



## NEWS RELEASE

### **KIDD METALLURGICAL OPERATIONS TO CEASE OPERATIONS IN MAY 2010**

Timmins, Ontario, Canada, 7 December, 2009

Xstrata Copper Canada announces that it will permanently cease operation of its copper and zinc metallurgical plants at the Kidd Metallurgical Site in Timmins on May 1, 2010, in a rationalization of its Canadian metallurgical operations. The Kidd mine and concentrator will remain in operation.

Claude Ferron, Chief Operating Officer for Xstrata Copper Canada, commented:

"Global smelting overcapacity is driving treatment and refining charges to record lows while the costs to operate and maintain these facilities continue to increase. Our situation in Canada is exacerbated by a strengthening Canadian dollar. The requirement for further capital investment in these plants and lower sale prices for some by-products including sulphuric acid have also negatively impacted the viability of these operations.

"We have investigated options to improve the situation and after careful consideration have made this difficult decision to permanently shut down the Kidd zinc and copper plant".

Xstrata expects that approximately 670 employees will be impacted as a result of this decision. An early retirement incentive will be offered to all eligible employees. Unionized employees will be treated in accordance with the collective agreement. Where possible, employees will be offered the possibility to work at other Xstrata operations. Xstrata will continue to honour existing commitments to communities in the region.

The company will remain a major employer in Timmins, focusing its efforts and investments on the Kidd Mine and the concentrator. In excess of C\$100 million is being invested at Kidd Mine to extend its mine workings down to the 9,500 foot level, extending the life of the current mine to 2017.

"Our main objective is to support our employees through this transition by treating everyone with fairness and respect," added Thompson Hickey, General Manager Kidd Metallurgical Site. "We recognize the impact this decision will have on employees and other community stakeholders and will provide all the necessary support and counselling to help them through this difficult time. We will ensure we communicate developments clearly and in a timely fashion as we continue regular

operations until May 2010, working with all our employees to ensure that we maintain a safe work environment”.

Xstrata’s Copper Canada division will focus on integrating the remaining Kidd assets with the smelting and refining assets of the Horne smelter and CCR refinery, in order to improve the overall financial competitiveness of the division.

Claude Ferron commented: “After this rationalization we will remain an important integrated copper business in Canada operating in Ontario and Quebec, and will be working closely with our people, our communities, governments and other stakeholders to enhance the sustainability of these businesses for the benefit of all stakeholders”.

*Ends*

## **Editors Notes**

### **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 mining and metallurgical operations and development 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, Minera Alumbrera, 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 attributable mined production in 2008 of 952,000 tonnes of copper in cathodes and concentrates. The company is also the world’s second and third largest producer of smelter and refined copper production respectively, including from third party materials.

### **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 19 countries.

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