



## NEWS RELEASE

### **XSTRATA PLC ANNOUNCES ACQUISITION OF TINTAYA COPPER MINE FROM BHP BILLITON FOR US\$750 MILLION**

Zug, 16 May 2006

Xstrata plc ("Xstrata") announces its acquisition of the Tintaya mine and associated satellite deposits ("Tintaya") in Peru, South America, from BHP Billiton Ltd ("BHP Billiton") for US\$750 million.

The acquisition price comprises an initial cash consideration of US\$634 million and the assumption of US\$116 million of debt. An agreed price participation arrangement may result in further deferred cash payments to BHP Billiton and will be based on prevailing copper prices upon completion of the transaction. At current prices these payments would total approximately US\$60 million.

Two further conditional deferred payments of US\$25 million each in cash may also be payable to BHP Billiton. The first such amount will be payable in July 2009 if the LME copper price exceeds certain levels from July 2008 to June 2009. The second amount will be payable if either of the Antapaccay or Coroccohuayco satellite deposits are developed prior to 2020. The aggregate consideration payable by Xstrata is subject to a cap.

The acquisition will expand Xstrata Copper's current production portfolio with an additional 120,000 tonnes of copper in cathode and concentrate per annum. Tintaya will also provide Xstrata Copper with a unique opportunity to strengthen the company's strategic position in southern Peru.

Together with Xstrata Copper's existing copper business in Argentina (Minera Alumbrera Ltd which is managed and 50 per cent owned by Xstrata), Tintaya will consolidate Xstrata's position as a significant Latin American copper producer.

Xstrata Copper Chief Executive Charlie Sartain said the Tintaya acquisition was an important step in the execution of the business unit's growth strategy.

"One of our strategic objectives is to become a recognised leader in the copper industry. Profitable growth through acquisitions such as this will continue our rapid progress towards that objective," he said.

"Latin America will be a key part of this growth. Our current focus is on developing a significant operating division in southern Peru and continuing to extend our operations in Argentina based around the Alumbrera copper-gold mine."

Mr Sartain also emphasised Xstrata Copper's commitment to the agreements that BHP Billiton has in place with the communities surrounding Tintaya.

"We have a strong track record in working in partnership with local communities for mutual benefit in the remote locations where we operate. In relation to Tintaya we will continue to

honour the commitments previously made to local communities and look forward to working together with local stakeholders through the formal dialogue processes that have been established.”

It is expected that the Tintaya transaction will be completed within the next two months.

Edgar Basto, the current President of BHP Billiton Tintaya will continue to have management responsibility for the operation until the transaction is finalised.

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### **Notes for Editors**

#### *Additional information*

##### *Xstrata*

Xstrata is a major global diversified mining group, listed on the London and Swiss stock exchanges. The Group is headquartered in Zug, Switzerland and has approximately 24,000 employees worldwide, including contractors.

Xstrata maintains a meaningful position in six major international commodity markets: copper, coking coal, thermal coal, ferrochrome, vanadium and zinc, with additional exposures to gold, lead and silver. The Group's operations and projects span four continents and nine countries: Australia, South Africa, Spain, Germany, Argentina, Peru, Colombia, the UK and Canada.

##### *Xstrata Copper*

Headquartered in Brisbane, Australia, Xstrata Copper's operations comprise mines, mineral processing plants and projects in north Queensland, Australia and Argentina and Peru in South America.

From north Queensland, Australia, Xstrata Copper supplies copper concentrates and copper cathode to international and domestic customers. From Argentina, the business supplies copper-gold concentrates and gold doré to international customers. In southern Peru, Xstrata Copper is evaluating the Las Bambas copper project with the aim of expanding its global copper business.

A fact sheet about Xstrata Copper's Las Bambas exploration project is located at [http://www.xstrata.com/assets/pdf/xcuper\\_fact\\_sheet\\_20060412.en.pdf](http://www.xstrata.com/assets/pdf/xcuper_fact_sheet_20060412.en.pdf)

### *Tintaya*

Background: Tintaya is an open pit copper mining and processing operation in the high Andes region of southern Peru, South America (elevation 4,100 metres). Tintaya commenced production in 1985, and is currently owned and operated by BHP Billiton, following their acquisition of Magma Copper Company in January 1996. Tintaya has over 1,300 employees and contractors. At 31 December 2005, Tintaya had gross assets of US\$462 million. For the year ending 30 June 2005, the operation's revenue was US\$378 million, EBITDA was US\$148 million and it generated profit before tax (before workers' profit share) of US\$138 million .

Tintaya consists of an open pit mine and processing operations, comprising both a copper concentrator and SX/EW processing plant. Solution extraction/electrowinning (SX/EW) is a two-stage process that first extracts and upgrades copper ions from low-grade leach solutions into a concentrated electrolyte, and then deposits pure copper onto cathodes using an electrolytic procedure. Product is trucked to the port of Matarani.

The nearby Antapaccay and Coroccohuayco satellite deposits may also provide significant future development potential.

Location: Tintaya is located in the Espinar province, southern Peru.

Reserves and production: Tintaya produces around 120,000 tonnes of high quality copper cathode and concentrate per annum, and has significant growth potential. Tintaya has Proved and Probable Ore Reserves of 91 million tonnes, comprising copper oxide ore at an average 1.63% copper and copper sulphide ore at an average 1.31% copper, as at 30 June, 2005. In addition, at that date Tintaya had a further 24 million tonnes of Inferred Resources at 1.25% copper.

### *Other*

Xstrata was advised on this transaction by Rothschild.

Xstrata Peru S.A. (as purchaser) and BHP Peru Holdings Inc. and Global BHP Copper Ltd (as vendors) entered into a sale and purchase agreement dated 15 May 2006, pursuant to which Xstrata Peru S.A. has conditionally agreed to purchase and BHP Peru Holdings Inc. and Global BHP Copper Ltd have conditionally agreed to sell shares relating to the Tintaya project. The transaction is conditional on certain regulatory certificates.