



PRODUCTION REPORT FOR SIX MONTHS ENDED 30 JUNE 2008

Zug, 30 July 2008

Highlights:

- Record first half production of ferrochrome, platinum, semi-soft and coking coal, refined nickel, zinc in concentrate and lead in concentrate
- Coal production recovered strongly from adverse weather conditions in Queensland, Australia and in South Africa in the first quarter, which impacted all open pit coal producers
- Electricity to South African operations continues to be restricted to 90% of normal supply, constraining production growth in ferrochrome and vanadium and, to a lesser extent, South African thermal coal
- Copper, coal, nickel and zinc production accelerated in the second quarter compared to the first quarter, with further significant volume growth expected in the second half
- A number of key growth projects were successfully completed and contributed to volume growth in key commodities, including:
 - expansion of the Mount Owen coal handling and preparation plant and commissioning of the new Southstock 5-seam underground mine
 - ramp up of the first phase of the Elandsfontein platinum mine and PGM concentrator in South Africa, which reached steady state production ahead of schedule
 - ramp up of the low-cost Lion ferrochrome smelting complex and Bokamoso pelletising plant
- Several projects currently in execution will start to deliver growth from the second half of the year, including:
 - commissioning of the Sinclair nickel mine in Western Australia and the Perseverance zinc mine in Canada
 - completion of the new Liddell coal handling and preparation plant
 - expansions to the Lomas Bayas copper mine and Altonorte smelter in Chile and the McArthur River Mine zinc-lead open-pit and concentrator in the Northern Territory, Australia
 - ramp up of the Mount Isa zinc-lead concentrator expansion to increase annual capacity to 8 million tonnes and augment metal production by 30% year-on-year
 - continued ramp up of the 32 million tonnes per annum expansion to Cerrejón coal mine in Colombia
- Successful integration of the recently acquired Resource Pacific, Jubilee and Tahmoor operations contributed to first half production growth and will provide meaningful future growth
- Significantly stronger second half performance expected across the portfolio on the back of higher grades at a number of copper and nickel operations, the resolution of one-off operational issues and the contribution of recently acquired and newly commissioned operations.

Xstrata Alloys

Chrome volumes increased by 3% in the first half of 2008 compared to the same period last year, a new six month production record. This was achieved as a result of the ramp up of the new Lion smelter and the full 6 month contribution from previously idled capacity, which was gradually returned to production during the first half of 2007. The full benefit of additional capacity was partially offset by planned and extended furnace shutdowns in response to reduced electricity supply from Eskom (South Africa's power utility), as part of a national energy shortage in South Africa. Reduced power supply also impacted vanadium volumes, which fell by 25% compared to the same period in 2007.

Platinum volumes increased by 198% reflecting the ramp up of the Elandsfontein mine acquired through the Eland Platinum transaction in the fourth quarter of 2007.

Chrome

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
Attributable* saleable production (kt)	615	598	1,219
* Including Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture			

Vanadium

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
Consolidated* saleable production			
Ferrovanadium (k kg)	1,528	2,055	4,280
Vanadium pentoxide (k lb)	6,927	9,249	18,870
* Consolidated 100%			

Platinum

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
Consolidated* saleable production (oz)			
Platinum	64,518	21,619	57,303
Palladium	30,625	12,773	32,618
Rhodium	8,056	3,684	9,294
* Consolidated 100% of Eland and 50% of Mototolo			

Xstrata Coal

Total consolidated production volumes increased by 4% to 40 million tonnes during the first half of 2008, due to higher volumes of semi-soft and coking coal, up 22% and 39% respectively over the first half of 2007, and stable thermal coal production.

The New South Wales operations prioritised higher-margin semi-soft coal production at the expense of growth in thermal coal production. Semi-soft production also benefited from the inclusion of the recent Resource Pacific acquisition. Lower thermal coal production in New South Wales was offset by improved operational performance at Cerrejón in Colombia, as the operation ramps up to an annual run rate of 32 million tonnes per annum. Thermal coal production in Queensland and South Africa recovered well from heavy rainfall in both regions and South African power outages, with production remaining consistent with the prior period.

