



MEDIA RELEASE

ERNEST HENRY MINING COMMENCES 'FIRST CUT' OF AUD26 MILLION STAGE 1 DECLINE

Cloncurry, 20 February 2008 (Embargo 10:30hrs)

Today the Deputy Premier of Queensland, Hon Paul Lucas, MP, the Minister for Mines and Energy, Hon Geoff Wilson, MP, and Member for Mount Isa, Betty Kiernan, witnessed the 'first cut' of a 3.2 kilometre underground decline at Xstrata Copper's Ernest Henry Mine open pit operation near Cloncurry in north west Queensland.

Chief Operating Officer Xstrata Copper North Queensland, Steve de Kruijff, said Xstrata Copper was dedicated to maximising value from its existing assets and strengthening the Cloncurry economy.

"Today's successful first cut marks the starting point of the decline by cutting a 'portal' approximately half way down the western pit wall. It is a milestone for our mining operations and more importantly was carried out without any interruption to our daily production at our open pit mine operations.

"The first cut of the Stage 1 AUD26 million underground decline is the outcome of a five year concept and pre-feasibility study. The AUD15 million pre-feasibility study resulted in over 40,000 metres of drilling and core samples that were used to increase our confidence in the orebody beneath the open pit mine and to consider a variety of underground mining options," he said.

"We expect the construction of the decline to be completed in early 2009.

"Our early commitment to developing the first stage of the decline will help minimise the production gap between the end of treating open pit stockpiles and a ramp up to full scale underground production.

"A further feasibility study to evaluate the viability of full scale underground mining operations at Ernest Henry Mine commenced in February and will run in parallel with the development of the Stage 1 decline.

"We will know by mid 2009 whether Stage 2 of the project, the full scale underground development, will be realised.

"By pursuing the feasibility of an underground operation at Ernest Henry Mining, we are potentially extending the life of the mine well beyond our current planned closure date in late 2010. This will in turn extend the economic contribution of our operations to the Cloncurry township," he added./

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Deputy Premier and Minister for Infrastructure and Planning, Hon Paul Lucas, MP said the project was another example of the great work being done in the North West.

"This trip follows on from a commitment we gave at the Community Cabinet meeting here last year.

"We're committed to getting on the ground and meeting with companies like Xstrata, local government members and other community representatives," he said.

Minister for Mines and Energy, The Hon Geoff Wilson, MP, congratulated Xstrata Copper on today's milestone

"Xstrata Copper's investment in this new stage of this mine shows a level of confidence in the region and its further potential. I commend the company's commitment to the North West and look forward to hearing of further progress on this substantial project."

The Hon Betty Kiernan who fired the blast enabling the underground to commence from the first cut echoed the economic sentiments of the Ministers.

"The regional economy in the district is already buoyant and will be further reassured by this exciting and potential long-term development," said Betty Kiernan, Member for Mount Isa.

"It is great to see Xstrata Copper's commitment to the Cloncurry community and their continued investment in looking at ways to extend the operating life of Ernest Henry Mining," she said.

Ernest Henry Mining is located 38 kilometres north-east of Cloncurry in the minerals rich district surrounding Mount Isa and commenced the processing of ore in 1997. It is the third largest copper mine in Australia and produces approximately 100,000 tonnes of copper and 120,000 ounces of gold in the form of concentrate. This concentrate is transported to Xstrata Mount Isa Mines' copper smelter for smelting.

The Ernest Henry deposit is known to extend more than 400 metres below the final Stage 7 open pit. The EHM decline will entail approximately 3.2 kilometres of development and ventilation connections. It is anticipated that around 35 people will be working full-time on the project for its duration.

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ABOUT XSTRATA PLC

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges, with its headquarters in Zug, Switzerland. Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with additional exposures to platinum group metals, gold, cobalt, lead and silver, recycling facilities and a suite of global technology products, 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, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, South Africa, Spain, Tanzania, the USA and the UK. Xstrata employs approximately 50,000 people, including contractors.

ABOUT XSTRATA COPPER

Headquartered in Brisbane, Xstrata Copper is one of the commodity business units within the major global diversified mining group Xstrata plc. Its operations and projects span eight countries: Australia, Argentina, Chile, Peru, Canada, the USA, the Philippines and Papua New Guinea. Its operations are administered by five separate divisions, based close to the mining operations, namely the North Queensland, Alumbraera, North Chile, Southern Peru and Canada divisions. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia.

Xstrata Copper is the fourth largest global copper producer with annual managed production of over one million tonnes.