



MEDIA RELEASE

XSTRATA COAL RECOMMENCES QUEENSLAND GROWTH PROJECTS

6 July 2010

Xstrata Coal ("Xstrata") will recommence A\$186 million of planned investment into key Queensland growth initiatives, including early works and exploration activities associated with its Rolleston West, Sarum and Wandoan Coal projects.

The decision has been made following the Federal Government's announcement that it proposes to replace the Resource Super Profits Tax (RSPT) with a Mineral Resource Rent Tax (MRRT). The revised proposal represents significant progress towards a minerals taxation regime that will satisfy the industry's core principles of prospectivity and maintaining international competitiveness.

"In recent weeks Xstrata participated in detailed and constructive discussions with the Government and believe there is now an improved shared understanding as to what drives mining investment decisions and the importance of a stable long term fiscal regime," said Chief Executive Xstrata Coal, Peter Freyberg.

"Today's decision effectively lifts the suspension on expenditure announced by Xstrata last month and allows the next stage of planning for this internationally significant Wandoan project to proceed."

Xstrata will continue to honour all obligations and agreements entered into with landowners and key stakeholders to date and will maintain an open dialogue with the community to reduce uncertainty.

If approved, the A\$6 billion Wandoan Coal Project and associated infrastructure will provide over 3,000 jobs throughout construction and operation over the next five years and open up the Surat Basin as a major new export region for Queensland.

A final investment decision on the A\$6 billion Wandoan mine and associated infrastructure project is expected in the second half of 2011, and will consider feasibility work, the final form of the MRRT legislation and associated royalties.

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