

Press release

11 December 2006

Zinifex and Umicore seek to create the world's leading producer of zinc metal

Umicore and Zinifex today announced that they had signed a Memorandum of Understanding (MOU) with the objective of combining their respective zinc smelting and alloying businesses. The combination of these businesses would lead to the creation of the world's pre-eminent zinc metal producer with operations on four continents.

Jointly announcing the intended transaction, Greig Gailey, Chief Executive Officer of Zinifex and Thomas Leysen, Chief Executive Officer of Umicore, spoke of the unique opportunity to create a metals business with a truly global reach.

"For Umicore, combining these operations represents an exciting new opportunity for our zinc smelting and alloying operations and would offer the combined entity the chance to pursue its own strategic destiny, guided by an independent management team" said Thomas Leysen.

Greig Gailey, said "By combining our metals businesses we will be able to create an enterprise that would be a global market leader with greater potential than if they remain separately within our respective businesses".

Both Zinifex and Umicore have a track record for proactive, sector-leading commitment to safety and environmental responsibility which will continue to be a hallmark of the new company. The combined business would possess a portfolio of quality assets and would benefit from a presence in both the established and emerging markets of the world. It would also possess significant expertise in the development and marketing of zinc die-casting and galvanizing alloys.

The Zinifex assets to be contributed are the Hobart (Australia), Port Pirie (Australia), Clarksville (USA) and Budel (Netherlands) smelting and alloying operations as well as its shareholdings in Australian Refined Alloys (Australia) and Genesis Alloys (China).

The Umicore assets to be contributed are the Balen (Belgium), Overpelt (Belgium), Aubry (France) and GM Metal (France) smelting and alloying operations as well as its shareholdings in Padaeng Industry (Thailand), Galva 45 (France), Umicore Yunnan Zinc Alloys (China) and Föhl China (China).

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Combined, these entities produce some 1.2 million tonnes of zinc and zinc alloys per year and employ some 4,500 people.

It is the intention of Umicore and Zinifex that the new company would operate as an independent entity from its inception with its own Board of Directors and Executive Committee. The jointly owned company would be incorporated in Belgium, have its global headquarters in London and have regional support centres in Melbourne (Australia) and Balen (Belgium). Executive management will be drawn jointly from the two companies. Paul Fowler, currently Chief Operating Officer at Zinifex, is Chief Executive Officer elect and Heinz Eigner, currently Controller of the Zinc Specialties business group at Umicore, is Chief Financial Officer elect.

The formation of the new enterprise is fully consistent with the respective strategies of the two companies.

Thomas Leysen said, "For Umicore, the transaction would not only be beneficial for the future of the company's zinc refining and alloying assets but would also represent a final stage in the transformation of the company by allowing us to concentrate fully on further developing our materials technology business."

"For Zinifex this gives our refining and smelting business the opportunity to flourish as part of a stronger more diversified global enterprise while at the same time enabling us to focus more clearly on our ambitions to vigorously grow our mining business " Mr. Gailey said.

The two companies are committed to working together to complete final due diligence and structuring discussions over the next few months with a view to signing a binding Business Combination and Sales Agreement (BCSA) by the end of the first quarter of calendar 2007. Subject to required presentation to the works councils in Europe and the receipt of necessary regulatory and shareholder approvals, the new venture is targeted to come into existence in the third quarter of calendar 2007.

Subsequent to the formation of the joint venture, both companies would intend to undertake an initial public offering of shares in the new enterprise at an appropriate time.

Zinifex and Umicore shares in the new enterprise will reflect the relative value of the contributed assets. Until such time as the IPO occurs, however, the initial joint venture will be structured on an equal ownership basis with an appropriate equalisation payment being made to Zinifex from debt raised by the joint venture company.

Under the terms of the MOU, both companies have agreed not to pursue competing transactions or to permit due diligence investigations to be undertaken by third parties in relation to the assets planned to be contributed to the new enterprise. However, these restrictions will not apply if either company receives an unsolicited, superior proposal which would prevent the new venture from taking place. If either company solicits a competing transaction or terminates the MOU as the result of receiving a superior proposal, a break fee of 7.5 million Euro is payable.

Note: UBS is acting as exclusive financial adviser to Umicore and Zinifex

A conference call and audio webcast has been organized for 09:30 GMT (10:30 CET and 20:30 Australian EST) on 12 December at which Thomas Leysen (Umicore CEO) and Greig Gailey (Zinifex CEO) will outline the proposal and be available to answer questions.

The audio webcast can be accessed via following link:

<http://wcc.webeventservices.com/view/wl/r.htm?e=32921&s=1&k=469F08CBCE49A797EF F310AC7B1A47E9&cb=genesys>

The conference call can be accessed via the following numbers

Australia	1800 9890 15 (+61 (0)28 2239 540)
Austria	0800 6779 76 (+43 (0)268 2205 6293)
Belgium	0800 5063 6 (+32 (0)2 290 14 11)
Czech Republic	800 1428 33
Denmark	808 8666 1 (+45 3271 4611)
Estonia	800 0044 177
Finland	0800 1174 89 (+358 (0)9 2313 9202)
France	0800 9402 21 (+33 (0)1 7099 3212)
Germany	0800 1100 200 (+49 (0)695 8999 0509)
Greece	00 800 1270 29
Hungary	0680 0180 78 (+36 (0)618 8932 17)
Ireland	1800 9321 09 (+353 (0)1 4364 108)
Italy	800 9874 69 (+39 023 0350 9005)
Latvia	800 2237
Luxembourg	800 2492 8 (+352 2700 0734 18)
Netherlands	0800 0201 228 (+31 (0)20 7965 012)
Poland	00 800 1212 096
Portugal	8008 1544 3 (+351 211 2017 32)
Romania	0800 8945 07
Spain	8000 9801 9 (+34 917 8895 11)
Sweden	0200 8901 86 (+46 (0)8 5052 0114)
Switzerland	0800 0009 97 (+41 (0)2 2592 7011)
UK	0500 5510 88 (+44 (0)20 7162 0125)
US	+1 866 803 8344 (+1 334 323 6203)

A presentation of the proposals is also available on <http://www.investorrelations.umicore.com/en/zinc/>

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PROFILE: Umicore

Umicore is a materials technology group. Its activities are centered on four business areas: Advanced Materials, Precious Metals Products and Catalysts, Precious Metals Services and Zinc Specialties. Each business area is divided into market-focused business units.

Umicore focuses on application areas where it knows its expertise in materials science, chemistry and metallurgy can make a real difference, be it in products that are essential to everyday life or those at the cutting edge of new technological developments. Umicore's overriding goal of sustainable value creation is based on this ambition to develop, produce and recycle materials in a way that fulfils its mission: materials for a better life.

The Umicore Group has industrial operations on all continents and serves a global customer base; it generated a turnover of EUR 6.6 billion in 2005 and currently employs some 16,000 people.

PROFILE: Zinifex

Zinifex is a major producer of zinc, lead and silver. We aim to deliver attractive returns to our shareholders and mutually beneficial results for our other stakeholders.

Zinifex has a clear strategy to grow its mining business and is rapidly building its exploration and development activities. We also seek to enhance the returns from our smelting operations.

Zinifex owns and operates two mines, a zinc refinery and a lead smelter in Australia as well as zinc refineries in the Netherlands and the United States. Zinifex's range of zinc metal, lead metal and associated alloys are sold in 20 countries including China and the growing industrial markets of the Asian region.

In 2006 Zinifex generated revenues of A\$ 3.1 billion and currently employs some 3,500 employees and contractors.