



PRESS RELEASE

Xstrata Copper commences open pit mining at Mount Margaret Mining project

Brisbane, 31 July 2012

Open pit mining activities have commenced on budget and schedule at Xstrata Copper's AUD124 million (USD122 million) Mount Margaret Mining project in north-west Queensland. Ore will be trucked to our Ernest Henry Mining operation where it will be processed through the existing concentrator. First ore production to the concentrator is expected by the end of August.

Xstrata Copper acquired the E1 and Monakoff copper tenements, which make up Mount Margaret from Exco Resources Limited in June 2011 for AUD175 million. The tenements are located 8 kilometres east and 21 kilometres south respectively of Ernest Henry Mining near Cloncurry and are being developed through a series of small open pit mines.

Ernest Henry Mining's General Manager Myles Johnston said:

"Mount Margaret will add around 30,000 tonnes of annual copper production to Ernest Henry over a five year period, strengthening the economics of the complex and taking immediate advantage of the available installed capacity of the concentrator and associated infrastructure.

"In total, the project will add an additional 20 million tonnes of ore to our existing ore production profile throughout its five year life, producing around 140,000 tonnes of copper, 83,000 ounces of gold and 560,000 tonnes of magnetite in concentrate over that time. We also plan further exploration at Mount Margaret to identify any additional ore resources for future development.

"Mount Margaret will create at least 300 full-time jobs in the region, in addition to the 330 construction jobs and 400 full-time jobs generated by the transition from open pit to underground mining and magnetite processing at Ernest Henry. We've already transitioned some employees from our previous open pit mining workforce at Ernest Henry to work on the project.

"We will provide valuable employment, training and development opportunities for our local community, including 24 Cloncurry-based truck driver traineeships by the end of 2012."

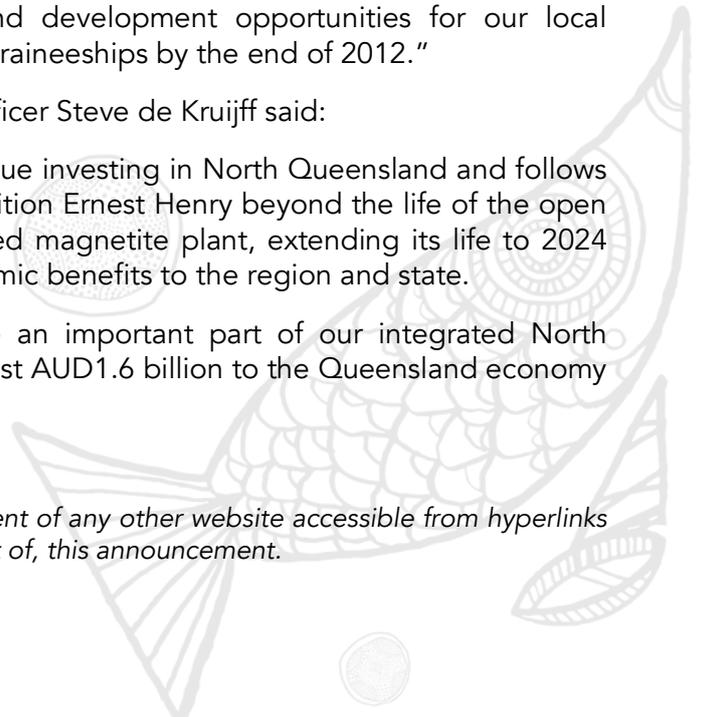
Xstrata Copper North Queensland Chief Operating Officer Steve de Kruijff said:

"This project demonstrates our commitment to continue investing in North Queensland and follows our decision in 2009 to invest AUD589 million to transition Ernest Henry beyond the life of the open pit to underground mining and construct an associated magnetite plant, extending its life to 2024 and ensuring we continue to provide significant economic benefits to the region and state.

"Our mining operations in the Cloncurry region are an important part of our integrated North Queensland business, which last year contributed almost AUD1.6 billion to the Queensland economy and employed nearly 4,000 people."

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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:

Agata Graham

Telephone +61 7 3295 7687

Mobile +61 478 304 345

Email agraham@xstratacopper.com

Vicki Wilson

Telephone +61 7 4769 4578

Mobile +61 407 026 671

Email vwilson@xstratacopper.com.au

www.xstratacopper.com

Notes to editors

About Xstrata plc

We are a major producer of a range of vital commodities used in everything from constructing buildings and delivering electricity, to developing jet engines and mobile phones. We are one of the top five global producers of copper, thermal and metallurgical coal, ferrochrome, zinc and nickel and we also produce silver, lead, platinum, gold, cobalt and vanadium.

Founded in 2002 and headquartered in Switzerland, we operate in over 20 countries and employ over 70,000 people at more than 100 operations and projects around the world. We work in a responsible and sustainable way, with an entrepreneurial spirit and dynamic approach. For more information, visit www.xstrata.com

About Xstrata Copper

We are the fourth largest global copper producer and one of the world's largest producers of smelter, refined and recycled copper, including from third party materials.

The copper we produce is essential to our modern society, being used extensively in electronic, consumer and building products, and with its use in green-technologies, anti-microbial applications and ability to be recycled, it is playing a vital role in our sustainable future.

Headquartered in Brisbane, Australia, we have operations and projects in eight countries and employ over 20,000 people. We play an essential role in the communities in which we live and work, by providing jobs, training, infrastructure, income for suppliers and support for social development. For more information, visit www.xstratacopper.com

About Ernest Henry Mining (EHM)

We are a copper, gold and magnetite mining and processing operation located 38 kilometres north east of Cloncurry in north-west Queensland, Australia. We began commercial production in March 1998 as an open pit mining operation and transitioned to underground mining and magnetite processing in December 2011 as part of our \$589 million project to extend the life of our operations beyond open pit completion to at least 2024.

We are currently trucking ore from our underground mine via a decline at a rate of approximately two million tonnes per annum. Production will ramp up to three million tonnes per annum by the end of 2012, producing around 25,000 tonnes of copper and 35,000 ounces of gold in concentrate from underground mining.

We are constructing a 1,000 metre deep underground shaft which will enable production rates to ramp up to six million tonnes per annum, producing 50,000 tonnes of copper and 70,000 ounces of gold in concentrate from underground mining once the shaft is commissioned at the end of 2013.

While we traditionally employed around 600 people for our open pit operations there are close to 1,200 people working on site at present during our project construction phase. For more information, visit www.ernesthenrymining.com.au