



ORE RESERVES & MINERAL RESOURCES

December 2007

Xstrata Zinc has adopted the 2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) as its standards for all public reports of Mineral Resources, Ore Reserves and Exploration Results.

The Ore Reserve and Mineral Resource Statement at 30th of June 2007 is consistent with the JORC Code and it's based on the Guidelines for "The Estimation and Public Reporting of Exploration Results, Mineral Resources and ore Reserves Xstrata Zinc", Version 29/11/2007.

Ore Reserve and Mineral Resource information in the tables below is based on information compiled by Competent Persons (as defined by the JORC Code).

Each of the Competent Persons has the appropriate professional membership and the relevant experience in relation to the Mineral Resources and/or Ore Reserves being reported by them to qualify as a Competent Person as defined in the JORC Code. The Competent Persons have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The Ore Reserves and Mineral Resources figures in the following tables are as at 30 June 2007.

Metric units are used throughout. All data is presented on a 100% basis. All tonnes and grade information has been rounded to reflect the relative uncertainty in the estimates; there may therefore be small differences in the totals. Mineral Resources are reported inclusive of those Mineral Resources modified to produce Ore Reserves.

Commodity prices and exchange rates used to estimate the economic viability of Ore Reserves are based on long term forecasts applied at the time the estimate was calculated.

This statement has been reviewed, extracted and compiled by Ignacio Seebold, Xstrata Zinc (ICOG-EurGeol).

Definitions

The following definitions (as per the JORC Code 2004), have been applied in estimating the Ore Reserves and Mineral Resources position of the Xstrata Zinc disclosed within this document.

Mineral Resource: a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Inferred Mineral Resource: that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Indicated Mineral Resource: that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Measured Mineral Resource: that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Ore Reserve: the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

Probable Ore Reserve: the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Proved Ore Reserve: the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Xstrata Zinc - Reserves and Resources (total mine basis)
As at 30th June 2007

Name of Operation	% ownership	Mining Method	Commodity	Ore Reserves		Mineral Resources			Competent person*
				Proved (Mt)	Probable (Mt)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	
Zinc Lead Australia - June 2007									
Mount Isa	100.0%								
Black Star Open Cut (a)		OC	Ore	15.6	16.9	27.5	5.3	5	JM/JM
			% Zinc	4.8%	5.4%	5.3%	4.8%	6%	
			% Lead	2.6%	3.7%	3.3%	2.9%	4%	
			Silver g/t	51	70	64	57	80	
Mount Isa Open Pit - Excl. Black Star (b)		OC	Ore	-	-	94.1	80.1	100	JM/JM
			% Zinc			4.1%	3.9%	4%	
			% Lead			3.3%	3.1%	3%	
			Silver g/t			77	75	70	
George Fisher (c)	100.0%								
George Fisher South (Hilton) Orebodies		UG	Ore	14.7	3.6	24.9	10.6	10	MH/GK
			% Zinc	8.2%	7.2%	9.6%	9.3%	10%	
			% Lead	5.7%	5.6%	6.9%	6.7%	6%	
			Silver g/t	125	125	150	140	100	
George Fisher North Orebodies		UG	Ore	11.0	17.9	14.0	29.8	35	MH/GK
			% Zinc	8.8%	8.3%	10.5%	9.6%	9%	
			% Lead	4.7%	4.0%	5.3%	4.1%	5%	
			Silver g/t	89	73	100	73	80	
Handlebar Hill Open Cut		OC	Ore	2.8	1.5	6.0	3.2	0.8	AJ/LN
			% Zinc	7.0%	6.4%	4.7%	4.5%	4%	
			% Lead	2.5%	2.2%	1.5%	1.4%	1%	
			Silver g/t	48	39	30	26	20	
Lady Loretta (d)	75.0%	UG	Ore	-	-	7.5	5.1	1.1	PB
			% Zinc	-	-	17.4%	16.3%	17%	
			% Lead	-	-	6.7%	4.7%	5%	
			Silver g/t	-	-	105	84	86	
Lennard Shelf (e)	50.0%	UG	Ore	-	2.7	1.2	1.1	0.2	PS/PS
			% Zinc	-	7.4%	8.8%	8.0%	10%	
			% Lead	-	1.8%	2.3%	1.8%	2%	
McArthur River (f)	100.0%								
Open Cut		OC	Ore	-	46.3	98.0	46.0	-	SP/DH
			% Zinc	-	9.6%	12.0%	9.0%	-	
			% Lead	-	4.2%	5.0%	4.5%	-	
			Silver g/t	-	43	50	44	-	
Woyzbun South Zone		UG	Ore	-	-	-	8.3	-	SP/DH
			% Zinc	-	-	-	14.0%	-	
			% Lead	-	-	-	5.6%	-	
			Silver g/t	-	-	-	58	-	
Zinc Lead Canada - June 2007									
Brunswick Mine (g)	100.0%	UG	Ore	9.9	1.2	12.9	2.6	-	PB/EC
			% Zinc	8.6%	8.4%	9.5%	8.9%	-	
			% Lead	3.5%	3.2%	3.8%	3.4%	-	
			% Copper	0.4%	0.2%	0.4%	0.4%	-	
			Silver g/t	106	77	116	91	-	
Perseverance (h)	100.0%	UG	Ore	4.2	0.8	4.4	0.8	-	AC/AC
			% Zinc	13.7%	14.2%	16.2%	13.7%	-	
			% Copper	1.1%	1.0%	1.3%	1.0%	-	
			Silver g/t	26	26	30.0	27.0	-	
			Gold g/t	0.3	0.3	0.4	0.3	-	

