



**NEWS RELEASE**

**XSTRATA COPPER APPROVES LOMAS BAYAS EXPANSION AND  
LOMAS II INTEGRATION**

Santiago, 27 June 2007

Xstrata Copper announces its Board's approval of an expansion to production and extension to the operating life of the Lomas Bayas open pit copper mine in northern Chile's Antofagasta Region.

The \$70 million expansion project will increase copper production capacity by 15%, from 65,000 tonnes a year to 75,000 tonnes a year of copper in cathode, and is planned to be commissioned in the third quarter of 2008. In addition to the construction workforce, the project will create employment opportunities for an additional 90 people once completed.

"This approval signals the successful integration of the development of the nearby Lomas II deposit into the existing processing operations, which will extend the operational life at Lomas Bayas from 2013 to 2020", said Xstrata Copper Chief Executive Charlie Sartain.

The development of the Lomas II pit (formerly known as Fortuna de Cobre), just 3 kilometres from the current pit and processing facilities, is now planned to commence in 2010, with operations commencing in 2011. The project will ensure sustained copper production at Lomas Bayas at the expanded level of 75,000 tonnes per annum.

The environmental studies for both the expansion to 75,000 tonnes a year and the development of Lomas II deposit were approved by Chile's Antofagasta Region environmental authorities Conama in December 2006.

Lomas Bayas forms part of Xstrata Copper's North Chile division, headquartered in Antofagasta.

*Ends*

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## Lomas Bayas and Lomas II Reserves and Resources

	Ore Reserves		Mineral Resources			Total Mt
	Proved (Mt)	Probable (Mt)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	
Lomas Bayas*	87	158	100	248	2	
Grade	0.37%	0.29%	0.37%	0.26%	0.30%	
Lomas II**			<b>272</b>	<b>98.2</b>	<b>5.3</b>	<b>370.2</b>
Grade			<b>0.30%</b>	<b>0.19%</b>	<b>0.13%</b>	<b>0.27%</b>

\*As published in Xstrata Plc's Reserves and Resources Statement on 6 March 2007. Mineral resources are inclusive of reserves.

\*\* The information in this press release which relates to Lomas II Mineral Resources is based on information compiled by Mr Gordon Stothart who is a member of a "Recognised Overseas Professional Organisation" as described by the JORC Code, namely, the Association of Professional Engineers & Geoscientists of New Brunswick (APEGNB). Mr Stothart is a full-time employee Xstrata Copper. Mr Stothart has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stothart consents to the inclusion in the press release of the matters based on his information in the form and context in which it appears"

## Notes to editors

### Lomas Bayas

Located 120 kilometres east of the city of Antofagasta in northern Chile's Region II, Lomas Bayas produced a record 64,300 tonnes of copper cathodes in 2006. The open pit, SX-EW operation currently provides direct employment for around 540 people, plus a similar number of contractors.

Lomas Bayas forms part of Xstrata Copper's North Chile division, headquartered in the city of Antofagasta, which also manages the Altonorte custom smelter in the same region. North Chile also manages Xstrata Copper's 44% participation in the Collahausi copper mine in Region I.

### Xstrata plc

Xstrata is a major global diversified mining group, listed on the London and Zurich stock exchanges. Headquartered in Zug, Switzerland, Xstrata maintains a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc. It also has recycling facilities and additional exposures to gold, cobalt, lead and silver and a suite of global technologies, many of which are industry leaders. The Group's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, South Africa, Spain, Tanzania, the USA and the UK.

### Xstrata Copper

Xstrata Copper is headquartered in Brisbane, Australia, with regional offices in Santiago and Antofagasta, Chile; Lima and Arequipa, Peru; Buenos Aires, Argentina; and Toronto, Canada, and is one of the commodity business units within the major global diversified mining group Xstrata plc.

Xstrata Copper's mining operations and projects span seven countries and include mines and mineral processing plants in Australia, Chile, Peru, Argentina and Canada. It also has a recycling business (Noranda Recycling) with facilities in Canada, the United States and Asia.

Xstrata Copper is the fourth largest global copper producer, with annual managed production of over one million tonnes.