



MEDIA RELEASE

**QUEENSLAND PREMIER OPENS NEW \$38 MILLION
POWER STATION AT MOUNT ISA**

The Premier of Queensland, the Honourable Anna Bligh MP, today opened an AUD\$38 million development which includes a new power station and upgrades to the electricity infrastructure that will provide the electricity needed for the short-term growth from new projects in the region.

Xstrata Copper North Queensland Chief Operating Officer, Steve de Kruijff, said the Xstrata (X41) Power Station (known as XPS), which is wholly owned by APA Group (APA), would provide an extra 30 mega watts (MW) of gas-fired low emission power to the site.

"XPS will provide extra power for our upgraded and expanded copper smelter and zinc-lead concentrator for increased shaft hoisting capacity at the George Fisher Mine and for other improvements at Xstrata Mount Isa Mines, as well as supplying CopperCo's Lady Annie Project 120 kilometres north of Mount Isa," he said.

He said these capital improvements and the XPS represented an investment of more than AUD\$400 million in Mount Isa and the north-west Queensland region by Xstrata.

"We are proud to be helping to fuel the growth and prosperity of the region by investing to expand our business and by creating jobs and business opportunities," he said.

"However, it is critical to note that the XPS will not provide enough power to address the long-term energy requirements for Xstrata Mount Isa Mines' operations, the community and other mining projects in the north-west Minerals Province.

"We look forward to working with the Queensland Government to find a longer-term solution to region's need for competitively priced, reliable power supply."

XPS was built by Clarke Energy. The power station will receive gas via APA's Carpentaria Gas Pipeline and its Mount Isa Town Lateral Pipeline. APA recently commissioned an AUD\$3 million upgrade to the Mount Isa Town Lateral pipeline to deliver gas to XPS.

APA Managing Director, Mick McCormack said "APA is pleased to be the owner of this power station which reinforces APA's long term commitment to the delivery of a competitive energy supply to the north-west Minerals Province."

XPS is APA's second investment in a gas fired power station. It's first investment, the Daandine Power Station at Kogan, west of Brisbane, generated its first power in December last year.

APA is currently involved in detailed negotiations with major energy users in the north-west Minerals Province concerning additional transportation services on APA's Carpentaria Gas Pipeline.

Xstrata contacts

Melanie Edgar

Manager Community Relations
Telephone (07) 4744 2832
Mobile 0423 820 701
Email medgar@xstratacopper.com.au
Website www.xstrata.com

Melissa Trim

Community Relations Advisor
Telephone (07) 4744 2965
Mobile 0428 109 162
Email mtrim@xstratacopper.com.au

APA contacts

Mick McCormack

Managing Director
Telephone (02) 9693 0000
Mobile
Email mick.mccormack@pipelinetrust.com.au
Website www.pipelinetrust.com.au

Joanne Collins

(Gavin Anderson & Company)
Telephone (02) 9552 8939
Mobile 0423 029 932
Email jcollins@gavinanderson.com.au

About Xstrata plc

Xstrata is a major global diversified mining group, listed on the London and Zurich 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 recycling facilities and additional exposures to gold, cobalt, lead and silver and a suite of global technologies, many of which are industry leaders. The Group's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, South Africa, Spain, Tanzania, the USA and the UK. Xstrata employs approximately 43,000 people, including contractors.

About Xstrata Copper

Xstrata Copper is headquartered in Brisbane, Australia, with regional offices in Santiago and Antofagasta, Chile; Lima and Arequipa, Peru; Buenos Aires, Argentina; and Toronto, Canada, and is one of the commodity business units within the major global diversified mining group Xstrata plc.

Xstrata Copper's mining operations and projects span seven countries and include mines, mineral processing plants and port facilities in North Queensland, Australia; mining and processing operations and port facilities in Chile, Peru and Argentina in South America; and mining and processing plants in Canada. It also has a recycling business (Xstrata Recycling) with facilities in Canada, the United States and Asia.

Xstrata Copper is the fourth largest global copper producer, with annual managed production of over one million tonnes.

About Xstrata Zinc

Headquartered in Madrid, Spain, Xstrata Zinc is one of the world's largest producers of zinc and one of the commodity business units within the major global diversified mining group Xstrata plc. Xstrata's zinc and lead operations and exploration projects are located in Australia, Canada, Germany, Peru, Spain and the United Kingdom.

Xstrata Zinc's operations in Spain comprise the San Juan de Nieva zinc smelter and the Arnao zinc semis plant in Asturias, and the Hinojedo roasting plant in Cantabria.

In Australia, operations comprise the Mount Isa, George Fisher underground and Black Star open cut zinc lead mines, zinc lead concentrator, lead smelter and Bowen Coke Works in north Queensland; 75% of the Lady Loretta zinc lead deposit in north-west Queensland; the McArthur River open pit zinc lead mine, processing and port operations in the Northern Territory; and 50% of the Lennard Shelf underground zinc lead mine and processing operations in Western Australia.

In Canada, operations and exploration projects include the Brunswick zinc-lead mine and lead smelter in New Brunswick; 25% of the CEZ zinc smelter near Montreal; and the Perseverance zinc deposit in Quebec.

Xstrata Zinc also operates the Nordenham zinc smelter in northern Germany; the Northfleet lead refinery in the United Kingdom; and owns 33.75% of the Antamina mine in Peru.

Around half of all zinc currently consumed is used for galvanizing steel, which is an environmentally friendly method of protecting steel against corrosion. Zinc also finds application in the manufacture of die-cast alloys, brass and the production of zinc oxides and chemicals.

About APA

APA Group, comprised of Australian Pipeline Trust and APT Investment Trust, is the major ASX-listed energy transmission company in Australia with interests in more than 10,000 kms of natural gas pipeline infrastructure, over 2,300 kms of gas distribution networks in south east Queensland, Coal Seam Gas processing plants, gas fired power stations, gas storage facilities and two high voltage direct current interconnector systems.

APA's interests also extend to the provision of management and operations services to gas distribution and transmission company Envestra (which owns 19,100 km of natural gas distribution networks and 1,029 km of natural gas transmission pipelines), a 17.2 percent stake in Envestra and a one-third interest in the SEAGas pipeline. The Group has a varied and quality customer base including AGL Energy, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, RioTinto, Nickel West, Synergy and Verve Energy.

In Queensland APA Group owns and operates in excess of \$2 billion in energy infrastructure assets. These include, the Roma to Brisbane Pipeline, the Kogan North and Tipton West gas processing plants, the Carpentaria Gas Pipeline, the Direct Link high voltage direct current interconnector, the Daandine Power Station, the APT Allgas gas distribution network and a 17% interest in the Envestra gas distribution network via APA's shareholding in Envestra Limited.