



NEWS RELEASE

ROLLESTON COAL MAKES FIRST SHIPMENT

Sydney, Tuesday 4 October 2005

Xstrata Coal Chief Executive, Peter Coates, announced today that Rolleston Coal commenced railings on the 3rd of October of coal bound for Japan out of the Port of Gladstone. This marks an important operational milestone for the open-cut thermal coal mine in Queensland's Bowen Basin.

The Rolleston project commenced mining operations last month, following the commissioning of the first dragline and coal handling facility. A second dragline is currently being relocated and will be ready to commence operations in the first quarter 2007. Further development of the mine infrastructure will continue for several months.

Mr. Coates said today: "We are proud to see the first coal railings and shipment from Rolleston, as are Xstrata Coal's Rolleston joint venture partners, Itochu and Sumitomo. Rolleston demonstrates Xstrata Coal's commitment to mining in Queensland and to bringing economic and employment benefits to the state and to our local communities.

"Furthermore, at a difficult period in construction with reported cost blowouts on major resource development projects, we are very pleased to see this project delivered on time and on budget."

Ian Cribb, Chief Operating Officer for Xstrata Coal Queensland, added: "The project team at Rolleston Coal should be commended. They pursued innovative solutions to a rapidly changing project construction market to ensure the project was brought in on time and on budget."

The Rolleston project will create approximately 150 long-term jobs at full production, with a further flow on effect of numerous jobs in the region. As part of its commitment to the community, Xstrata Coal will spend approximately \$1.8 million on a community funding agreement over a three-year period with the local council that will bring many services and infrastructure benefits to the towns of Rolleston and Springsure and surrounding districts. Furthermore, as a result of the mine, additional improvements to the region's infrastructure will include the new multi-user railway line and an upgraded, more secure electricity supply.

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