* Competent Person for Mineral Resource / Competent Person for Ore Reserve

NOTES:

All Ore Reserve and Mineral Resource estimates in the table represent the position at 30 June 2007.

Rounding to two significant figures has been applied generally to tonnage and grade estimates with rounding to one significant figure applied in most cases to Inferred mineral Resources.

Mineral Resources Reported on Inclusive Basis

In this table, where both Ore Reserves and Mineral Resources are reported, the Measured and Indicated Mineral Resources are inclusive of those Resources modified to produce the Ore Reserves. Rounding to two significant figures has been applied generally to tonnage and grade estimates with rounding to one significant figure applied in most cases to Inferred Resources.

Ore Reserves

The term 'Ore Reserves', as defined in Clause 28 of The Australasian Code for Reporting of Mineral Exploration Results, Mineral Resources and Ore Reserves (The JORC Code), December 2004 edition, has the same meaning as 'Mineral Reserves' as defined in The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves.

The CIM Definition Standards are incorporated, by reference, in the Canadian Securities Administrators (CSA) National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

Competent Persons

JM = J Moncrieff, Xstrata Zinc, (AustIMM)

MH = M Haydon, Xstrata Zinc, (AIG)

GK = G Karunatilake, Xstrata Zinc, (AustIMM/IMMM)

AJ = A Jones, Xstrata Zinc (AustIMM)

LN = L Neindorf (AustIMM)

PB = P Bernard, P.Ge., Xstrata Zinc, (APEGNB)

SP = S Pevely, Xstrata Zinc, (AustIMM)

DH = D Herbert, AMDAD Pty Ltd, (AustIMM)

PS = P Spurgeon, Lennard Shelf Pty Ltd, (AIG)

EC = É Côté, P.Eng., Xstrata Zinc, (APEGNB)

AC = A. Côté, Xstrata Zinc, (CCPG)

(1) Competent Person for Mineral Resource Statement, (2) Competent Person for Ore Reserve Statement.

These statements are based on and accurately reflect information compiled by the Competent Persons named in the table. Except D.Herbert (Australian Mine Design & Development Pty Ltd) and P. Spurgeon (Lennard Shelf Pty Ltd) all Competent Persons are employees of the Xstrata group of companies. Each of the Competent Persons has the appropriate professional membership and the relevant experience in relation to the Mineral Resources and/or Ore Reserves being reported by them to qualify as a Competent Person as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code). The Competent Persons have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

MOUNT ISA, Queensland

(a) Black Star Open Cut

- Lead-zinc-silver mineralisation occurs in galena and sphalerite-rich bedding parallel horizons in dolomitic and variably carbonaceous pyritic shales and siltstone. Approximately 85% of the lead-zinc-silver resource is primary sulphide, the remainder being considered as transitional (mixed primary sulphide and secondary oxide/carbonate) mineralisation
- Mine production totalling 2.9 million tonnes at 2.8 % Pb, 4.9 % Zn and 52 g/t Ag depleted the Ore Reserves and Mineral Resources.
- Mineral Resource categorisation is based on assessment of orebody continuity, structural complexity and adequacy of data coverage
- The Mineral Resource is contained within a designed Stage 5 pit and is reported above a 19.6 NSR (AUD/tonne - Net Smelter Return).
- The Mineral Resource estimate is based on a block model built with grade interpolation by ordinary kriging reporting to blocks with dimensions of 6mE x 15mN x 8mRI,
- The resource model is developed from approximately 1,020,350m of diamond drilling, 18,400m of RC drilling and 168,200m of underground sampling.
- Potential revenue from the oxidised portion of the silver, lead, zinc mineralisation has not been used in the optimisation nor has this mineralisation been reported as Mineral Resource.

