



Media Release

XSTRATA ZINC PROPOSES AUD133 MILLION MINE EXPANSION

Mount Isa, 30 March 2010

Xstrata Zinc is proposing to expand its Black Star Open Cut (BSOC) mine in Mount Isa through an AUD133 million project which will potentially extend the life of the mine at current production rates by four years to 2016.

Xstrata Zinc Australia Chief Operating Officer Brian Hearne, said the project remains subject to internal and external approvals but, if approved, the BSOC 'Deeps' project would ensure the mine's sustainability and maintain current employment levels. A feasibility study into the expansion commenced in 2009 and technical studies are continuing.

The project is expected to be submitted for approval to the Xstrata plc Executive Committee in April 2010.

Mr Hearne commented: "The investment in Black Star is part of a value adding strategy to increase production from current assets. With the deepening of Black Star, we can maximise the significant resource potential it contains and maintain the mine's current production profile. This would enable us to continue to fill the concentrator to its expanded 8 million tonnes per annum capacity."

The BSOC Deeps project would deepen the existing pit and target ore at a depth of 400 metres below ground surface level, 100 metres below the current design. This is expected to add approximately 14 million tonnes of ore to the production profile at a rate of up to 4.6 million tonnes per year.

Mr Hearne said that importantly, if approved, the expanded BSOC operation would continue to operate in accordance with approved operating procedures.

"Detailed planning shows the BSOC Deeps project will cause minimal changes to current environmental conditions," he said. "The detailed feasibility study initiated in 2009 supports this expansion and included detailed geotechnical analysis and studies into air quality, noise, vibration, surface and ground water."

A Mining Plan Amendment detailing plans for the development was submitted to the Queensland Government in March for consideration.

The project would employ up to 100 contractors during the development phase and maintain the current 190-strong workforce at BSOC.



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"This initiative is an important part of our continuing commitment to invest in the sustainability of our North Queensland assets and the communities in which we operate," Mr Hearne said.

The project has gained support from community leaders in Mount Isa including State Member for Mount Isa, Mrs Betty Kiernan MP, Cr John Molony, Mayor of Mount Isa, Mr Brett Peterson – President Mount Isa Chamber of Commerce and Mr David Glasson – Chair of Mount Isa Townsville Economic Zone (MITEZ).

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Notes to editors:

ABOUT XSTRATA PLC

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges, with its headquarters in Zug, Switzerland. Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with a growing platinum group metals business, additional exposures to gold, cobalt, lead and silver, recycling facilities and a suite of global technology products, 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 56,000 people, including contractors.

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, Handlebar Hill open cut and Black Star open cut zinc-lead mines, zinc-lead concentrator, lead smelter and Bowen Coke Works in north Queensland; the McArthur River open pit zinc-lead mine, processing and loading facility in the Northern Territory; and 75% of the Lady Loretta zinc lead deposit in north-west Queensland.

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.