Overview of Operation/Facility

Compañía Minera Antamina S.A. represents the most significant investment in the history of Peruvian mining (approximately US$2.26 bn). Shortly after initiating its operation, Antamina mine swiftly became one of the leading national producers of copper and zinc concentrates. Teck has a 22.5% interest and is partnered with BHP Billiton (33.75%), Xstrata (33.75%) and Mitsubishi Corporation (10%).

Located at more than 4,300 meters above sea level in the Andes mountain range, Antamina produces different mineral concentrates of which copper and zinc are the main products. The concentrates, which are shipped to smelters abroad, are composed of fine mineral dust that has been reduced to microns. Antamina’s mineral reserves contain other minerals such as molybdenum, silver, lead and bismuth, which are secondary by-products of the production process. Situated in the department of Ancash, 270 kilometers northeast of Lima, Antamina has a concentrator plant that is currently the largest polymetallic treatment plant in the world.

An annual sustainability report is provided on the Antamina website at http://www.antamina.com/

Environmental Highlights

A testament to the Operation’s integrated and committed management team, Punta Lobitos obtained its second ISO certificate, ISO 9001:2000 for Quality management Systems. Completing the certification assisted in improving the Operation’s process efficiency, with the result that all concentrates are produced in an environment of continuous improvement.

Safety and Health Highlights

During 2007, the following important milestones were achieved:

- The Total Recordable Incident Frequency Index was reduced from 4.6 in 2006 to 3.3 in 2007, based on incidents per million worker hours. The Severity Index reduced from 133 to 38
- The 416% increase in “Near Hit” reports in 2007 is a clear indicator of the Operation’s strengthened safety culture. By feeling comfortable to report “near accidents”, employees contribute to the creation of troubleshooting controls, which prevent a more serious event and add to the overall safety of the site
- In a 22% improvement over 2003 results, the Operation attained Top Class level in its “Safehuman” survey of employee perceptions of health and safety
- A five-year Environment, Health, Safety and Community (EHSC) strategic plan was developed by Antamina’s strategic partners and transport companies
- Of the health and safety incidents that occurred, 91% of recommended follow-up actions are complete
- Evaluation of the steps required to obtain OHSAS 18001 certification was initiated.
Community Outreach, Engagement, Dialogue

The Operation seeks to foster partnerships and collaboration with area communities and citizens. Our goal is to be open and transparent in our relationships, in particular regarding environmental and social issues. We continue to support the national Extractive Industry Transparency Initiative (EITI) efforts currently being negotiated between the mining society and the Government. Peru is an official participating country but the country work plan is yet to be finalized. Despite this delay, we continue to publish our financial transactions to governments.

At Antamina, we believe that our business objectives should be aligned with the hopes and aspirations of the surrounding communities. For this reason, we are in constant communication with those communities. We seek to collaborate with our neighbours and work with them to improve health and education as well as infrastructure and economic development. Our goal is to achieve this in a responsible manner, working together with the State, non-government organizations and, most importantly, the community.

We seek to operate in a sustainable manner; our goal is to be a facilitator, a strategic partner that helps provide the necessary tools so that neighbouring communities are able to further their own development and improve their quality of life.

Community Development/Good neighbour practices

Creation and implementation of Antamina Mining Fund (AMF)

Under an agreement with the Peruvian Government, the Operation donated 3.75% of post-tax profit to finance nutrition, health, education, production chain, institution-building and infrastructure projects in the Ancash region, with special emphasis on its area of influence. In its first year, the Antamina Mining Fund (AMF) has allocated $42.7 million USD to new projects; this sum represents 66% of the Operation’s total 3.75% post-tax profit contribution.

The eight UN Millennium Development Goals (MDGs) range from halving extreme poverty to providing universal primary education, to be achieved by 2015 in response to the world’s main development challenges. Guided by the MDGs, the AMF has four main objectives: improve health services and child malnutrition, improve education services particularly in rural areas, improve economic opportunities for the poor, and build institutional capacity. There were several outcomes that were realized as a result of these objectives. The stand-out medical projects include: establishing teams of mobile doctors, successful cleft palate reconstructions for 70 children, and an early childhood care and nutrition program involving 26,800 families with children under the age of three. To support the region’s education system, AMF projects repaired 42 schools and delivered 10,935 desks made by local carpenters in the Ancash region. One production chain project generated its first exports of Ancash trout in 2007; this was one of 56 projects which drew from a budget totalling USD $8 million.