(b) Isa Open Pit

- Lead-zinc-silver mineralisation occurs in galena and sphalerite-rich bedding parallel horizons in dolomitic and variably carbonaceous pyritic shales and siltstone. Approximately 85% of the lead-zinc-silver resource is primary sulphide, the remainder being considered as transitional (mixed primary sulphide and secondary oxide/carbonate) mineralisation.
- The Black Star Open Cut Resource has been removed from the Isa Open Pit and is reported separately
- Mineral Resource categorisation is based on assessment of orebody continuity, structural complexity and adequacy of data coverage,
- Pit optimisation was applied to the new resource block model, using Measured, Indicated and Inferred Mineral Resources, and a pit shell was generated. Mineral Resources have been reported inside this pit shell using a cut off 19.6 NSR (AUD/tonne - Net Smelter Return),
- The NSR is calculated on a recoverable payable basis, taking lead, zinc and silver grades, metallurgical recoveries, prices and realisation costs into account.
- Potential revenue from the oxidised portion of the silver, lead, zinc mineralisation has not been used in the optimisation nor has this mineralisation been reported as Mineral Resource

(c) GEORGE FISHER, Queensland

George Fisher North & South Orebodies

- Lead-zinc-silver mineralisation occurs in galena- and sphalerite-rich bedding parallel horizons in dolomitic and variably carbonaceous pyritic shales and siltstones.
- The Mineral Resource estimate is based on grade interpolated by ordinary kriging using the easting offset method and reporting to blocks 2mE x 5mN x 5mRI.
- Mineral Resource is reported for Measured, Indicated and Inferred resource blocks above a 62.0 (AUD\$/Tonne) NSR (Net Smelter Return).
- Mine production totalling 2.5 million tonnes at 4.1 % Pb, 7.9 % Zn and 89 g/t Ag depleted the Ore Reserves and Mineral Resources.
- Orebody re-interpretation, re-modelling and reclassification of the Identified Mineral Resources were completed on the basis of additional geological information and operating experience during the year. Classification is based on assessment of orebody continuity, structural complexity and adequacy of data coverage.
- Ore reserves are based on a 62.00 (AUD/Tonne) net smelter return (NSR) cut-off.
- Total ore reserve tonnage increased by 2.5 million tonnes (5.6%) due to change in economic assumptions, additional drilling, improved resource to reserve conversion and orebody re-interpretation.
- 2007 reserve Silver and Lead grades were lower than 2006 grades.
- Stope geotechnical performance in C and D ore bodies was continually monitored in 2006/07. Modified Dilution Graph, RQD Plots & Stable Beam Theory based stope designs were used in C and D ore bodies. Historical dilution values were used where limited geotechnical data was available.

Handlebar Hill Open Cut

- Lead-zinc-silver mineralisation occurs in galena and sphalerite-rich bedding parallel horizons in dolomitic and variably carbonaceous pyritic shales and siltstone.
- The lead-zinc-silver Resource is transitional sulphide material. Potential revenue from the oxidised portion of the silver, lead, zinc mineralisation has not been used in the optimisation nor has this mineralisation been reported as Mineral Resource.
- Mineral Resource categorisation is based on assessment of orebody continuity, structural complexity and adequacy of data coverage.
- The Mineral Resource is contained within a designed Stage 2 pit and is reported above a Aus \$21.40 / tonne NSR (Net Smelter Return)..
- The Mineral Resource estimate is based on a block model built with grade interpolation by ordinary kriging reporting to blocks with dimensions of 6mE x 15mN x 8mRI.
- The resource model is developed from approximately 176,604m of diamond drilling, 2,585m of RC drilling and 3099.5m of underground sampling

