



PRODUCTION REPORT FOR SIX MONTHS ENDED 30 JUNE 2011

Zug, 26 July 2011

Highlights:

- Stronger second quarter volumes of thermal coal, copper, platinum, nickel and zinc, following weather-related and other operational issues which impacted first quarter production
- A rapid recovery at flood-affected mines in Queensland and volumes from newly commissioned Goedgevonden and Mangoola operations contributed to a 5% rise in thermal coal production to 32.4 million tonnes, despite operational challenges at Blakefield South and Ulan mines
- Mined nickel rose by 31% to 36,709 tonnes, benefiting from the successful commissioning of the Nickel Rim South and Fraser mines and the rapid ramp-up of the Falcondo ferronickel operation
- Mined zinc in concentrate volumes rose by 3% from the Mount Isa Mines and McArthur River operations, despite the impact of flooding in the first quarter, while overall zinc volumes were impacted by planned lower zinc production at Antamina
- A 6% improvement in second quarter mined copper production compared to the first quarter offset the impact of adverse weather in Australia, Chile and Peru on first half production
- The greenfield, 10.5 million ROM tonnes per annum AUD1.1 billion (\$1 billion) Mangoola thermal coal mine in New South Wales, Australia successfully commenced operations in February, ahead of schedule and under budget
- In June, the first shipment of iron ore concentrate left Xstrata Copper's newly commissioned magnetite plant, part of the AUD589 million (\$542 million) transformation of Ernest Henry into a major underground copper-gold operation
- Significant increases in mineral resource estimates were announced at the Antamina copper and zinc mine in Peru and the Frieda River copper project in Papua New Guinea

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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. Headquartered in Zug, Switzerland, Xstrata maintains a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc with additional exposure to gold, cobalt, lead and silver. The Xstrata Group also comprises a growing platinum group metals business, iron ore projects, recycling facilities and a suite of global technology products, many of which are industry leaders. The Group's operations and projects span 21 countries.

Xstrata Alloys

Ferrochrome production volumes fell by 4% in the first half of 2011 compared to the first six months of 2010, due to a number of furnace refurbishments that were brought forward into the first half. Maintenance activities focussed largely on the more efficient Premus furnaces, resulting in lower consumption efficiencies and increased production costs.

The ferrochrome benchmark price rose from \$1.25 per pound in the first quarter to \$1.35 per pound in the second quarter, falling by 11% in the third quarter to \$1.20 per pound due to weak demand and destocking in Europe and lower demand in China.

Ferrovandium production volumes decreased by 10% compared to the first six months of 2010, due to a planned two week maintenance shutdown. Some vanadium pentoxide for ferrovandium conversion was redirected towards direct vanadium pentoxide sales to benefit from more favourable market conditions.

Permitting delays and blasting restrictions for the current open pit operation at Eland resulted in lower PGM volumes in the first half of 2011. Mining recommenced in the second quarter, although the disruption to the mining plan has resulted in a delayed production build-up at the eastern pit. The Mototolo joint venture maintained nameplate ROM production of around 200,000 tonnes per month throughout the period.

The development of both decline shafts at the Eland underground development is progressing well with a total of 7,650 metres developed to date and the bulk of the surface infrastructure completed. Initial production from the first operating level of the western decline, the Kukama shaft, is expected during the fourth quarter of 2011, following the completion of the first phase of the underground ore handling conveyor belt infrastructure.

Ferrochrome

	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
Attributable* saleable production (kt)	581	608	1,165
Indicative average published price (c/lb) (Metal Bulletin)	130.0	118.5	124.3
* Reflects Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture			

Vanadium

	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
Consolidated* saleable production			
Ferrovandium (k kg)	1,977	2,186	4,311
Vanadium pentoxide (k lb)	10,093	10,707	21,874
Indicative average published price ferrovandium (\$/kg V) (Metal Bulletin)	30.3	30.7	30.1
Indicative average published price vanadium pentoxide (\$/lb) (Metal Bulletin)	6.8	7.0	6.9
* Consolidated 100%			

Platinum

	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
Consolidated** saleable production (oz)			
Platinum	50,677	63,937	117,659
Palladium	25,237	32,882	59,584
Rhodium	8,178	10,759	19,602
Average (London Platinum and Palladium Market) Platinum price (\$/oz)	1,789	1,597	1,611
Average (London Platinum and Palladium Market) Palladium price (\$/oz)	776	468	527
Average (Johnson Matthey) Rhodium price (\$/oz)	2,307	2,635	2,406
** Consolidated 100% of Eland and 50% of Mototolo			

Xstrata Coal

Australian thermal coal production increased by 9% compared to the first half of 2010, bolstered by the commencement of operations at Mangoola open cut mine ahead of schedule in February. The full impact of new volumes was partly offset by severe flooding in Queensland earlier in the year and, in New South Wales, by the temporary cessation of operations at the Blakefield South mine following an underground fire and temporary interruptions to the Ulan longwall as a result of significant water in the underground operating area.

