

Cornerstone Project Fact Sheet: A Significant Long-Term Investment in Our Future

The issue

- Each year, Kennecott Utah Copper produces nearly 25 percent of America's supply of refined copper. Kennecott has mined and refined 18.7 million tons of Utah copper throughout its history.
- Copper is essential to modern life. It is necessary for building construction, transportation, industry, computers and electronics, as well as advanced green technology, such as solar panels, wind turbines and hybrid cars.
- A major investment is needed to maintain production levels of copper and other minerals. To reach untapped ore resources, deeper areas of rock need to be moved and processed.

The project

- The Cornerstone Project entails "pushing back" the south wall of the Mine about 1,000 feet and deepening the Mine about 300 feet to reach 700 million tons of ore resource.
- Mine extension will require increasing the size of the pit's fleet of large haul trucks over time, adding an in-pit crusher and another grinding line and supporting equipment at the Copperton Concentrator. Kennecott will also need to generate or procure another 100 megawatts of electricity to power these improvements.
- The shape of the pit under the approved Cornerstone Project will remain about the same, but will get wider on the southeast side and deeper at the bottom.
- Rio Tinto's investment in new equipment and technology for the Cornerstone Project will allow Kennecott to maintain current production levels for several decades.
- A study conducted by the University of Utah's Bureau of Economic and Business Research department (BEBR) found that Rio Tinto spent approximately \$900 million in 2009 on employee salaries and benefits, taxes and fees, as well as purchases from nearly 1,000 Utah companies. The study estimated if the Cornerstone investment is not made, the economic contribution will decrease beginning in 2021 by an average of \$630 million a

year. In contrast, the study estimated that extending the life of the Mine will pump an average of \$1 billion a year into the local economy through the mid-2030's.

- The project will also help sustain Rio Tinto's employment of 2,400 people and an additional 14,800 indirect jobs, for a total of 17,200 Utah jobs.

The process

- The extension project requires Kennecott to update approximately 25 of the 70 existing environmental permits to allow Kennecott to move and crush more rock and store more tailings to make the same amount of copper.
- The permit updates will accommodate the Cornerstone Project investment in four areas of the company's operations: the Mine, Concentrator, Power Plant and Tailings Impoundment. The Refinery and Smelter are adequately sized and will not require any permit updates at this time.
- As a heavily regulated company, Kennecott will soon begin submitting applications to various state and federal agencies to seek approvals to keep the operations active.
- Permit applications will be submitted over the next several years to various regulatory agencies, including the Utah Division of Air Quality (UDAQ), the Utah Division of Water Quality (UDWQ), and the U.S. Environmental Protection Agency (EPA).
- The entire permit review and approval process for the Cornerstone Project is expected to take two to three years, providing ample opportunity for the public to be engaged in the regulatory process.

The timeline

- August 2010 – Kennecott Utah Copper begins filing notices of Intent - requests to renew and update land, water, air and tailings permits. This process is expected to take several years.
- Fall 2010 through 2012/2013– Kennecott Utah Copper provides opportunities for the public to learn more about the Cornerstone Project and its benefits and impacts through presentations, informational materials and open houses.