



## PRODUCTION REPORT FOR 12 MONTHS ENDED 31 DECEMBER 2008

Zug, 29 January 2009

### Highlights:

- Record annual production of platinum, coking coal, thermal coal, mined nickel, zinc in concentrate and lead in concentrate
- Resource Pacific, Jubilee and Tahmoor acquisitions were successfully integrated to contribute and will deliver meaningful growth
- In July, the Perseverance zinc mine in Canada started production and in October, Xstrata Nickel's Sinclair mine in Australia commenced operations
- In response to weak market conditions from the third quarter, Xstrata acted quickly to suspend higher cost production and reduce existing capacity in light of weak demand, including:
  - Placing the Falcondo ferronickel operation in the Dominican Republic on care and maintenance
  - Accelerating the end of mine life closure of Craig and Thayer-Lindsley nickel mines in Sudbury, Canada
  - Closing the joint venture Lennard Shelf zinc-lead mine in Western Australia
  - Optimising the Mount Isa zinc-lead operations, including putting Handlebar Hill into care and maintenance
  - Suspending the longwall panel at the Oaky Creek No1 coking coal operation in Australia
  - Temporarily suspending 80% of the Xstrata-Merafe Chrome Venture's annual smelting capacity in South Africa

## Xstrata Alloys

Chrome production decreased by 8% year on year, as a result of the temporary suspension of six ferrochrome furnaces in November and a further five furnaces in December representing 52% of annual operating capacity in response to markedly weaker demand, following the global financial crisis in the third quarter. Capacity reduction in the final part of the year, together with reduced electricity supply from Eskom (South Africa's power utility), more than offset the benefit of increased capacity from the ramp up of the new energy efficient Lion smelter and the gradual return during the first half of previously idled capacity.

A further six furnaces were suspended in January, leaving three out of twenty ferrochrome furnaces operating. The total suspended ferrochrome production capacity represents 1.37 million tonnes or 80% of annual operating capacity.

Reduced power supply and a planned plant closure in December to reduce excessive vanadium stock levels impacted ferrovandium volumes, which fell by 15% compared to 2007.

Platinum volumes increased by 141% to over 138,000 ounces, reflecting the successful ramp up of the Elandsfontein mine and concentrator, which in June reached steady state phase one month ahead of schedule and within budget.

### Chrome

	Year ended 31.12.08	Year ended 31.12.07
Attributable* saleable production (kt)	1,126	1,219
Indicative average published price (US¢/lb) (European benchmark)	175.8	89.3
* Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture		

### Vanadium

	Year ended 31.12.08	Year ended 31.12.07
Consolidated** ferrovandium saleable production (k kg)	3,622	4,280
Consolidated** vanadium pentoxide saleable production (k lb)	16,604	18,870
Indicative average published price ferrovandium (US\$/kg) (Metal Bulletin)	61.2	37.2
Indicative average published price vanadium pentoxide (US\$/lb) (Metal Bulletin)	13.5	7.4
* Consolidated 100%		

### Platinum

	Year ended 31.12.08	Year ended 31.12.07
Consolidated*** saleable production (oz)		
Platinum	138,098	57,303
Palladium	65,774	32,618
Rhodium	18,644	9,294
Average prices (\$/oz)		
Platinum (London Platinum & Palladium Market)	1,578	1,337
Palladium (London Platinum & Palladium Market)	353	355
Rhodium (Metals Week)	6,483	6,201
*** Consolidated 100% of Eland and 50% of Mototolo		

## Xstrata Coal

Total consolidated production increased by 3% to 85.5 million tonnes in 2008, with thermal and coking coal up 5% and 1% respectively compared to 2007. Total thermal coal production rose to 73.3 million tonnes, due to continued productivity gains at the Newlands Northern Underground, the ramp up of the Ulan Underground longwall and the commencement of the owner-operated Glendell operation. Cerrejón continued to increase production in line with the ramp up to an annual run rate of 32 million tonnes. South African production decreased following the planned closure of the Impunzi Underground mine, partially offset by the ramp up of the Goedgevonden open-cut operation.

