



NEWS RELEASE

HANDLEBAR HILL OPEN CUT MINE APPROVAL IN MOUNT ISA

Madrid and Mount Isa, 29 June, 2007

Xstrata Zinc today announces the approval of the Handlebar Hill open cut zinc-lead mine north of Mount Isa at a capital cost of US\$61 million (AUD79 million).

Recent drilling, metallurgical testing and design has confirmed a 4.3 million tonne open pit reserve in an area south of the George Fisher underground mine, located 22 kilometres north of Mount Isa. Ore will be mined at a rate of up to 1.75 million tonnes per annum (mtpa), crushed at George Fisher and trucked to the Mount Isa zinc-lead concentrator from mid 2008. The concentrator is currently being expanded from 6.5 mtpa to 8 mtpa at a capital cost of US\$120 million (AUD160 million). Ore is currently supplied to the concentrator from the George Fisher underground and Black Star open cut zinc-lead mines.

According to Xstrata Zinc Chief Executive Santiago Zaldumbide the approval is a further demonstration of Xstrata Zinc's commitment to the future of the business in Mount Isa.

"The new mine approval we are announcing today further builds upon the commitment we made last August to expand the Mount Isa zinc-lead concentrator capacity by 60 percent and the significant progress we have made in improving the operating efficiency and long-term viability of our zinc-lead business at Mount Isa over the past four years."

The commencement of the Handlebar Hill mine development is subject to approval of a mine plan amendment by the Queensland Department of Mines and Energy. A contracting firm will commence pre-stripping activities at the mine once approval has been granted. It is expected that there will be around 120 employees working in the open cut mine.

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Notes to editors 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, Peru, 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 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.