

# Las Cruces



*Beginning of site preparation at Las Cruces.*

Las Cruces is one of the highest-grade unmined copper deposits in the world. This development property is located in Andalusia, Spain, 20 km from Seville.

Quick facts:

<b>Type of mine</b>	Open pit copper mine when commissioned.	<b>Distance from nearest town (cont'd)</b>	8 kilometres from La Algaba, Spain. 20 kilometres from Seville, Spain.
<b>When will it open</b>	Full-scale construction began in mid-2006, first commercial production expected early 2008.	<b>Main activities in surrounding area</b>	Agricultural and residential.
<b>Ownership</b>	70%	<b>Number of employees expected</b>	+200
<b>Expected mine life</b>	15 years	<b>Planned methods of waste disposal</b>	Neutralizing overburden and engineered covers will be used to encapsulate and seal acid generating waste rock and leach residue.
<b>Land owned currently</b>	850 hectares	<b>Emergency Preparedness and Response Plan (EPRP)</b>	No
<b>Expected land disturbed</b>	890 hectares	<b>Tailings Operations, Maintenance and Surveillance (OMS) manual</b>	Not applicable (leach residues dried before storage).
<b>Distance from nearest town</b>	6 kilometres from Gerena, Spain. 5 kilometres from Guillena, Spain. 9 kilometres from Salteras, Spain.		

## Las Cruces

Las Cruces began development of the project and putting the necessary safety, environmental and community programs in place.

### Safety and health

Las Cruces experienced three lost time injuries in 2006, all in the first four months of the year (one involving an employee and two involving contractors). At that time, our key safety and health management staff and systems were not yet in place. Since hiring our key staff and raising awareness through meetings, training and coaching, performance has improved dramatically. This resulted in a full year lost time injury frequency of 1.3 and a severity rate of 10. These are good results that we hope to improve further upon in 2007.

We spent a considerable amount of time in 2006 working with our engineering, procurement and construction management contractor, SNC-Lavalin, to ensure they have the personnel and systems in place to effectively manage the large number of contractors we will need during construction. In particular, we have focused on completing the construction-stage safety and health handbook and ensuring that appropriate contractor training programs are developed and implemented.

### Environment



Water quality sampling at Las Cruces.

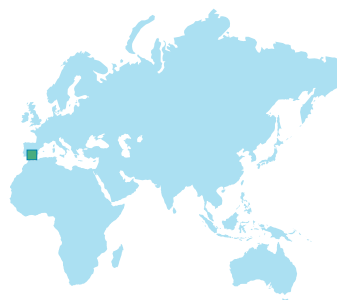
Las Cruces had two petroleum spills in 2006, both involving diesel fuel leaking from generators for the dewatering-reinjection well system. These spills were successfully contained and no petroleum was released into the environment. We are continuing to build environmental awareness among our employees and contractors at this site by providing environmental training.

We successfully completed the diversion of one stream in the mine area in 2006 for space, safety and environmental reasons.

The restoration of the new stream bed has been completed. We also began the diversion of a second stream late in the year. We completed all necessary environmental assessments and permitting before completing this work to ensure that we took all factors into account, including the presence of any threatened or endangered species.

Unusually high rainfall in October and November (the most recorded since 1930) made it difficult to maintain compliance with our limit for total suspended solids in mine water at Las Cruces. We dealt with this problem by constructing additional water detention ponds and we are investigating whether flocculants and coagulants can help us reduce our total suspended solids safely and effectively.

### Location and characteristics



Las Cruces will be an open pit mine with a planned footprint of 115 hectares. When operations begin in 2008, we will produce copper cathode that will be sold to traders and manufacturers. Mining began in April 2006 and construction is now well underway. Commercial production is expected to begin in 2008. Las Cruces is owned by Inmet (70 percent) and Leucadia National Corporation (30 percent). SNC-Lavalin is the lead engineering firm for the project.

Las Cruces is located on the outskirts of Seville, a large and expanding metropolitan area with a current population of about 750,000. We are surrounded by four smaller communities, all within 10 kilometres of the mine site. It is a semi-arid region, with only about 60 centimetres of rainfall per year.

Our mine is being developed under strict Spanish, Andalucian, municipal and European Union regulatory requirements designed to protect human health and the environment.



*Restoration of the La Gavia stream diversion.*

### Laying the groundwork for ISO certification

The Las Cruces Environmental Management and Procedures Manual documents all of the commitments and the monitoring and mitigation plans approved by the Declaration of Environmental Impact for this site. This manual forms the core of the environmental management system for Las Cruces.

We have compared the manual to the ISO 14001 framework and found that it compares very favourably. We are now going ahead with an external audit to formally identify any gaps so that we can fill them and move on to the next phase of the certification process.

### Community affairs

We are working closely with local communities to make sure they have a good understanding of the project, and we appear to have broad community and regional support. Although we did not complete a formal dialogue plan in 2006, we did have considerable contact with communities that are located near the mine site. We met several times with the mayors of Gerena, Guillena and Salteras to discuss matters of mutual interest, including training and employment. We have formal employment and training agreements with these communities with the aim of having jobs at Las Cruces filled by local residents where possible, and have offered a similar agreement to La Algaba, another local community.

We also met with local contractors in 2006 to educate them about our needs and standards so that they can participate effectively once full-scale construction is underway. We certified several of them to work at our site.

As we move into full-scale construction for this project, we will formalize our community affairs program and increase the range and frequency of our dialogue, including hiring dedicated community affairs staff. We will report on our progress in taking these steps in our 2007 report.

### Values in action – Respecting our neighbours

During the October and November rains, some of our neighbours' water wells began to overflow, creating problems for some farmers because the wet conditions made it difficult to access their land. We helped them with this problem by reducing or stopping our water reinjection and, where that was not possible, building structures to re-direct water into local streams.

We value our relationship with our neighbours and will continue to work hard to support them and be a good neighbour.



*Storm water diversion structure around the Las Cruces open pit.*

Las Cruces (cont'd)

We are committed to building and operating Las Cruces to the highest standards of safety, environmental protection and social responsibility.



Maintenance of a dewatering well.

2006 Objective	2006 Results	2007 Target
<ul style="list-style-type: none"> <li>Implement an emergency plan for the construction phase.</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Las Cruces did not meet this objective, but the emergency plan is now 60 percent complete.</li> </ul>	<ul style="list-style-type: none"> <li>Finalize the emergency plan for the construction phase of the project.</li> </ul>
<ul style="list-style-type: none"> <li>Implement an Environmental Management and Procedures Manual.</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Las Cruces met this objective and performed a preliminary gap analysis against the requirements of the ISO 14001 standard.</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementation as the mining progresses and evaluate certification and further implementation at the plant area.</li> </ul>
<ul style="list-style-type: none"> <li>Improve community dialogue.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Las Cruces had mixed results on this objective. The frequency of dialogue increased although a formal plan was not developed.</li> </ul>	<ul style="list-style-type: none"> <li>Formalize a community affairs program and hire dedicated staff.</li> </ul>