Despite a rapid recovery at the majority of Xstrata's mines from the Queensland floods, delays in the repair of damaged rail infrastructure prevented domestic and export sales from the Rolleston operation for several weeks.

Recovery work at the Blakefield South mine is expected to continue through to the end of this year, while production at Ulan is currently ramping up. Semi-soft volumes were lower than the comparable period in 2010, due to the planned closure of the United Colliery in New South Wales in February 2010 and reduced market demand due to the Japan earthquake and tsunami. Planned longwall moves at the Oaky No. 1 and North mines in Queensland and at the Tahmoor mine in New South Wales during the period impacted coking coal production, which was 0.7 million tonnes lower than the same period last year.

South African thermal coal production was slightly higher than the corresponding period in 2010, as the ramping up of Goedgevonden offset the impacts to production of the ongoing transition of the South African coal operations into three large-scale, lower cost, primarily open cut complexes as well as aligning production to available export rail capacity.

Cerrejón volumes were slightly lower than the corresponding period in 2010 due to excessive rainfall during the period.

(million tonnes)	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
Total consolidated production**	38.5	38.6	79.9
Total thermal coal	32.4	30.9	65.6
Australian thermal	18.9	17.4	37.8
South African thermal*	8.4	8.2	17.7
Americas thermal**	5.1	5.3	10.1
Total coking coal (Australia)	3.1	3.8	7.7
Total semi-soft coking (Australia)	3.0	3.9	6.6
Average received export FOB coal price (\$/t)			
Australian thermal	104.0	80.3	85.7
South African thermal	95.5	69.9	74.4
Americas thermal	101.4	68.5	72.6
Australian coking	259.6	193.7	204.3
Australian semi-soft coking	187.1	123.1	137.3
* Mpumalanga is included in 2011 production reporting. For financial reporting Mpumalanga is excluded from Xstrata Coal's ex-mine results as it is classified as an Asset Held for Sale			
** Excludes Prodeco			

Xstrata Copper

Total mined copper production in the first half of 2011 was in line with the corresponding period in 2010, with a 6% uplift in the second quarter of 2011 compensating for some difficult operating conditions experienced early in the year. Volumes from Ernest Henry in Australia were significantly higher compared to the first half of 2010 as mining progressed in the final high grade ore zone of the open pit. Production also improved at Lomas Bayas due to higher recoveries and increased throughput as result of improved equipment availability compared to the previous year. This was offset by lower production at Alumbreira compared with last year as a result of a geotechnical event in the fourth quarter of 2010 which temporarily restricted access to high grade zones of the pit and impacted head grades. First half production was also affected by planned lower copper grades and reduced mill throughput at Collahuasi due to adjustments in the mine plan as a result of heavy rainfall in the first quarter of 2011.

Total mined and third party cathode production decreased by 16% due to the closure of the Kidd Metallurgical plant as part of the rationalisation of the Canadian metallurgical complex in May 2010 and a temporary plant shutdown at the Townsville refinery in the first quarter of 2011, due to a severe tropical cyclone in north Queensland in February.

	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
Argentina – Alumbreira*			
Material mined (t)	33,954,549	44,032,190	84,145,883
Ore mined (t)	7,974,405	13,864,795	25,022,982
Copper head grade (%)	0.42	0.49	0.45
Gold head grade (g/t)	0.46	0.47	0.46
Ore treated (t)	18,874,746	18,831,179	37,427,766
Concentrate produced (t)	230,500	291,532	546,806
Copper in concentrate (t)	59,687	76,502	140,318
Gold in concentrate (oz)	178,001	174,826	360,310
Gold in doré (oz)	14,355	26,968	44,933
Total gold (oz)	192,356	201,794	405,243
Australia - Ernest Henry			
Material mined (t)	7,308,491	17,473,949	32,067,774
Ore mined (t)	5,229,329	5,055,591	15,285,508
Copper head grade (%)	1.09	0.40	0.69
Gold head grade (g/t)	0.53	0.19	0.34
Ore treated (t)	5,357,887	4,321,312	9,838,428
Concentrate produced (t)	194,506	57,726	261,164
Copper in concentrate (t)	54,606	16,162	74,595
Gold in concentrate (oz)	69,068	19,540	91,259
Australia - Mount Isa			
Ore mined (t)	2,725,730	2,972,672	6,100,701
Copper head grade (%)	2.66	2.67	2.81
Ore treated (t)	2,736,942	2,948,297	6,092,414
Concentrate produced from ore (t)	272,363	288,348	627,749
Copper in concentrate from ore (t)	66,912	71,928	157,696
Anode copper (t)	110,029	89,688	214,685
Refined copper (t)	129,611	138,770	287,001

