



PRODUCTION REPORT FOR SIX MONTHS ENDED 30 JUNE 2009

Zug, 28 July 2009

Highlights:

- Increased production volumes of copper, thermal coal, mined nickel and zinc compared to the first half of 2008
- Thermal coal production increased by 18%, due to higher production at the Newlands complex in Australia and the contribution of the acquired Prodeco operations in Colombia
- Solid operational performances and higher copper production from Mount Isa, Alumbrera, Collahuasi, Tintaya, Lomas Bayas and Kidd mines offset reduced production from Ernest Henry and Antamina
- Mined nickel production increased due to higher production from Raglan and Xstrata Nickel Australasia and high grade ores from initial production at Nickel Rim South, offsetting the impact of the closure of high-cost, end of life mines at Sudbury as part of Xstrata Nickel's transformation into a low-cost producer and the suspension of Montcalm from March, due to geotechnical issues. The Falcondo ferronickel operation remained on care and maintenance throughout the first half
- Increased output from Mount Isa zinc and McArthur River expansions, together with growth from the new Perseverance mine, resulted in a 30% increase in zinc in concentrate compared to the first half of 2008
- The European benchmark ferrochrome price was settled at \$0.89 per pound for the third quarter, up 29% from the second quarter. In July, the Xstrata-Merafe Chrome Venture announced capacity utilisation had increased to 60% from 20%, in response to strengthening demand

Xstrata Alloys

Ferrochrome production in the first half was 60% lower than the same period in 2008, following the temporary suspension of up to 80% of production capacity through late 2008 and early 2009. As the industry leader, the Xstrata-Merafe Chrome Venture acted swiftly to curtail production as demand for ferrochrome declined sharply from the third quarter of 2008 due to significant destocking in the stainless steel sector.

On 8 July 2009, the Xstrata-Merafe Chrome Venture announced that, in response to improved ferrochrome demand, production had been resumed at 60% of the Venture's total capacity through the re-commissioning of several furnaces across all five ferrochrome operations.

Overall PGM volumes increased marginally compared to the same period last year, despite production being adversely affected by a combination of above average rainfall, which halted production at Eland for several days, as well as unforeseen geological anomalies encountered at Mototolo, which negatively affected the head grade.

Ferrochrome

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
Attributable* saleable production (kt)	244	615	1,126
Indicative average published price (c/lb) (Metal Bulletin)	74.0	156.5	175.8
* Reflects Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture			

Vanadium

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
Consolidated* saleable production			
Ferrovanadium (k kg)	1,313	1,528	3,622
Vanadium pentoxide (k lb)	7,039	6,927	16,604
Indicative average published price ferrovanadium (\$/kg V) (Metal Bulletin)	22.5	70.6	61.2
Indicative average published price vanadium pentoxide (\$/lb) (Metal Bulletin)	5.2	14.4	13.5
* Consolidated 100%			

Platinum

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
Consolidated** saleable production (oz)			
Platinum	63,508	64,518	138,098
Palladium	31,723	30,625	65,774
Rhodium	9,801	8,056	18,644
Average (London Platinum and Palladium Market) Platinum price (\$/oz)	1,098	1,953	1,578
Average (London Platinum and Palladium Market) Palladium price (\$/oz)	217	444	353
Average (Johnson Matthey) Rhodium price (\$/oz)	1,290	8,862	6,558
** Consolidated 100% of Eland and 50% of Mototolo			

Xstrata Coal

Xstrata Coal's production volumes for the six months to June 2009 increased by 4.2 million tonnes or 11% over the corresponding period in 2008. Australian thermal coal production increased by 11%, mainly from the highly productive Newlands Northern Underground mine in Queensland and due to New South Wales mines switching semi-soft coal production to thermal production. The increase more than compensated for lower production from South Africa due to the planned closure of Impunzi Underground and industrial action.

Production from Colombia increased due to the inclusion of the recently acquired Prodeco operation, which contributed 5 million tonnes from 1 January 2009, the effective date for its acquisition by Xstrata.

Longwall operations were suspended at Oaky No. 1 in December 2008 in response to weak demand from steelmakers and led to lower overall coking coal production in the first half. Average realised coking coal prices reduced from \$166 per tonne to \$143 per tonne in the first half, as a result of the deferral of high-priced coking coal contracts settled in 2008 and the impact of selling into the Chinese spot market at prices below contracted prices.