Semi-soft coking coal production decreased by 17% to 5.3 million tonnes, due to reduced demand following the decline in steel and manufacturing markets during the last quarter. This capacity was redirected to the thermal coal market.

Coking coal volumes remained consistent with the prior year. In December, the longwall production panel at the Oaky Creek No 1 operation was suspended in response to reduced market demand and sales for hard coking coal.

	Year ended 31.12.08	Year ended 31.12.07
<b>Total consolidated production (million tonnes)</b>	<b>85.5</b>	82.8
Total thermal coal	<b>73.3</b>	69.6
Australian thermal	<b>40.2</b>	35.0
South African thermal*	<b>22.7</b>	24.7
Americas thermal	<b>10.4</b>	9.9
Australia coking	<b>6.9</b>	6.8
Australia semi-soft coking	<b>5.3</b>	6.4
Average received export FOB coal price (\$/t)		
Australian thermal	<b>95.6</b>	51.2
South African thermal	<b>78.4</b>	51.7
Americas thermal	<b>80.9</b>	52.3
Australian coking	<b>232.5</b>	98.1
Australian semi-soft coking	<b>157.5</b>	62.5
* For production reporting DTJV is included for the full year ended 31 December 2008. For financial reporting DTJV will be excluded from Xstrata Coal's ex-mine results due to the DTJV re-structuring announced on 3 March 2008		

## Xstrata Copper

Total mined copper production decreased by 3% to 952,426 tonnes in 2008, mainly due to planned lower grades at Mount Isa, Alumbreira, Lomas Bayas and Kidd Creek mines. A strong second half production performance delivered a 16% increase compared to the first half.

Improved grades at Ernest Henry in Australia and at Collahuasi and Antamina in South America contributed to higher year-on-year output at these operations and compensated for unplanned SAG mill shutdowns at both South American operations during the year. Overall volumes were impacted by lower grades and reduced mill throughput at Alumbreira, lower grades at Mount Isa and Lomas Bayas and reduced oxide ore availability at Tintaya's SX/EW leaching operation.

Gold production reduced by 12% in 2008 due to lower gold grades and reduced ore volumes at Alumbreira, partially offset by an 18% increase in gold production at Ernest Henry.

	Year ended 31.12.08	Year ended 31.12.07
<b>Argentina – Alumbreira*</b>		
Material mined (t)	99,397,413	109,925,71
Ore mined (t)	28,070,827	25,617,080
Copper head grade (%)	0.50	0.56
Gold head grade (g/t)	0.55	0.67
Ore treated (t)	37,502,049	38,606,768
Concentrate produced (t)	614,810	697,525
Copper in concentrate (t)	156,893	180,223
Gold in concentrate (oz)	443,919	540,788
Gold in doré (oz)	60,484	74,372
Total gold (oz)	504,403	615,160
<b>Australia - Ernest Henry</b>		
Material mined (t)	31,278,138	40,388,117
Ore mined (t)	12,164,437	11,547,835
Copper head grade (%)	1.07	0.94
Gold head grade (g/t)	0.53	0.47
Ore treated (t)	11,406,365	11,114,286
Concentrate produced (t)	387,803	326,857
Copper in concentrate (t)	110,890	95,846
Gold in concentrate (oz)	146,116	123,305
<b>Australia - Mount Isa</b>		
Ore mined (t)	5,913,003	6,008,567
Copper head grade (%)	2.84	3.12
Ore treated (t)	5,881,244	6,059,744
Concentrate produced from ore (t)	649,269	679,948
Copper in concentrate from ore (t)	151,577	172,552
Anode copper (t)	236,210	217,907
Refined copper (t)	266,517	231,959
<b>Canada - Kidd Creek mine copper</b>		
Ore mined (t)	2,565,112	2,346,260
Copper head grade (%)	1.88	2.10
Ore treated (t)	2,439,513	2,364,603
Concentrate produced (t)	156,796	163,130
Copper in concentrate (t)	42,723	46,615
Copper cathode (t)	87,327	127,784

