



MEDIA RELEASE

**XSTRATA COPPER NOW QUEENSLAND'S FIRST MAGNETITE
CONCENTRATE EXPORTER**

Townsville, 14 June 2011

Xstrata Copper's first shipment of magnetite concentrate is scheduled to depart the Port of Townsville bound for Asia early tomorrow morning, officially making Xstrata Copper Queensland's first magnetite concentrate exporter.

This represents the final milestone to export magnetite concentrate since the completion of Xstrata Copper's AUD79 million magnetite base plant at Ernest Henry Mining (EHM) near Cloncurry and AUD8.6 million storage expansion at the Port of Townsville.

Export of magnetite concentrate is a key component of Xstrata Copper's AUD589 million project to transform the Ernest Henry Mine into a major underground copper-gold operation, expected to commence later this year

Magnetite concentrate will be stockpiled at EHM and transported by road to a storage and rail load-out facility near Cloncurry, and then by rail to Xstrata Copper's Port facility at Townsville.

Xstrata Copper North Queensland Chief Operating Officer Steve de Kruijff said magnetite processing and export is an important part of sustaining Xstrata Copper's operations in north Queensland, helping extend the life of our Ernest Henry Mine to at least 2024 and creating additional employment opportunities at our Townsville operations.

"At Townsville Port alone, the receipt, storage and shipping of magnetite concentrate has generated 14 additional operator and maintenance roles within the operations and another two positions within our shipping and sales administration team," Mr de Kruijff said.

"This important milestone further strengthens our north Queensland operations, which contribute almost \$2 billion in direct value to the Queensland economy.

"EHM will produce about 1.2 million tonnes of magnetite concentrate per year, which will be chiefly used to fuel Asia's steel industry and also used as a washing agent in domestic coal operations.

Port of Townsville Limited Chief Executive Officer Barry Holden said it was extremely pleasing to see another trade that will further support local and regional jobs and business come online.

“The first shipment of a new product is an exciting milestone and we congratulate Xstrata Copper on the level of commitment and proactive action its officers have undertaken to make this export a reality,” he said.

“We look forward to working closely with the company to further grow this trade into the future.”

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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

Xstrata Copper contacts

Emily Russell
Communications Manager
Telephone +562 478 2204
Mobile + 569 9443 3571
Email erussell@xstratacopper.com

Melanie Edgar
Manager Corporate Affairs & Community Relations
Telephone +61 7 4744 2832
Mobile +61 423 820 820
Email medgar@xstrata.com.au

Josh Euler
Senior Corporate Affairs Advisor
Telephone + 61 7 3295 7543
Mobile +61 435 659 987
Email jeuler@xstrata.com.au

Agata Christodulu
Corporate Affairs Advisor
Telephone +61 7 3295 7687
Mobile +61 478 304 345
Email achristodulu@xstratacopper.com

www.xstratacopper.com

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 ERNEST HENRY MINING (EHM)

Ernest Henry Mine, 38 kilometres north east of Cloncurry in north west Queensland, began commercial production in 1998 as an open pit copper mine. Mined ore is processed at a concentrator on-site at the rate of 11 million tonnes per annum (mtpa). Copper concentrate containing gold is trucked 157 kilometres to

Mount Isa for smelting to anode, and the anode is then railed to Townsville for refining to cathode at Xstrata Copper's refinery.

In 2010, EHM produced 74,595 tonnes of copper in concentrate and 91,259 ounces of gold in concentrate. EHM concentrate usually represents around 30% of Xstrata Copper North Queensland's total production. The University of Queensland's Centre for Social Responsibility in Mining (CSR/M) found in 2007 that Ernest Henry Mining was responsible for over 30% of Cloncurry's economic activity.

The EHM open pit was based on an optimised pit design to recover as much as is economically possible of the copper-gold ore body. The design had seven stages of development with mining commencing in 1996 and scheduled to be complete in 2011. Processing of mined open pit ore will be completed in 2012.

On 3 December 2009, Xstrata Copper announced corporate approval of a A\$589 million development to extend the life of EHM to at least 2024 through the transformation of open pit mining operations to a major shaft underground mine with an associated magnetite extraction plant. The project will create approximately 330 jobs during construction and 400 permanent jobs from 2013.