

Tampakan

A project with significant potential to develop into a world class mine.

■ BACKGROUND

Xstrata Copper exercised its option to acquire 62.5% of the controlling interest in the Tampakan Project on 21 December 2006. On completion of the option, on 30 March 2007, Xstrata Copper assumed management control of the Tampakan Project through its Philippines based affiliate Sagittarius Mines, Inc. (SMI). Following the exercise of Xstrata Copper's option, Indophil Resources NL will progressively lift its interest in the Tampakan Project from 32.5% to 37.5% through an agreement to purchase the 5% interest in SMI that is held by Alsons Corporation. The non controlling shareholders of SMI, are the Tampakan Mining Corporation and the Southcot Mining Corporation (known as the Tampakan Group of Companies).

■ LOCATION

The Tampakan project is located on the southern Philippines island of Mindanao, approximately 65 kilometres north of General Santos City. General Santos has a population of approximately 500,000 and is accessed by sealed highways, a major deep water port within Sarangani Bay and a modern international standard airport. The city is one of the largest tuna fishing ports in the world and an important centre for regional agriculture in the southern Philippines.

The current project area is situated on the boundary of three Provinces, South Cotabato, Sultan Kudarat and Davao Del Sur. The Tampakan copper-gold deposit is located in the Province of South Cotabato, Municipality of Tampakan. It is accessed via 17 kilometres of gravel road from the township of Tampakan located adjacent to the well-paved highway linking General Santos with Marbel and Cotabato City. Access within the project area is via maintained gravel roads linking local communities.

Topographically, the project area is located at the southern end of the Central Mindanao Cordillera bound to the west by the Cotabato Basin and to the east by the Sarangani Basin. Most of the project area covers generally accentuated topography with the Tampakan deposit located on a NNE trending ridge at an elevation varying from 1000–1300 metres above sea level. This ridge marks the catchment divide between the Pula Bato River to the west and the Tukay Mal and Bong Mal Rivers to the east. Mt Matutum (2,293 metres), an extinct volcano which last erupted over 2000 years ago, lies 12 kilometres south of the Tampakan deposit.



■ THE MINERAL RESOURCES

The Tampakan deposit represents one of the largest undeveloped copper-gold deposits in the South East Asia-Western Pacific Region. The Pre-Feasibility Study (PFS) work program confirmed that the Tampakan project is a two billion tonne deposit, containing 11.6 million tonnes of copper and 14.6 million ounces of gold at a 0.3% copper cut-off grade.

■ INFRASTRUCTURE

Initial studies completed during the 2004 scoping study identified the key infrastructure requirements (i.e. access routes, mill sites, waste and tailings disposal sites, pipelines, port facilities, power requirements, office and housing, and water requirements) and potential sources of the major consumables (i.e. power and water). These requirements were assessed in greater detail during the PFS.

A key infrastructure issue is the location of a concentrate filtration plant and ship loading facility as this is likely to dictate pipeline, power transmission line, and access corridor routes. During the PFS, water management studies commenced as well as investigations into a concentrate pipeline, power station, port facilities and a filter plant.



Above: Field Technicians, Ronnie and Doming Puli, conducting water level monitoring along the Lawit River near the Tampakan deposit.

Left: Drill Rig, Tampakan site.

Right: (top) Transport provided by the Tampakan regional education program enables children from the B'laan community to attend school; **(bottom)** Scholarship students at the Tampakan National High School Annex at Lampitak.



Below: Preparing drill core samples for geological and geotechnical logging.



■ SUSTAINABLE DEVELOPMENT

Considerable effort has been directed by SMI in building and maintaining close working relationships with local communities and indigenous groups through regular dialogue in an open and transparent manner. Communication is achieved through regular meetings with representative bodies and through newsletters. In accordance with existing agreements in place with these local communities, significant funds have been released for community projects, especially in the areas of education, health, community infrastructure and sustainable development projects. The funds have enabled free education for most children in the communities in the immediate project area.

SMI has assisted the local governments of the host municipalities of Kiblawan (Davao del Sur), Tampakan (South Cotabato) and Columbio (Sultan Kudarat), along with tribal communities and partners, in pursuing an integrated growth plan to collectively address their concerns and optimise their resources. SMI has likewise partnered with local governments, national government agencies and the community to establish a community capability-building program. This is intended to equip community members with skills both for employment and self-employment, through skills training, improving the capability of local micro-entrepreneurs and developing leadership potential.

A community relations consultant with considerable experience in the region has begun preparing the Social Responsibility Requirements for the Environmental Impact Statement and assessing the existing community relations programs. The consultant is also coordinating a community survey in the form of a census of indigenous and surrounding communities to assess household numbers, income, education, health and aspirations. The results of this survey will ensure that SMI directs available funding in the areas most needed. Further, employment opportunities are preferentially given to local communities commensurate with their skills base and where qualified, contractors are sourced locally.

■ ENVIRONMENT

Xstrata Copper is committed to adopting best available practice in caring for, and minimizing the impact to the natural environment in which it operates. In this regard, several environmental projects and initiatives have been undertaken by SMI, many in collaboration with Government agencies and community groups. These include: a joint research project with Notre Dame of Marbel University (NDMU) in the updating of baseline

studies on water quality, health, soil and sedimentation in areas likely to be impacted by the project; field research conducted by forestry students from the University of the Philippines on mountain ecosystems; two botanical research projects; a community-based environmental program to monitor not only water quality but Tampakan Project operations and other businesses that operate in the Tampakan Municipality; an Environmental and Social Impact Assessment process to be extended through the feasibility stage; multisectoral reforestation project and buffer zone development; solid waste management; maintenance of field trials and a research station; seedling propagation (in 2004 and 2005 a total of 25,000 seedlings were planted across 140 hectares); agricultural and farming development projects; and work with the Philippine Eagle Foundation to re-introduce the species in the Mt Matutum National Park.

Comprehensive baseline studies have also been reviewed and a work program for updating and verifying the results has commenced as part of the Environmental Impact Assessment.

In 2006, SMI was awarded the Presidential Mining Industry Environmental Award, the highest award to be given to a mining company by the Philippine Mine Safety and Environment Association (PMSEA). This award recognises SMI's outstanding level of dedication, initiative, and innovation in programs and projects being implemented for the environmental protection and enhancement of mining areas, development of the host and neighbouring communities, land use improvement, exploration and mining site rehabilitation. SMI was also given a special award for its forest development program.



Above: As part of the Tampakan regional education program local students in the project area receive free primary and secondary education.



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