	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
Canada - Kidd			
Ore mined (t)	1,251,940	1,162,493	2,428,042
Copper head grade (%)	1.87	2.20	2.28
Ore treated (t)	1,253,581	1,182,284	2,429,104
Concentrate produced (t)	83,790	87,292	188,254
Copper in concentrate (t)	22,244	24,377	52,568
Copper cathode (t)	-	37,973	37,973
Zinc concentrate produced (t) *	95,042	92,865	160,980
Zinc in concentrate (t) *	50,202	49,545	86,084
Canada – Horne			
Concentrate treated (t)	358,345	372,551	781,277
Anode copper (t)	88,588	91,243	194,277
Canada - CCR Refinery			
Refined copper (t)	126,829	139,306	276,310
Chile – Collahuasi**			
Material mined (t)	44,099,865	47,228,915	90,203,582
Ore mined (t)	10,218,655	20,777,992	36,986,387
Copper head grade (%)	1.03	1.14	1.09
Ore milled (t)	10,730,591	10,741,537	21,612,749
Concentrate produced (t)	352,694	417,900	787,290
Copper in concentrate (t)	95,258	108,614	204,691
Copper cathode (t)	7,899	8,749	17,088
Chile - Lomas Bayas			
Material mined (t)	31,019,058	27,285,467	56,638,851
ROM leach (t)	18,212,894	17,330,487	34,908,666
ROM copper grade (%)	0.25	0.26	0.26
Heap leach (t)	7,382,046	6,883,147	14,235,315
Heap leach copper grade (%)	0.37	0.40	0.39
Copper cathode (t)	37,143	34,620	71,795
Chile – Altonorte			
Concentrate treated (t)	516,889	452,168	983,584
Anode copper (t)	155,603	123,794	277,944
Peru - Antamina Copper***			
Material mined (t)	25,253,048	19,142,721	40,513,384
Ore mined (t)	6,814,102	5,481,580	11,828,274
Copper head grade (%)	0.95	1.01	1.00
Ore treated (t)	6,257,746	6,115,040	12,321,017
Copper concentrate produced (t)	174,453	167,173	346,883
Copper in concentrate (t)	49,110	49,475	101,741
Peru – Tintaya			
Material mined (t)	50,248,745	43,482,097	85,480,993
Ore mined (t)	2,791,805	1,540,643	4,898,028
Ore milled (t)	3,638,139	3,539,607	7,297,655
Copper grade in ore milled (%)	1.03	1.13	1.14
Gold grade in ore milled (g/t)	0.21	0.19	0.20
Concentrate produced (t)	96,688	107,523	229,475
Copper in concentrate (t)	29,028	31,965	67,645
Gold in concentrate (oz)	13,741	12,872	28,289
Copper cathode (t)	12,159	11,755	25,332
Total mined copper production (t) (contained metal)	434,046	434,147	913,469
Total mined gold production (oz) (contained metal)	275,165	234,206	524,791
Total copper cathode (from own and third party material) (t)	313,641	371,173	715,499
Average LME copper cash price (\$/t)	9,399	7,130	7,536
Average LBM gold price (\$/oz)	1,444	1,152	1,224
* 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 nickel production in the first half of 2011 increased significantly to 51,436 tonnes, 13% higher than the same period last year, due to the contribution from the recently commissioned Nickel Rim South and Fraser mines in Sudbury, Canada and the restart in October 2010 of the Falcondo ferronickel operation in the Dominican Republic.

Falcondo has successfully ramped up to a planned annualised run-rate of 14,000 tonnes of nickel in ferronickel per year, 50% of its installed capacity, producing 5,912 tonnes of nickel in ferronickel in the first half of 2011, with improved ore mining management process and increased recoveries.

