



NEWS RELEASE

XSTRATA NICKEL TO DEVELOP CANADIAN GROWTH PROJECTS AT RAGLAN AND SUDBURY

Toronto, Canada – August 2, 2011

Xstrata plc (“Xstrata”) has approved two Xstrata Nickel projects totalling US\$649 million as it continues its investment in growth options within its Canadian portfolio.

Xstrata Nickel’s development of the US\$530 million Raglan extension project in Northern Quebec and the US\$119 million Fraser Morgan project in Sudbury, Ontario, will now move ahead.

At Raglan Mine, Xstrata Nickel will develop the high grade Qakimajurq and Mine 2 Lower Zone deposits and upgrade associated infrastructure to increase annual nickel in concentrate production from 26,000 to 32,000 tonnes per annum by 2014. In addition, Raglan’s concentrator will be upgraded to reach 40,000 tonnes capacity per annum of nickel in concentrate by 2016, a 54% increase over current metal output, to facilitate further mining expansions.

Development of the Qakimajurq deposit containing 2.6 million tonnes of probable reserves grading 4.40% nickel and 0.85% copper will begin later this year and start production in 2014. The Mine 2 Lower Zone, a deposit containing one million tonnes of probable reserves grading 3.90% nickel and 1.26% copper, will commence development in 2012 and begin production in 2014. The concentrator upgrade is expected to begin in 2013.

Xstrata Nickel’s Fraser Morgan project in Sudbury will develop two zones of the existing Fraser mine to unlock 6,000 tonnes and 2,000 tonnes per year of nickel and copper, respectively, while extending the life-of-mine of the Fraser Complex by five years to 2025. This project, coupled with the agreement with Vale to extend the Fraser Mine Copper Zone announced in May 2011, will enable the site to take full advantage of polymetallic ore bodies, utilize existing mill capacity to reduce unit costs at the Strathcona circuit, and provide a viable long-term local nickel feed for the Sudbury Smelter. Development of Fraser Morgan will start in early 2012 and is expected to begin production in 2013.

Ian Pearce, Chief Executive of Xstrata Nickel, said: “The investments in Xstrata Nickel’s Canadian operations in Quebec and Ontario will provide a solid source of downstream feed for our Integrated Nickel Operations and solidifies our presence in these two world-class mining camps. The Raglan and Sudbury expansions demonstrate our commitment to long-term growth in Canada and our contribution as a significant employer in the communities in which we operate.”

Ends

Neither the content of the company's website nor the content of any other website accessible from hyperlinks on the company's website is incorporated into, or forms part of, this announcement.

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Editors Notes

Xstrata Nickel

Xstrata Nickel, headquartered in Toronto, Canada, is one of Xstrata Group's global commodity businesses. Xstrata Nickel's operations include mines and processing facilities in Canada, the Dominican Republic and Australia, and a refinery in Norway. Xstrata Nickel has a promising portfolio of growth projects in New Caledonia, Tanzania and Brazil. Xstrata Nickel is the world's fifth largest nickel producer, with annual managed production of more than 92,000 tonnes of refined nickel.

Xstrata plc

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges. Headquartered in Zug, Switzerland, Xstrata maintains a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc with additional exposure to gold, cobalt, lead and silver. The Xstrata Group also comprises a growing platinum group metals business, iron ore projects, recycling facilities and a suite of global technology products, many of which are industry leaders. The Group's operations and projects span 21 countries.