	Year ended <b>31.12.08</b>	Year ended 31.12.07
<b>Canada - Horne</b>		
Concentrate treated (t)	<b>767,207</b>	796,639
Anode copper (t)	<b>171,483</b>	177,289
<b>Canada - CCR Refinery</b>		
Refined copper (t)	<b>344,809</b>	319,552
<b>Chile – Collahuasi**</b>		
Material mined (t)	<b>73,256,998</b>	79,982,760
Ore mined (t)	<b>25,387,918</b>	27,266,800
Copper head grade (%)	<b>1.18</b>	1.10
Ore milled (t)	<b>18,751,574</b>	19,219,139
Concentrate produced (t)	<b>692,587</b>	592,234
Copper in concentrate (t)	<b>182,585</b>	173,303
Copper cathode (t)	<b>21,732</b>	25,593
<b>Chile - Lomas Bayas</b>		
Material mined (t)	<b>52,345,353</b>	47,997,375
ROM leach (t)	<b>31,109,378</b>	22,441,476
ROM copper grade (%)	<b>0.23</b>	0.25
Heap leach (t)	<b>13,670,161</b>	13,098,070
Heap leach copper grade (%)	<b>0.41</b>	0.41
Copper cathode (t)	<b>59,134</b>	61,401
<b>Chile - Altonorte</b>		
Concentrate treated (t)	<b>822,836</b>	902,046
Anode copper (t)	<b>231,902</b>	272,846
<b>Peru - Antamina Copper***</b>		
Material mined (t)	<b>39,341,572</b>	39,115,169
Ore mined (t)	<b>12,853,862</b>	12,337,415
Copper head grade (%)	<b>1.25</b>	1.21
Ore treated (t)	<b>10,272,815</b>	10,521,097
Copper concentrate produced (t)	<b>409,659</b>	383,109
Copper in concentrate (t)	<b>115,997</b>	111,347
<b>Peru - Tintaya</b>		
Material mined (t)	<b>78,539,821</b>	76,453,827
Ore mined (t)	<b>8,886,330</b>	11,766,019
Ore milled (t)	<b>7,109,747</b>	6,766,802
Copper grade in ore milled (%)	<b>1.38</b>	1.44
Gold grade in ore milled (g/t)	<b>0.27</b>	0.36
Concentrate produced (t)	<b>272,850</b>	251,094
Copper in concentrate (t)	<b>83,632</b>	83,802
Gold in concentrate (oz)	<b>36,693</b>	38,792
Copper cathode (t)	<b>27,263</b>	35,982
<b>Total mined copper production (t) (contained metal)</b>	<b>952,426</b>	986,663
<b>Total mined gold production (oz) (contained metal)</b>	<b>687,212</b>	777,257
<b>Total copper cathode (from own and third party material) (t)</b>	<b>806,782</b>	802,271
Average LME copper price (US\$/t)	<b>6,956</b>	7,139
Average LBM gold price (US\$/t)	<b>872</b>	697
* 100% consolidated figures		
** Xstrata Copper's pro-rata share of Collahuasi (44%)		
*** Xstrata Copper's pro-rata share of Antamina (33.75%)		

## Xstrata Nickel

Total mined nickel production increased by 5% compared to 2007, as the inclusion of Xstrata Nickel Australasia, formed following the acquisition of Jubilee Mines NL in January 2008 more than offset lower production from the Sudbury operations. Mined nickel production at the Sudbury operations decreased by 24%, reflecting expected lower production from the Craig and Thayer-Lindsley nickel mines as these operations approach the end of their mine lives. The Nickel Rim South mine will replace production from the Craig and Fraser operations and is on track to commence production in 2009. Raglan's slight decrease in nickel in concentrate volumes resulted from lower head grades in the first half of the year and was mostly offset by the record ore mined production achieved in the second half, as mining transitioned into new ore zones. Lower grades also impacted production of mined nickel at Montcalm, which was 12% lower than in 2007. Increased volumes of third party feed offset lower mine production from the Canadian operations, enabling the Nikkelverk refinery to produce record throughput of 88,741 tonnes.

