



NEWS RELEASE

Xstrata Zinc continues to increase Lady Loretta production

Mount Isa, 21 December 2012

Xstrata Zinc announces plans to increase ore production by a further 33% to 1.6 million tonnes per annum at its high-grade Lady Loretta mine in north-west Queensland, Australia. The greenfield underground zinc-lead-silver Lady Loretta mine commenced ore production ahead of schedule in September. Commercial-scale mining is due to commence in mid-2013 and the expanded production rate of 1.6 million tonne per annum level is expected by 2016.

Lady Loretta was originally designed to produce one million tonnes of ore per annum, but Xstrata Zinc's project teams have continued to assess opportunities to increase maximum output. An internal study identified an opportunity to increase the maximum output of the Lady Loretta mine by reviewing stoping sequences over the life of mine, the second project announced this year to accelerate production. This latest expansion increases maximum output by 60% over the original mine plan through a AUD59.2 million (US\$60.4 million) project and brings the total investment to develop the mine to date to AUD362.2 million (US\$356.4 million).

Xstrata Zinc Australia Chief Operating Officer, Brian Hearne said: "This increase in high-grade ore supplied to our Mount Isa processing facilities reflects Lady Loretta's important place in our regional production profile.

"The expansion project will allow the earlier recovery of resources from several of Lady Loretta's upper ore bodies and will increase the number of stoping levels available in the underground mine in future years.

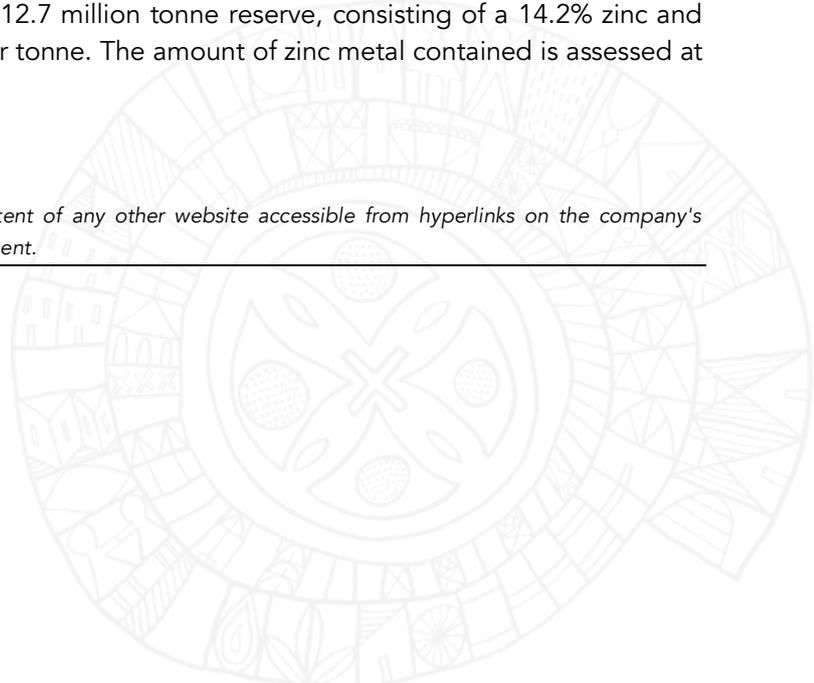
"To achieve this, we are investing in larger ore handling facilities, increased mobile and fixed plant equipment including an expanded ventilation system, more village accommodation and utilities upgrades."

Construction is well advanced on the concrete batch plant, paste plant, warehouse, fuel farm and power station with surface infrastructure now 56% complete. The operation will employ a permanent workforce of more than 200 people.

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.

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.



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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 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

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

About the Lady Loretta project

Lady Loretta is a high-grade zinc, lead and silver deposit located approximately 140 kilometres north west of Mount Isa, in north west 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.

In September, Xstrata Zinc announced that ore production had commenced at Lady Loretta ahead of schedule. 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.