



NEWS RELEASE

**XSTRATA ZINC COMMENCES CONSTRUCTION OF
BRACEMAC-MCLEOD MINE**

Matagami, July 9, 2010

Xstrata Zinc Canada announces the commencement of construction of the new Bracemac-McLeod Mine. At full production, the mine will produce 80,000 tonnes of zinc and 10,000 tonnes of copper annually, with development tonnes expected in early 2012 ramping up to reach full production in the first quarter of 2013. The total capital cost for the mine is approximately C\$158 million (US\$151 million), of which Xstrata's share will be approximately C\$104 million (US\$98 million). The mine will provide 250 jobs for its life span of at least 4 years and will be located approximately 4 kilometres from Xstrata Zinc's Matagami concentrator, which is currently supplied with ore from Xstrata Zinc's nearby Perseverance Mine.

Jean Desrosiers, Vice-President, Mining Operations, Xstrata Zinc Canada commented: "We are delighted to be able to commence construction on the development of the Bracemac-McLeod Mine. The project is a low capital cost, high return project that will provide a continued feed of ore to Xstrata's Matagami concentrator once the Perseverance Mine comes to the end of its life. The new mine will use existing processing infrastructure and will provide ongoing employment opportunities for the existing workforce at Perseverance. The new mine will also minimise its environmental footprint by using the closed Bell-Allard South mine pit to dig the new ramp."

The Bracemac-McLeod project is the result of a successful exploration joint venture with Donner Metals. The project will be managed and operated by Xstrata Zinc, while Donner Metals has the right to earn in a 35% share in the joint venture by proportionately funding its share of the capital costs.

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Notes to editors

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.

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 a growing platinum group metals business, additional exposures to gold, cobalt, lead and silver, recycling facilities and a suite of global technology products, many of which are industry leaders. The Group's operations and projects span 19 countries.