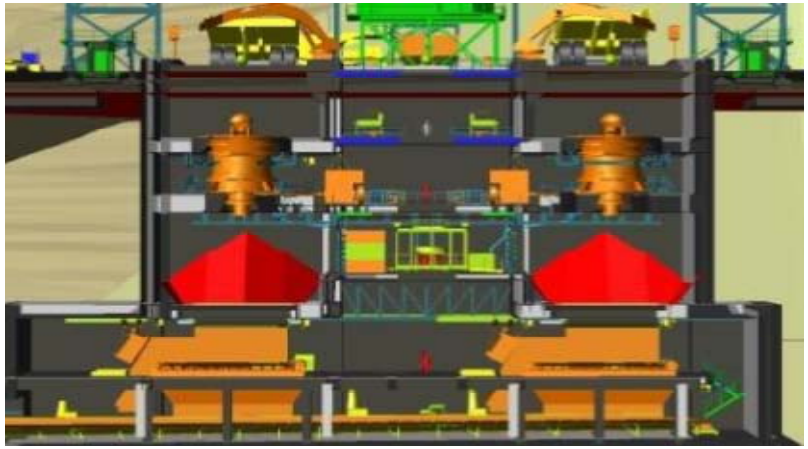
Project location

Leveraging synergies with Tintaya Antapaccay

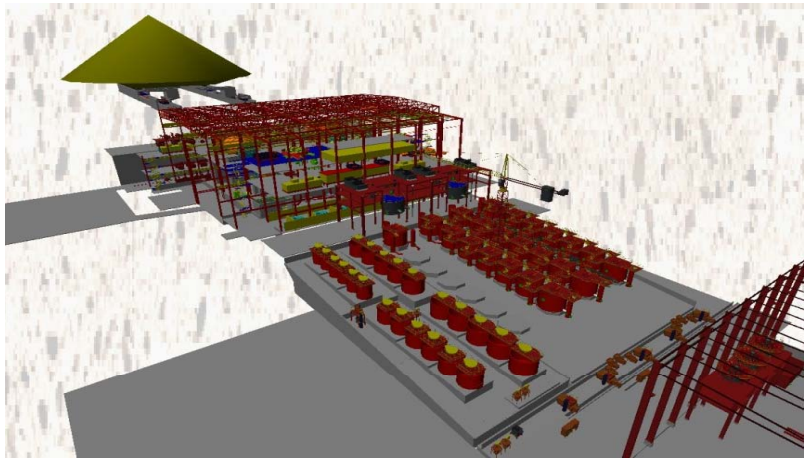


Engineering highlights

- Overall progress 90% complete
- 90% Model Reviews completed of process facilities
- Productivity better than budgeted
- Off Site access roads, pipeline, and 220kv power line over 95% complete
- Bi-modal concentrate transport system and port expansion engineering progressing
- Hazard & Operability Reviews (Hazop) on process plant and pipeline completed
- Primary Risk Assessments completed
- Target to be substantially complete end of year



Primary Crusher 3D rendition Hazop



Las Bambas concentrator

Procurement highlights

- All major process plant equipment committed
- SAG and Ball Mill shells, Primary Crusher, and Gearless Motor Drives delivered to storage
- Overland Conveyor, Truck Shop, Camps, and Landfill are committed
- Mine fleet and mine equipment deliveries commenced to the site
- Structural steel, re-bar, and concentrate pipeline pipe delivered to the site
- Over 1,000 pieces of construction equipment delivered to the site and working
- Construction Contracts for roads, power line, concentrate pipeline, Concentrator Mass Earthworks and Primary Crusher Earthworks has been awarded
- Tailing and water dam contracts bids received

Structural Steel Convoy

SAG Mill Shells

Construction highlights

- Over 150 houses under construction at Nueva Fuerabamba
- First 50 km of Heavy Haul Road placed into service 15 September 2012
- First permanent concrete poured (Flotation Area Tower Crane) in August 2012
- Earthworks commenced on Coarse Ore Storage, Grinding Building, Flotation Area, Tailings Thickeners, Overland Conveyor, Primary Crusher and Chuspiri Dam
- 8 camps completed with 7,100 beds available
- Construction man-power 8,000 people including locals
- Over 20% local employment
- Over $2 million per month local spend

Sustainability achievements

- 10.5 million MH's worked since last LTI
- Zero Cat 3 Environmental Incidents
- Completed six HMSE site Audits

Nueva Fuerabamba town

Challenges

Industry-wide risks

- Cost of Social License
  - Permits
  - Rights of way
  - Relocations and demolition
  - Work stoppages from protests
- Nueva Fuerabamba
  - Earthworks
  - Productivity
- Labour Issues
  - Available resources
  - Productivity
- Price Escalation
  - Steel, electrical materials, and fuel rose sharply
  - Construction equipment/earthworks contracts are up

