



NEWS RELEASE

COMPLETION OF 1ST STAGE OF THE MOUNT ISA ZINC CONCENTRATOR UPGRADE AND EXPANSION

Madrid, 5 October 2006

Xstrata Zinc today announces that it has successfully completed the first stage of the project to upgrade and expand the Mount Isa zinc concentrator.

This first stage of the project comprised increasing the operating reliability of the old plant through the installation of a new crushing circuit and ore feed system, an enhanced maintenance program with special emphasis on the Heavy Medium plant and the recent commissioning of a new zinc filter plant. This project also included a low cost expansion of throughput capacity by an additional 1.5 million tonnes of ore per annum through the installation of a parallel second hand milling and flotation circuit acquired at a nominal cost.

The combined effect of the increased operating reliability of the old plant plus the new parallel circuit will increase the nominal feeding capacity of the concentrator to 6.5 million tonnes of ore per annum, which represents an improvement of more than 40% over the feed rate achieved in the first nine months of 2006.

Santiago Zaldumbide, Xstrata Zinc CEO said: "The completion of the first stage of the Mount Isa zinc concentrator upgrade and expansion is an important step in improving significantly the vertical integration of Xstrata Zinc. This important milestone together with the second stage of the project –to be completed during 2008- will increase total throughput capacity of the concentrator to 8 million tonnes per year of ore, representing a key transformational step for Xstrata Zinc."

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About Xstrata Zinc

Xstrata Zinc is one of the world's largest producers of zinc. 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.

Xstrata's zinc and lead operations are located in Australia, Canada, Germany, Spain and the UK. They comprise: the San Juan de Nieva zinc smelter and the Arnao zinc semis plant in Asturias, Spain; the Hinojedo roasting plant in Cantabria, Spain; the Nordenham zinc smelter in northern Germany; the Mount Isa, George Fisher-Hilton and Black Star zinc-lead mines and lead smelter in Queensland, Australia; McArthur River zinc-lead mine in the Northern Territory, Australia; the Northfleet lead refinery located in the UK; the Brunswick zinc-lead mine and lead smelter in New Brunswick, Canada, 25% of the CEZ zinc smelter near Montreal, Canada; 50% of Lennard Shelf zinc lead mine in Western Australia; 75% of Lady Loretta zinc lead deposit in Queensland, Australia; 33.75% of Antamina mine in Peru and the Perseverance zinc deposit in Quebec.