



NEWS RELEASE

XSTRATA NICKEL FAIR VALUE REVIEW OF ARAGUAIA NICKEL PROJECT

Toronto, Canada, 7 December 2010

Xstrata Nickel's operations and growth options are subject to regular reviews to ensure appropriateness of asset carrying values. These reviews are based on the prevailing and projected long-term economic conditions and on expected operating parameters.

Following a review of the Araguaia nickel project in Brazil, a post-tax non-cash impairment charge of approximately US\$440 million (US\$560 pre-tax) will be reflected in the Group's results for the year ending 31 December 2010 as an exceptional item. Since acquiring Araguaia as part of the Falconbridge transaction, approximately US\$50 million has been invested in the project, but further development was deferred as a result of market conditions.

The Araguaia project contains 105 million tonnes of measured and indicated resources at 1.33% nickel and an additional 18 million tonnes of inferred resources at 1.3% nickel, and remains one of Xstrata Nickel's longer-term growth options. This impairment is primarily due to the higher priority assigned to other growth projects in Xstrata Nickel's pipeline, including Koniambo in New Caledonia, Kabanga in Tanzania and the 50% capacity restart of the Falcondo operation in the Dominican Republic.

The deferral of the Araguaia project and the use of a discounted cash flow method for valuation under International Financial Accounting Standards (IFRS) have resulted in an impairment of its current carrying value.

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 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 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.

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 88,000 tonnes of refined nickel.