



NEWS RELEASE

## INTERIM MANAGEMENT STATEMENT AND THIRD QUARTER PRODUCTION REPORT

Zug, 17 October 2012

### Highlights

- Volumes of thermal coal, zinc and lead in concentrate and zinc metal increased compared to the third quarter last year. Strong thermal coal production during the first nine months of the year resulted in a 13% increase over the same period in 2011.
- Xstrata Coal settled annual thermal coal contracts from October with Japanese customers at approximately \$97 per tonne
- Ten major projects will commence commissioning on schedule by the end of 2012 across every commodity business, transforming volumes, costs and asset quality. During the third quarter:
  - Xstrata Copper's \$1.47 billion Antapaccay project in southern Peru commenced commissioning on time and on budget. First copper production is expected by the end of October. The operation is scheduled to produce an average of 160,000 tonnes of copper in concentrate per annum over the first five years, with gold and silver by-product credits. In August, we announced an increase to total Mineral Resources by 27% to over 1 billion tonnes at a grade of 0.49% copper using a cut-off grade of 0.15% copper;
  - Ernest Henry Mining commenced processing ore in September from Xstrata Copper's nearby \$308 million (AUD300 million) Mount Margaret mining operation in north-west Queensland, Australia, which will add around 30,000 tonnes of annual copper production;
  - In September, ore production commenced, ahead of schedule, at Xstrata Zinc's \$296 million (AUD303 million) Lady Loretta mine in Queensland, Australia. Full-scale commercial mining will begin in mid-2013, delivering at full production an estimated 1.2 million tonnes of ore per annum;
  - In early October, Xstrata Alloys commissioned the \$90 million Tswelopele pelletizing and sintering plant, on time and on budget. The plant will reach full capacity of around 600,000 tonnes of sintered pellets early in 2013; and
  - At the Koniambo ferronickel project in New Caledonia, the mine, ore preparation plant, overland conveyors and other key utilities were successfully commissioned in the third quarter and are already in operation. The project is on track to start up Line 1 by the end of October, to enable delivery of first ore to the furnace in the fourth quarter.
- Xstrata Zinc announced approval of a Phase 3, \$360 million (AUD360 million) expansion to the McArthur River Mine in Australia, to more than double capacity and produce an average of 380,000 tonnes of zinc from 2014. Advanced processing technology on site will enable MRM to produce a separate zinc concentrate acceptable to all smelters from its bulk zinc-lead concentrate
- Xstrata Copper announced a 20% increase to the Mineral Resource estimate at the El Pachón project in San Juan Province, Argentina to 3.3 billion tonnes at a grade of 0.47% copper, using a cut-off grade of 0.2% copper, including additional silver and molybdenum by-products. Total contained copper metal in Mineral Resources has increased by 16% to 15 million tonnes
- In September, Xstrata Nickel Australasia announced the suspension of operations at Cosmos mine in Western Australia and the initiation of a care and maintenance schedule in response to adverse market conditions, including a prolonged period of low nickel prices and a strong Australian dollar

- Lower coking and spot thermal coal prices have negatively impacted Xstrata Coal's earnings in the period from 1 July 2012. In response to industry-wide pressures, including low coal prices, high input costs and a strong Australian dollar against the US dollar, Xstrata Coal has initiated a planned restructuring of its business in Australia, including the reduction of around 600 contractor and permanent positions
- Agreement has been reached between the Glencore directors and Xstrata's independent non-executive directors on the final terms of a revised recommended all-share merger of equals.

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*Neither the content of the company's website nor the content of any other website accessible from hyperlinks on the company's website is incorporated into, or forms part of, this announcement*

### Xstrata contacts:

Claire Divver		<i>Investors &amp; analysts</i>	
Telephone	+44 20 7968 2871	Martin Fewings	
Mobile	+44 7785 964340	Telephone	+44 20 7968 2893
Email	cdivver@xstrata.com	Mobile	+44 7990 591536
		Email	mfewings@xstrata.com
Alison Flynn		Caroline Yates	
Telephone	+44 20 7968 2838	Telephone	+44 20 7968 2878
Mobile	+44 7769 314374	Mobile	+44 7824 826546
Email	aflynn@xstrata.com	Email	cyates@xstrata.com

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### Notes to editors

#### About Xstrata plc

We are a major producer of a range of vital commodities used in everything from constructing buildings and delivering electricity, to developing jet engines and mobile phones. We are one of the top five global producers of copper, thermal and metallurgical coal, ferrochrome, zinc and nickel and we also produce silver, lead, platinum, gold, cobalt and vanadium.

Founded in 2002 and headquartered in Switzerland, we operate in over 20 countries and employ over 70,000 people at more than 100 operations and projects around the world. We work in a responsible and sustainable way, with an entrepreneurial spirit and dynamic approach. For more information, visit [www.xstrata.com](http://www.xstrata.com).

