



TETHYAN COPPER COMPANY

NEWS RELEASE

TCC clarifies company position on Reko Diq Project

Islamabad, November 23, 2010: Tethyan Copper Company Pakistan (Pvt.) Limited (TCC) strongly denies the allegations and misrepresentation of facts about the company and the Reko Diq project which have been appearing in news stories in certain sections of the press lately.

A clear social, business and economic understanding needs to be developed around this very important public-private JV which is the first of its scale and sophistication in Pakistan's mining history. It is therefore unfortunate that a project of great national importance is being sabotaged through a gross misrepresentation of facts.

Under the current circumstances when many other investors are leaving the country, it is a good sign for Pakistan that despite the problems it is facing on account of country perception and the low trend of FDI, two major mining companies are interested in making an investment in the country's mining sector after having undertaken the full risk of mineral exploration.

The district of Chagai where the project is being developed is one of the most backward and least-developed areas of Pakistan with very low human development indicators. It is in this context that a project like Reko Diq can really boost the economy and social uplift by employing and training local people, promoting local procurement, community investment programs, and revenue generation for the provincial government through profits, taxes and royalties and transferring technology.

The estimations of the minable quantity of resource for the Reko Diq project and calculations of projected prices of copper and gold have not been done by TCC but through one of the world's top 3 engineering firms which prepared the Feasibility Study along with long term prices worked out by international analysts of copper and gold pricing. The bankable Feasibility Study was submitted to the Government of Balochistan more than two months ago to be examined by themselves or by independent external experts on their behalf.

The analyses being published in the press, without verifying the facts about TCC and the Reko Diq project clearly indicate lack of understanding of the mining industry and also of the existing Balochistan Mineral Rules 2002 (BMR) and other applicable regulations.

According to the extensive drilling and technical studies, Reko Diq is a large deposit in size but in terms of quality it is relatively low grade (percentage of Copper & Gold per tonne) and furthermore it requires huge investments to build supporting infrastructure which does not exist in the area. 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 gms/tonne will be processed to produce 2.2 billion pounds of copper (10 million tons) and 13 million ounces of gold in form of payable metal in about 56 years of mine life.

The value of a mining project deposit is related to the value of the metal which can be economically delivered to the marketplace on average long term prices and not on spot prices. The value or worth of this project is grossly overstated in the recent press stories which do not consider that the valuation of a mineral resource involves understanding of several factors such as investment costs, financial costs, operating costs and risk. The Reko Diq project being the first of its kind in Pakistan has to bear the costs of development of a huge infrastructure which does not exist in this region.

As per the Feasibility Study submitted to the Government of Balochistan, more than 50% of the distributable cash flow over the life of mine will go to the federal and the provincial governments by way of profits, royalties and taxes. These figures are based on the Feasibility Study estimates based on long term price projections and are subject to changes in prevailing copper and gold prices. If prices go up, or technology enables more extraction, both parties as partners will share benefits proportionately.

Considering the worldwide standard practices in the mining industry, it is also pertinent to point out that it is very unusual for the host country to have a share in profits since the mining business is not an affair of the state. Balochistan Mineral Rules 2002 also stipulate exclusive rights of exploration to the investor with mining lease entitlement upon discovery of a viable resource. Governments secure their interests through royalties and taxes. It is very rare to find any example around the world where the host government has been given 25% share without bearing the risks and cost of the exploration and feasibility study expenses.

By any standard this deal, where 50% of the distributable cash flow over the mine life will go to the federal and the provincial governments by way of profits, royalties and taxes, is an exceptionally good deal.

It is important to point out that Chagai Hills Exploration Joint Venture Agreement (CHEJVA) under which TCC is developing the Reko Diq project was signed in 1993. At that time no ore deposit had been identified at Reko Diq. CHEJVA has proven to be a long standing agreement respected by both parties including all the governments since then as it relieves the government of any costs associated with the risk of exploration.

TCC has always remained committed to transparency and categorically denies making any illegitimate payments to anyone either in Pakistan or abroad. TCC being a joint venture of companies of international repute cannot risk indulging in any unlawful activities and at no stage any demands for unlawful payments have been placed upon the company. Moreover, TCC has been compliant of all the existing rules regulations of the country including the BMR 2002 and as a partner of Government of Balochistan under the CHEJVA. Additionally, the acquisition of the TCC shares by the current owners, Antofagasta plc and Barrick Gold Corporation in 2006 was in full compliance with existing laws and regulations which has been validated by the Balochistan High Court in its 2007 ruling.

TCC as a partner of government of Balochistan shares all the information, both technical and financial on regular basis through an Operating Committee formulated under CHEJVA. In addition a quarterly report on all aspects of project development including details of every single drill hole and chemical assays is submitted regularly.

The Reko Diq project has the tremendous potential to contribute in the uplift of Balochistan's economy in specific and the national economy in general and TCC remains committed to develop this project in the interest of all stakeholders.

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

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