



XSTRATA BOARD APPROVES US\$1.1BN ULAN WEST COAL PROJECT

Sydney, 3 August 2010

The Xstrata Plc Board has approved the investment of US\$1.1 billion to develop the Ulan West underground thermal coal mine in the central west of New South Wales, Australia.

The Ulan West underground longwall mine will produce 6.7 million tonnes per year of export thermal coal, with a life of mine of approximately 18 years and cash costs at the bottom of the second quartile of the industry cost curve. Situated within the existing Ulan mine complex, Ulan West will complement the Ulan No. 3 underground mine and use some of the existing infrastructure at the Ulan complex.

Subject to the receipt of a Development Approval and other Government environmental approvals, construction of the mine is expected to commence in late 2010, with the first longwall coal to be extracted in 2014.

Xstrata Coal Chief Executive Peter Freyberg commented: "The development of Ulan West will add another low-cost, efficient longwall operation to Xstrata Coal's portfolio, leveraging a known resource base at Ulan to increase our production volumes by at least seven million tonnes per annum to satisfy growing demand for export quality thermal coal in Asia.

"Through our continued investment into new operations, Xstrata Coal is providing new employment and local business opportunities within the Mudgee region and making an important contribution to the State's economy."

Construction of the mine will create approximately 270 new jobs, with an expected 350 employees required for ongoing operations. Ulan Coal Mines Limited ("UCML") is jointly owned by Xstrata Coal (90%) and Mitsubishi Development (10%).

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