Despite extreme storms in Queensland, coking coal production was boosted by improved performance from the Oaky Creek longwalls and the inclusion of the recently acquired Tahmoor operation in New South Wales.

(million tonnes)	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
Total consolidated production	39.6	38.1	82.8
Total thermal coal	33.1	33.1	69.6
Australian thermal	16.9	17.4	35.0
South African thermal*	11.0	11.0	24.7
Americas thermal	5.2	4.7	9.9
Total coking coal (Australia)	3.2	2.3	6.8
Total semi-soft coking (Australia)	3.3	2.7	6.4
* For production reporting DTJV is included for the first six months. For financial reporting DTJV will be excluded from Xstrata Coal's ex-mine results as a result of the DTJV re-structuring announced on 3 March 2008			

Xstrata Copper

Total mined copper production remained at a similar level to the first half of 2007. Volumes were significantly higher at Ernest Henry Mine due to higher head grades and at Collahuasi, where production in the comparable period of 2007 was impacted by a shutdown of the main SAG mill. At Antamina the mine plan moved into a section of higher copper grade ore which boosted production despite lower milling rates resulting from operational difficulties with the SAG mill.

The benefit of improved performance at these operations was offset by lower volumes at Minera Alumbrera, Tintaya and Lomas Bayas. At Alumbrera, lower mining rates caused by lower grades and increased haulage distances were compounded by the processing of oxidised stockpiles with consequent lower recoveries. Production at Tintaya was constrained by lower grades, the treatment of high clay content ores and adverse weather. At Lomas Bayas, production was affected by conveyor system failures and acid supply issues.

Gold production increased by 3% due to higher grades at Ernest Henry, partially offset by lower volumes from Alumbrera.

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
Argentina – Alumbrera*			
Material mined (t)	47,067,883	57,780,262	109,925,781
Ore mined (t)	8,457,363	13,328,046	25,617,080
Copper head grade (%)	0.45	0.52	0.56
Gold head grade (g/t)	0.55	0.57	0.67
Ore treated (t)	18,534,333	19,288,423	38,606,768
Concentrate produced (t)	268,320	322,603	697,525
Copper in concentrate (t)	65,674	83,447	180,223
Gold in concentrate (oz)	217,407	228,832	540,788
Gold in doré (oz)	28,001	21,935	74,372
Total gold (oz)	245,408	250,767	615,160
Australia - Ernest Henry			
Material mined (t)	18,527,862	22,087,316	40,388,117
Ore mined (t)	7,848,977	4,195,595	11,547,835
Copper head grade (%)	1.08	0.82	0.94
Gold head grade (g/t)	0.54	0.41	0.47
Ore treated (t)	5,656,346	5,254,823	11,114,286
Concentrate produced (t)	195,061	133,794	326,857
Copper in concentrate (t)	55,739	39,512	95,846
Gold in concentrate (oz)	74,024	49,975	123,305
Australia - Mount Isa			
Ore mined (t)	2,783,427	2,768,737	6,008,567
Copper head grade (%)	2.81	3.04	3.12
Ore treated (t)	2,783,426	2,829,044	6,059,744
Concentrate produced from ore (t)	272,802	314,658	679,948
Copper in concentrate from ore (t)	70,950	78,452	172,552
Anode copper (t)	110,733	113,340	217,907
Refined copper (t)	119,142	116,402	231,959

