



NEWS RELEASE

**ALTONORTE SMELTER EXPANSION CONSTRUCTION COMMENCES
FOLLOWING ENVIRONMENTAL APPROVALS**

Antofagasta, 4 July 2007

Xstrata Copper's North Chile Division announces the commencement of construction of the phase four expansion at its Altonorte smelter in northern Chile, having now received environmental approval by the Antofagasta Region environmental authority Corema.

The operational upgrade, with an original investment estimate of US\$58 million, will increase production capacity by almost one-third from around 290,000 tonnes a year of copper in anodes to 380,000 tonnes a year. Sulphuric acid production will increase from 800,000 to 1.1 million tonnes a year.

In addition, as part of Xstrata Copper's commitment to being an environmental leader in the mining industry, Altonorte will voluntarily invest a further US\$14 million to install double contacts in the new sulphuric acid plant, with the objective of increasing emissions capture from 93% to 95.5%. This will take the total expansion capital to US\$72 million.

"This approval process has demonstrated to the community and the authorities this company's commitment to the highest environmental standards, with a range of environmental enhancements incorporated into the smelter's expansion" said Xstrata Copper North Chile Division Chief Operating Officer Jon Evans.

Over the next two years, Altonorte will also voluntarily implement various other projects to upgrade the smelter's environmental performance, requiring an additional US\$28 million investment. These projects include further measures to capture fugitive emissions and a smelter dust treatment plant.

Construction will start immediately, providing an additional 800 jobs during the construction phase and further permanent employment opportunities for 80 people once complete. The expansion will be commissioned in the first quarter of 2009.

Once complete, the Altonorte smelter will be one of the world's largest smelters with operating costs in the lowest quartile.

Ends

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Notes to editors

Altonorte

Altonorte is a custom copper smelter located near the city of Antofagasta in northern Chile's Antofagasta Region. In 2006, Altonorte produced 282,000 tonnes of copper in anode. The facility also includes a molybdenum roaster with capacity to produce 6,300 tonnes a year of molybdenum oxides.

Altonorte forms part of Xstrata Copper's North Chile division, headquartered in the city of Antofagasta, which also manages the Lomas Bayas open pit mine in the same region and Xstrata Copper's 44% interest in the Collahuasi mine in north Chile's 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, mineral processing plants and port facilities in North Queensland, Australia; mining and processing operations and port facilities in Chile, Peru and Argentina in South America; and mining and processing plants in 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.