



## Copper

30 June 2005 / 31 December 2005 (total mine basis)

Name of Operation	% ownership	Mining Method	Commodity	Ore Reserves		Mineral Resources			Competent person (h)
				Proved (Mt)	Probable (Mt)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	
<b>Mount Isa</b>	<b>100.0%</b>								
X41 Mine 1100 & 1900 Orebodies (a) (d)		UG	Ore	35	12	61	20	20	IH/MJ
			% Copper	2.2%	1.8%	2.3%	1.8%	2%	
Enterprise Mine 3000 & 3500 Orebodies (b)		UG	Ore	33	6.7	57	12	2	IH/MJ
			% Copper	3.6%	3.2%	3.5%	2.9%	2.4%	
Open Pit (c) (d)		OC	Ore	-	-	98	69	110	JM
			% Copper	-	-	1.4%	1.2%	1%	
<b>Ernest Henry</b>	<b>100.0%</b>								
Open Cut (e)		OC	Ore	48	22	48	22	1	CS
			% Copper	1.0%	0.9%	1.0%	0.9%	0.4%	
			Gold g/t	0.5	0.4	0.5	0.4	0.2	
Underground (e)		UG	Ore	-	-	-	21	23	CS
			% Copper	-	-	-	1.5%	1.4%	
			Gold g/t	-	-	-	0.7	0.7	
<b>Bajo de la Alumbreira (f)</b>	<b>50.0%</b>	OC	Ore	360	23	380	27	-	LR
			% Copper	0.46%	0.42%	0.47%	0.42%	-	
			Gold g/t	0.51	0.43	0.51	0.50	-	
<b>Las Bambas(g)</b>	<b>100.0%</b>		<b>Ore</b>				<b>200</b>	<b>100</b>	<b>EO</b>
			<b>% Copper</b>				<b>1.2</b>	<b>0.9</b>	
			<b>Molybdenum ppm</b>				<b>210</b>	<b>100</b>	
			<b>Gold g/t</b>				<b>0.12</b>	<b>0.08</b>	
Ferrobamba skarn		OC	Ore	-	-	-	84	30	EO
			% Copper	-	-	-	1.7	0.9	
			Molybdenum ppm	-	-	-	270	100	
			Gold g/t	-	-	-	0.20	0.2	
Ferrobamba other		OC	Ore	-	-	-	48	30	EO
			% Copper	-	-	-	0.82	0.7	
			Molybdenum ppm	-	-	-	200	100	
			Gold g/t	-	-	-	0.08	0.04	
Chalcobamba skarn		OC	Ore	-	-	-	33	40	EO
			% Copper	-	-	-	1.1	1.0	
			Molybdenum ppm	-	-	-	160	100	
			Gold g/t	-	-	-	0.05	0.05	
Chalcobamba other		OC	Ore	-	-	-	16	2	EO
			% Copper	-	-	-	0.71	0.8	
			Molybdenum ppm	-	-	-	200	90	
			Gold g/t	-	-	-	0.03	0.05	
Sulfobamba skarn		OC	Ore	-	-	-	14	8	EO
			% Copper	-	-	-	1.1	0.7	
			Molybdenum ppm	-	-	-	140	100	
			Gold g/t	-	-	-	0.04	0.04	
Sulfobamba other		OC	Ore	-	-	-	7.6	0.0	EO
			% Copper	-	-	-	0.86		
			Molybdenum ppm	-	-	-	200		
			Gold g/t	-	-	-	0.04		