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
Canada - Kidd Creek mine copper			
Ore mined (t)	1,308,572	1,203,418	2,346,260
Copper head grade (%)	1.68	1.95	2.10
Ore treated (t)	1,263,504	1,223,162	2,364,603
Concentrate produced (t)	69,999	80,197	163,130
Copper in concentrate (t)	19,488	22,503	46,615
Copper cathode (t)	63,768	60,692	127,784
Canada - Horne			
Concentrate treated (t)	389,276	403,608	796,639
Anode copper (t)	86,582	85,063	177,289
Canada - CCR Refinery			
Refined copper (t)	179,503	164,400	319,552
Chile – Collahuasi**			
Material mined (t)	36,352,800	42,455,556	79,982,760
Ore mined (t)	11,818,840	13,723,947	27,266,800
Copper head grade (%)	1.15	0.93	1.10
Ore milled (t)	9,456,884	8,814,901	19,219,139
Concentrate produced (t)	324,327	241,494	592,234
Copper in concentrate (t)	87,347	70,647	173,303
Copper cathode (t)	11,124	12,982	25,593
Chile - Lomas Bayas			
Material mined (t)	23,303,000	25,300,000	47,997,375
ROM leach (t)	12,568,000	10,818,060	22,441,476
ROM copper grade (%)	0.22	0.25	0.25
Heap leach (t)	6,793,000	6,252,028	13,098,070
Heap leach copper grade (%)	0.4	0.43	0.41
Copper cathode (t)	28,292	32,587	61,401
Chile - Altonorte			
Anode copper (t)	127,339	141,777	272,846
Peru - Antamina Copper***			
Material mined (t)	19,720,281	18,043,594	39,115,169
Ore mined (t)	6,025,238	5,688,596	12,337,415
Copper head grade (%)	1.30	1.13	1.21
Ore treated (t)	4,808,492	5,357,509	10,521,097
Copper concentrate produced (t)	198,954	181,848	383,109
Copper in concentrate (t)	56,908	52,455	111,347
Peru - Tintaya			
Material mined (t)	38,773,288	36,919,900	76,453,827
Ore mined (t)	3,741,261	5,588,642	11,766,019
Ore milled (t)	3,401,373	3,257,272	6,766,802
Copper grade in ore milled (%)	1.22	1.38	1.44
Gold grade in ore milled (g/t)	0.21	0.37	0.36
Concentrate produced (t)	107,389	115,463	251,094
Copper in concentrate (t)	32,782	39,598	83,802
Gold in concentrate (oz)	12,256	20,458	38,792
Copper cathode (t)	12,178	16,953	35,982
Total mined copper production (t) (contained metal)	444,269	449,136	986,663
Total mined gold production (oz) (contained metal)	331,688	321,200	777,257
Total copper cathode (t) (from mined and third party material)	414,007	404,016	802,271
* 100% consolidated figures			
** Xstrata Copper's pro-rata share of Collahuasi (44%)			
*** Xstrata Copper's pro-rata share of Antamina (33.75%)			

Xstrata Nickel

Despite a stronger second quarter performance, total mined nickel production decreased by 6% in the first half of 2008 compared to the same period last year. Production at the Sudbury and Montcalm operations was impacted by lower grades, reflecting the current transitional phase between existing Sudbury mines, which are nearing their end of life and the commencement of production at the new low-cost Nickel Rim South and Fraser Morgan mines in 2009. Expansion of the Raglan Mine in the Canadian Arctic continues, however severe weather, planned maintenance and lower head grades at the existing operation reduced first half mined nickel production by 16%.

Lower mine feed from the Sudbury operations also impacted nickel in matte production at the Sudbury Smelter, but was partly offset by increased volumes of third party feed. Nikkelverk achieved first-half record production of refined nickel resulting from improved efficiency at the nickel tankhouses.

Xstrata Nickel Australasia (XNA), a new operating division created following the acquisition of Jubilee Mines NL which completed on 22 February 2008, contributed 2,712 tonnes of mined nickel. The integration of the acquisition is proceeding well and work continues to focus on optimising the mine planning schedule and increasing drilling activity to enable production to increase in the second half of 2008.

Despite planned maintenance shutdowns in early 2008, Falcondo achieved a solid production performance of 14,395 tonnes of ferronickel. Significant progress has been made to expedite the studies of a coal conversion project to reduce Falcondo's reliance on crude oil in a high oil price environment.

