



**NEWS RELEASE**

**GLENCORE EXERCISE OF PRODECO OPTION**

Zug, 5 March 2010

Xstrata plc announces that it received formal notification on 4 March 2010 by Glencore International AG ("Glencore") of Glencore's exercise of its option to acquire the Prodeco coal operations. Under the option agreement, Glencore will pay Xstrata \$2.25 billion in cash upon completion of the sale to Glencore pursuant to the exercise of the option, plus any profits accrued but not distributed to Xstrata during the period 1 January 2009 to the completion date and the net balance of any cash invested by Xstrata.

Mick Davis, Xstrata plc Chief Executive, said: "The acquisition of the Prodeco operations last year facilitated an orderly rights issue process during very challenging market conditions. Glencore's decision to exercise its option provides Xstrata's shareholders with a robust cash return on the initial purchase price and provides additional financial flexibility as Xstrata's capital expenditure programme ramps up to deliver 50% volume growth by 2014, including a 50% increase in coal and copper production and a doubling of current nickel volumes."

*Ends*

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## **Notes to editors**

The Prodeco business comprises the Calenturitas and La Jagua open pit thermal coal operations, export port facilities and a 39.8% share in a railway in Colombia.

In the 12 months to 31 December 2009, the Prodeco operations produced 10.5 million tonnes of coal, generated \$259 million of EBITDA and \$159 million of operating profit (before depreciation on the fair value uplift adjustment of \$52 million). The final payment due from Glencore will include profits accrued plus the net balance of any cash invested by Xstrata for the option period, namely 1 January 2009 to the completion date.