



NEWS RELEASE

XSTRATA NICKEL SUSPENDS FALCONDO FERRONICKEL OPERATIONS

Bonao, Dominican Republic, August 19 2008

Falconbridge Dominicana C x A (Falcondo), a nickel mining and processing operation with an annual capacity of 29,000 tonnes of nickel in ferronickel, is temporarily suspending operations as a result of market conditions. This is due to a combination of extremely high oil prices, which represent the majority of the site's costs, and lower nickel prices. The shutdown is anticipated to last for four months, during which time furnace repairs and crucial maintenance activities will be conducted. The suspension will also enable the acceleration of feasibility studies into the energy conversion project, to switch the operation's power source from oil to coal, and the development of the Loma Miranda project, which will provide a new higher-grade mining area for Falcondo and extend the mine life.

"Falcondo has implemented various measures to alleviate the negative impact of record high oil prices on its financial position. These actions have resulted in approximately US\$20 million of cost savings," said Ian Pearce, CEO of Xstrata Nickel. "Nonetheless, in the light of current market conditions and the requirement to conduct maintenance and repairs, we have decided to temporarily suspend operations as the best option for the long-term future of Falcondo. Importantly, the suspension will provide us with an opportunity to further advance the energy conversion and Loma Miranda projects, both of which are critical to ensure the long-term future of Falcondo as a stable producer throughout the nickel and oil price cycle. The resumption of activities will be assessed based on market conditions, which are expected to improve towards the end of 2008."

"During this period, in excess of 90% of Falcondo's full-time workforce will be engaged to perform maintenance activities, development of our two major projects, earthworks, mine rehabilitation and reforestation activities, and wherever possible Falcondo employees will be used to replace contractors," said Ernest Mast, President and General Manager of Falcondo. "Falcondo will continue to maintain rural roads, support cultural, sports and other community activities and continue to fund the Falcondo Foundation, which supports local development in health, education, environment and culture. The site will also continue to generate power to help regulate and stabilize the national grid."

Ernest Mast added, "Feasibility studies and development work into the energy conversion project and the Loma Miranda development area, situated 25 kilometres from the Falcondo site, are well advanced. The successful development of these critical projects will reposition Falcondo on the cost curve and secure the long-term economic prosperity of our nickel business in the Dominican Republic."

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Notes to editors

About Falcondo

Falcondo is a surface mining operation with a workforce of more than 1,800 that has the capacity to produce 29,000 tonnes of nickel contained in ferronickel annually. Ferronickel is a combination of iron and nickel used almost exclusively by the stainless steel industry. The property is situated in the Dominican Republic, in the town of Bonao, 80 kilometres north of Santo Domingo. The facilities include a metallurgical treatment plant, a crude oil refinery and a 200 megawatt thermal power plant. Xstrata owns 85.26% of the outstanding shares of Falcondo.

The Falcondo Foundation, established in 1989, is a non-profit foundation designed to encourage development in the areas of health, education, environment and culture. The Falcondo Foundation also enables area residents to plan and carry out development activities by supporting projects related to the preservation and management of natural resources. Since inception, the Foundation has donated approximately US\$12 million, reforested more than 500 hectares of land, and complemented the efforts of the Dominican government to improve education by supporting approximately 78,000 students. In 2005, Falcondo received recognition from the Organization of States of America, as one of the "corporate citizens of the Americas" for its community initiatives.

About Xstrata Nickel

Xstrata Nickel, headquartered in Toronto, Canada, is one of Xstrata Group's global commodity businesses, comprising five mines and processing facilities in Ontario and Québec, Canada; a ferronickel mine and processing facility in Bonao, Dominican Republic; a high-grade sulphide mine and processing facility in Western Australia and a refinery in Kristiansand, Norway. Xstrata Nickel has a significant portfolio of growth projects, including Koniombo in New Caledonia, Nickel Rim South in Canada, Kabanga in Tanzania, Araguaia in Brazil and Sinclair in Australia. Xstrata Nickel is the world's fourth largest nickel producer, with annual managed production of more than 116,000 tonnes of refined nickel.

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 a growing platinum group metals business, additional exposures to 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 56,000 people, including contractors.