



SAGITTARIUS MINES, INC.

News Release

16 October 2007

SMI CONTINUES CONSTRUCTIVE DIALOGUE WITH WORKERS

TAMPAKAN, South Cotabato – Sagittarius Mines, Inc. (SMI) is continuing to engage in constructive dialogue with agency and rotational workers through a mediation process with the National Conciliation and Mediation Board (NCMB).

“SMI and worker representatives were scheduled to meet with local government officials on 13 October 2007, however due to the significant progress made through the NCMB-mediated dialogue last week, SMI requested in separate letters to South Cotabato Governor Daisy Avance-Fuentes and Tampakan acting Mayor Pedro Cagas to allow this process to continue,” said SMI Resident Manager Gerardo Laviste. Governor Fuentes and acting Mayor Cagas acknowledged and consented to SMI’s request.

“We will continue with the NCMB-mediated dialogue, which has been very encouraging and constructive to date, to work towards a mutually-acceptable conclusion. At that point we will present the outcomes to Governor Fuentes and acting Mayor Cagas,” said Mr. Laviste.

“SMI is committed to constructive and transparent dialogue with all our stakeholders and we are optimistic that our current discussions will lead to a lasting solution.

“The Tampakan project, which is currently still in the study and exploration phase, has already delivered many benefits to the local communities such as 10,250 educational grantees, from elementary to college; 2,226 enrolled in the PhilHealth indigent program; PhP 21.6 million in community development assistance; and PhP 26.47 million in taxes remitted to the local government. We believe the project has the potential to continue to improve the quality of life for local communities as it progresses,” Mr. Laviste added.

The NCMB-mediated dialogue was initiated after a group of workers from employment agencies servicing SMI staged a picket and blocked access to SMI’s office and other facilities.

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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 Catabato, 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 and projects span seven countries and include 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 (Xstrata Recycling) with facilities in Canada, the United States and Asia.

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