



NEWS RELEASE

XSTRATA NICKEL AND SMSP PROVIDE UPDATE ON THE PROGRESS OF THE NORTHERN PLANT CONSTRUCTION

Noumea, New Caledonia, November 24, 2006

Xstrata Nickel and its partner SMSP announced the successful completion of the first stage of renewal for their Koniambo Project in New Caledonia's North Province. In September of this year, Xstrata Nickel had announced that due to resource and cost pressures in the global construction market, the Koniambo Project would enter a renewal phase with an emphasis on cost containment and execution planning.

Following a meeting held in Noumea today, the companies confirmed that key elements of the Project's regulatory and fiscal framework are being finalized. Meetings with representatives of the French Government have been set up for early December and will confirm the level of support from the French State for this project and project schedule. Renewal activities underway in New Caledonia and Canada are progressing according to plan.

"We continue to make headway in addressing the sound framework that is required for project implementation," said Ian Pearce, Xstrata Nickel Chief Executive Officer. "I am impressed by the commitment that all parties have shown to our renewal objectives. That collective commitment has been in the past and it will be a critical factor in the successful development of Koniambo."

The project continues to advance at a good pace. Work on intersection with the main North-South highway (RT1) as well as work on the support infrastructure (Pioneer camp and offices) are planned to start in early 2007. Ongoing development activities in the Voh-Koné-Pouembout region include environmental, archaeological and geotechnical studies.

"For a project of this magnitude it is imperative that the support infrastructure be in place well in advance of the major works. Our plans call for a disciplined ramp-up of construction activity beginning with the RT1 intersection which must be upgraded to provide a safe means of access to our construction site. This will also provide an immediate opportunity to expand the engagement of local contractors and our local workforce," said Pearce.

Koniambo Nickel SAS continues its efforts, in conjunction with the public institutions and authorities of New Caledonia, to ensure high level of preparedness. Ongoing activities include the development of local capability through the acceleration of local enterprise creation, consultation and engagement with communities, as well as the implementation of training programs.

Xstrata Nickel remains committed to developing Koniambo, one of its anchor growth projects. More than US\$400 million has been committed to the Koniambo Project to date and an additional US\$100 million of investment is planned during the current ongoing strategic renewal phase.

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Backgrounder

Koniambo is a pyrometallurgical complex for the production of ferronickel, highly anticipated by stainless steel producers. Production is targeted to begin in 2009/2010 and is expected to reach 60,000 tonnes of nickel per year, which represents approximately 5% of current world consumption.

In December 2005, SMSP, a New Caledonian mining company partnering with Falconbridge Ltd. (now Xstrata), announced the construction of the Project based on the positive findings of the Bankable Feasibility Study and the Environmental and Social Impact Assessment.

On August 15, 2006, Xstrata plc became the new owner of Falconbridge. Xstrata is recognized for its strategy and its commitment to growing the Group's core commodity businesses, including nickel.

On August 21, Xstrata assumed full control of the newly acquired company. The same day, Ian Pearce, former Chief Operating Officer of Falconbridge, was appointed Chief Executive Xstrata Nickel, responsible for Xstrata's nickel operations and projects worldwide. Xstrata Nickel's headquarters are in Toronto, Canada, and the majority of its management are former Falconbridge employees. Mr. Pearce brings with him an extensive knowledge of the Koniambo Project, having been one of its key players as Senior Vice-President, Projects and Engineering, from 2003 to June 2006.

Today, the Koniambo Project continues to advance the Detailed Engineering, the Execution Plan and the Procurement Program with a 2006 budget of US\$240 million (over 22 billion CFP francs), in addition to the US\$71 million (over 7 billion CFP francs) invested in 2005.

The Koniambo Project team is currently concentrating its efforts to address the challenges typical of such projects in the areas of controlling costs, execution planning and sustainable development. As is the case with other major industrial projects, Koniambo is faced with very significant growth in

the costs associated with raw materials, transportation and the shortage of specialized resources for all projects because of the extension of the Goro Nickel construction schedule.

Xstrata 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 is headquartered in Toronto, Canada, and is one of the commodity business units within the major global diversified mining group Xstrata plc.

Xstrata Nickel's mining operations include five mines and processing facilities in Ontario, Canada; Quebec, Canada; a ferronickel mine and processing facility in Bonao, Dominican Republic; and a refinery in Kristiansand, Norway. Xstrata Nickel has a promising portfolio of growth projects, including Nickel Rim South in Canada, Kabanga in Tanzania, and Koniambo in New Caledonia.

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

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