



**NEWS RELEASE**

**McARTHUR RIVER MINING EXPANDS CONCENTRATOR  
CAPACITY**

Madrid and Darwin, 6 March 2007

Xstrata Zinc announces that the capacity of the concentrator at the McArthur River open pit zinc-lead mine ("MRM") in the Northern Territory will be increased within the mine's overall footprint and in an energy efficient manner.

MRM's concentrator capacity will be increased from an annual throughput of 1.8 million tonnes per annum of ore to 2.5 million tonnes per annum, at a low capital cost of US\$37 million (AUD50 million).

The expansion will enable annual production capacity to increase from approximately 320,000 tonnes to around 430,000 tonnes of zinc-lead concentrate, including the potential to produce a bulk concentrate with lower lead content, which can be processed in conventional smelters.

Additional production will be achieved with no increase to the mine's overall footprint, through the installation of two newly-developed Xstrata Technology fine grinding M10,000 IsaMills, to be used in the primary grinding circuit. This will improve energy efficiency and enable additional production from existing power generation facilities. The expansion is expected to be commissioned in mid 2008 and will be fully operational by the end of the third quarter of 2008.

Commenting on the expansion Xstrata Zinc Chief Executive Santiago Zaldumbide said: "The additional US\$37 million investment in MRM we are announcing today is a further demonstration of our commitment to the long-term viability of our zinc-lead business in the Northern Territory.

"I am especially pleased that MRM senior management has been able to increase the capacity of the operation in an innovative, cost-effective and energy efficient manner."

General Manager of McArthur River Mining Brian Hearne said: "Current output from the MRM open pit is limited by electricity produced at the onsite power plant. The installation of new power factor correction capacitors will make an additional 2 megawatts of power available to provide a total of 6 megawatts of power for the expansion. Together with the new M10,000 IsaMills, MRM's output can be expanded from 1.8 to 2.5 million tonnes per annum."

The expansion is subject to the approval of an amendment to MRM's Mine Management Plan by the Northern Territory Government. It will reduce MRM's current mine life from 25 to 21 years.

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**Xstrata contacts**

Claire Divver  
Telephone +44 20 7968 2871  
Mobile +44 7785 964 340  
Email cdivver@xstrata.com

Joanne Pafumi, Rowland Communication  
Telephone +61 (7) 3229 4499  
Mobile +61 (411) 759 683  
Email Joanne.pafumi@rowland.com.au

Sue Sara  
Telephone +61 (7) 3295 7535  
Mobile +61 (411) 206 090  
Email suesara@xstrata.com.au

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

**About Xstrata Zinc:**

Xstrata Zinc is one of the world's largest producers of zinc. 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.

Xstrata's zinc and lead operations are located in Australia, Canada, Germany, Peru, Spain and the UK. They comprise: the San Juan de Nieva zinc smelter and the Arnao zinc semis plant in Asturias, Spain; the Hinojedo roasting plant in Cantabria, Spain; the Nordenham zinc smelter in northern Germany; the Mount Isa, George Fisher and Black Star zinc-lead mines and lead smelter in Queensland, Australia; McArthur River zinc-lead mine in the Northern Territory, Australia; the Northfleet lead refinery located in the UK; the Brunswick zinc-lead mine and lead smelter in New Brunswick, Canada, 25% of the CEZ zinc smelter near Montreal, Canada; 50% of Lennard Shelf zinc lead mine in Western Australia; 75% of Lady Loretta zinc lead deposit in Queensland, Australia; 33.75% of Antamina mine in Peru and the Perseverance zinc deposit in Quebec.