As required by Peruvian law, 50% of income taxes generated by the mine are distributed to regional programs through the Canon Minero Fund; one of AMF’s institution-building projects assists municipalities and the regional government in developing projects and technical processes which make the best use of this Fund.
Human Resources
The Operation places great importance on the training and the care of its most valuable resource: its workers. The company currently has 1,528 direct employees and 2,000 indirect employees who work in the different operating areas; of the total number of direct employees, 1511 are Peruvian and 17 are foreign personnel.

An increasing number of Peruvians are occupying supervisory and leadership positions in the Operation.

The objective of the human resources management team is to support the creation of a motivated, high-performing labour force that is proud to belong to a leading national and international company.

Absenteeism reduction during 2007
Employee absenteeism has been a challenge at Antamina and a broad range of efforts to address this problem is beginning to produce results; the index of monthly absenteeism dropped from 7% at the beginning of the year to 2.98% by December. Currently at its baseline stage, the project uses Six Sigma methodology to measure the quality of the following efforts:

• standardizing medically prescribed rest periods
• medical exams
• recognition for perfect attendance
• control of chronic diseases
• accident reduction plan for extracurricular activities
• respiratory disease prevention
• social services visits and follow-up consultations, especially to support the recovery of employees currently struggling with absenteeism for a variety of reasons

The Operation is proud to report the success of this project to date, and expects that annual absenteeism will be maintained at below 3%; a goal that has been set for 2009.

Human Resources and Management
In July, the Camp Superintendents renewed the transportation fleet for personnel and strategic associates. With support from Ibarcena Group, the Operation now has ten new and modern buses for transport between the mine, Lima and Huaraz. Three previously-owned buses were refitted and re-assigned for use in Punta Lobitos Port at Huarmey; bringing the working total to 13 buses being driven by trained Ibarcena personnel.

At the beginning of December, a hot lunch delivery program began at the Operation; 140 German-manufactured thermal lunchboxes rely on surgical-grade steel to keep food warm in the Sodexo dispensary at the pit entrance. With the goal of improving the quality of its employees’ nutrition, the Operation is pioneering this “Cook and Chill” method in Latin America.

The new Yanacancha camp project is well underway; after completing the conceptual and detail engineering stages, bids are being accepted for the four key work packages, and earthworks are set to begin in May 2008. This project will provide long-term, quality accommodation for Antamina workers appropriate for an altitude of 4200 metres, in a location that will not interfere with future mine development. Expected to benefit all employees, the project is slated for completion in early 2010.
Awards and recognition
According to the Eleventh Annual survey of Managerial Leaders carried out by the University of Lima during October and November 2007, Antamina ranked first among socially responsible standout companies in Peru. This is not the first time that Antamina has been mentioned in this survey of Boards of Directors in major Peruvian companies; in previous years, the Operation has placed in the top six ranking.

This first place award recognizes the application of our Social Responsibility policies across the spectrum of the Operation: respect for collaborators and strategic associates; constant care for health and safety; care for the environment on and off-site, and harmonious relationships with neighbouring communities.

This result recognizes the Operation’s commitment to sustainable development; its efforts have produced positive, sustainable and measurable changes in the quality of life and confidence level of the Ancash community. The Operation is proud to be named as a national leader in corporate social responsibility.

Environmental Compliance
Antamina has developed a comprehensive system to ensure environmental compliance, including programming, sampling, testing, analyzing, reporting and presenting results to the regulatory authority. The Operation’s model has been recognized as achieving higher standards than those mandated by Peruvian law. Compliance was verified through a mine and port facility audit performed by a company authorized by OSINERGMIN, the national environmental regulator for mining. All runoff and emissions have complied with environmental regulations.

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