(million tonnes)	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
Total consolidated production	43.8	39.6	85.5
Total thermal coal	39.0	33.1	73.3
Australian thermal	18.8	16.9	40.2
South African thermal*	9.8	11.0	22.7
Americas thermal**	10.4	5.2	10.4
Total coking coal (Australia)	2.2	3.2	6.9
Total semi-soft coking (Australia)	2.6	3.3	5.3
Average received export FOB coal price (\$/t)			
Australian thermal	89.2	78.5	95.6
South African thermal	69.8	76.4	80.9
Americas thermal	76.8	71.1	78.4
Australian coking	142.6	165.9	232.5
Australian semi-soft coking	169.8	107.3	157.5
* 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			
** Includes Prodeco for the 6 months ended 30 June 2009			

Xstrata Copper

In the first half of 2009, total mined copper production increased by 1% compared to the corresponding period in 2008. Higher grades and increased recoveries at Alumbraera and Mount Isa, together with higher grades at Kidd Mine and increased throughput and recoveries at Collahuasi more than offset a significant production decline at Ernest Henry and lower copper production at Antamina. Mined cathode production at Lomas Bayas increased by 28% following the completion of an expansion at the end of 2008.

Output at Ernest Henry was significantly impacted in the first half by the impact of record wet season flooding that required extensive pit dewatering in the first half and by a higher rate of stripping required to access a new ore zone. At Antamina, copper production reduced by 5% as the mine plan entered a lower copper grade zone and metallurgical recoveries were lower due to the processing of partially oxidized ores, partly offset by increased mill throughput. Total copper production and sales are expected to be higher in the second half compared with the first half of 2009.

Total by-product gold production decreased by 11% due to the weather issues at Ernest Henry, partially offset by higher gold production at Tintaya. A global slump in demand for sulphuric acid, a by-product of the smelting process, left the Canadian operations overstocked in acid and unable to process all of the third party concentrates available, impacting custom copper cathode production volumes.

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
Argentina – Alumbraera*			
Material mined (t)	44,064,458	47,067,883	99,397,413
Ore mined (t)	13,679,496	8,457,363	28,070,827
Copper head grade (%)	0.49	0.45	0.50
Gold head grade (g/t)	0.56	0.55	0.55
Ore treated (t)	18,918,910	18,534,333	37,502,049
Concentrate produced (t)	293,944	268,320	614,810
Copper in concentrate (t)	76,465	65,674	156,893
Gold in concentrate (oz)	215,489	217,407	443,919
Gold in doré (oz)	35,500	28,001	60,484
Total gold (oz)	250,989	245,408	504,403
Australia - Ernest Henry			
Material mined (t)	9,617,512	18,527,862	31,278,138
Ore mined (t)	954,372	7,848,977	12,164,437
Copper head grade (%)	1.16	1.08	1.07
Gold head grade (g/t)	0.61	0.54	0.53
Ore treated (t)	3,698,789	5,656,346	11,406,365
Concentrate produced (t)	74,356	195,061	387,803
Copper in concentrate (t)	20,651	55,739	110,890
Gold in concentrate (oz)	27,056	74,024	146,116
Australia - Mount Isa			
Ore mined (t)	2,955,597	2,783,427	5,913,003
Copper head grade (%)	3.02	2.81	2.84
Ore treated (t)	2,985,404	2,783,426	5,881,244
Concentrate produced from ore (t)	316,817	272,802	583,937
Copper in concentrate from ore (t)	82,231	70,950	151,577
Anode copper (t)	111,130	110,733	236,210
Copper cathode (t)	131,057	119,142	266,517

