



NEWS RELEASE

Zug, 4 August 2009

Xstrata plc announces half-yearly results for the six months ended 30 June 2009

\$m	Six months to 30.06.09	Six months to 30.06.08	% Change
Revenue†	9,869	16,092	(39)
Operating EBITDA*†	2,815	5,687	(51)
Operating profit*†	1,675	4,506	(63)
Attributable profit**††	909	2,829	(68)
Attributable profit††	643	2,773	(77)
Earnings per share (basic)* †††	\$0.38	\$1.66	(77)
Earnings per share (basic) †††	\$0.27	\$1.63	(83)
Net debt to net debt plus equity	28%	34%	(18)
Net assets	33,302	28,438	17
Net assets per share**‡	\$11.49	\$16.71	(31)
* Excludes exceptional items ** Excluding own shares † Includes Prodeco for the 6 months ended 30 June 2009 (refer to Note 5 of Consolidated Financial Statements) †† Excludes rights issue option (refer to Note 6 of Consolidated Financial Statements) ‡ Restated after applying a rights issue bonus factor of 0.57			

Highlights

- Strong operating performance increased production of thermal coal, copper, mined nickel and zinc compared to the first half of 2008
- Operating EBITDA of \$2.8 billion reflected significantly lower metals prices, partially offset by higher received thermal and semi-soft coal prices
- Real cost savings of \$119 million achieved, reducing the operating cost base by 1.1%
- Robust operating cash flows of \$1.6 billion, benefiting from capital conservation, cost cutting and restructuring activities in the first half
- Gearing reduced to 28% from 40% at the year end, as a result of a successful rights issue to repay a net \$3.7 billion of debt
- Six growth projects currently in construction, with Goedgevonden thermal coal and Nickel Rim South projects ramping up to reach full production in 2010

- Restructuring of nickel and zinc businesses and acceleration of cost efficiency programmes successfully implemented in the first half
- Proposed merger of equals with Anglo American; highly compelling value proposition for Anglo American and Xstrata shareholders

Mick Davis, Chief Executive Officer commented:

“The financial crisis and ensuing global economic slowdown, coupled with enormous uncertainty fundamentally changed our operating environment in a very short space of time in the latter part of 2008. As last year drew to a close, it was apparent that demand had collapsed and commodity prices were near all-time lows in real terms.

“Xstrata’s first half earnings reflect these adverse market conditions, with average LME base metal prices falling by up to 57% and EBITDA declining by 51% to \$2.8 billion, despite a strong operating performance across the Group. A solid production performance in the first half in thermal coal, mined nickel, zinc and copper largely mitigated the effects of lower volumes from the suspension or early closure of unprofitable, high-cost operations as well as reduced ferrochrome, ferronickel and coking coal production to align supply with demand.

“Real unit cost savings of \$119 million or 1.1% of the operating cost base were achieved in the first half, including a very strong cost performance across each of Xstrata’s base metals businesses. Further real unit cost savings are expected in the second half as the full benefits of restructuring, cost saving initiatives and productivity improvements are progressively realised.

“At each of Xstrata’s commodity businesses, entrepreneurial and empowered management teams have seized the opportunities inherent in the adverse operating conditions to strengthen their cost, competitive and strategic positions. The net impact is a substantial improvement in the overall quality and resilience of Xstrata’s portfolio and earnings profile.

“A defining feature of Xstrata’s development into a major mining group has been our ability to identify and successfully execute opportunities to create value and play an active role in the continuing consolidation of the industry. This is why I recently wrote to the Board of Anglo American to propose that the two companies engage in discussions regarding a merger of equals.

“The value proposition of putting these two companies together is highly compelling and I continue to believe that it is in the best interests of Xstrata and Anglo American shareholders to examine the potential to create the value we have identified, for the benefit of both sets of shareholders.

“Xstrata is very well positioned in the current environment. Our portfolio is exposed to early-stage recovery commodities, a view supported by analysis that illustrates that demand for copper, lead and iron ore have historically shown the strongest correlation to growing industrial production.

“It is very pleasing that our recent initiatives have further optimised Xstrata’s competitive position, enabling our businesses to reap the maximum benefit from improving metal and coal market conditions. It seems to me that we have in this company a recipe for superior shareholder value creation and performance.”

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