## Copper

Total mined copper production improved for the third consecutive quarter in 2012 as Xstrata Copper continues to transition from older, end-of-life mines to new, lower-cost operations. Third quarter copper production of 187,800 tonnes was 2% higher than the second quarter but 16% lower than the corresponding period of 2011.

Our share of Antamina copper in concentrate production increased by 32% to 41,700 tonnes compared to the same period last year due to improved mill throughput following the successful commissioning of the processing plant's expansion to 130,000 tonnes per day in March, along with slightly improved grades and recoveries. The expanded plant consistently operated at throughput rates above nameplate capacity throughout the third quarter. At Alumbrera, higher ore throughput and higher recoveries increased copper production by 9% to 37,800 tonnes compared to the third quarter of 2011 when a geotechnical event restricted access to the pit.

These improvements were offset by planned lower production at Ernest Henry as the operation continues to transition to a 3 million tonne per year underground ramp mine following the completion of larger scale open pit mining operations in 2011. The new underground mine produced 8,900 tonnes in the third quarter as it continues to ramp up, compared to 25,700 tonnes the previous year when the open pit mine was operational. In September, Ernest Henry began processing ore from the new Mount Margaret satellite open pit mine on schedule, which will add around 30,000 tonnes of copper in concentrate annually to its production profile.

A comprehensive business improvement plan initiated by shareholders in July at the Collahuasi joint venture is achieving promising results. Increased equipment availability and loading and hauling productivity improvements are resulting in substantially higher volumes of material and ore mined. However, planned lower head grades and lower recoveries, together with decreased throughput due to an extended ball mill outage, reduced our share of copper in concentrate production by 44% to 23,700 tonnes compared to the same period last year. As the improvement plan continues and head grades increase, we expect to see increased throughput and higher metallurgical recoveries in the fourth quarter, as we continue to restore production levels above 400,000 tonnes of copper per annum (on a 100% basis) from 2013.

At our Tintaya mine, production was 31% lower compared to the corresponding period in 2011 primarily due to planned lower copper grades in the final phase of mining operations. Mining operations at the nearby new Antapaccay open pit mine continued to advance and we began to commission the Antapaccay processing plant in August. Concentrate production is scheduled to commence by the end of October progressively ramping up over the subsequent months to reach planned average production rates of 160,000 tonnes per annum during 2013.

At our Mount Isa underground mine, copper in concentrate production decreased by 14% compared to the third quarter of 2011 due to localised geotechnical issues that temporarily restricted access to high grade ore zones of the Enterprise mine, and a scheduled concentrator maintenance shutdown in July 2012.

Gold production increased by 11% to 122,700 ounces compared to the previous quarter but was 13% lower than the same period in 2011, primarily due to reduced volumes and grades at Ernest Henry and lower grades at Tintaya. This was partially offset by a 6% increase in production at Alumbrera compared to the third quarter last year from the processing of higher grade material and improved recoveries.

Total mined and third party copper cathode production decreased by 4% compared to the corresponding period of 2011. The lower volumes were due to reduced supply of anodes to the CCR refinery from the Horne smelter as a result of a planned shutdown and lower availability of oxide ores at Tintaya as mining operations near completion. Copper cathode production at Lomas Bayas was in line with the previous year as ore from the new Fortuna de Cobre pit supplemented declining volumes from the Lomas Bayas original pit.

	Q3 2012	Q3 2011	Nine months to 30.09.12	Nine months to 30.09.11
<b>Production Data</b>				
Total mined copper production (t) (contained metal)	<b>187,849</b>	223,606	<b>542,461</b>	657,652
Total mined gold production (oz) (contained metal)	<b>122,685</b>	141,411	<b>319,824</b>	416,576
Total copper cathode (t) (from mined and third party material)	<b>156,864</b>	163,683	<b>478,432</b>	477,504
Average LME copper price (\$/t)	<b>7,721</b>	8,993	<b>7,962</b>	9,270
Average LBM gold price (\$/oz)	<b>1,652</b>	1,706	<b>1,651</b>	1,531

## Coal

In the third quarter of 2012, our total consolidated coal production was 24 million tonnes, a slight increase on the corresponding period in 2011. Total consolidated production for the first nine months of the year increased by 8% on the same period in 2011, due to increased thermal coal production across every division.

Australian thermal coal production, including semi soft, was 6% or 0.8 million tonnes higher than the same period in 2011, mainly due to the restart of operations at Blakefield South mine in New South Wales. Early stage production tonnes from the Ulan and Ravensworth North open cut projects during the third quarter of 2012 and productivity improvements at Rolleston open cut mine also increased volumes. These increases were partly offset by the end of mine life closure at Westside, Ravensworth West and Baal Bone operations, all of which were still producing in the same period in 2011.

