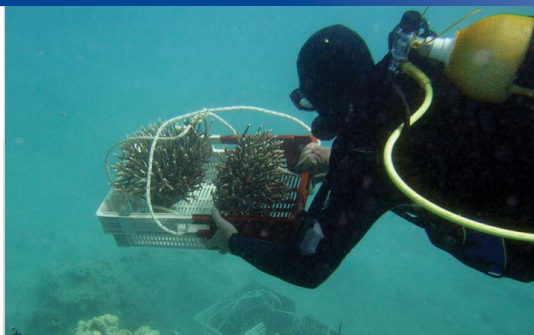


Koniambo Project



Overview of Project

- Koniambo is one of the largest and highest grade undeveloped nickel resources in the world.
- Located near the North Province capital of Koné in New Caledonia, 270 km northwest of Nouméa, the Koniambo Massif rises from a coastal plain to 930 m above sea level.
- The project is being developed by Koniambo Nickel SAS, a joint venture between Société Minière du Sud Pacifique - SMSP (51%) and Xstrata Nickel (49%).
- The project development will entail investment of US\$3.8 billion to be majority-funded by Xstrata, in return for a proportionate share of the project's cash flows in the first 25 years of operation.
- Koniambo will be a long-life, low cost asset with a resource base currently comprised of 142.1 million tonnes of measured and indicated saprolite resources at 2.13% nickel, 140.7 million tonnes of inferred saprolite resource, grading 2.16% nickel and 104.0 million tonnes of inferred limonite resources at 1.50% nickel.
- The current mine plan covers 25 years, with additional major resource potential capable of extending mine life for more than 50 years.
- Nickel is contained in both saprolitic and limonitic ores, with grades that compare favourably to other laterite deposits in the world.
- The Koniambo Project is expected to operate inside the lowest quartile on the nickel cost curve for the nickel industry as well as the laterite producers curve.
- Koniambo will be a cornerstone asset for Xstrata Nickel and become the foundation for a world class nickel production base.

Koniambo Reserves and Resources

Saprolite Mining Reserves (2% Ni Cutoff)	M tonnes	%Ni
Proven	17,182	2.50
Probable	45,293	2.36
Total	62,475	2.40
Saprolite Measured and Indicated Resources	M tonnes	%Ni
Mineral Resource (1.5% Ni Cutoff)	142,110	2.13
Inferred Resources (1.5%Ni Cutoff)	M tonnes	%Ni
Other Saprolite	140,710	2.16
Limonite (1.2%Ni Cutoff)	104,000	1.50

Koniambo Project



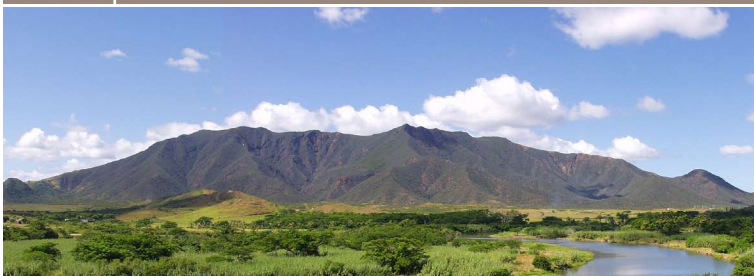
Project Scope

- Open Pit Mine and Ore Preparation Facility
- Mine Access Road and Overland Conveyor
- Metallurgical Plant: 3 mtpa ore feed, producing 176,000 tpa ferro-nickel product (60,000 tpa contained Ni)
- Power Plant:
 - Primary Capacity: 2 x 135 MW coal-fired boilers and steam turbine generators
 - Secondary Capacity: 2 x 40 MW diesel-fired combustion turbines
- Deep-sea Port Facility: 5.25 km access channel and 150 m wharf structure to receive bulk and containerized vessels
- Desalination Plant for process and potable water supply
- Supporting infrastructures (coal and diesel fuel storage and handling, roads, power and water distribution, sewage treatment plant, warehouses and workshops, offices, etc.)

Project Timeline

- 1998 - Falconbridge Limited (Xstrata Nickel) selected by SMSP as its Industrial Partner
- 1998 - Initial Scoping Studies Conducted
- 2002 - Pre-feasibility Study Complete
- 2004 - Feasibility Study Complete
- 2005 - Environmental and Social Impact Assessment
- 2005 - Commencement of Front-End Engineering Design
- 2005 - Principal Operating and Construction Permits Conferred
- 2006 - Decision to Conduct Renewal Phase
- 2007 - Full Release of Project Implementation
- 2008 - Construction Camp, Major Earthworks and Lagoon Dredging
- 2009 - Smelter Module Construction, Site Infrastructure Development
- 2010 - Erection of Smelter and Power Plant
- 2011 - Project Commissioning and Start-up
- 2013 - Full Production

Xstrata Nickel New Caledonia



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