

Sustainable Development Report

Welcome by David Salisbury

- Welcome to our 2008 Sustainable Development Report. This report is an important snapshot of how our company is performing in the critical areas of environmental, economic and social responsibility.
- The report explains how we set specific targets in these areas and how well we performed in achieving those targets.
- As you'll read, during 2008 we progressed on a number of fronts but like many companies we also experienced our share of setbacks. We believe that any individual interested in our company has a right to a clear and open summary of where we stand and we hope you'll find the information presented here both straightforward and valuable
- Here are just a few of the 2008 highlights you'll read about:
- In terms of social well-being, our highest priority is the health and safety of our employees and the extended team of contractors who work at the Resolution Copper project.
- Based on MSHA criteria, there were no lost-time injuries during 2008. However, Resolution Copper has a higher standard and counts restricted work-day injuries as lost-time injuries. While we recorded two such injuries, when considering all injuries we did successfully achieve the target reductions.
- We also discovered more about our project during 2008 that underscores its immense economic potential for local communities, the region and the state of Arizona.
- The deposit we are exploring rests more than 7,000 feet below the surface near Superior, Arizona. We are currently in what's known as the pre-feasibility or investigatory and fact-finding phase of mine development.
- In May of last year, Rio Tinto, our parent company, announced that sufficient drilling had been completed on the deposit to infer a resource of 1.34 billion tons. This is a large enough deposit to support 20 percent of US demand for copper over the life of the mine. Also, a 2008 study commissioned by our company and conducted by an independent consulting firm, estimates the total economic impact of our project on the state of Arizona to be \$46.4 billion. These findings clearly point to the economic and social benefit our project can provide.
- On the environmental front, we maintained our ISO 14001 status through both internal and third-party external audits conducted during 2008. ISO 14001 provides independent certification of the plans, policies and procedures by which we manage and continually improve our approach to the environment.
- We also met 2008 targets in terms of other important environmental areas, including responsible water management and planning, and continued progress

in rehabilitating lands around Superior that were affected by previous mining operations.

- While we progressed on a variety of fronts, we did not meet all of our 2008 targets. The swift and severe global economic downturn that began in September of 2008 prevented us from progressing at our planned pace, and led to a re-ordering of our project schedule, which in turn resulted in a reduction of our contractor workforce. While we cannot predict the length or severity of this economic downturn, we remain committed over the long term to our contractor relationships and to the concept of local hiring.
- The most significant disappointment during 2008 was our failure to secure passage of the *Southeast Arizona Land Exchange and Conservation Act*, which is currently under consideration in the U.S. Congress. Last year, we made adjustments to bill language in direct response to the issues and concerns of Resolution Copper stakeholders. We also held substantive discussions with members of Congress regarding the merits of the legislation.
- Passage of the land exchange legislation is our company's highest priority in 2009. We will continue to work with legislators this year to reintroduce and advance the bill through Congress.
- We encourage all Resolution Copper stakeholders to become familiar with the merits of this bill, and to voice your support for passage.
- As we move through 2009, we face significant operational challenges. The continuing global economic climate requires that we carefully contain costs while continuing to progress on work critical to advancing the project.
- Nevertheless, by carefully controlling our scope of work and making sound decisions, we are confident that we can navigate the current economic waters and deliver on the long-term promise of the Resolution Project. As we progress, our concern for environmental, economic and social responsibility will remain a core part of our decision making process.
- Thank you for your interest in Resolution Copper and in our annual Sustainable Development Report. We will continue to report our major business decisions and operational progress to you, not only through this report, but throughout the year on our website and via our newsletter, the Resolution Copper Issues Brief.
- We welcome your feedback and suggestions. Please contact us directly via our Mine Information office. Contact details are included in this report.