



**NEWS RELEASE**

**TERMINATION OF DISCUSSIONS WITH VALE**

Zug, 25 March 2008

Xstrata plc ("Xstrata") announces that discussions with Vale regarding a potential combination of the two companies have been terminated by mutual agreement.

Mick Davis, Xstrata Chief Executive commented: "While Vale and Xstrata continue to believe that a combination of the two companies could realise significant value for both sets of shareholders, we have not been able to reach agreement. We have therefore mutually decided to cease discussions."

This announcement has been issued with the consent of Vale and a similar announcement will be made by Vale to the Brazilian and New York Stock Exchanges today.

*Ends*

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The Directors of Xstrata plc accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.