



NEWS RELEASE

XSTRATA COPPER AND BECHTEL SIGN STRATEGIC ALLIANCE TO FAST TRACK PROJECT PIPELINE

Santiago, 5 December 2007

Xstrata Copper and engineering, construction and project management company Bechtel have joined forces in a strategic alliance, which will facilitate the development of Xstrata Copper's pipeline of copper projects.

The agreement covers the provision by Bechtel of engineering, procurement, construction and construction management services in relation to a series of potential copper mines, concentrators and related mineral processing facilities. Under this alliance, Bechtel will also contract personnel to Xstrata Copper to assist the company in the development of certain projects.

The strategic alliance also involves the innovative concept of designing a replicable copper concentrator and other facilities that could be applied to Xstrata Copper's individual projects. This will enable the early ordering of long lead time items and reduce the engineering time and costs on individual projects. It will also provide construction efficiencies.

Future work to assess Antapaccay and Las Bambas in Peru and El Pachón in Argentina will be undertaken under this alliance and additional projects will be added as appropriate.

"We are very excited about working with Bechtel in this innovative approach to project development which will optimise Xstrata's copper growth, in a cost effective and efficient manner," said Xstrata Copper Chief Executive Charlie Sartain.

"We have selected Bechtel to be our long term partner based on their leadership in the copper industry as well as their track record of developing high tonnage copper projects, safely, in a sustainable fashion, on time and on budget anywhere in the world," said Sartain.

"We look forward to a long term, successful relationship," said Andrew Greig, President of Bechtel Mining & Metals. "Working with a world class company like Xstrata to develop a replicable copper concentrator design for their portfolio of projects has the potential to fundamentally change the way projects are delivered in the copper industry."

"We are very pleased to be Xstrata's strategic partner, not just for the challenge of delivering multiple projects globally, but because we share values with Xstrata relating to safety, sustainability, and ethics," said Greig.

Ends

Xstrata contacts

Emily Russell
Manager, Corporate Communications, Xstrata Copper
Telephone: +56 2 478 2204
Mobile: +56 9 8528 1650
Email: erussell@xstratacopper.cl

Claire Divver
General Manager, Corporate Affairs, Xstrata
Telephone: +44 20 7968 2871
Mobile: +44 7785 964340
Email: cdivver@xstrata.com

Notes to editors

XSTRATA PLC

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges, with its headquarters in Zug, Switzerland. Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with additional exposures to platinum group metals, gold, cobalt, lead and silver, recycling facilities and a suite of global technology products, 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 employs approximately 50,000 people, including contractors.

XSTRATA COPPER

Headquartered in Brisbane, Xstrata Copper is one of the commodity business units within the major global diversified mining group Xstrata plc. Its operations and projects span eight countries: Australia, Argentina, Chile, Peru, Canada, the USA, the Philippines and Papua New Guinea. Its operations are administered by five separate divisions, based close to the mining operations, namely the North Queensland, Alumbra, North Chile, Southern Peru and Canada divisions. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia.

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

PROJECT PIPELINE

Each of Xstrata Copper's six copper development projects holds the capacity to produce 150,000-300,000 tonnes a year of copper. The projects, at different phases of development ranging from conceptual to feasibility study stage, are Las Bambas and Antapaccay in Peru, El Morro in Chile, El Pachón in Argentina, Tampakan in the Philippines and Frieda River in Papua New Guinea.

ABOUT BECHTEL

Bechtel is one of the world's premier engineering, construction, and project management companies. Since its founding in 1898, Bechtel has worked on more than 22,000 projects in 140 countries on all seven continents. Today 40,000 employees are teamed with customers, partners, and suppliers on hundreds of projects in nearly 50 countries. For more information about Bechtel, visit www.bechtel.com.