Total ore mined at the Integrated Nickel Operations (INO) increased by 20% as a result of strong volumes from the Nickel Rim South and Fraser mines in Sudbury and Xstrata Nickel Australasia (XNA). This was partially offset by an overall decrease in head grade, primarily at Raglan due to a move to new ore zones, and at XNA where mining activity is transitioning to lower grade, disseminated ore. As a result, nickel in concentrate production from INO increased by 10% to 30,797 tonnes.

Nickel in matte production from the Sudbury smelter fell 6% in the first half of 2011 due to the deferral of a one-week maintenance shutdown from December 2010 to January 2011. Refined nickel production from the Nikkelverk refinery was slightly higher, producing 45,524 tonnes of nickel metal in the first half of 2011 as a result of successful debottlenecking and process improvements initiated in 2009.

Total mined copper production increased sharply by 46% to 26,673 tonnes compared to the same period last year due to the contribution of the polymetallic Nickel Rim South mine and improved ore volumes from the Fraser mine.

	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
North America – Sudbury Operations – Mine/Mill			
Ore mined (t)	761,339	500,787	1,216,205
Nickel head grade (%)	1.42	1.69	1.40
Copper head grade (%)	3.04	2.88	2.81
Ore treated (t)	917,038	573,208	1,472,459
Nickel in concentrate from own mines (t)	9,702	7,274	15,472
Nickel in concentrate from third parties (t)	692	723	1,341
Copper in concentrate from own mines and third parties (t)	23,554	15,368	36,074
Cobalt in concentrate from own mines and third parties (t)	201	159	341
North America – Sudbury Operations – Smelter			
Nickel in matte from own mines (t)	26,737	27,279	59,706
Nickel in matte from third parties (t)	4,349	5,851	13,961
Copper in matte from own mines and third parties (t)	8,558	10,349	22,427
Cobalt in matte from own mines and third parties (t)	967	1,207	2,634
North America – Raglan			
Ore mined (t)	565,329	682,619	1,279,778
Nickel head grade (%)	2.32	2.40	2.45
Copper head grade (%)	0.67	0.67	0.68
Ore treated (t)	637,646	662,696	1,318,497
Nickel in concentrate (t)	12,809	13,632	28,237
Copper in concentrate (t)	3,404	3,514	7,134
Cobalt in concentrate (t)	270	276	567
Australia – XNA			
Ore mined (t)	350,536	216,833	531,880
Nickel head grade (%)	2.89	3.77	3.81
Ore treated (t)	354,735	222,422	532,144
Nickel in concentrate (t)	8,286	7,054	16,961
Copper in concentrate (t)	397	302	687
Cobalt in concentrate (t)	176	106	245
Europe – Nikkelverk			
Nickel metal (t)	45,524	45,458	92,185
Copper metal (t)	17,484	17,697	36,183
Cobalt metal (t)	1,404	1,580	3,208
Dominican Republic – Falcondo			
Ore mined (t)	762,297	-	-
Nickel head grade (%)	1.30	-	-
Ore treated (t)	491,534	-	-
Nickel in ferronickel (t)	5,912	-	-
Total mined nickel production (t) (contained metal) – INO	30,797	27,960	60,670
Total mined copper production (t) (contained metal) – INO	26,673	18,264	42,697
Total mined cobalt production (t) (contained metal) – INO	617	520	1,094
Total nickel production (t)	51,436	45,458	92,185
- Total refined nickel production (t)	45,524	45,458	92,185
- Total ferronickel production (t)	5,912	-	-
Average LME nickel cash price (\$/t)	25,565	21,212	21,809
Average LME copper cash price (\$/t)	9,399	7,130	7,536
Average Metal Bulletin cobalt low grade price (\$/lb)	17.23	18.83	17.91

Xstrata Zinc

Despite the impact of flooding in the first quarter, a stronger second quarter performance at Mount Isa Mines and McArthur River Mine led to a 3% improvement in zinc in concentrate volumes from the Australian operations compared to the first half of 2010. However, at Antamina, zinc volumes were impacted by the mine plan progressing into a lower zinc grade ore zone, reducing total zinc in concentrate production by 4%.

Volumes increased at the San Juan, Nordenham and CEZinc operations, but were offset by the permanent closure of the Kidd Creek Metallurgical site in May 2010, which led to a 10% reduction in total zinc metal production.