### Definitions

OC = open-cut; UG = underground

## Notes

- All Ore Reserve and Mineral Resource estimates in the table represent the position at 30 June 2005, with the exception of Bajo de la Alumbrera for which the Ore Reserve and Mineral Resource estimates presented are current as of 31 December 2005
- The term 'Ore Reserve', as used in this public statement in accordance with Australian practice, has the same meaning as 'Mineral Reserve' as defined in The Code for Reporting of Mineral Exploration Results, Mineral Resources and Ore Reserves (The Reporting Code), October 2001 edition
- Rounding to two significant figures has been applied generally to tonnage and grade estimates with rounding to one significant figure applied in most cases to Inferred Mineral Resources.
- (a) **Mount Isa X41 Copper Mine 1100 and 1900 Orebodies:** Mineral Resource categorisation is based on assessment of orebody continuity, structural complexity and adequacy of data coverage. Additions to Ore Reserves of 13 million tonnes at 2.0% copper have resulted from the engineering reviews carried out during the year. Further work is continuing to evaluate the Measured and Indicated Mineral Resources for conversion to Ore Reserves using different mining methods and economic parameters. Mine production of 2.5 million tonnes at 2.4% copper since end June 2004 depleted the Ore Reserve and Mineral Resource. Additional depletion of the Mineral Resource and Ore Reserve has occurred due to sterilisation of ground adjacent to stopes mined out during the year. Mineralisation occurs generally as breccia hosted massive to disseminated chalcopyrite in "silica dolomite" altered pyritic dolomitic siltstone.
- (b) **Enterprise Mine 3000 and 3500 Orebodies:** Mineral Resource categorisation is based on assessment of orebody continuity, structural complexity and adequacy of data coverage. Additions to the Ore Reserve of 2.0 million tonnes at 3.2% copper have resulted from the engineering reviews carried out during the year. Further work is continuing to evaluate the Measured and Indicated Mineral Resources for conversion to Ore Reserves using different mining methods and economic parameters. Mine production of 3 million tonnes at 3.97% copper since end June 2004 depleted the Ore Reserve and Mineral Resource. Additional depletion of the Mineral Resource and Ore Reserve has occurred due to sterilisation of ground adjacent to stopes mined out during the year. Mineralisation occurs generally as breccia hosted massive to disseminated chalcopyrite in "silica dolomite" altered pyritic dolomitic siltstone.
- (c) **Mount Isa Open pit:** Mineral Resource categorisation is based on assessment of orebody continuity, structural complexity and adequacy of data coverage. The Mineral Resource estimate is based on a block model built with grade interpolation by ordinary kriging. The Mineral Resource has been reported inside an optimised pit shell using a cut off grade of 0.5% Cu. The Mineral Resource has been re-modelling and recategorised on the basis of the drilling performed for pre-feasibility study of the Mount Isa Open Pit during the previous two years. Copper mineralisation occurs generally as breccia hosted massive to disseminated copper minerals in "silica dolomite" altered pyritic dolomitic siltstone. Approximately 60% of the copper resource is in primary chalcopyrite, the remainder being oxidised or partially oxidised, with a minor amount of supergene chalcocite mineralisation.
- (d) **Underground-Open Pit Overlap:** In estimating the open pit Mineral Resource, some overlap exists between the X41 Mine underground copper Mineral Resource and the open pit. The extent of double counting in copper Mineral Resources between open pit and underground is indicated by the following tonnages of X41 underground copper Mineral Resource as reported above which are included also in the above open pit copper Mineral Resource (Measured: 1.2 Mt @ 1.6% Cu, Indicated: 4.4 Mt @ 1.6% Cu, 13.3 Mt @ 2.2% Cu)
- (e) **Ernest Henry:** Ore processing of 11.3 million tonnes at 1.22% Cu, 0.62 g/t Au since end June 2004 depleted the Ore Reserve and Mineral Resource. Ore Reserve and Mineral Resource estimates are based on the current block model built with grade interpolation by ordinary kriging reporting to blocks with dimensions of 20m x 20m x 16m. The block model is developed from approximately 118,143 metres of resource drilling, predominantly diamond core and lesser reverse circulation percussion of which approximately 84,593 metres has been sampled and assayed. First pass classification of resource blocks to Measured, Indicated and Inferred categories for the open pit Mineral Resource estimate is based on a three-stage search strategy. Blocks estimated using a smaller search volume are categorised as Measured with blocks estimated using a larger search volume categorised as Indicated. Inferred blocks are categorised using the Indicated search