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
North America – Sudbury Operations			
Ore mined (t)	882,151	982,712	1,866,022
Nickel head grade (%)	0.96	1.06	1.04
Copper head grade (%)	1.16	1.12	1.10
Ore treated (t)	1,033,141	1,133,752	2,177,105
Nickel in concentrate (t)	8,533	10,794	19,757
Nickel in matte (t)	30,488	33,535	67,576
Copper in concentrate (t)	10,785	11,711	21,853
Copper in matte (t)	9,245	11,094	21,978
Cobalt in concentrate (t)	270	334	620
Cobalt in matte (t)	1,190	1,125	2,498
North America – Montcalm			
Ore mined (t)	503,896	476,166	929,251
Nickel head grade (%)	1.27	1.37	1.34
Copper head grade (%)	0.67	0.69	0.66
Ore treated (t)	463,491	464,041	940,853
Nickel in concentrate (t)	4,748	5,061	10,140
Copper in concentrate (t)	2,618	2,791	5,443
Cobalt in concentrate (t)	182	203	404
North America – Raglan			
Ore mined (t)	686,836	606,174	1,127,383
Nickel head grade (%)	2.22	2.75	2.58
Copper head grade (%)	0.60	0.80	0.73
Ore treated (t)	650,594	603,266	1,153,582
Nickel in concentrate (t)	12,339	14,619	26,059
Copper in concentrate (t)	3,015	3,841	6,729
Cobalt in concentrate (t)	261	289	523

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
Australia – XNA*			
Ore mined (t)	99,549	-	-
Nickel head grade (%)	3.35	-	-
Ore treated (t)	96,139	-	-
Nickel in concentrate (t)	2,712	-	-
Copper in concentrate (t)	104	-	-
Cobalt in concentrate (t)	33	-	-
Dominican Republic – Falcondo**			
Ore mined (t)	2,090,601	2,044,362	4,062,530
Nickel head grade (%)	1.17	1.16	1.16
Ore treated (t)	1,326,795	1,295,791	2,563,961
Nickel in ferronickel (t)	14,395	14,749	29,130
Europe – Nikkelverk			
Nickel metal (t)	43,574	42,871	87,590
Copper metal (t)	18,796	17,969	34,212
Cobalt metal (t)	1,665	1,919	3,939
Total mined nickel production (t) (contained metal)	26,610	28,349	52,108
Total mined ferronickel production (t) (contained metal)	14,395	14,749	29,130
Total mined copper production (t) (contained metal)	15,215	17,121	31,425
Total mined cobalt production (t) (contained metal)	683	755	1,412
* Consolidated from 31 January 2008			
** 100% consolidated figures			

Xstrata Zinc

During the first half of 2008, Xstrata Zinc achieved record production of zinc in concentrate. The expansion of the Australian operations and improved productivity increased volumes of zinc concentrate despite slightly lower head grades, offset to some extent by lower production in Canada, following a seismic event at the Brunswick mine in January which sustained minor damage to the operation. Total zinc metal production was marginally lower following the failure of a transformer at the San Juan de Nieva smelter in the first quarter, which offset the benefit of improved recoveries at the Nordenham and Canadian refineries.

Lead in concentrate production increased by 16% to achieve a record six month production. This was realised through recent expansions, higher grades and improved concentrator recoveries at the Australian operations. Lead metal production at the Northfleet refinery was up 23%, primarily due to increased volumes of Mount Isa concentrate.

