



JOINT ENERGÍA AUSTRAL AND TRANSELEC PRESS RELEASE

Follows the Framework Agreement signed by both companies in May 2008:

**ENERGÍA AUSTRAL AND TRANSELEC SIGN SECOND AGREEMENT
REQUIRING US\$19.7 MILLION FOR THE DEVELOPMENT OF A
TRANSMISSION LINE**

The agreement includes the definition of the routes for the alternating and continuous current lines, the location of the substations, the preparation of an Environmental Impact Study and the obtaining of the electrical concessions.

Santiago, May 19th 2009

Energía Austral - a subsidiary of Xstrata Copper - and Transelec signed this morning a contract to undertake the necessary studies to further develop Energía Austral's transmission system to carry energy generated by its Cuervo, Blanco and Cóndor hydroelectric power plants to the Central Interconnected System (known as SIC, from its initials in Spanish). The contract is the second stage of the Framework Agreement signed between the two companies in May 2008 for the design of Energía Austral's transmission line and follows on from the prefeasibility stage completed in October 2008.

The contract was signed by the General Managers of Energía Austral and Transelec, Alberto Quiñones and Andrés Kuhlmann respectively, and by the Executive General Manager of Xstrata Copper Project Evaluation Peter Forrestal.

The new agreement covers the following activities: the definition of the route to be followed by the alternating current lines that will transport energy from the hydroelectric plants to a concentrator substation; the definition of the route to be followed by the continuous current line that will carry energy to its injection point on the SIC; the location of the two convertor substations required by the transmission system; the elaboration of the environmental impact study to be presented to the authorities and the procedures required to obtain the corresponding electrical concessions.

The contract signed this morning considers an execution period of 27 months, beginning in May 2009 and running to July 2011, and involves an investment of US\$19.7 million.

Transelec General Manager Andrés Kuhlmann expressed his satisfaction with the agreement reached with Energía Austral: "As a company, we shall make available to this important challenge all our knowledge and experience in order to provide the transmission solution that best serves the requirements of Energía Austral and the needs of the country."

"Energía Austral is well advanced in the design of a transmission solution for its hydroelectric project that takes into consideration economic, environmental and social criteria, and Transelec's expertise in this area gives us absolute confidence that we shall achieve the best project possible," said Energía Austral General Manager Alberto Quiñones.

This phase also includes the preparation by Transelec of the technical specifications and tender documents for the possible construction of the line and an estimation of the investment that the line will require.

Ends

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ABOUT ENERGÍA AUSTRAL

Energía Austral is a subsidiary company of Xstrata Copper, created to study and develop three hydroelectric plants in the Region of Aysen in southern Chile: Río Cuervo, Río Blanco and Lago Cónдор. Energía Austral forms part of Xstrata Copper's Project Evaluation group.

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 Alumbrera, 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 TRANSELEC

Transelec is Chile's leading electrical transmission company. Transelec's transmission lines transport electricity from production centres to cities that are home to 99% of the population, major industrial consumers and mining operations. Transelec owns an interconnected network of more than 8,000 kilometres of simple and double circuit transmission lines that stretch more than 2,900 kilometres from the city of Arica to the Island of Chiloé. The company has 6 local departments (Upper North, Lower North, Central, Central-South, Biobío and South) and 49 substations distributed through the SIC and SING grids. Transelec controls 10,231 MVA of transformation capacity. The company is responsible for ensuring that Chileans enjoy a continued and uninterrupted supply of electricity.