volume but with relaxation of sample selection criteria. Individual blocks categorised as Inferred on first pass were upgraded to Indicated where the block was completely surrounded by Measured and/or Indicated blocks. The categorisation is over-ridden manually in areas of sparse drilling and geological uncertainty. Quantified copper grade errors for Measured, Indicated and Inferred are  $\pm 5\%$ ,  $\pm 10\%$  and  $\pm 30\%$  respectively at 90% confidence limits over a quarterly (3 month) production period. These errors are based on a forward-looking conditional simulation study and are supported by historical mill reconciliation data. For the underground Mineral Resource estimate, blocks which would be categorised as Indicated and Inferred according to the above categorisation strategy are assigned to the Inferred category while blocks which would be categorised as Measured are assigned to the Indicated category, reflecting lower confidence in the estimate at the higher underground cut-off grade. Open pit Mineral Resources occur inside the Stage 7 life-of-mine pit design utilising Measured, Indicated and Inferred resource blocks and are reported above a cut-off grade of 0.27% Cu. Proved and Probable Ore Reserves are defined as all mineralisation of the appropriate confidence category above cut-off grade within the designed life-of-mine ultimate pit. Underground Mineral Resource includes all material below (down dip from) the current life of mine plan pit above a 1.5% copper equivalent cut off, where the copper equivalent credits both copper and gold values on the basis of  $CuEq = Cu \% + 0.73 \times Au \text{ g/t}$ . The underground Mineral Resource remains open at depth. Copper and gold mineralisation occurs in a breccia comprised of strongly altered and replaced intermediate volcanic fragments in a matrix assemblage of predominantly magnetite, chalcopyrite and carbonate. Copper occurs as chalcopyrite and gold is strongly associated with chalcopyrite.
- (f) **Bajo de la Alumbrera:** As at 31 December 2005. The Proven Reserves include 100 million tonnes @ 0.35 % Cu, 0.40 g/t Au of Medium and Low-Grade material stockpiled for future treatment. This Statement is calculated based on a Resource Block Model (ALUJ) which was constructed using Ordinary Kriging interpolation within geological constraints from an assay database comprising some 79,000 metres of diamond drilling and 14,000 metres of reverse circulation drilling. Ore Reserves are based on a pit optimisation (Pit 637) performed on the ALUJ Resource Block Model, and are reported using an economic cut-off grade of 0.27% copper equivalent. The economic cut-off is based on appropriate dilution factors and metallurgical recoveries, and uses commodity prices of US\$350 per ounce of gold and US\$0.90 per pound of copper. The Stripping Ratio (S.R.) for Pit 637 is 1.9; S.R. is defined as the in-pit tonnes of waste divided by the in-pit tonnes of ore. No stockpiled ore is considered in this figure. Identified Mineral Resources are generated from pit optimisation studies using possible future technical and economic scenarios (Pit 636), to define mineralisation which might in whole or in part become economically extractable. Identified Mineral Resources are reported on the basis of a payable copper equivalent grade of 0.27%. 18.0 million tonnes of Proven and Probable Reserves have been mined and processed during the six months to December 31st 2005 from the June 30th, 2005 Ore Reserve. The ultimate pit slopes design was based on Call & Nicholas Inc. recommendations (CNI, Tucson AZ, USA). Primary sulphide mineralisation comprises disseminated, vein and fracture controlled chalcopyrite in altered Dacite and Andesite host rocks, with chalcocite and covellite in the Enriched zone.
- (g) **Las Bambas:**
  - The Las Bambas district is located in the central part of the Andahuaylas-Yauri copper (Mo, Au) skarn-porphry belt in south-central Peru 75 kms south-southwest of Cuzco. Access to Las Bambas is by 224 kms of unimproved road from Cuzco.
  - The Las Bambas district consists of a thick sequence of tightly folded Cretaceous sedimentary rocks that have been intruded by irregularly shaped plutons, stocks, sills and dikes of the Oligocene to Miocene Andahuaylas-Yauri batholith. Skarn-related alteration and mineralization is associated with the younger quartz monzodiorite to granodiorite suite of intrusive rocks that are in contact with carbonate rocks of the Ferrobamba Formation. The porphyry-style alteration and mineralization occurs in the quartz monzodiorite to granodiorite intrusive rocks. The main copper-bearing minerals are sulphides (bornite, chalcopyrite, and chalcocite) with oxides and carbonates near surface.
