



NEWS RELEASE

XSTRATA NICKEL TO CEASE END-OF-LIFE OPERATIONS AT SUDBURY AHEAD OF SCHEDULE TO FOCUS ON NEW LOWER COST MINES

Sudbury, Ontario, 13 November 2008

Xstrata Nickel today announces plans to cease operations at Craig and Thayer-Lindsley nickel mines ahead of schedule, both of which are approaching the end of their productive lives. These mines will be replaced by the new, lower cost Nickel Rim South and Fraser Morgan mines, both in advanced stages of development in Sudbury.

Ian Pearce, Xstrata Nickel Chief Executive commented: "Xstrata Nickel is taking decisive action during a period of lower nickel prices to reduce the cost of nickel production in Sudbury and ensure that our business remains robust throughout the economic cycle. In the current environment, these older, higher cost operations are no longer viable. The accelerated transition from older mines to lower cost operations will contribute to the sustainability of our business at Sudbury over the long-term."

Marc Boissonneault, Vice-President of Xstrata Nickel Sudbury Operations said: "Xstrata Nickel is fully committed to our long-term success in Sudbury and we continue to make significant and targeted capital investments in our future. We will continue to aggressively develop our low-cost mines at Nickel Rim South and Fraser Morgan, and to make prudent investments that allow us to operate successfully throughout the business cycle."

Thayer-Lindsley mine, with annual nickel output of 2,700 tonnes, will cease operation by the end of January 2009. Craig Mine, with annual nickel output of 5,500 tonnes, will enter into care and maintenance mode in June 2009. Infrastructure at Craig Mine will be maintained to support the ongoing Onaping Depth prefeasibility study.

Production will continue to ramp up at Nickel Rim South, which remains on budget and on schedule to commence production in 2009, ramping up to full production of 18,000 tonnes of contained nickel by early 2010. Nickel Rim South will be Xstrata Nickel's flagship operation at Sudbury with a long mine life and low cash operating costs. The Fraser Morgan mine will continue to ramp up to commission on schedule in late 2009. At full production Fraser Morgan will produce 7,200 tonnes of refined nickel per annum.

Permanent employees will be transferred from Craig and Thayer-Lindsley mines to Nickel Rim South and Fraser Morgan. In concert with these operational changes, Xstrata Nickel aims to reduce the number of permanent employees in Sudbury by approximately 250 positions through a voluntary early retirement program.

Xstrata Nickel's Sudbury operations will work collaboratively with employees, unions, suppliers, contractors and other community stakeholders to minimize any impact of these operational changes.

"We place tremendous value in our community relationships and we will interact with our stakeholders with transparency and respect throughout this process," said Boissonneault.

Ends

Editors Notes

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 Quebec, 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 Koniambo 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.

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.

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