



PRESS RELEASE

XSTRATA APPROVES DEVELOPMENT OF LOMAS BAYAS II PROJECT

Santiago, 15 October 2009

Xstrata Copper announces Xstrata plc Board approval of a \$293 million investment to increase the life of its Lomas Bayas mine in Chile by eight years, through the development of the Fortuna del Cobre satellite ore deposit, three kilometres away from the existing operation.

The project, known as Lomas Bayas II, will extend the Lomas Bayas mine life to 2020 and sustain production capacity at the recently expanded rate of 75,000 tonnes per year of copper cathode.

Xstrata Copper Chief Executive Charlie Sartain said: "Since acquiring Lomas Bayas as part of the Falconbridge acquisition in 2006, we have focused on implementing projects that optimise the operation's performance and maximise value for shareholders.

"At the end of 2008 the Lomas Bayas management team completed a \$70 million project to increase copper production at the mine by 15% to 75,000 tonnes of copper cathode per annum. Increased production has resulted in a significant improvement to unit costs.

"The Lomas Bayas II project is another step in the process of realising continuous value enhancements at Lomas Bayas and will significantly extend the life of the mine at the expanded annual capacity.

"This is the first of five brownfield projects that Xstrata Copper is planning to move to the construction phase over the next nine months," concluded Sartain.

Construction of the Lomas Bayas II extension project is planned to start in the first quarter of 2010 and expected to be completed in the second quarter of 2012. During the construction phase, some 700 additional jobs will be created.

Ends

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Notes to editors

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 nearly one million tonnes

About North Chile Division

Headquartered in Antofagasta, Xstrata Copper's North Chile Division manages the Altonorte metallurgical complex and the Lomas Bayas mine in Antofagasta Region, as well as Xstrata's 44% stake in Minera Collahuasi in Tarapacá Region.

Altonorte is a custom metallurgical complex which treats copper concentrates and other 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 and electrowinning plant to produce 99.99% pure copper cathodes. It began operating in 1998 and is located on Route 385, 110 kilometres. At the end of 2008, Lomas Bayas completed a US\$70 million project to expand annual production capacity by 15% to 75,000 tonnes of copper cathode.