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
Australia – Mount Isa			
Ore mined (t)	2,891,174	2,732,429	5,120,651
Zinc head grade (%)	6.1	6.5	6.5
Lead head grade (%)	3.7	3.3	3.3
Silver head grade (g/t)	76.9	69.8	69.1
Ore treated (t)	2,843,197	2,789,717	4,986,078
Zinc in concentrate (t)	128,567	115,248	226,529
Lead in concentrate (t)	73,798	55,586	104,381
Lead in lead/silver bullion (t)	83,139	56,669	125,572
Lead in purchased concentrate smelted(t)	19,349	8,490	31,560
Silver in crude lead (koz)	5,263	3,192	7,533
Silver in purchased concentrate smelted (koz)	2,357	1,046	4,042
Australia – McArthur River			
Ore mined (t)	1,021,473	817,419	1,961,347
Zinc head grade (%)	9.0	10.2	10.2
Lead head grade (%)	4.4	4.1	4.2
Ore treated (t)	1,035,318	945,837	1,886,627
Zinc in concentrate (t)	66,562	70,549	137,737
Lead in concentrate (t)	18,002	16,159	33,040
Silver in concentrate (koz)	607	597	1,184
Australia – Lennard Shelf*			
Zinc in concentrate (t)	12,422	6,458	21,045
Lead in lead concentrate (t)	3,632	2,406	6,197
Europe – San Juan de Nieva			
Zinc metal (t)	223,454	247,690	478,031
Europe – Nordenham			
Zinc metal (t)	78,737	71,920	150,222
Europe – Northfleet			
Mount Isa sourced lead (t)	71,119	50,277	111,974
Other lead (t)	81	7,432	7,417
Total lead (t)	71,200	57,709	119,391
Mount Isa refined silver (koz)	4,031	2,331	5,808
Total silver (koz)	4,031	2,331	5,808

	Six months to 30.06.08	Six months to 30.06.07	Year ended 31.12.07
North America – Brunswick mine			
Ore mined (t)	1,675,866	1,788,195	3,437,265
Zinc head grade (%)	8.1	8.1	8.4
Lead head grade (%)	3.1	3.1	3.3
Silver head grade (g/t)	103.3	102.1	105.0
Ore treated (t)	1,662,290	1,768,311	3,411,156
Zinc in zinc concentrate (t)	107,517	117,439	230,991
Zinc in bulk concentrate (t)	8,660	10,218	20,804
Lead in bulk concentrate (t)	6,419	7,927	16,926
Lead in lead concentrate (t)	25,902	27,709	53,191
Lead in lead concentrate to smelter (t)	25,412	31,174	54,238
Lead in other feeds to smelter (t)	16,860	9,199	16,539
Total refined lead (t)	42,272	41,824	70,777
Silver in bulk concentrate (koz)	456	508	1,094
Silver in lead concentrate to smelter (koz)	1,307	1,469	2,643
Silver in other feeds to smelter (koz)	1,525	1,329	2,336
Total silver in doré (koz)	2,780	2,846	4,979
North America – CEZ refinery **			
Zinc metal (t)	35,945	31,549	72,924
North America-Kidd Creek			
Zinc metal (t)	73,807	63,329	142,549
Peru - Antamina Zinc***			
Ore mined (t)	6,025,252	5,688,593	12,337,415
Zinc head grade (%)	1.5	2.1	1.2
Ore treated (t)	4,808,497	2,299,722	10,521,090
Zinc in concentrate (t)	57,050	57,132	98,449
Total zinc in concentrate production (t)	380,778	377,044	735,555
Total zinc metal production (t)	411,943	414,488	843,726
Total lead in concentrate production (t)	127,753	109,787	213,735
Total lead metal production (t)	113,472	99,533	190,168
* Xstrata Zinc's pro-rata share of Lennard Shelf production (50%), closure announced on 14 July 2008			
** Xstrata Zinc's pro-rata share of CEZ production (25%)			
*** Xstrata Zinc's pro-rata share of Antamina production (33.75%)			

Ends

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Notes to editors

About Xstrata plc

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges, with its headquarters in Zug, Switzerland. Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with additional exposures to platinum group metals, 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 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, South Africa, Spain, Tanzania, the USA and the UK. Xstrata employs approximately 56,000 people, including contractors.