(d) LADY LORETTA, Queensland

- Lead-zinc-silver mineralisation occurs in a galena and sphalerite rich massive sulphide lens located in carbonaceous pyritic shales and siltstones. The deposit is structurally complex and consists of a tight syncline dislocated by few major faults. The deeper and high grade portion of the deposit (known as the 'Keel' area) reaches 480 meters below the surface.
- Discovered in 1969 by surface diamond drilling, the deposit has been explored from underground in 1986-1988 via a 468 m deep shaft. Extensive additional surface exploration diamond drilling was performed in 1999 and 2000 by Noranda Pacific Pty Ltd in joint venture with Buka Minerals Pty Limited.
- A 3D geological model is based on 246 surface exploration drill holes and 153 underground drill holes. A geostatistical analysis was conducted and a block model generated by Snowden Mining Consultants in April 2000. With this block model, a preliminary mining plan has been completed in October 2000 by Australian Mining Consultants Pty Limited (AMC). Mineral Resources shown in the above table represent the in-situ contents of AMC's 443 planned stopes with no dilution and mining recovery factor applied.
- A feasibility study was completed by Noranda in December 2000 but the project remained essentially idle from 2001 to 2005. A project review and gap analysis was conducted in 2006. This review included an update of the Mineral Resource estimate with the assistance of Snowden Mining Consultants. This update was based on a revised geological model which included few metallurgical test holes drilled from April to July 2000 and some adjustments to diamond drill hole collar coordinates. Resource confidence categorisation was also revisited and the Mineral Resources were breakdown into five different metallurgical ore-types. A NI 43-101 compliant technical report was produced in March 2007.
- The Mineral Resources estimate is based on a Net Smelter Return (NSR) cut-off of 35\$US.
- The Lady Loretta deposit is owned at 75% by Noranda Pacific Pty Limited (wholly owned by Xstrata plc) and at 25% by Buka Minerals Limited (wholly owned by Mineral Securities Limited, London, UK).

(e) LENNARD SHELF, Western Australia

- Lennard Shelf Pty Ltd is owned by Xstrata plc (50%) and Teck Cominco Ltd (50%).
- Lead-zinc mineralization at Pillara Mine is related to faults, fractures and breccias and is described as typical Mississippi Valley Type (MVT). Historical underground mine production by previous owners totals 10.3 Mt @ 6.9% Zn and 2.3% Pb (June 1997 to October 2003). The mine was under care and maintenance from November 2003 to May 2006 when the decision was made to re-open the mine. Commercial production resumed in May 2007.
- Underground mining zones are Pillara South, F10B, East Fault, F8 "Footwall lodes" and remnants of the West Fault. Two primary open methods will be used: Up Hole Benching and Sub Level Open Stopping (SLOS).
- Resource estimates are reported Inclusive of Reserves and represent the tonnes and grade for each of the scheduled stopes before dilution and extraction rates were applied. By only reporting scheduled stopes, we insure "Reasonable Prospects of Economic Extraction".
- Ore Reserves are categorized as Probable only and are derived from Measured and Indicated Resources to which variable stope dilution estimates and 95% stope extraction rate (mining recovery) were applied.
- A new model for the majority of mining zones at Pillara will be completed for EOY reporting. Currently all Reserves are categorised as Probable, with the updated model a substantial amount of this Reserve will move to the Proven category..

(f) McARTHUR RIVER, Northern Territory

- Probable Reserves have been depleted by a total of 1.99 million tonnes at 10.8% Zn, 4.2%Pb and 42 g/t Ag of reconciled production that was mined within the 2006-2007 reporting period. A total of 7.7Mt of probable reserve has now been depleted within Pit Shell Stage 6 from 1995 to 30th June 2007.
- As of 1 July 2005, all identified mineral resources and reserves tabulated here, except for Woyzbun South, are reported within a designed ultimate Pit Shell (Stg8_r3.00t) and there is a reasonable prospect that these resources will be mined at some stage in the future by open pit methods. This is based on an optimised shell assuming mining at 3.5Mt/pta, to produce a zinc concentrate, which is then refined using the Albion Process. Resources that fall outside the Pit Shell (Stg8-r3.00t), other than Woyzbun South, are not reported.
- Measured Resources are classified as those areas near and surrounding the underground and open cut mining, milling and reconciliation of ore bodies 2, 2/3, 3, 4, 5 and 6-8 from previous mining operations. These areas demonstrated good structural and grade continuity.
- Indicated Resources are classified based on areas of increased structural uncertainty due to faulting and folding and increased grade variation due to the proximity of the ore body fringe.
- All resources have been converted into Probable Ore Reserve on the basis of an estimated 15% internal and external waste dilution and 5% mining losses within Pit Shell Stage 6.
- Woyzbun South resources are classified as indicated and it assumed they will be mined at the end of the ultimate pit shell mine life by underground extraction.
- Zinc-lead-silver mineralisation occurs predominantly as ultra fine bedding parallel sphalerite and galena rich bands hosted by dolomitic and carbonaceous pyritic siltstones, graded beds and chaotic debris flow breccias.

