



NEWS RELEASE

XSTRATA MOUNT ISA MINES ANNOUNCES LONG TERM VISION FOR SUSTAINABILITY OF ITS NORTH QUEENSLAND OPERATIONS

Mount Isa, 18 May 2011

Xstrata Mount Isa Mines has announced plans to sustain the future of its Mount Isa operations through expanded mining and concentrate production, while phasing out copper smelting at Mount Isa and refining operations in Townsville by the end of 2016. The future for Xstrata's north Queensland operations includes the expansion of existing mining operations and the potential development of new mines at Mount Isa and the broader region. This would also include the continuation of lead smelting and the expansion of port facilities in Townsville and create long-term employment opportunities.

Xstrata Copper North Queensland Chief Operating Officer Steve de Kruijff said the plan to phase out the copper smelting and refining operations in north Queensland and focus on further development of copper mining and concentrate production projects had not been adopted lightly, but was a necessary response to changing global market conditions.

He said: "Market conditions have been very challenging for copper smelting and refining operations as a result of overcapacity in the global market, low treatment and refining charges and increasing operating and capital costs. The economic viability of our Mount Isa copper smelting and refining operations has been under increasing pressure for a number of years and cannot be sustained in the long term. We need to evolve our business to ensure we can secure the future of our operations for the long term.

"Our operational plan over the next five years will see significant investment in north Queensland to focus on exporting mineral concentrates, along with the development of the necessary infrastructure to increase rail and port capacity."

Mr de Kruijff underlined Xstrata's commitment to its workforce and the surrounding communities.

"We want to make it absolutely clear that we value our people. Our main priority is to ensure employees remain with the business and we will be working closely with our workforce to deliver retraining and retention packages to support our operations well into the future."

Xstrata holds world-class mineral resources in Mount Isa which includes 587 million tonnes of zinc mineral resources and 416 million tonnes of copper mineral resources (measured, indicated and inferred). These resources are potentially accessible through expanded underground and open pit operations, and concept studies into the further development of these substantial known mineral resources are progressing.



Xstrata is currently investing AUD463 million to expand its Mount Isa zinc-lead mining operations with four significant development projects currently under construction, and a further AUD300 million of potential expansions under evaluation. This includes the AUD274 million George Fisher Mine expansion that will increase production by 1 million tonnes to 4.5 million tonnes by 2013, and the AUD113 million Black Star Deeps open pit expansion to extend its life of mine to 2016.

In relation to copper operations, Xstrata is currently investing AUD589 million in the transformation of its Ernest Henry open pit mine to a long term underground mine and the construction of an associated magnetite processing facility. It has also recently announced an intention to invest AUD175 million in the acquisition of two copper projects from Exco Resources.

In terms of environmental performance, Xstrata has invested over AUD275 million on more than 220 environmental initiatives since acquiring Mount Isa Mines in 2003 and is committed to investing an additional AUD360 million to further improve environmental performance.

Xstrata Mount Isa Mines will later this week submit an Environmental Management Plan to the Queensland government outlining and seeking endorsement for Xstrata's long-term strategy for sustaining its Mount Isa Mines operations. We take our environmental responsibilities very seriously and we are committed to complying with all environmental objectives as required by the new regulations.

Xstrata will continue to work closely with the Queensland Government, its employees and local communities to implement its long-term strategy for sustainable operations in north Queensland.

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Neither the content of the company's website nor the content of any other website accessible from hyperlinks on the company's website is incorporated into, or forms part of, this announcement

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Notes to editors

ABOUT XSTRATA PLC

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges. Headquartered in Zug, Switzerland, Xstrata maintains a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc with additional exposure to gold, cobalt, lead and silver. The Xstrata Group also comprises a growing platinum group metals business, iron ore projects, recycling facilities and a suite of global technology products, many of which are industry leaders. The Group's operations and projects span 20 countries.

ABOUT XSTRATA COPPER

Xstrata Copper is the fourth largest global copper producer with attributable mined production in 2010 of 913,500 tonnes of copper in cathodes and concentrates. The company is also one of the world's largest producers of smelter and refined copper, including from third party materials.

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: Argentina, Australia, Canada, Chile, Peru, the Philippines, Papua New Guinea and the USA. Its operations and projects are administered through a regional divisional management structure, which ensures that critical decisions are taken close to the related businesses. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia.

ABOUT XSTRATA ZINC

Headquartered in Madrid, Spain, Xstrata Zinc is one of the world's largest producers of zinc and one of the commodity business units within the major global diversified mining group Xstrata plc. Xstrata's zinc and lead operations and exploration projects are located in Australia, Canada, Germany, Peru, Spain and the United Kingdom. Xstrata Zinc's operations in Spain comprise the San Juan de Nieva zinc smelter and the Arnao zinc semis plant in Asturias, and the Hinojedo roasting plant in Cantabria.

In Australia, operations comprise: the Mount Isa, George Fisher underground, Handlebar Hill open cut and Black Star open cut zinc-lead mines, zinc-lead concentrator, lead smelter and Bowen Coke Works in north Queensland; the McArthur River open pit zinc-lead mine, processing and loading facility in the Northern Territory; and the Lady Loretta zinc lead deposit in north-west Queensland.

In Canada, operations and exploration projects include the Brunswick zinc-lead mine and lead smelter in New Brunswick; 25% of the CEZ zinc smelter near Montreal; and the Perseverance zinc deposit in Quebec.

Xstrata Zinc also operates the Nordenham zinc smelter in northern Germany; the Northfleet lead refinery in the United Kingdom; and owns 33.75% of the Antamina mine in Peru.

Around half of all zinc currently consumed is used for galvanizing steel, which is an environmentally friendly method of protecting steel against corrosion. Zinc also finds application in the manufacture of die-cast alloys, brass and the production of zinc oxides and chemicals.

ABOUT XSTRATA MOUNT ISA MINES

Xstrata Mount Isa Mines is a world class mining operation and a significant asset within the Xstrata global portfolio. Xstrata Mount Isa Mines is operated jointly by the Xstrata Copper and Xstrata Zinc business units.

Xstrata Mount Isa Mines processes and mines copper and zinc ore from the Mount Isa, Ernest Henry, George Fisher, Black Star, Handlebar Hill, Enterprise, and X41 ore bodies. Mining is both underground and open-cut. Products marketed by the company for export are: Copper Cathode, Copper Concentrate, Zinc Concentrate, Crude Lead and Tankhouse Slimes (a co-product of copper refining with significant copper, gold and silver content).

With a workforce of over 4,000 employees and contractors, Xstrata Mount Isa Mines is a significant contributor to the local economy, contributing nearly \$2 billion to the local economy in 2009. In 2009-10 Xstrata Mount Isa Mines exported more than \$2.3 billion worth of product, up 22 per cent on last year, and accounting for more than three quarters of total sales.

The company's structure recognises a fully integrated marketing approach blending global marketing intelligence with local logistics, shipping, port and commercial expertise. Commercial and sales staff are located in Townsville and Brisbane.

The company's key export markets include Canada, China, England, Germany, India, Indonesia, Korea, Malaysia, Spain, Taiwan, Thailand, Vietnam and Japan.