



NEWS RELEASE

**XSTRATA COPPER COMMENCES UNDERGROUND ORE PRODUCTION
AT ERNEST HENRY MINING**

Brisbane, 6 December 2011

Initial underground mine production has successfully commenced at Xstrata Copper's Ernest Henry Mining operation in north-west Queensland, marking the site's transition from open pit mining, which is now complete, to underground mining and magnetite processing.

This is a major milestone in the progression of Xstrata Copper's AUD589 million project to extend its Ernest Henry operations to at least 2024.

During the first phase of underground operations, ore will be trucked via a decline at rates of approximately three million tonnes per annum producing about 25,000 tonnes of copper and 35,000 ounces of gold in concentrate.

Following the commissioning of the underground shaft in 2013, production will ramp up to six million tonnes per annum producing 50,000 tonnes of copper and 70,000 ounces of gold in concentrate.

Ernest Henry Mining's General Manager Myles Johnston said the major shaft underground mine and magnetite processing plant will create and sustain jobs and provide ongoing economic benefits for the region and for the state of Queensland.

"We're proud to celebrate the transition from open pit to underground mining and magnetite processing, representing the beginning of a new and extended future for our Ernest Henry operation," Mr Johnston said.

"The project creates 330 jobs during the construction phase and 400 full-time jobs from 2013, extending the operations by at least another 12 years.

"An additional 100 full-time jobs are expected to be created from the development of our newly acquired Mount Margaret Mining Project, purchased from Exco Resources Limited earlier this year. If approved, this project will further add to the production profile of Ernest Henry from the second half of 2012."

Cloncurry Shire Mayor Andrew Daniels said Ernest Henry Mining's transition to underground mining and magnetite processing provides ongoing economic security for the Cloncurry community.

"Ernest Henry Mining is a major contributor to our shire. Extending the mine's life by another 12 years has helped to provide job security for many people and will underpin the ongoing economic and social development in the shire," he said.

"This milestone means a strong future for the Ernest Henry operation and it gives people confidence to continue investing in Cloncurry and to keep moving forward."

Xstrata Copper North Queensland Chief Operating Officer Steve de Kruijff said the Ernest Henry operation is a critical part of Xstrata Copper North Queensland's integrated business, which as a whole contributed around \$1.34 billion to the Queensland economy and employed nearly 4,000 people in 2010.

"Ernest Henry Mining's transition is part of our long term operational plan that will see significant investment in north Queensland to focus on exporting mineral concentrates, along with the development of necessary infrastructure to increase rail and port capacity," Mr de Kruijff said.

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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.