



PRESS RELEASE

After mediation by Labour Inspectorate

**LABOUR UNION N° 1 REJECTS LAST OFFER PRESENTED BY
ALTONORTE**

Antofagasta, December 27, 2009

Xstrata Copper North Chile Division's Altonorte Metallurgical Complex announces that after the five-day period of mediation by the Labour Inspectorate, Labour Union No. 1, which represents 274 workers, rejected the company's last offer for a new collective agreement. Union members are expected to start a strike on Monday, 28 December, at 8:00 a.m.

Altonorte's offer includes an end-of-negotiation bonus of CLP\$ 2,715,000, a soft loan of CLP\$ 1,850,000, an operating continuity bonus of CLP\$ 550,000, a 3% adjustment over CPI for workers with salaries below CLP\$ 650,000, 2% for workers with salaries between CLP\$ 650,000 and CLP\$ 750,000, and 1% for workers with salaries above CLP\$ 750,000, together with other benefits like an increase in the annual minimum production bonus from CLP\$ 650,000- to CLP\$ 775,000; five openings for special retirement of workers over 60 years of age, aid for studies from kindergarten level to university for workers and their dependents; between 7.4% and 15% improvement in different bonuses like vacations, night shift, replacement, corporate contribution to Health System, etc.

"We presented an offer in accordance with the financial reality of Altonorte and the global copper concentrate smelter market, which represents the best effort we can make today to improve salaries and benefits. Smelting copper concentrates is a marginal business that does not benefit from the high price of copper; Altonorte could never pay the bonuses and benefits paid by the large-scale copper mining industry," commented José Urrutia, General Manager of Altonorte.

The executive added that "the strike is a right of our workers in Labour Union No. 1, and we will continue to maintain a close and transparent relationship with them, working with them to moderate their expectations to a level in accordance with the reality of our business so we can soon sign a collective contract that is beneficial to both parties."

Regarding the company's response to an eventual strike, Urrutia said that "we have made the necessary decisions to affect, as little as possible, the well-being of the rest of the employees who will continue to work."



The workers in Labour Union No. 1 represent 40% of total company workers at the Metallurgical Complex. The present collective contract with this union expired on December 18.

Ends

Notes to the editors

ABOUT THE NORTH CHILE DIVISION

Xstrata Copper's North Chile Division manages Xstrata's wholly-owned Altonorte Metallurgical Complex and Lomas Bayas open pit mine in northern Chile's Antofagasta Region and Xstrata's 44% holding in Minera Collahuasi in Tarapaca Region.

Altonorte is a custom smelter that treats copper concentrates to obtain copper anodes, sulphuric acid, and molybdenum oxide, to a lesser degree. It started operating in 1993 and is located 20 kilometres south of the city of Antofagasta, on the Panamerican highway, at kilometre 1,348, Sector La Negra, Region of Antofagasta.

Lomas Bayas is an open pit mine with the lowest cut-off grade in the country. Its only raw material is rock ore that contains copper oxide, which is leached with sulphuric acid in two permanent heaps, one with a high grade and the other with a low grade. The process continues at a solvent-extraction plant and then an electrowinning plant, producing cathodes with 99.99% copper. It started operating in 1998 and is located on Route 385, approximately 110 kilometres northeast of the city of Antofagasta at kilometre 36, community of Sierra Gorda, Region of Antofagasta.

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 mining and metallurgical operations and development 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 attributable mined production in 2008 of 952,000 tonnes of copper in cathodes and concentrates.

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