(g) BRUNSWICK MINE, New Brunswick

- Lead-zinc-copper-silver mineralisation occurs in complexly deformed massive sulphide lenses, rich in galena and sphalerite (with minor chalcocopyrite) and hosted in sedimentary and volcanic rocks. The deposit extends from surface to a depth of 1,150 meters. The mine has been in continuous commercial production since 1964. Historical production at 30 June 2007 is 118.7 Mt at 8.8 %Zn, 3.5 %Pb, 0.4 %Cu and 103 g/t Ag. Current underground mining method is open stoping with delayed paste back fill.
- Total mine production for the first half of 2007 was 1.77 Mt at 8.1 %Zn, 3.1 %Pb, 0.4 %Cu and 102 g/t Ag. However, the Ore Reserves decreased only by 1.2 Mt from 1 January 2007 to 30 June 2007 mainly due to stope optimization and upgrade of Mineral Resource blocks to Ore Reserve status.
- The Mineral Resources and Ore Reserves are based on 3D geological and grade-NSR block models derived from 350 surface diamond drill holes, over 9,000 underground drill holes and extensive underground geological mapping. Reconciliation between 'run-of-mine' grade and 'mill head' grade for the first half of 2007 was good (7.95 %Zn mined compared to 8.14 %Zn milled) reflecting the robustness of the Ore Reserves estimates.
- Total Identified Mineral Resources represent 443 individual blocks of mineralisation located from the 425 m level down to the 1125 m level. Resource confidence categorization is essentially based on 1) the density of diamond drilling information, 2) the availability of geological mapping at the under cuts and/or over cuts and 3) the thickness, continuity and interpreted structural complexities of the mineralisation.
- Included in the Mineral Resources, the Ore Reserves consist of 294 individual stopes designed at various levels of engineering and located in 21 mining zones. Net Smelter Return (NSR) cut-off used is CDN\$ 60 per tonne. Average NSR value of the Ore Reserves is CDN\$ 157 per tonne. Average expected external dilution for stopes is 9.9% while average expected mining recovery for stopes is 83.2 %. Current Life-of-Mine schedule extends to mid 2010.
- An extensive engineering study and economical analysis has been undertaken in 2006 in order to screen the most potential resource blocks among all mine remnants.
- According to the generally accepted Canadian reporting approach recommended by the CIM Definition Standards, Mineral Resources at Brunswick Mine were reported in the past as being exclusive of (or 'in addition to') the Ore Reserves. For this reason, the Mineral Resources figures presented in the above table (inclusive of the Ore Reserves) may differ from the figures presented in other Canadian documents or presentations.

(h) PERSEVERANCE, Quebec

- The Perseverance resource comprises three separate and distinct Archean-age polymetallic volcanogenic massive sulphide deposits (Perseverance, Equinox and Perseverance West).
- The bulk of the zinc-copper-silver mineralisation is present as banded massive sulphides composed predominately of pyrite, sphalerite, chalcocopyrite and pyrrhotite. Less abundant sulphides are also present as stringer stockwork in adjacent alteration zones.
- Discovered by Noranda Inc in 2000, through an airborne geophysical survey campaign, the Perseverance Deposit was defined from surface, to an Indicated and Measured level of confidence that covers 90% of the Resource.
- A 3-D geological model was built from the 211 diamond drill holes totalling 51,377m. A geostatistical analysis and a block model were generated by Snowden Mining Consultants in September of 2001. Neither the geological models nor the resource block models integrated geological data from the 2001 metallurgical and geotechnical drilling programs, because the metallurgical and geotechnical drill holes were bulk assayed on a hole-by-hole basis to conserve sample weight, and were drilled after the block models were created. Geological information from these additional surface holes will be integrated into a revised 3D geological model when underground diamond drilling information becomes available.
- The above mentioned resources are based upon a US\$ 40 net smelter return (NSR) cut-off, at an average density of 3.91 and an average NSR of US\$ 99.43. The resource includes diluting dyke material in areas where the US\$ 40 cut-off is respected.
- The above mentioned reserves are based upon a US\$ 46 net smelter return (NSR) cut-off for blasthole and drift and fill stoping, and a US\$ 57 net smelter return (NSR) cut-off for cut and fill stoping. A 93% recovery factor has been applied. The reserves encompass an average 9.2% of internal dilution and 14.6% of external dilution.