



NEWS RELEASE

## Lady Loretta mines first ore ahead of schedule

Mount Isa, 25 September 2012

Ore production has commenced ahead of schedule at Xstrata Zinc's AUD303 million (US\$296 million) Lady Loretta mine in north-west Queensland, Australia.

First deliveries of zinc-lead-silver ore trucked into Mount Isa for processing will take place later this month. The early production, which accompanies ongoing development of the underground zinc-lead-silver mine, is well ahead of the original scheduled start date.

Full scale commercial mining at Lady Loretta will begin in mid-2013, delivering at full production an estimated 1.2 million tonnes of ore per annum. This will deliver an expected net increase in annual zinc production of 20% for Xstrata Zinc's Mount Isa operations and at full production will also provide 230 permanent jobs.

Chief Operating Officer of Xstrata Zinc Australia Brian Hearne said: "This project is of significant importance to our production profile and it is certainly a fantastic achievement to have production well ahead of the original schedule.

"We are taking early advantage of Lady Loretta's higher grade zinc which will improve the overall quality of our Mount Isa resource base. It is all part of our plan to increase mining and concentrate production from the region."

The Lady Loretta deposit contains an estimated 12.7 million tonne reserve, consisting of a 14.2% zinc and 4.8% lead grade, alongside 84 grams of silver per tonne. The amount of zinc metal contained is assessed at 1,803kt and lead metal contained at 610kt over a mine life of 12 years.

Construction of the Lady Loretta project 140km north-west of Mount Isa commenced in July 2011. The project was originally expected to commence first ore production by the end of 2013 but in May 2012 the decision was taken to accelerate development of the mine by developing the upper ore bodies independently of the deeper underground resources, and to increase the annual ore production rate from 1.0 million tonnes to 1.2 million tonnes.

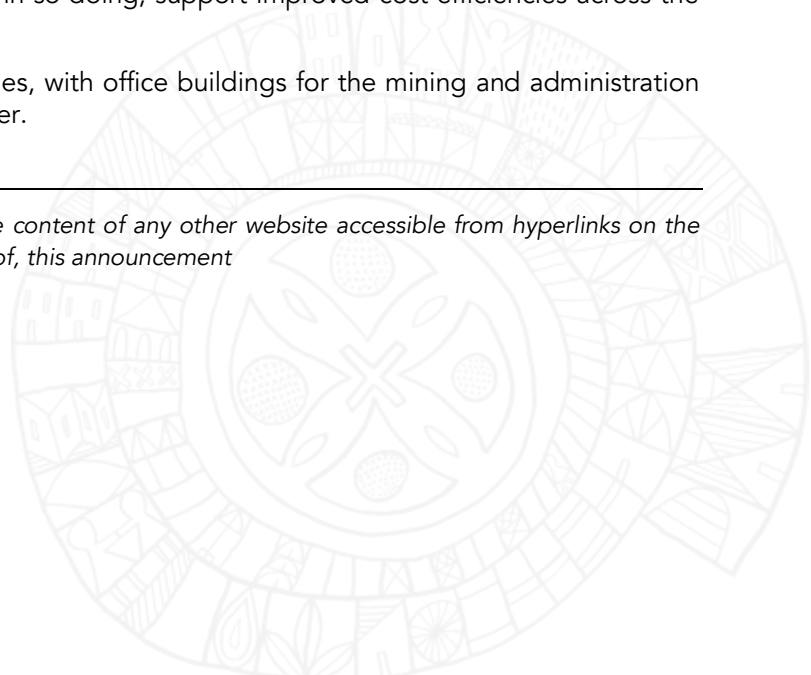
Lady Loretta's ore will go through primary crushing on site before being transported to the Xstrata Zinc Mount Isa complex for processing. There, blended with ore from the George Fisher underground mine, Black Star Open Cut and Handlebar Hill Open Cut mines, the high-grade Lady Loretta ore has the potential to lift average grades and metal production and in so doing, support improved cost efficiencies across the North Queensland business.

Construction of the surface infrastructure continues, with office buildings for the mining and administration team nearing completion by the end of September.

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*Neither the content of the company's website nor the content of any other website accessible from hyperlinks on the company's website is incorporated into, or forms part of, this announcement*



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## Notes to editors

### About Xstrata Zinc

Headquartered in Madrid, Spain, we are one of the world's largest vertically integrated producers of zinc, with an annual production of about a million tonnes of mined zinc. We have operations in Australia, America, and Europe, including world-class mines and deposits in Northern and East Australia, Canada, Peru, and processing and refining facilities in Spain, Germany and the United Kingdom.

Zinc is a versatile material that plays a vital role in modern society. It is an essential nutrient in human health and very useful in crop yield improvement. Zinc in galvanizing protects steel against corrosion for its use in automobiles, buildings and others. It is also used for the production of zinc die-casting alloys, brass and oxide, and in manufacturing batteries and other electrical and consumer goods.

For more information, visit [www.xstratazinc.com](http://www.xstratazinc.com)

### About Xstrata plc

We are a major producer of a range of vital commodities used in everything from constructing buildings and delivering electricity, to developing jet engines and mobile phones. We are one of the top five global producers of copper, thermal and metallurgical coal, ferrochrome, zinc and nickel and we also produce silver, lead, platinum, gold, cobalt and vanadium.

Founded in 2002 and headquartered in Switzerland, we operate in over 20 countries and employ over 70,000 people at more than 100 operations and projects around the world. We work in a responsible and sustainable way, with an entrepreneurial spirit and dynamic approach. For more information, visit [www.xstrata.com](http://www.xstrata.com)

### About the Lady Loretta project

Lady Loretta is an underground high-grade zinc, lead and silver deposit, located approximately 140 kilometres north north-west of Mount Isa, in northwest Queensland. The deposit was first discovered in 1969 and in April 2011, Xstrata Zinc Australia gained full ownership of the deposit, having acquired the 25 per cent held by our previous joint venture partner. With Lady Loretta, Xstrata Zinc's resources in and around Mount Isa now total more than 400 million tonnes of ore. This makes it the largest zinc resource base in the world.

A recruitment campaign commenced in September 2012 to find the first 60 of 230 permanent employees. Vacancies offered include jumbo operators, fitters, boilermakers, auto electricians, nippers, longhole drillers, development and production chargers, loader operators, underground haul truck operators, store persons, diesel fitters and electricians.