



NEWS RELEASE

DONKIN COAL PROJECT

Sydney, 10 February 2010

The Donkin Joint Venture today announced it has completed a strategic review of the Donkin Coal Project's development plan and will focus on export coking coal market opportunities.

The revised Donkin Coal Project is expected to produce approximately 2.75 million tonnes per annum of washed export grade coking coal at full production.

The decision to revise the Project's overall scope follows local power provider Nova Scotia Power's announcement in late 2009, confirming it will not purchase raw coal from the Donkin Coal Project once the mine is operational.

Xstrata Coal Chief Development Officer, Jeff Gerard, said, "Xstrata Coal remains committed to the Donkin Coal Project and will continue to liaise with key stakeholders as we progress through the various internal and external approvals processes."

In addition, Xstrata Coal is currently looking to obtain expressions of interest from potential strategic partners to contribute to the Donkin Coal Project.

"This is a significant project for Nova Scotia and the people of Cape Breton. It has the potential to provide new employment opportunities for the area throughout each stage of its construction and operation," said Mr Gerard.

The Donkin Coal Alliance is a joint venture between Xstrata (75%) and Erdene Resource Development Corp. (25%).

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Xstrata contact

Name James Rickards
Telephone +61 2 9253 6789
Mobile 0419 731 371
Email jrickards@xstratacoal.com
www.xstrata.com