

Farallon Announces Extension Of Zinc And Copper Concentrates Contracts Up To December 2014

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VANCOUVER, Aug. 19 /CNW/ - [Farallon Mining Ltd.](#) ("Farallon" or the "Company") (TSX:FAN) announces that it has extended its zinc and copper concentrates contracts for 2 1/2 years with Trafigura Beheer BV Amsterdam, up to December 2014. More favourable terms have been agreed in both contracts reflecting the current market situation and adjusted to Farallon's quality.

For zinc, a fixed treatment charge has been negotiated for tonnage shipped between July 1st, 2010 and March 30th, 2011. From April 1st 2011 to September 30th 2012, a discount over the benchmark treatment charges will be applied to 50% of zinc concentrates production and starting 1st October 2012, a discount over the benchmark treatment charges will apply to 100% of Farallon production of zinc concentrates. In the case of copper concentrates fixed treatment and refining charges apply; however, from August 2011 benchmark treatment and refining charges will be applied.

For more than 2 years, since Farallon started production at the G-9 mine, the Company's concentrates have been shipped to smelters in Korea, China, Japan and Canada. Both Farallon zinc and copper concentrates are "clean" concentrates with unusually low levels of impurities. At the same time, both concentrates are high in precious metals. As a result, all smelters are fully satisfied with Farallon's quality, confirming the positioning of the Farallon brand in the international market.

Dick Whittington said: "We are very pleased to be able to restructure our concentrate off-take contracts and to extend our relationship with Trafigura. This is a key component in getting our products to market on a competitive basis and providing shareholder value at the same time."

Farallon operates the G-9 zinc mine on its Campo Morado Property in Guerrero State, Mexico. G-9 is a 1,500 tonnes per day, underground zinc mine with important by-product credits of copper, gold, and silver. G-9 has total cash costs(1) in the lowest 10% of zinc producers worldwide. The Company is targeting to produce at an annualized production rate of 120 million pounds of zinc and 15 million pounds of copper per year.

ON BEHALF OF THE BOARD OF DIRECTORS

J.R.H. (Dick) Whittington
President & CEO

Notes:

1. Total Cash Costs and Adjusted EBITDA are Non-GAAP Financial Measures. Please read page 8 of the Company's MD&A for 2nd Quarter 2010 for further information.

No regulatory authority has approved or disapproved the information contained in this news release

Forward Looking Information

This news release includes certain statements that may be deemed "forward-looking statements." All statements in this release, other than statements of historical facts, that address future production, reserve or resource potential, continuity of mineralization, exploration drilling, operational activities, production rates, costs to completion and events or developments that the Company expects, or is targeting, are forward-looking statements. Although the Company believes that the expectations expressed in such forward looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements and may require achievement of a number of operational, technical, economic, financial and legal objectives. The likelihood of continued future mining at Campo Morado is subject to a large number of risks,

including obtaining lower than expected grades and quantities of mineralization and resources, lower than expected mill recovery rates and mining rates, changes in and the effect of government policies with respect to mineral exploration and exploitation, the possibility of local disputes including blockades of the company's property and/or labor disputes, the possibility of adverse developments in the financial markets generally, fluctuations in the prices of zinc, gold, silver, copper and lead, obtaining additional mining and construction permits, preparation of all necessary engineering for ongoing underground and processing facilities as well as receipt of additional financing to fund mine construction, development and operation, if needed. Such funding may not be available to the Company on acceptable terms or on any terms at all. For more information on the Company and the risk factors inherent in its business, investors should review the Company's Annual Information Form at www.sedar.com.

Information Concerning Estimates of Indicated Resources

This news release uses the term "indicated resources". Farallon advises investors that although these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the U.S. Securities and Exchange Commission does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into reserves.

For further information:

For further details on Farallon, please visit the Company's website at www.farallonmining.com or contact Neil MacRae, Investor Relations Manager, at (604) 638-2160, or within North America at 1-877-688-2050

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