



PRESS RELEASE

PERUVIAN GOVERNMENT AND XSTRATA COPPER SIGN LAS BAMBAS MINING PROJECT TRANSFER CONTRACT

Lima, 2 September 2010

The Government transferred mining titles for the Las Bambas mining project to Xstrata Copper in a contract-signing ceremony held on 2 September at the Peruvian Government Palace, attended by the President of the Republic, the minister of Energy and Mines, the president of the Apurímac region, the executive director of ProInversión, provincial and district mayors, representatives of the farming communities from the Las Bambas area of influence and senior company officers.

Project development calls for an investment of US\$4.2 billion. Construction is scheduled to commence in the third quarter of 2011, subject to regulatory approvals. Las Bambas will be a world-class copper mine with initial production of 400,000 tonnes per annum of copper in concentrate. First ore is expected to be processed in the second quarter of 2014 with ramp up and full production reached by the end of that year. A substantial resource base provides a mine life of at least 18 years with significant further brownfield potential in the highly prospective Las Bambas Mineral District.

Ore will be mined at a rate of 51.1 million tonnes per annum from three open pit mines (initially Ferrobamba, then Chalcobamba and Sulfobamba pits) and processed in a 140,000 tonne per day sulphide grinding/flotation concentrator.

Las Bambas will generate an average of approximately 3,600 direct jobs during construction and 1,350 permanent jobs once in operation.

Xstrata Copper Southern Peru Division Chief Operating Officer José Marún said : "Development of the Las Bambas project will provide significant value not only for Xstrata Copper but also for surrounding communities through direct and indirect employment and training opportunities, local business development, infrastructure provision, payment of taxes and royalties, and investment in community projects and partnerships; in addition, Las Bambas will benefit from significant synergies with the recently approved development of the Tintaya-Antapaccay expansion project.

"From our first involvement with the project, we have regarded our relationship with the communities associated with Las Bambas as vitally important and it is very pleasing to confirm that the dialogue we have established between the community and the company has been recognised in the strong public support the project enjoys."

Xstrata Copper Chief Executive Charlie Sartain said: "The Southern Peru division has been growing progressively and we are now able to project a production of over 500,000 tonnes of copper per year by the end of 2014. Our entry into Peru took place in 2004, through the acquisition of the option to explore Las Bambas by means of a bidding process conducted by the Peruvian government through ProInversión, and then, we acquired Tintaya in 2006. Our Las Bambas and Tintaya-Antapaccay projects are already materialising together with expansion projects of our other assets in Peru, representing significant growth for the Xstrata Group.

"Our dedication to the Las Bambas project over the past six years has allowed us to rapidly transform it from an early stage exploration prospect with no defined Mineral Resources to a significant project with resources of over 1 billion tonnes that will support a long-life mining operation. Moreover, in Xstrata Cooper we understand that it is necessary to work together with local stakeholders, to ensure the project will provide sustainable benefits to the communities and region as a whole; and this is what we have done over this time.

"Peru's suitable environment for investments, based on legal and political stability with clear and stable rules of the game, enabled us to make and announce these investments. Beyond any doubt, the strengthening of democracy has been a cornerstone in the foundations of the country's development."

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Notes for editors

ABOUT XSTRATA PLC

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges, with its headquarters in Zug, Switzerland. Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with additional exposures to platinum group metals, 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

ABOUT XSTRATA COPPER

Xstrata Copper is the fourth largest global copper producer with attributable mined production in 2009 of 907,000 tonnes of copper in cathodes and concentrates. The company is also one of the world's largest producers of smelter and refined copper, including from third party materials.

Headquartered in Brisbane, Xstrata Copper is one of the commodity business units within the major global diversified mining group Xstrata plc. Its mining and metallurgical operations and development projects span eight countries: Argentina, Australia, Canada, Chile, Peru, the Philippines, Papua New Guinea and the USA. Its operations and projects are administered through a regional divisional management structure, which ensures that appropriate levels of critical decision

making are taken close to the related businesses. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia.

ABOUT XSTRATA COPPER'S SOUTHERN PERU DIVISION

In November 2007, Xstrata Copper announced the creation of the Southern Peru Division, headquartered out of the city of Arequipa. The division is responsible for the management of the Tintaya mining operation, the Las Bambas, Antapaccay and Coroccohuayco development projects, regional exploration and the development and implementation of the company's growth strategy in southern Peru.

Tintaya-Antapaccay

Acquired in May 2006, the existing Tintaya operation consists of a concentrator and SX/EW plant and has annual production of approximately 100,000 tonnes per annum of copper in concentrates and cathodes. In July 2010, Xstrata Copper announced the development of the satellite Antapaccay deposit that will increase annual copper in concentrate production from Tintaya by 60% to an average of 160,000 tonnes from mid 2012 and transform the mine into a long life business with at least 20 years of operations, based on currently known mineral resources.

Las Bambas Mining Project

In August 2004, Xstrata was awarded the right to explore and the option to develop Las Bambas following a competitive international bid process conducted by Peru's investment promotion agency ProInversión. The project sits at an elevation of 3,700 to 4,650 metres above sea level and is located in the provinces of Cotabambas and Grau in the Region of Apurímac, 75 kilometres southwest of the city of Cusco. The Las Bambas mining project extends of 35,000 hectares and includes the Ferrobamba, Chalcobamba, Sulfobamba and Charcas mining concessions.

The current Las Bambas Mineral Resource estimate is 1.13 billion tonnes of copper mineralisation at a grade of 0.77% copper, using a 0.3% copper cut-off grade, and includes important gold, silver and molybdenum by-product credits. The Mineral Resource was completed in 2009 and includes the results of 329,000 metres of drilling.