



NEWS RELEASE

**XSTRATA CANADA ANNOUNCES PLAN OF ARRANGEMENT APPROVED
BY COURT AND SHAREHOLDERS**

Toronto, 29 May 2008

Xstrata plc's subsidiary, Xstrata Canada Corporation, ("Xstrata Canada" or the "Corporation"), today announced that it has obtained the requisite shareholder and court approvals necessary to effect the proposed plan of arrangement (the "Arrangement") described in the Corporation's management information circular dated May 1, 2008. The implementation of the Arrangement is expected to permit Xstrata Canada to realize certain tax synergies that the Corporation would not otherwise be able to realize, namely increasing the adjusted cost base of certain of the Corporation's properties.

At a special meeting of the shareholders of Xstrata Canada held on May 28, 2008, a resolution approving the Arrangement was passed by 99.90% of the votes cast by common and preferred shareholders of the Corporation. At a hearing before the Superior Court of Justice of Ontario today, the Court issued a final order determining that the terms and conditions of the Arrangement are fair and reasonable and approving the Arrangement. The Corporation anticipates that the Arrangement will become effective on June 1, 2008.

As previously announced, Xstrata Canada has issued notices to redeem all of its outstanding Cumulative Preferred Shares, Series H (TSX: FAL.PR.H) and Series 2 (FAL.PR.A). The Series H shares will be redeemed on June 30, 2008 and the Series 2 shares will be redeemed on July 10, 2008. Holders of Series H shares will receive C\$25.00 per share in cash and holders of Series 2 shares will receive C\$25.50 in cash, in each case plus accrued and unpaid dividends in respect of each share up to, but excluding, the date of redemption. Xstrata Canada intends to use its internal cash resources to fund the aggregate redemption price of approximately C\$275 million.

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Forward Looking Statements

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond Xstrata Canada’s ability to control or predict. Forward-looking statements are not guarantees of future performance.