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
Canada - Kidd Creek mine copper			
Ore mined (t)	1,080,426	1,308,572	2,565,112
Copper head grade (%)	1.99	1.68	1.88
Ore treated (t)	1,209,955	1,263,504	2,439,513
Concentrate produced (t)	82,752	69,999	156,796
Copper in concentrate (t)	22,248	19,488	42,723
Copper cathode (t)	32,201	63,768	87,327
Canada – Horne			
Concentrate treated (t)	305,835	389,276	767,207
Anode copper (t)	65,793	86,582	171,483
Canada - CCR Refinery			
Refined copper (t)	138,845	179,503	344,809
Chile – Collahuasi**			
Material mined (t)	35,895,940	36,352,800	73,256,998
Ore mined (t)	12,650,365	11,818,840	25,387,918
Copper head grade (%)	1.08	1.15	1.18
Ore milled (t)	9,753,196	9,456,884	18,751,574
Concentrate produced (t)	368,125	324,327	692,587
Copper in concentrate (t)	99,520	87,347	182,585
Copper cathode (t)	9,551	11,124	21,732
Chile - Lomas Bayas			
Material mined (t)	28,056,245	23,303,000	52,345,353
ROM leach (t)	20,234,501	12,568,000	31,109,378
ROM copper grade (%)	0.28	0.22	0.23
Heap leach (t)	6,498,747	6,793,000	13,670,161
Heap leach copper grade (%)	0.42	0.40	0.41
Copper cathode (t)	36,180	28,292	59,134
Chile – Altonorte			
Concentrate treated (t)	442,346	435,003	822,836
Anode copper (t)	113,084	127,339	231,902
Peru - Antamina Copper***			
Material mined (t)	19,049,069	19,720,281	39,341,572
Ore mined (t)	6,437,680	6,025,238	12,853,862
Copper head grade (%)	1.20	1.30	1.25
Ore treated (t)	5,497,928	4,808,492	10,272,815
Copper concentrate produced (t)	187,700	198,954	409,659
Copper in concentrate (t)	53,978	56,908	115,997
Peru – Tintaya			
Material mined (t)	40,511,265	38,773,288	78,539,821
Ore mined (t)	3,389,118	3,741,261	8,886,330
Ore milled (t)	3,353,675	3,401,373	7,109,747
Copper grade in ore milled (%)	1.22	1.22	1.38
Gold grade in ore milled (g/t)	0.24	0.21	0.27
Concentrate produced (t)	105,507	107,389	272,850
Copper in concentrate (t)	33,570	32,782	83,632
Gold in concentrate (oz)	16,814	12,256	36,693
Copper cathode (t)	13,115	12,178	27,263
Total mined copper production (t) (contained metal)	447,509	440,482	952,426
Total mined gold production (oz) (contained metal)	294,859	331,688	687,212
Total copper cathode (t) (from mined and third party material)	360,950	414,007	806,782
Average LME copper cash price (\$/t)	4,046	8,126	6,956
Average LBM gold price (\$/oz)	915	912	872
* 100% consolidated figures			
** Including Xstrata Copper's pro-rata share of Collahuasi			
*** Including Xstrata Copper's pro-rata share of Antamina			

Xstrata Nickel

Total mined nickel production increased by 7% in the first half of 2009 due to increased production and higher grades from Raglan and Xstrata Nickel Australasia (XNA), and high-grade ores from initial production at the new, negative cash cost Nickel Rim South mine, which is on track to ramp up to 60% of full annual capacity by the end of 2009.

As a result of the restructuring of the Sudbury operations, which included the closure of the high-cost, end-of-life Craig and Thayer-Lindsley mines and the suspension of the Fraser Mine complex, mined ore from Sudbury was down by 70% compared to the first half year of 2008. However, the impact at the Strathcona Mill was limited to a 51% decline in ore treated, due to custom feed volumes and the processing of inventories from Sudbury mines.

Unplanned ground movements at the Montcalm mine in Timmins led to the mine being temporarily suspended from the end of March. The operation was indefinitely suspended in June, after a geotechnical review revealed an unacceptable risk profile for further activity. Mined ore from Montcalm subsequently fell by 59% compared to the same period last year. Despite these accelerated closures or suspensions, nickel in matte production from Sudbury increased by 3% during the same period, mainly due to increased feed and grade from Raglan and XNA.

Total mined ore at Raglan increased by 2% compared to the first half of 2008, surpassing 700,000 tonnes. Additional concentrate was shipped from Raglan and XNA following the Sudbury mine closures to sustain full utilisation of downstream facilities. Nickel in concentrate production at XNA increased by 185% over the same period last year due to increased ore production and higher head grades from the Prospero mine, and the commissioning of Sinclair.

