NEWS RELEASE

INTEGRATED DEVELOPMENT PLAN TO SECURE FUTURE OF MCARTHUR RIVER MINE

Darwin, 11 March 2011

Xstrata Zinc is investigating an integrated development plan involving its European and Canadian smelters to increase capacity at McArthur River Mine in the Northern Territory, Australia. The plan aims to secure the long-term future of the operation in the face of a decline in the traditional international markets for the bulk zinc-lead concentrate produced by the mine.

The AUD900 million (USD900 million) plan involves an increase in mine production at MRM, the installation of proprietary hydrometallurgy technology in Xstrata Zinc's San Juan de Nieva smelter in Spain and Nordenham smelter in Germany, and potentially, further improvements in the Brunswick Lead Smelter in Canada.

Xstrata Zinc Australia Chief Operating Officer Mr Brian Hearne said the feasibility of this integrated plan is dependent on the development of MRM.

"It is only by increasing production at MRM and reducing unit costs that the overall project is financially viable," Mr Hearne said.

"We are prepared to increase smelter capacity and invest in this plan in order to create a new, guaranteed market for MRM bulk concentrate and extend the life of mine by 6 years to 2033."

The proposal involves increasing MRM mine production to approximately 5 million tonnes per year resulting in an increase in bulk zinc/lead concentrate volume to 800,000 tonnes per annum. The indicative cost of this part of the integrated plan is AUD270 million (USD270 million). During 2010, MRM produced 2.2 million tonnes of ore and 384,000 dry metric tonnes of bulk concentrate.

Mr Hearne said the Imperial Smelting Furnaces which currently consume MRM bulk concentrate now produce less than 6% of the world's primary zinc and that this market is declining.

"Over 90% of zinc produced globally is produced by electrolytic smelters which cannot use bulk concentrate," he said.

"This is why the opportunity to supply Xstrata Zinc smelters using new technology that can consume MRM's bulk concentrate is essential."

Mr Hearne said this is the third phase of development at MRM after commencing as an underground mine in 1995 and converting to open pit mining in a project completed in 2009.

"The open pit operation has already enabled MRM to meet all targeted objectives on production, employment, environmental management and socio-economic benefits for the region," he said.

A notice of intent for an environmental assessment of the proposed MRM development has been lodged with the Northern Territory Government.

This assessment and a concurrent economic feasibility study, will investigate the environmental, infrastructure and operational requirements associated with the proposed development at MRM.

Mr Hearne said a scoping study conducted in 2010 has already confirmed the proposed development would not expand the open pit beyond the current boundary of the bund wall and there is no intention of further diversions to the McArthur River or Barney Creek channels.

"It has always been understood that MRM held significant potential reserves so the civil works were planned in such a way to enable the mine's future expansion subject to approvals," he said.

Mr Hearne said the decision to proceed with the proposed development is subject to the outcomes of ongoing feasibility studies and associated technology trials in Europe as well as the environmental assessment for MRM.

A demonstration plant was commissioned in July 2010 at the San Juan de Nieva Smelter and another will be commissioned in Nordenham in early 2011.

In the years since initial open pit mining approvals were received in October 2006, MRM has maintained its record of good environmental performance, committed over AUD7 million (USD7 million) to support the development of the Gulf region and its communities and increased indigenous workforce participation in the operation from 9% to 21%.

The MRM zinc-lead mine is located 900 kilometres south-east of Darwin and employs around 440 employees and contractors.

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ABOUT XSTRATA PLC

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges. Headquartered in Zug, Switzerland, Xstrata maintains a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc with additional exposure to gold, cobalt, lead and silver. The Xstrata Group also comprises a growing platinum group metals business, iron ore projects, recycling facilities and a suite of global technology products, many of which are industry leaders. The Group's operations and projects span 20 countries.

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.