



NEWS RELEASE

## Lady Loretta and Handlebar Hill Mines Expanding

Mount Isa, 1 May 2012

Xstrata Zinc is accelerating production from the Lady Loretta underground mine and further extending the life of the Handlebar Hill open cut operation in Queensland, Australia, generating a net increase in annual zinc production of 5% (or 25,000 tonnes).

Construction of the Lady Loretta project commenced in July 2011 to develop a greenfield underground zinc-lead-silver mine 140km north-west of Mount Isa, originally expected to commence production by the end of 2013 at a rate of 1 million tonnes per annum (Mtpa). Work on the decline development, surface infrastructure and services are progressing well ahead of schedule.

A further AUD57 million has been approved to accelerate the development of the mine, increasing the annual ore production rate from 1.0Mt to 1.2Mt and bringing forward the start of production by one year to late 2012. Work has commenced immediately to secure key equipment and redesign the development infrastructure, mining plan and associated road upgrades to accommodate the increased annual ore volume.

The accelerated development of Lady Loretta has been supported by an increase in total resources<sup>i</sup> from 12.6 million tonnes in June 2010 to 13.3 million tonnes in December 2011. This assessment increases the amount of zinc metal contained by 12% to 1,406kt and lead metal contained by 10% to 448kt over a 12 year mine life.

Xstrata Zinc Australia Chief Operating Officer Brian Hearne said expansions of both mines through a total additional investment of AUD87 million would realise significant value from our Australian zinc business, including an estimated 30 new direct jobs.

"We are accelerating the delivery of ore from Lady Loretta to Mount Isa by developing the upper ore bodies independently to the deeper underground resources," Mr Hearne said.

"At the same time, we are investing in a further expansion of the Handlebar Hill operation following improvements in mining methods and metallurgical performance since the mine was designed in 2007."

The improvements have allowed us to look at mining previously marginal ore."

The AUD30 million Handlebar Hill Open Cut South project supports the third stage of expansion of this operation, 20km north of Mount Isa, and extends the life of mine by a year to 2014.

Developing a narrow cutback to the south of the pit and targeting deeper ore from under the first two stages of development adds approximately 1 million tonnes of ore at 8.7% zinc, 2.7% lead and 44g/t silver to the existing Handlebar Hill open pit reserves.

*End*

*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*

### Xstrata Zinc contacts:

**Joanne Pafumi**

GM Corporate Affairs, Community Relations and Human Resources

Xstrata Zinc Australia

Telephone +61 7 3295 7586

Mobile +61 0411 759 683

Email [jpafumi@xstratazinc.com.au](mailto:jpafumi@xstratazinc.com.au)

**Fran Rossberg**

Manager Corporate Affairs and Community Relations  
Xstrata Zinc Australia

Telephone +61 7 3295 7584

Mobile +61 0422 980 120

Email [frrossberg@xstratazinc.com.au](mailto:frrossberg@xstratazinc.com.au)

[www.xstratazinc.com](http://www.xstratazinc.com)

[www.mcarthurrivermine.com.au](http://www.mcarthurrivermine.com.au)

---

## 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 tons 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)

---

<sup>i</sup> Published in the Xstrata plc *Mineral Resources and Ore Reserves, December 2011*