



PRESS RELEASE

Unionised staff to return to work from Friday

AGREEMENT REACHED AT LOMAS BAYAS

Baquedano, May 14th 2009

Late last night, members of the Lomas Bayas Workers' Union accepted the company's new offer, reached after a full day of extensive negotiations at the mine.

"We are very satisfied with the final agreement reached with the union and the peaceful manner in which the conflict was handled, confirming our commitment to finding a solution that suits both parties. Using the final proposed collective contract as a base, a situation developed that allowed us to include instruments that favored mutual agreement," said Alberto Cerda, General Manager at Lomas Bayas.

The executive said the new approved offer could be summed up in four aspects: a modification of the formula for calculating the production bonus; an increase in the number of days off permitted to union officials for union activities; a soft loan worth 1.5 million Chilean pesos and repayable over 36 months and a new one-time performance bonus for 2008 worth 400,000 Chilean pesos.

These points will be added to the company's final offer, which includes a 4% above inflation pay increase, plus other benefits like an increase in the contribution to complementary health insurance from 65% to 75%; an average 50% increase in support for education from nursery to university level; increases of between 9% and 27% in a range of bonuses, including those for holidays and night shifts; the creation of a new performance bonus that will reflect positive variations in the copper price and an end-of-negotiation bonus worth 4.1 million Chilean pesos.

The resolution of the conflict means that unionised staff will return to work from the first shift on Friday.

Ends

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About 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, Minera 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 attributable production capacity of over one million tonnes.

About the North Chile Division

Xstrata Copper's North Chile Division manages Xstrata's wholly-owned operations, such as the Altonorte metallurgical complex and the Lomas Bayas mine, as well as Xstrata's 44% stake in Minera Collahuasi.

Altonorte is a custom smelter which provides treatment services for raw materials and alternative inputs, including copper concentrates and mine by-products, to produce copper anodes, sulphuric acid and, to a lesser extent, molybdenum oxide. It began operating 1993 and is located 20 kilometres south of the city of Antofagasta, at Panamericana Norte, Km 1,348, La Negra, Antofagasta Region.

Lomas Bayas is an open pit with the lowest head grade in the country. Its only raw material is copper oxide-bearing ore, which is leached with sulphuric acid in two permanent piles, one for high grade ore and one for low grade ore. The process continues with a solvent extraction plant and an electrowinning plant, to produce 99.99% pure copper cathodes. It began operating in 1998 and is located on Route 385, 110 kilometres north-east of the city of Antofagasta, at Km 36 in the district of Sierra Gorda, Antofagasta Region.