  - Exploratory and resource delineation drilling during 2005 was concentrated on three potential open-pit deposits within the Las Bambas district, Ferrobamba, Chalcobamba and SulfoBamba. Drilling at Ferrobamba has defined a Resource with a horizontal dimension of 1,200 m east to west and north to south and to an average depth of 205 m below the surface. At Chalcobamba, drilling has defined a Resource with an east-west and north-south dimension of 1,000 m and to an average depth below surface of 180 m. Drilling at SulfoBamba has defined a Resource with a horizontal dimension of 1,200 m east to west, 1,000 m north to south and to an average depth of 215 m below surface.
  - Mineral Resource estimates are based on diamond drilling completed in 2005: 109 drill holes with a total length of 26,840 m at Ferrobamba, 66 drill holes with a total length of 14,764 m at Chalcobamba and 62 drill holes with a total length of 14,406 m at SulfoBamba. In addition, 40 pre-2005 drill holes from past explorers, with a total length of 5,156 m, were included in the Mineral Resource estimation.
  - AMEC (Peru) S.A. was retained by Xstrata Copper (Peru) S.A. to monitor and report quality assurance/quality control (QA/QC) results for Xstrata's 2005 Las Bambas drill program. The drill program submitted a total of 30,045 core samples to the primary Lab, BS Inspectorate laboratory, including 3,562 QAQC samples. The Cu assays of the 2005 drilling exploration campaign at Las Bambas are considered to be sufficiently precise and accurate for resource estimation.
  - QA/QC coverage of the pre-2005 drill holes was reviewed and found to be deficient. As a result, those parts of the Mineral Resources which would have been categorised as Indicated but which were majority dependant on pre-2005 drilling were reclassified to Inferred.
  - Grade interpolation for Cu, Mo, and Au was completed within lithological domains using inverse distance weight techniques with composites of 15 m length interpolating to blocks 20x20x15 m. Mineral Resources were categorised as Indicated based on a minimum of 3 composites, a maximum of 6 composites, with a maximum of 2 composite per drill hole and within 50 m to the nearest composite. Drill hole spacing for Indicated Resource would broadly correspond to a 70 m grid. AMEC (Peru) S.A. has calculated the confidence limits for determining appropriate drill grid spacing for Indicated Resource. The statistical criterion used for Indicated Resource is that a yearly ore production should be known to at least +/-15 percent with 90 percent confidence. A drill grid spacing of 70 m gives a 90 percent confidence interval of +/-8 percent on an annual basis. The drill spacing of 70 m is well within the suggested limits of +/-15 percent. The drill spacing of 70 m was selected to ensure that the continuity of grade, along with the extent and shape of the mineralization, is sufficiently delineated to give a reliable estimate of tonnes and grade.
  - Inferred Resource was based on a minimum of one composite, to a maximum of 6 composite, with a 1 drill hole minimum, and a distance of 75 m to nearest composite. Drill hole spacing for Inferred would correspond to a 100 m grid.
  - A comprehensive coverage of density measurements from the various rock types was generated during the 2005 drilling program. Model blocks were tagged with the corresponding rock type and subsequently assigned the average density for that rock type.
  - No metallurgical assumptions have been made in the resource estimation. No differentiation between oxide, transitional and sulphide zones has been attempted in this initial estimate.
  - Mineral Resource estimates in the table are reported to a cut-off grade of 0.5% total copper. While no specific economic studies were undertaken to justify this cut-off grade, it is considered to be a reasonable first approximation to an economic cut-off for the type and scale of operation anticipated for the Las Bambas deposits.
  - All deposits remain open at depth with no indication that mineralization is decreasing in quality or quantity; therefore, there is good potential that additional Mineral Resources will be added with continued deeper drilling. In addition, near-surface Mineral Resources have not been completely closed off so that potential exists for incremental increases in tonnage with further drilling.
  - A drilling program of 100,000 m is planned for 2006. The program will focus on further resource delineation at the three deposits drilled in 2005, including the search for resource extensions to depth. Initial drill tests of two other deposits, Charcas and Azuljaja, will also be completed.
- (h) Competent Person for Mineral Resource / Competent Person for Ore Reserve; where only one set of initials are listed, the same Competent Person is responsible for both Mineral Resources and Ore Reserves

## Competent persons

MJ = Myles Johnston, Xstrata Copper (AusIMM)

IH = Ian Holland, Xstrata Copper (AusIMM)  
CS = Cameron Schubert, Xstrata Copper (AusIMM)  
JM = Jeffrey Moncrieff, Xstrata Copper (AusIMM)  
LR = Luis Rivera, Xstrata Copper (AusIMM)  
EO = Edward Orbock, Amec (AusIMM)