Following the temporary maintenance shutdown announced in August, the Falcondo operation in the Dominican Republic was placed into care and maintenance in December in response to weak market conditions. Consequently, ferronickel production was 36% lower in 2008.

	Year ended 31.12.08	Year ended 31.12.07
<b>North America – Sudbury Operations</b>		
Ore mined (t)	1,641,687	1,866,022
Nickel head grade (%)	0.98	1.04
Copper head grade (%)	1.12	1.10
Ore treated (t)	1,914,763	2,177,105
Nickel in concentrate (t)*	16,810	19,757
Nickel in matte (t)*	64,906	67,576
Copper in concentrate (t)*	19,138	21,853
Copper in matte (t)*	17,811	21,978
Cobalt in concentrate (t)*	538	620
Cobalt in matte (t)*	2,648	2,498
<b>North America – Montcalm</b>		
Ore mined (t)	953,871	929,251
Nickel head grade (%)	1.20	1.34
Copper head grade (%)	0.65	0.66
Ore treated (t)	927,158	940,853
Nickel in concentrate (t)	8,905	10,140
Copper in concentrate (t)	5,091	5,443
Cobalt in concentrate (t)	338	404
<b>North America – Raglan</b>		
Ore mined (t)	1,314,191	1,127,383
Nickel head grade (%)	2.30	2.58
Copper head grade (%)	0.62	0.73
Ore treated (t)	1,300,133	1,153,582
Nickel in concentrate (t)	25,873	26,059
Copper in concentrate (t)	6,402	6,729
Cobalt in concentrate (t)	512	523
<b>Australia – XNA**</b>		
Ore mined (t)	286,254	-
Nickel head grade (%)	3.53	-
Ore treated (t)	262,857	-
Nickel in concentrate (t)	7,610	-
Copper in concentrate (t)	303	-
Cobalt in concentrate (t)	120	-

	<b>Year ended 31.12.08</b>	Year ended 31.12.07
<b>Dominican Republic – Falcondo***</b>		
Ore mined (t)	<b>2,745,612</b>	4,062,530
Nickel head grade (%)	<b>1.14</b>	1.16
Ore treated (t)	<b>1,707,958</b>	2,563,961
Nickel in ferronickel (t)	<b>18,782</b>	29,130
<b>Europe – Nikkelverk</b>		
Nickel metal (t)	<b>88,741</b>	87,590
Copper metal (t)	<b>37,027</b>	34,212
Cobalt metal (t)	<b>3,719</b>	3,939
<b>Total mined nickel production (t) (contained metal)</b>	<b>54,523</b>	52,108
<b>Total mined ferronickel production (t) (contained metal)</b>	<b>18,782</b>	29,130
<b>Total mined copper production (t) (contained metal)</b>	<b>27,703</b>	31,425
<b>Total mined cobalt production (t) (contained metal)</b>	<b>1,341</b>	1,412
<b>Total refined nickel production (t) (payable metal)</b>	<b>107,523</b>	116,720
Average LME nickel cash price(US\$/t)	<b>21,104</b>	37,089
Average LME copper cash price (US\$/t)	<b>6,956</b>	7,139
Average Metal Bulletin cobalt low grade price (US\$/lb)	<b>35.16</b>	27.70
* Including production from ore and other feed purchased from third party mines and smelters		
** Consolidated from 1 February 2008		
*** 100% consolidated figures		

## Xstrata Zinc

Zinc in concentrate production increased by 17% in 2008 to a record annual production of 861,032 tonnes. This increase was achieved from higher output at Mount Isa and McArthur River mines and the commencement, on 1 July of production at the new Perseverance mine in Canada. Higher production from the Australian operations was partially offset by the closure in July of the joint venture Lennard Shelf operation in Western Australia, which had become uneconomic due to declining zinc and lead prices and increased energy and labour costs.

Total zinc metal production was 6% lower as a result of the failure of a transformer at San Juan de Nieva smelter and a six week labour disruption at the Kidd smelter.

Expansions, higher grades and improved concentrator recoveries at the Australian operations led to an 18% increase in lead in concentrate volumes. Increased volumes of Mount Isa lead refined at Northfleet contributed to an increase of 16% in lead metal production compared to 2007.