Nickel production at the Nikkelverk refinery decreased by 4% to 41,972 tonnes in the first half of 2009 compared to 43,574 tonnes in the same period the previous year due to a decrease of 16% in third-party feed to the refinery, which was largely offset by increased grades from Raglan and XNA.

The Falcondo ferronickel operation in the Dominican Republic remains on care and maintenance.

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
North America – Sudbury Operations			
Ore mined (t)	262,496	882,151	1,641,687
Nickel head grade (%)	1.14	0.96	0.98
Copper head grade (%)	1.57	1.16	1.12
Ore treated (t)	510,878	1,033,141	1,914,763
Nickel in concentrate (t)	4,809	8,533	16,810
Nickel in matte (t)	31,442	30,488	64,906
Copper in concentrate (t)	8,534	10,785	19,138
Copper in matte (t)	8,408	9,245	17,811
Cobalt in concentrate (t)	137	270	538
Cobalt in matte (t)	1,181	1,190	2,648
North America – Montcalm			
Ore mined (t)	208,681	503,896	953,871
Nickel head grade (%)	1.02	1.27	1.20
Copper head grade (%)	0.61	0.67	0.65
Ore treated (t)	226,399	463,491	927,158
Nickel in concentrate (t)	1,961	4,748	8,905
Copper in concentrate (t)	131	2,618	5,091
Cobalt in concentrate (t)	73	182	338
North America – Raglan			
Ore mined (t)	701,809	686,836	1,314,191
Nickel head grade (%)	2.46	2.22	2.30
Copper head grade (%)	0.66	0.60	0.62
Ore treated (t)	683,034	650,594	1,300,133
Nickel in concentrate (t)	14,700	12,339	25,873
Copper in concentrate (t)	3,644	3,015	6,402
Cobalt in concentrate (t)	304	261	512

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
Australia – XNA*			
Ore mined (t)	304,440	99,549	286,254
Nickel head grade (%)	3.72	3.35	3.53
Ore treated (t)	296,516	96,139	262,857
Nickel in concentrate (t)	7,734	2,712	7,610
Copper in concentrate (t)	558	104	303
Cobalt in concentrate (t)	272	33	120
Dominican Republic – Falcondo**			
Ore mined (t)	0	2,090,601	2,745,612
Nickel head grade (%)	0	1.17	1.14
Ore treated (t)	0	1,326,795	1,707,958
Nickel in ferronickel (t)	0	14,395	18,782
Europe – Nikkelverk			
Nickel metal (t)	41,972	43,574	88,741
Copper metal (t)	16,279	18,796	37,027
Cobalt metal (t)	1,609	1,665	3,719
Total mined nickel production (t) (contained metal)	28,505	26,610	54,523
Total mined ferronickel production (t) (contained metal)	0	14,395	18,782
Total mined copper production (t) (contained metal)	11,870	15,215	27,703
Total mined cobalt production (t) (contained metal)	765	683	1,341
Average LME nickel cash price (\$/tonne)	11,690	27,320	21,104
Average LME copper cash price (\$/tonne)	4,046	8,126	6,956
Average Metal Bulletin cobalt low grade price (\$/lb)	12.95	45.46	35.16
* Consolidated from 31 January 2008			
** 100% consolidated figures			

Xstrata Zinc

In the first half of 2009, zinc in concentrate production increased by 30% compared to the same period of 2008, due to the successful restructuring and expansion of the Mount Isa zinc operations which resulted in a 20% increase in zinc concentrate production at Mount Isa, despite severe weather in north Queensland at the start of the year. Production also increased from the new Perseverance mine and the Brunswick mine in Canada, more than offsetting the impact of the closure of the Lennard Shelf joint venture in 2008. The expansion of the open pit operation at McArthur River Mine led to increased volumes despite the temporary suspension of production in the first quarter, following the invalidation by the Australian Federal Court of approval for the open pit operation. Final approval for the expansion of the open pit at McArthur River was granted in February 2009.

Total zinc metal production was 3% lower compared to the same period in 2008, as a 9% increase in production at the San Juan de Nieva smelter was offset by an aggregated 14% reduction at the Nordenham, Kidd Creek and CEZinc smelters, implemented in response to constraints created by lower sulphuric acid demand and planned reductions to optimise power costs. Lead in concentrate production was 14% lower than the same period last year as a result of planned lower lead head grades at Mount Isa at both underground and open pit mines. Lead metal production was 7% higher, reflecting a continuous supply of crude lead to the Northfleet refinery compared to the prior period.

