



NEWS RELEASE

XSTRATA MOUNT ISA MINES TO COMMENCE PRE-FEASIBILITY STUDY OF LARGE MULTI-COMMODITY OPEN PIT MINE

Mount Isa, 10 August 2011

Xstrata has approved the commencement of an AUD47 million (USD50 million) pre-feasibility study into the development of a large multi-commodity open pit mine on the existing Xstrata Mount Isa Mines footprint.

In a joint statement, Xstrata Zinc Australia Chief Operating Officer Brian Hearne and Xstrata Copper North Queensland Chief Operating Officer Steve de Kruijff said the development of a large scale zinc-lead-copper pit has the potential to extend the life of the combined operations to beyond 2060.

“The proposed development forms part of Xstrata’s long term strategy to sustain the future of Mount Isa Mines through expanded mining and concentrate production.

“Our aim is to sustainably manage our growth opportunities as well as our environmental and community obligations.”

The approval follows a review of the recommendations of an eight month, AUD3 million concept study completed in May 2011 which indicated the potential to mine and process at least 340 million tonnes of zinc-lead ore and 130 million tonnes of copper ore by large scale open pit mining methods. The pre-feasibility study will commence in August and is expected to be completed in early 2013 with the objective of confirming a preferred approach to the proposed development. It will comprise:

- new drilling to upgrade the mineral resource classification
- geotechnical and mine design work to assess the best program for a staged development of the pit
- planning for the logistics and cost of relocating major infrastructure on site
- metallurgical, environmental, infrastructure and financial studies
- community consultation to ensure socio-economic, environmental and community interests are addressed within project planning.

Subject to the successful outcomes of the pre-feasibility study, the next stage in planning would be to progress to feasibility stage and a full environmental assessment commencing in 2013.

Ends



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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, 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 almost 4,500 employees and contractors, Xstrata Mount Isa Mines is a significant contributor to the local economy, contributing nearly \$2 billion in 2010.

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.

In addition to domestic sales, Xstrata Mount Isa Mines serves 16 countries in five markets including Asia, Europe, North America and the United Kingdom.