



TETHYAN COPPER COMPANY

**NEWS RELEASE**

**TCC committed to its agreement with the Government of Balochistan**

ISLAMABAD, November 12, 2010: CEO Tethyan Copper Company Pakistan (Pvt.) Limited (TCC) Gerhard Von Borries said that TCC has always respected the joint venture agreement with the Government of Balochistan and has abided by the rules and regulations and remains committed to transparency in Reko Diq project development.

While speaking to the media here today, Gerhard Von Borries reiterated that TCC as a partner is sensitive to Government of Balochistan concerns and, within the viability parameters of the project, committed to addressing them.

He said that Balochistan Mineral Rules(BMR) to encourage private investment in the mining sector, allow exclusive rights for exploration and upon finding of a viable resource, allow the investor who took the risk of exploration, to mine it and is obligated to pay taxes and royalties to the government. It was in the light of this investor-friendly legal framework that the two mining giants of the world, Antofagasta and Barrick Gold decided to invest in this project in 2006.

Gerhard Von Borries highlighted that under the BMR other companies hold exploration licenses with 100% ownership in Balochistan and if these projects on into mining stage, the government will receive royalties and taxes as in most of the developed mining countries,“ While in case of Reko Diq project by virtue of its longstanding agreement (1993)which gives government of Balochistan 25% share in the project, the government will earn profits as well in addition to royalties and taxes,. This makes Reko Diq deal an exceptionally good deal for Balochistan.”

CEO TCC stated that overall more than 50% of the project’s revenues (after investment and operating costs) will go both to the provincial and federal governments combined in form of royalties, profits and taxes. Reko Diq project is being developed by TCC in a total transparent manner; in accordance with the joint venture agreement in place and as per the rules and regulations of the country.

The agreement to work on Reko Diq project was signed between Government of Balochistan and BHP in 1993, called Chagai Hills Exploration Joint Venture Agreement (CHEJVA). Under this agreement government had 25% interest in the exploration license while BHP held the remaining 75%. In 2006, TCC shares were bought by world’s two leading companies, Antofagsata plc (Chile) and Barrick Gold (Canadian). All transactions were fully compliant with existing laws and regulations. The legality of the transactions was confirmed by Balochistan High Court in its 2007 ruling.

Since 2006, profile of the project has improved significantly with to-date investment of around US\$ 220 million; in an extensive exploration and drilling program and a world class bankable feasibility study. The extensive drilling program (more than 280,000m) has established a much larger combined resource estimate (5.9 billion tons) than declared by previous owners; and also in terms employment currently 400 (permanent+contractors) people are working for the project as compared to 50 prior to takeover.

According to world class Bankable Feasibility Report completed by one of the world top 3 engineering firms recently and under examination of the Government of Balochistan, the mineral resource at Reko Diq is estimated at 5.9 billion tons. From this resource, an estimated 2.2 billion tons of economically

mineable ore, with an average copper grade of 0.5% and an average gold grade of 0.3 gr/tonne will be processed to produce 2.2 billion pounds of copper (10,000,000 tons) and 13 million ounces of gold in form of payable metal in about 56 years of mine life. The rest of the resources are not economically mineable with the current existing technology. (The resources and reserves are reported according to two International Minerals Reporting Standards: JORC (Australia) and CIM (Canada))

Gerhard Von Borries further said that for a mining project financial modeling several factors are taken into account like mineable portion of the resource including transformation costs of taking the ore out and processing it to a saleable product. The value being quoted in certain press reports does not take into account the investment expenditures in the project, the operating expenses to produce a pound of copper and an ounce of gold, the economically mineable portion of the resources and the average long term prices of the metal and not the current market price which will not prevail in the future.

Reko Diq project has the tremendous potential to contribute in the uplift of Balochistan's economy in specific and the national economy in general. The long term community investment plans of TCC, including scholarships for the locals, technical and vocational training along with initiatives in health and education sector and transfer of the state of the art technology which will help Balochistan develop its potential mineral resources, will contribute to social development of the area.

TCC's CEO emphasized that a clear social, business and economic understanding needs to be developed around this very important JV which is the first of its scale and sophistication in Pakistan's mining history. "The TCC Reko Diq project shall lay foundations of a world class skilled mining industry, cutting-edge technology transfer, health and safety standards and nurturing the value chain for sustaining the mining industry towards the development of Balochistan's economy," he concluded.

TCC is committed to implementing the Reko Diq project as a partner of the people and government of Balochistan. The Reko Diq project can be the engine of economic growth for Balochistan and TCC is committed to finding solutions to all outstanding issues to optimize benefits for Balochistan, Pakistan and for the investors.

### About TCC

Tethyan Copper Company Pakistan (Pvt.) Limited is a fully owned joint venture company of Chile based Antofagasta PLC and Barrick Gold of Canada; both copper and gold mining leaders globally. TCC, in partnership with the Government of Balochistan, is evaluating the development of a world-class copper-gold mine at Reko Diq, District Chagai of Balochistan. The Company has already invested over US\$220 million into the project since 2006. For more information, please visit the Company website: [www.tethyan.com](http://www.tethyan.com)