



NEWS RELEASE

XSTRATA NICKEL TO EXPAND RECYCLING BUSINESS WITH CONSTRUCTION OF NEW SUDBURY PLANT

Toronto, 19 September 2006

Xstrata Nickel announces that it has begun construction of a new recycling plant at the Sudbury smelter in Sudbury, Ontario that will more than double the capacity of the smelter's existing recycling business.

The C\$21.4 million investment will establish Xstrata Nickel as a market leader in cobalt and nickel recycling, once in full production.

"In alignment with Xstrata Nickel's focus on growth, this expansion gives us the capacity to profitably take in a wide variety of feedstock, which represents a distinct competitive advantage in today's metal recycling market," said Mike Romaniuk, Vice-President Sudbury Operations. "Demand for cobalt and nickel recycling has significantly increased in recent years due to high metal prices and rapid technological advances, and we will now be better able to meet this customer need."

Xstrata Nickel has received all necessary environmental permits following a detailed engineering and pilot-testing phase completed mid-June 2006. Commissioning of the new plant, which will be operated and maintained by the commodity business unit's current Sudbury employees, is scheduled for July 2007.

The Sudbury smelter has been actively recycling cobalt- and nickel-bearing materials since 1981. The operation treats and processes feed from worldwide sources.

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Background

Xstrata Plc is a major 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 a smaller but profitable aluminium business, recycling facilities, additional exposures to gold, lead and silver and a suite of global technologies, many of which are industry leaders. The Group's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, Jamaica, New Caledonia, Norway, Papua New Guinea, Peru, South Africa, Spain, Tanzania, the USA and the UK.

Xstrata Nickel, headquartered in Toronto, Canada, is one of the one of the group's global commodity businesses, comprising five mines and processing facilities in Ontario and Quebec, Canada; a ferronickel mine and processing facility in Bonao, Dominican Republic; and a refinery in Nikkelverk, Norway. Xstrata Nickel has a significant portfolio of growth projects, including Nickel Rim South in Canada, Kabanga in Tanzania, and Koniambo in New Caledonia.

Xstrata Nickel is the world's fourth largest nickel producer, with annual managed production of more than 110,000 tonnes of refined nickel.