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
Australia – Mount Isa			
Ore mined (t)	3,168,683	2,891,174	6,357,981
Zinc head grade (%)	6.2	6.1	6.4
Lead head grade (%)	2.9	3.7	3.4
Silver head grade (g/t)	60.2	76.9	69.3
Ore treated (t)	3,476,765	2,843,197	6,099,914
Zinc in concentrate (t)	154,376	128,567	283,063
Lead in concentrate (t)	58,966	73,798	140,023
Lead in lead/silver bullion (t)	71,737	83,139	166,866
Lead in purchased concentrate smelted(t)	13,494	19,349	40,657
Silver in crude lead (koz)	4,274	5,263	10,197
Silver in purchased concentrate smelted (koz)	2,056	2,357	5,076
Australia – McArthur River			
Ore mined (t)	872,383	1,021,473	1,977,476
Zinc head grade (%)	9.7	9.0	9.5
Lead head grade (%)	4.3	4.4	4.5
Ore treated (t)	946,390	1,035,318	2,111,993
Zinc in concentrate (t)	69,165	66,562	142,460
Lead in concentrate (t)	15,898	18,002	36,560
Silver in concentrate (koz)	596	607	1,282
Australia – Lennard Shelf*			
Zinc in concentrate (t)	-	12,422	15,385
Lead in lead concentrate (t)	-	3,632	4,507
Europe – San Juan de Nieva			
Zinc metal (t)	243,608	223,454	450,381
Europe – Nordenham			
Zinc metal (t)	69,877	78,737	151,096
Europe – Northfleet			
Mount Isa sourced lead (t)	76,312	71,119	138,959
Other lead (t)	-	81	102
Total lead (t)	76,312	71,200	139,062
Mount Isa refined silver (koz)	4,405	4,031	7,907
Total silver (koz)	4,405	4,031	7,907

	Six months to 30.06.09	Six months to 30.06.08	Year ended 31.12.08
North America – Brunswick mine			
Ore mined (t)	1,745,616	1,675,866	3,311,624
Zinc head grade (%)	8.8	8.1	8.4
Lead head grade (%)	3.4	3.1	3.3
Silver head grade (g/t)	102.2	103.3	105.0
Ore treated (t)	1,721,549	1,662,290	3,300,726
Zinc in zinc concentrate (t)	122,296	107,517	222,033
Zinc in bulk concentrate (t)	10,887	8,660	20,445
Lead in bulk concentrate (t)	7,912	6,419	14,685
Lead in lead concentrate (t)	27,311	25,902	55,721
Lead in lead concentrate to smelter (t)	27,535	25,412	55,719
Lead in other feeds to smelter (t)	17,972	16,860	25,612
Total refined lead (t)	45,507	42,272	81,329
Silver in bulk concentrate (koz)	524	456	1,050
Silver in lead concentrate to smelter (koz)	1,319	1,307	2,838
Silver in other feeds to smelter (koz)	2,137	1,525	2,010
Total silver in doré (koz)	4,343	2,780	4,897
North America – CEZ refinery **			
Zinc metal (t)	31,985	35,945	72,895
North America – Perseverance			
Ore mined (t)	524,764	-	511,341
Zinc head grade (%)	14.66	-	13.5
Ore treated (t)	515,055	-	492,263
Zinc in concentrate (t)	69,255	-	60,265
Copper in concentrate (t)	4,318	-	3,793
North America-Kidd Creek			
Zinc metal (t)	55,783	73,807	121,193
Peru - Antamina Zinc***			
Ore mined (t)	6,437,680	6,025,252	12,853,862
Zinc head grade (%)	2.9	1.5	1.5
Ore treated (t)	5,497,942	4,808,497	10,272,815
Zinc in concentrate (t)	67,829	57,050	117,381
Total zinc in concentrate production (t)	493,808	380,778	861,033
Total zinc metal production (t)	401,253	411,943	795,565
Total lead in concentrate production (t)	110,086	127,753	251,496
Total lead metal production (t)	121,819	113,472	220,391
Average LME zinc price(US\$/t)	1,322	2,269	1,870
Average LME lead price (US\$/t)	1,332	2,601	2,084
* 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*

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