



NEWS RELEASE

XSTRATA COPPER RESUMES ERNEST HENRY UNDERGROUND PROJECT AND EXPLORATION PROGRAM IN NORTH QUEENSLAND

Brisbane, 2 July 2010

Xstrata Copper announces the resumption of full project activities at its AUD589 million Ernest Henry underground mine and the reinstatement of its AUD30 million north Queensland regional exploration program in light of the Federal Government's decision to replace the Resource Super Profits Tax ("RSPT") with a Mineral Resource Rent Tax ("MRRT").

These activities were recently suspended following Xstrata Copper's detailed review of planned investment into its Australian operations and growth projects as a result of the Federal Government's previously proposed RSPT.

The proposed new MRRT is intended to apply to only iron ore and coal resources from 1 July 2012. It represents significant progress towards a mineral tax regime that satisfies the industry's core principles of not applying new taxes retrospectively and ensuring the international competitiveness of the Australian resources sector.

Approved by the Xstrata plc Board in December 2009, the AUD589 million Ernest Henry shaft underground (SHUG) mine will extend the life of the Ernest Henry operation by at least 12 years to 2024, generating an additional 330 jobs during construction and 400 full-time jobs from 2013. The project is still subject to final Queensland Government approvals.

The exploration program for prospective targets in the Mount Isa and Cloncurry districts in north Queensland, in conjunction with junior mining companies, involves planned expenditure of around AUD30 million over the next three years.

Xstrata Copper Chief Executive Charlie Sartain said: "We have seen some positive outcomes from the recent constructive discussions with the Federal Government. The proposal to retain the existing taxation and royalty structures for our copper business has given us sufficient confidence to recommence with immediate effect these significant projects that form an important part of our business strategy in north west Queensland."

"Our copper operations in north Queensland play a vital role as an economic driver in the region, last year contributing more than AUD1.3 billion to the Queensland economy and employing over 3,500 people."

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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, with its headquarters in Zug, Switzerland. Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with a growing platinum group metals business, additional exposures to gold, cobalt, lead and silver, recycling facilities and a suite of global technology products, many of which are industry leaders. The Group's operations and projects span 19 countries.

ABOUT XSTRATA COPPER

Xstrata Copper is the fourth largest global copper producer with attributable mined production in 2009 of 907,000 tonnes of copper contained 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 appropriate levels of critical decision making 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 COPPER NORTH QUEENSLAND

Xstrata Copper's North Queensland Division is headquartered in Mount Isa and comprises the Mount Isa Mines copper operations consisting of the Enterprise and X41 underground copper mines, the copper concentrator, Mount Isa copper smelter, Ernest Henry Mining open pit copper mine located near Cloncurry, and the Townsville operations comprising the copper refinery, and Townsville port facilities and logistics.

The Division's integrated operations have the capacity to produce 300,000 tonnes of refined copper per annum. Our copper operations in north Queensland play a vital role as an economic driver in the region, last year contributing more than AUD1.3 billion to the Queensland economy and employing over 3,500 people.