	Year ended 31.12.08	Year ended 31.12.07
<b>Australia – Mount Isa</b>		
Ore mined (t)	6,357,981	5,120,651
Zinc head grade (%)	6.4	6.5
Lead head grade (%)	3.4	3.3
Silver head grade (g/t)	69.3	69.1
Ore treated (t)	6,099,914	4,986,078
Zinc in concentrate (t)	283,063	226,529
Lead in concentrate (t)	140,023	104,381
Lead in lead/silver bullion (t)	166,866	125,572
Lead in purchased concentrate smelted(t)	40,657	31,560
Silver in crude lead (koz)	10,197	7,533
Silver in purchased concentrate smelted (koz)	5,076	4,042
<b>Australia – McArthur River</b>		
Ore mined (t)	1,977,476	1,961,347
Zinc head grade (%)	9.6	10.2
Lead head grade (%)	4.5	4.2
Ore treated (t)	2,111,993	1,886,627
Zinc in concentrate (t)	142,460	137,737
Lead in concentrate (t)	36,560	33,040
Silver in concentrate (koz)	1,282	1,184
<b>Australia – Lennard Shelf*</b>		
Zinc in concentrate (t)	15,385	21,045
Lead in lead concentrate (t)	4,507	6,197
<b>Europe – San Juan de Nieva</b>		
Zinc metal (t)	450,381	478,031
<b>Europe – Nordenham</b>		
Zinc metal (t)	151,096	150,222
<b>Europe – Northfleet</b>		
Mount Isa sourced lead (t)	138,959	111,974
Other lead (t)	102	7,417
Total lead (t)	139,062	119,391
Mount Isa refined silver (koz)	7,907	5,808
Total silver (koz)	7,907	5,808

	Year ended 31.12.08	Year ended 31.12.07
<b>North America – Brunswick mine</b>		
Ore mined (t)	3,311,624	3,437,265
Zinc head grade (%)	8.4	8.4
Lead head grade (%)	3.3	3.3
Silver head grade (g/t)	105.0	105.0
Ore treated (t)	3,300,726	3,411,156
Zinc in zinc concentrate (t)	222,033	230,991
Zinc in bulk concentrate (t)	20,445	20,804
Lead in bulk concentrate (t)	14,685	16,926
Lead in lead concentrate (t)	55,721	53,191
Lead in lead concentrate to smelter (t)	55,719	54,238
Lead in other feeds to smelter (t)	25,612	16,539
Total refined lead (t)	81,329	70,777
Silver in bulk concentrate (koz)	1,050	1,094
Silver in lead concentrate to smelter (koz)	2,838	2,643
Silver in other feeds to smelter (koz)	2,010	2,336
Total silver in doré (koz)	4,897	4,979
<b>North America – CEZ refinery **</b>		
Zinc metal (t)	72,895	72,924
<b>North America – Perseverance</b>		
Ore mined (t)	511,341	-
Zinc head grade (%)	13.5	-
Ore treated (t)	492,263	-
Zinc in concentrate (t)	60,265	-
Copper in concentrate (t)	3,793	-
<b>North America-Kidd Creek</b>		
Zinc metal (t)	121,193	142,549
<b>Peru - Antamina Zinc***</b>		
Ore mined total (t)	12,853,862	12,337,415
Zinc head grade (%)	1.5	1.2
Ore treated total (t)	10,272,815	10,521,090
Zinc in concentrate (t)	117,381	98,449
<b>Total zinc in concentrate production (t)</b>	<b>861,033</b>	<b>735,555</b>
<b>Total zinc metal production (t)</b>	<b>795,565</b>	<b>843,726</b>
<b>Total lead in concentrate production (t)</b>	<b>251,496</b>	<b>213,735</b>
<b>Total lead metal production (t)</b>	<b>220,391</b>	<b>190,168</b>
Average LME zinc price (US\$/t)	1,870	3,257
Average LME lead price (US\$/t)	2,084	2,594
* 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.