



## **PRESS RELEASE**

***3 October 2007, General Santos City***

### **SMI EMPLOYMENT STRATEGIES ARE IN LINE WITH COMMUNITY EXPECTATIONS**

Sagittarius Mines, Inc. (SMI) has reviewed key hiring practices as part of its commitment to support local employment opportunities at its copper and gold project in Tampakan, South Cotabato.

The move comes in response to recent discussions with local officials, community members and rotational workers that have highlighted the need to revise and improve the current rotational worker system.

"We are saddened by the action taken last Monday by a small group of agency and rotational workers because SMI is committed to sustainable employment practices that are aligned to our project's operational requirements and international best practice, and in line with what the community desires and expects," explained SMI Project Manager, Gerardo Laviste.

"We would still welcome the opportunity to meet with them to discuss their concerns."

"After our discussions with local officials, community members and rotational workers, we reviewed our current work program in order to verify our manpower needs and the functions detailed in the rotational roster. Based on this review, SMI is creating 37 regular positions, and an additional 55 positions on SMI's drilling program which extends to late 2008," Laviste revealed.

SMI will also embark on a comprehensive review of its rotational worker scheme to ensure hiring practices are equitable, open and transparent.

"In response to the feedback we have received from local communities, we are proposing a number of amendments to the scheme including improved identification and description of project labor requirements and a more comprehensive nomination process involving more structured community consultation," explained Laviste.

"Furthermore, SMI will continue its focus on community capacity building activities to enable local communities to broaden their employment opportunities beyond the Tampakan project."

SMI established a Competence Training Center in 2005 to equip local residents and lumads for employment and self-employment, through skills training and capability building for local micro-entrepreneurs. The Center offers free training on a range of trade skills which has already assisted more than 250 local residents. The Centre recently received the coveted National Kabalikat Award from the Technical Education and Skills Development Authority (TESDA).

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Notes to editors:

#### Tampakan Project

The Tampakan project is located on the southern Philippines island of Mindanao, approximately 65 kilometers north of General Santos City. The current project is situated on the boundary of three Provinces – South Cotabato, Sultan Kudarat and Davao Del Sur. The Tampakan copper gold deposit is located in the Province of South Cotabato, Municipality of Tampakan.

The Tampakan deposit represents one of the largest undeveloped copper-gold deposits in the South East Asia-Western Pacific Region. The PFS confirmed that resources of 2 billion tonnes containing 11.6 million tonnes of copper and 14.6 million ounces of gold at a 0.3% copper cutoff grade.

On 30 March 2007, Xstrata Copper acquired 62.5% of the controlling interest in the Tampakan Project and assumed management control through its Philippines based affiliate Sagittarius Mines, Inc.

#### Xstrata Copper

Xstrata Copper is headquartered in Brisbane, Australia, with regional offices in Santiago and Antofagasta, Chile; Lima and Arequipa, Peru; Buenos Aires, Argentina; and Toronto, Canada, and is one of the commodity business units within the major global diversified mining group Xstrata plc.

Xstrata Copper's mining operations span five countries and comprise mines, mineral processing plants and port facilities in North Queensland, Australia; mining and processing operations and port facilities in Chile, Peru and Argentina in South America; and mining and processing plants in Canada. It also has a recycling business (Noranda Recycling) with commercial offices in Canada, the United States and Asia.

Xstrata Copper is evaluating and managing a world-leading portfolio of copper development projects including Las Bambas in Peru, El Morro in Chile, El Pachón in Argentina, Frieda River in Papua New Guinea and Tampakan in the Philippines.

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