Minerals

Kennecott Utah Copper Corporation
P.O. Box 6001
Magna, Utah 84044-6001
(801) 569-6000

Rohan McGowan-Jackson
Manager, HSE & SD

PH: 801-569-6356
FX: 801-569-7192

Kennecott Utah Copper
A member of the RIO TINTO Group

October 19, 2006

Ms. Mary Ann Wright
State of Utah
Department of Natural Resources/DOGM
PO Box 145801
Salt Lake City, UT 84114-5801

Dear Mary Ann,

Thank you for your recent letter dated September 25, 2006 in which you outline DOGM's position in relation to three key items associated with the Bingham Canyon Mine permit M/035/0002.

The purpose of this note is to briefly summarize my understanding of the substantive outcomes from our subsequent telephone conversations in relation to these matters. In this regard, confirming that Vicky Peacey (Senior Environmental Engineer), Bruce Jones (Superintendent Operations) and I look forward to meeting with you and your staff to further discuss these issues at 10:00 am on Thursday October 26, 2006 at your offices.

1) Permit Boundary Reduction

I understand that both DOGM and KUC are keen to move forward on this issue. As mentioned during our recent telephone conversations, KUC believed it had responded to all outstanding questions from DOGM and had received DOGM's support for this modification. However, I now understand from our most recent call, that there may be some minor text issues associated with a legend on one of the maps provided by KUC that DOGM would like clarified. Our meeting on October 26 should provide a good opportunity to clarify and resolve this issue. I also suggest we use this time to further discuss and confirm the steps and timing needed to obtain OGM Board approval for this permit boundary reduction.

2) Cost Estimate

Confirming, as discussed during our calls, that KUC is of the understanding that it has fulfilled DOGM's request to provide a cost estimate for implementation of the 2003 Reclamation Plan and other subsequent information requests for additional aerial and topographical data.

In your September 25, 2006 letter you suggest that DOGM is considering bringing this issue to the OGM Board as a Notice of Agency Action. As we discussed, I am not yet clear specifically what DOGM's purpose would be in such action and/or what DOGM would be expecting the OGM Board to do or rule on in such an event?

0012 RECEIVED
OCT 23 2006
DIV. OF OIL, GAS & MINING

It is of course possible that I have missed something and/or that we have some 'wires crossed' in our communications. So again, our meeting on the October 26 should provide a useful occasion to further discuss.

3) Ongoing Activities

Once again I wish to acknowledge that KUC has been slow in replying to DOGM's letter of February 16, 2006. As discussed during our meeting on September 19, 2006 and during our recent telephone calls, our delayed response has been caused in part by the transition in roles within the KUC Environmental Department, and also in part by questions regarding how to constructively respond to DOGM's letter given the apparent legitimate difference of opinion that exists in relation to some of these issues.

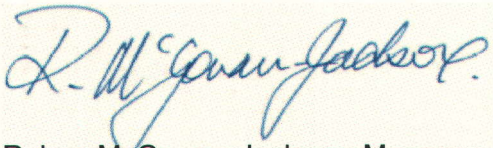
Indeed, KUC is of the firm opinion that DOGM was fully briefed on the current East 1 push back well before it proceeded. Based upon the outcome of the discussion at that time, it was KUC's understanding that this was not an activity requiring an amendment.

I believe our meeting on October 26 will prove useful in clarifying both DOGM and KUC's questions and issues in relation to this matter.

Rest assured KUC remains committed to working constructively with DOGM as it discharges its responsibilities under the Act and Regulations. We are also keen to have the OGM Board visit KUC. As you know we were scheduled to host OGM Board visit in May 2006, but I understand that this was cancelled due to scheduling difficulties for the Board. Hopefully we can re-schedule for another visit soon.

I genuinely appreciate your willingness to further discuss and engage on some of these complex issues and am confident that these can be resolved to the mutual benefit of both DOGM and KUC.

Kind regards,



Rohan McGowan-Jackson, Manager
Health, Safety, Environment and Sustainable Development
Kennecott Utah Copper

cc: Vicky Peacey
Bruce Jones
Scott Lawson
J. James Peacock – Chairman, Board of Oil, Gas and Mining
John Baza – Director DOGM