



NEWS RELEASE

XSTRATA COAL AWARDED RIGHT TO EVALUATE DONKIN COAL RESOURCE

Sydney, 14 December 2005

Xstrata Coal welcomes today's announcement by the Nova Scotia Ministry for Natural Resources awarding it and its partners in the Xstrata Donkin Mine Development Alliance the exclusive right to apply for a license to develop the Donkin coal resource block in Cape Breton, Nova Scotia. Xstrata Coal holds a 66% participating interest in the partnership. Other partners include Kaoclay Resources (Canada) at 20% and Atlantic Green Energy Development (USA) at 14%.

Peter Coates, Chief Executive Xstrata Coal, said, "I am delighted the Government of Nova Scotia has awarded Xstrata Coal and its partners the right to pursue exploration of the Donkin block as we see the resource as having strong potential for development."

The award allows Xstrata Coal and its partners to pursue evaluating the feasibility of mining the estimated 200 million tonne Donkin thermal and metallurgical coal resource located off Cape Breton Island in the Sydney coal field. Work on the project will begin early in 2006 with the evaluation of the resource and the development of feasibility studies expected to take about two years to complete.

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