Earthworks underway

Initiatives

Proactive mitigation of risks

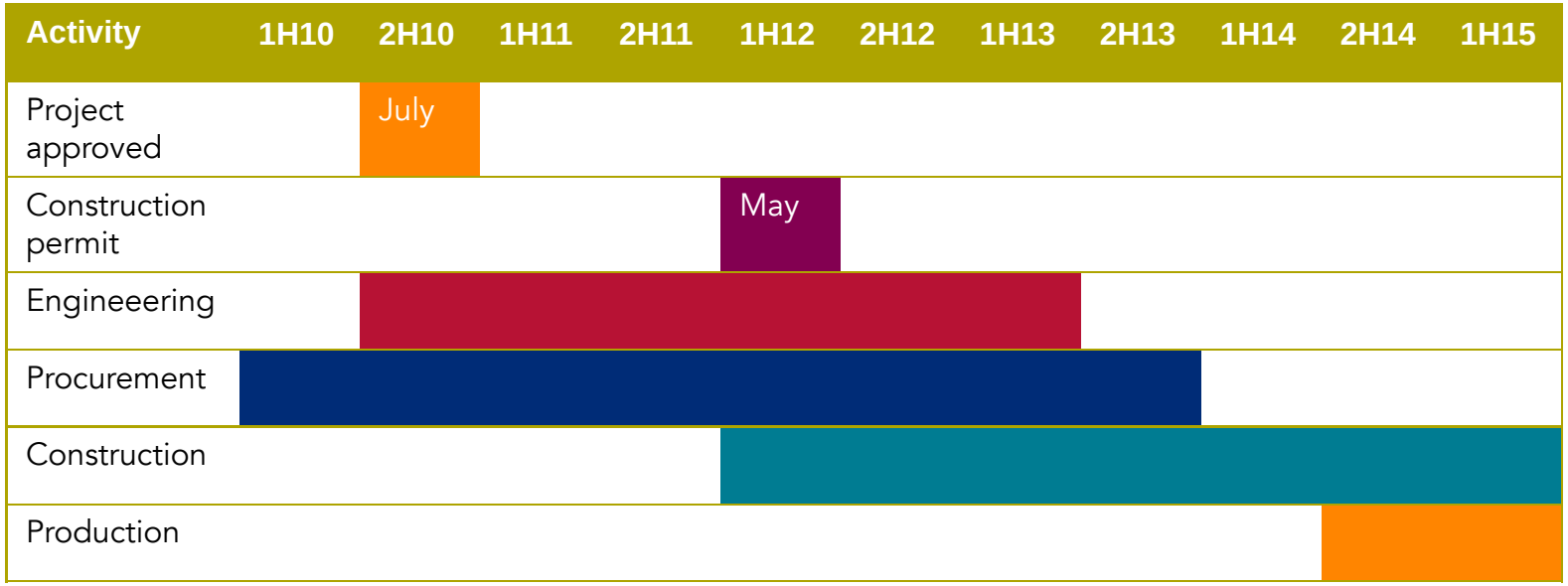
- Social and Sustainable Development programs for locals
- Community based communication program
- Design reviews and enhancements
- Pro-active project cost estimates
- Aggressive risk management program
- Execution scope packages
- Replication, Synergy, Integration
- Chilean specialty labour
- Six Sigma
- Focus on indirect expenditures
- Early procurement / Early delivery

The team that poured the first concrete at the Flotation Plant Tower Crane – August 2012.

Schedule

Current progress

- Despite the delay to receiving the main construction permit, Las Bambas is still on track to commence commissioning in the second half of 2014



Las Bambas Project Overview

Concentrator Area

Earthworks at Concentrator

Construction Underway

Infrastructure Areas

Chuspiri Dam

Batch Plant

Fuel Depot

5,000 m3 pond

Main Construction camp

Construction Camp Platform

Camp and offices

Modules now occupied

Pioneer & OHL Camps

Pioneer Camp general view

OHL Camp general view

Las Bambas under full construction

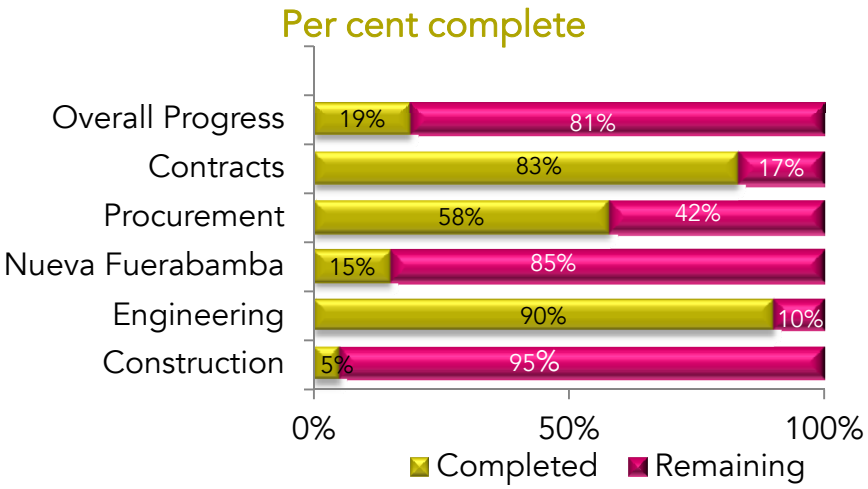
On schedule and capex successfully contained

Tier one asset

- Project to deliver 400ktpa Cu for at least first five years, plus Au and Mo credits, ~20 year mine life
- Capital forecast post majority of engineering established at $5.2bn
  - Including +$130M uncontrollable increase from permit approval delays and +$140M from community relocation
- Low capital intensity of $13,000/annual tonne copper equivalent
- First quartile cash costs
- Resource: 1.71bn tonnes @ 0.61% Cu, 0.2% cut-off, plus Au & Mo providing expansion opportunities
- $1.82/lb Cu price over life of mine earns Xstrata's cost of capital

Confidence in project schedule

- Commenced permanent construction on 1 June 2012
- Project Progress is 19% complete
- Workforce mobilised with 8,000 people on site
- Mass earthworks underway in all areas
- Bid process complete on major contracts
- Commissioning to start Q4 2014



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Questions?