Despite a 16% increase in ore treated at Mount Isa and 5% increase at McArthur River Mine, total lead in concentrate production decreased by 4% compared to the first half of 2010, due to a fall in lead grades at the Brunswick and Mount Isa mines.

	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
Australia – Mount Isa			
Ore mined (t)	4,488,013	4,043,327	8,596,675
Zinc head grade (%)	5.5	5.5	5.6
Lead head grade (%)	2.4	2.8	2.7
Silver head grade (g/t)	53.6	54.8	53.1
Ore treated (t)	4,638,467	3,990,961	8,566,166
Zinc in concentrate (t)	174,513	168,148	355,024
Lead in concentrate (t)	67,525	72,640	143,666
Lead in lead/silver bullion (t)	66,650	73,972	140,059
Lead in purchased concentrate smelted (t)	3,123	7,988	10,773
Silver in crude lead (k oz)	2,957	3,791	6,775
Silver in purchased concentrate smelted (k oz)	440	1,204	1,611
Australia – McArthur River			
Ore mined (t)	1,113,053	1,062,308	2,231,032
Zinc head grade (%)	10.8	11.2	11.0
Lead head grade (%)	4.3	4.3	4.5
Ore treated (t)	1,141,628	1,088,886	2,246,713
Zinc in concentrate (t)	90,765	88,459	183,517
Lead in concentrate (t)	17,092	14,561	31,635
Silver in concentrate (k oz)	721	641	1,463
Europe – San Juan de Nieva			
Zinc metal (t)	253,302	253,287	501,119
Europe – Nordenham			
Zinc metal (t)	76,767	70,091	145,943
Europe – Northfleet			
Mount Isa sourced lead (t)	67,462	78,927	153,453
Other lead (t)	1,406	55	-
Total lead (t)	68,868	78,982	153,453
Mount Isa refined silver (k oz)	2,447	3,762	7,461
Total silver (k oz)	2,447	3,762	7,461

	Six months to 30.06.11	Six months to 30.06.10	Year ended 31.12.10
North America – Brunswick mine			
Ore mined (t)	1,643,532	1,655,328	3,047,543
Zinc head grade (%)	8.0	8.3	8.0
Lead head grade (%)	3.1	3.3	3.1
Silver head grade (g/t)	101	101	98
Ore treated (t)	1,641,393	1,658,567	3,067,872
Zinc in zinc concentrate (t)	104,087	110,092	195,481
Zinc in bulk concentrate (t)	8,952	11,281	18,554
Lead in bulk concentrate (t)	4,135	7,361	12,651
Lead in lead concentrate (t)	27,122	26,509	47,664
Lead in other feeds to smelter (t)	13,106	15,091	30,056
Total refined lead (t)	39,129	44,224	85,282
Silver in bulk concentrate (k oz)	280	514	851
Silver in lead concentrate to smelter (k oz)	1,370	1,376	2,462
Silver in other feeds to smelter (k oz)	5,951	3,360	7,281
Total silver in doré (k oz)	6,585	6,568	13,066
Copper in concentrate (t)	4,769	4,514	8,200
North America – CEZ refinery *			
Zinc metal (t)	36,270	35,250	72,562
North America – Perseverance			
Ore mined (t)	571,768	563,893	1,090,643
Zinc head grade (%)	13.4	13.9	14.1
Ore treated (t)	545,141	534,653	1,062,224
Zinc in concentrate (t)	69,047	68,982	139,350
Copper in concentrate (t)	4,890	5,233	10,005
North America-Kidd			
Zinc metal (t)	-	46,243	46,243
Peru - Antamina Zinc**			
Ore mined (t)	6,814,102	5,481,580	11,828,274
Zinc head grade (%)	2.3	2.6	2.6
Ore treated (t)	6,257,746	6,115,040	12,321,017
Zinc in concentrate (t)	52,773	74,601	130,326
Total zinc in concentrate production (t)	500,137	521,563	1,022,252
Total zinc metal production (t)	366,339	404,871	765,867
Total lead in concentrate production (t)	115,874	121,071	235,616
Total lead metal production (t)	107,997	123,206	238,735
Average LME zinc price(\$/t)	2,323	2,155	2,159
Average LME lead price (\$/t)	2,581	2,084	2,148
* Xstrata Zinc's pro-rata share of CEZ production (25%)			
** Xstrata Zinc's pro-rata share of Antamina production (33.75%)			

Ends