



XSTRATA EXERCISES OPTION OVER ZANAGA IRON ORE PROJECT

JOINT NEWS RELEASE

Zug and London, 8 February 2011

Xstrata plc ("Xstrata") and Zanaga Iron Ore Company Limited ("ZIOC"), are pleased to announce that Xstrata has elected to exercise its call option over Jumelles Limited ("Jumelles"). Jumelles is presently a subsidiary of AIM listed ZIOC, and through its subsidiary MPD Congo owns the Zanaga iron ore project in the Republic of Congo.

As provided for in the call option agreement entered into by Jumelles and Xstrata, Xstrata will acquire a 50% plus one share interest in Jumelles in return for a commitment to fund a Feasibility Study to a minimum of \$100 million. Upon exercise, Xstrata will commence work on the Feasibility Study, the first part of which will be a value engineering exercise, building on the pre-feasibility work undertaken by Jumelles. Following the exercise of the Call Option, Xstrata will control ZIOC's sole mineral asset, the Zanaga Project, and ZIOC will have a strategic partnership in respect of the Zanaga Project with Xstrata, a major mining company.

Following the exercise of the Call Option, which is expected to complete on Friday 11 February 2011, the principal business of ZIOC will comprise managing its 50% less one share interest in the Zanaga Project, which will be controlled by Xstrata at both a shareholder and director level, and monitoring both the finalisation of the pre feasibility study ("PFS") and the preparation of the Feasibility Study.

Xstrata's decision to exercise its call option underscores its long stated strategy to enter the iron ore market. Xstrata has assembled an iron ore team, which is currently managed through Xstrata Coal. Taking the Zanaga Project with the projects acquired as part of Sphere Minerals, Xstrata has to date secured control of a resource base of more than 7 billion tonnes of iron ore.

Xstrata Coal Chief Executive Peter Freyberg said: "Our decision to exercise our option to acquire management control of the Zanaga Project enables Xstrata to evaluate in greater depth the potential of the project, as part of our strategy to build a meaningful iron ore business over the medium term.

"We look forward to working with the relevant authorities and partners as we work to complete the Feasibility Study into Zanaga's development."

Clifford Elphick, Chairman of ZIOC said: "We are delighted that Xstrata has exercised the option to acquire a 50% plus 1 share controlling interest in the Zanaga Project. The Feasibility Study is now fully funded and we look forward to the continued development of the project."

Under the agreement with Jumelles, Xstrata could elect to acquire 100% of the Project following completion of the Feasibility Study. An Indicated and Inferred Mineral Resource of approximately 3.3 billion tonnes, with an average grade of 32.8% Fe, has previously been reported by ZIOC in accordance with the JORC Code¹. The Zanaga Project is located in the Lékoumou District of the Republic of Congo, approximately 300 km north east of Pointe Noire.

Ends

¹. Mineral Resource estimate previously published in November 2011 and available at www.zanagairon.com.

About Zanaga Iron Ore Company Ltd

Zanaga Iron Ore Company Ltd (AIM: ZIOC), is a BVI registered company which has been focused on managing, developing and constructing a world class iron ore project capable of mining, processing, transporting and exporting iron ore concentrate from the Republic of Congo at full production.

Following the exercise of the Call Option, which is expected to complete on Friday 11 February 2011, the principal business of ZIOC will comprise managing its 50% less one share interest in the Zanaga Project, which will be controlled by Xstrata at both a shareholder and director level, and monitoring both the finalisation of the pre-feasibility study ("PFS") and the preparation of the Feasibility Study.

Further details about the Company can be found on the Company's website: www.zanagairon.com

About 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 additional exposure to gold, cobalt, lead and silver. The Xstrata Group also comprises a growing platinum group metals business, iron ore projects, recycling facilities and a suite of global technology products, many of which are industry leaders. The Group's operations and projects span 20 countries.

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Appendix – Further Information

Following the exercise of the Xstrata option ZIOC's assets will comprise a 50% less one share interest in the Zanaga Project and approximately \$50m in cash.

Under the terms of the call option agreement entered into by Jumelles and Xstrata in November 2009, in consideration for the issue of new shares in Jumelles to Xstrata, Xstrata will be responsible for financing a full Feasibility Study for the Zanaga Project to a minimum of \$100m and will repay certain loans from former shareholders. The Feasibility Study is to be delivered to an international best practice standard and in accordance with Xstrata's internal guidelines or Xstrata can carry out such a Feasibility Study at its own cost (if all the shareholders in Jumelles other than Xstrata consent, such consent not to be unreasonably withheld or delayed).

Pursuant to the JVA, Xstrata has undertaken to use its reasonable endeavours to complete the Feasibility Study at least three months prior to the expiry of the Zanaga exploration licences, assuming a second extension, subject to there not being a material adverse change. In addition, Xstrata has agreed to procure the repayment of up to \$25m of loans from the former shareholders of Jumelles.

The Joint Venture Agreement will become fully effective upon the completion of the exercise of the Call Option and will govern the relationship between Jumelles and Xstrata. Full details of the Joint Venture Agreement are set out in Part II of ZIOC's AIM Admission Document dated 17 November 2010 and a copy of which is available on ZIOC's website www.zanagairon.com.

Pursuant to the Joint Venture Agreement, Xstrata also has the right, in the period of 90 days following completion of the Feasibility Study, to buy all of ZIOC's shareholding in Jumelles on an agreed valuation basis and ZIOC will be obliged to sell its shareholding on this basis. The exercise of this right is not subject to shareholder approval.

The Joint Venture Agreement also sets out the terms on which Jumelles will be funded following completion of the Feasibility Study, if ZIOC maintains an equity stake. If the Zanaga Project proceeds to production and ZIOC maintains an equity stake in Jumelles, ZIOC also has the right to assign to eligible customers ZIOC's proportionate equity share of production at market related prices and contract terms.

ZIOC expects the PFS on the Zanaga Project will be completed in the first quarter of this year and will update the market with the results from the PFS in due course.