



NEWS RELEASE

WANDOAN COAL PROJECT GAINS COMMONWEALTH GOVERNMENT ENVIRONMENTAL APPROVAL

Brisbane, 18 March 2011

Xstrata Coal's Wandoan Coal Project this week received conditional environmental approval from the Commonwealth Government.

The Wandoan Coal Project is a proposed 30 million tonne per annum (run-of-mine) open-cut thermal coal mine in Queensland's Surat Basin.

Xstrata Coal Queensland Chief Operating Officer, Reinhold Schmidt said gaining the Commonwealth Department of Sustainability, Environment, Water, Population and Communities' approval was another significant milestone for the development of the project.

"The Wandoan Coal Project is an important part of Xstrata Coal's organic growth strategy with the potential to deliver transformational volume growth and provide significant opportunities for the surrounding communities and Queensland's economy," said Mr Schmidt.

"Together with the proposed rail and port developments, the Wandoan Coal Project would help establish the Surat Basin as an internationally competitive coal export region."

The environmental approval follows consideration of the project's Environmental Impact Statement (EIS), Supplementary EIS, and the Queensland Coordinator-General's report for the Wandoan Coal Project by the Commonwealth Department of Sustainability, Environment, Water, Population and Communities.

The approval covers the construction and operation of an open-cut coal mine and supporting infrastructure in the Mining Lease Application areas immediately west of Wandoan; construction and operation of an underground water supply pipeline; raising of the existing Glebe Weir and construction of an associated pipeline to transport water from the Dawson River to the proposed Wandoan Coal Mine.

Commonwealth Government approval is conditional on Xstrata Coal implementing measures to protect biodiversity and will allow Xstrata Coal to proceed with the final stage of the Mining Lease application.

The Wandoan Coal Project received approval from the Coordinator-General in November 2010 and is being delivered by Xstrata Coal Queensland and funded through a joint venture between Xstrata Coal Queensland (75% ownership), ICRA (Itochu) Pty Ltd (12.5% ownership) and Sumisho Coal Australia (12.5% ownership).

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