Australian coking coal production was down 0.8 million tonnes or 33% on the third quarter of 2011 mainly due to engineering issues with the new thin seam longwall in operation at Oaky Creek No. 1, which are being resolved by the supplier. In addition, the timing of longwall moves at Oaky Creek North and Tahmoor operations further reduced volumes compared to the same period of 2011.

South African thermal coal production was 0.5 million tonnes or 11% higher than the corresponding period in 2011 due to productivity improvements from the ongoing transition of our South African operations into large scale, low cost open cut operations. In addition, production in the comparable period of 2011 was impacted by industrial action.

Our share of production from the Cerrejón joint venture in Colombia was in line with the corresponding period in 2011.

	Q3 2012	Q3 2011	Nine months to 30.09.12	Nine months to 30.09.11
<b>Production Data</b>				
Total consolidated production (million tonnes)	<b>24.0</b>	23.6	<b>67.4</b>	62.1
Total thermal coal	<b>21.2</b>	20.0	<b>59.0</b>	52.4
Australian thermal	<b>13.5</b>	12.7	<b>35.8</b>	31.6
South African thermal *	<b>4.9</b>	4.4	<b>14.3</b>	12.8
Americas thermal	<b>2.8</b>	2.9	<b>8.9</b>	8.0
Total coking coal (Australia)	<b>1.6</b>	2.4	<b>5.0</b>	5.5
Total semi-soft coking coal (Australia)	<b>1.2</b>	1.2	<b>3.4</b>	4.2
Average received export FOB coal price (\$/t)				
Australian thermal	<b>99.5</b>	110.9	<b>105.4</b>	106.9
South African thermal	<b>98.0</b>	105.1	<b>103.3</b>	98.9
Americas thermal	<b>86.3</b>	102.9	<b>90.1</b>	102.0
Australian coking	<b>210.8</b>	285.9	<b>215.3</b>	269.0
Australian semi-soft coking	<b>148.2</b>	231.6	<b>165.3</b>	200.0
* Mpumalanga is included in 2011 production reporting. Mpumalanga contributed 0.3 million tonnes in Q3 2011 and 0.8 million tonnes for the nine months ended 30.09.11				

## Nickel

Total nickel production for the third quarter of 2012 was in line with the prior period. Our total nickel production for the first nine months of the year increased by 2% to 79,474 tonnes compared to the same period last year, driven by a 16% increase in nickel in ferronickel production from Falcondo following the restart of mining activities in February 2011 to 50% of installed capacity.

Mined nickel production from our Integrated Nickel Operations (INO) during the third quarter was lower compared to the previous year, primarily due to the winding down of mining activities at Xstrata Nickel Australasia's Cosmos mine following our decision during the quarter to initiate a care and maintenance schedule in response to adverse market conditions. In Sudbury, mined nickel and copper production were both lower due to a planned 16-day electrical maintenance shutdown. Current run-rates at our Sudbury mines indicate a strong fourth quarter.

Despite the reduction in mined output, nickel in matte production from the Sudbury smelter increased 11% in the third quarter of 2012 compared to the same period last year. This increase was achieved by drawing down existing feed inventory, and acquiring and processing additional third party feed. Copper in matte production from the smelter increased by 2%.

Refined nickel production from our Nikkelverk refinery in Norway remained in line with its nameplate capacity of 92,000 tonnes per year.

	Q3 2012	Q3 2011	Nine months to 30.09.12	Nine months to 30.09.11
<b>Production Data</b>				
Total mined nickel production (t) (contained metal) – INO	12,886	15,524	44,028	46,321
Total mined copper production (t) (contained metal) – INO	10,522	12,805	38,917	39,478
Total mined cobalt production (t) (contained metal) – INO	283	262	917	878
Total nickel production (t)	26,691	26,738	79,474	78,174
- Total refined nickel production (t)	22,872	23,030	68,351	68,554
- Total ferronickel production (t) (contained nickel)	3,819	3,708	11,123	9,620
Average LME nickel price (US\$/t)	16,317	22,043	17,716	24,348
Average LME copper price (US\$/t)	7,721	8,993	7,962	9,270
Average Metal Bulletin cobalt low grade price (US\$/lb)	12.59	15.76	13.47	16.71

## Zinc

Record output at our Mount Isa operation contributed to a 4% increase in zinc in concentrate production volumes in the third quarter of 2012 compared to the same period last year. The higher Australian volumes more than offset lower grades at our Brunswick and Perseverance mines in Canada, where ore reserves approach the end of their lives. Zinc in concentrate production remained at a similar level to that achieved during the first nine months of 2011.

Refined zinc metal production at our smelters was in line with the same period of last year.

Total lead in concentrate production increased by 12% compared to the third quarter of 2011, mainly as a result of record volumes of lead in concentrate at Mount Isa Mines during the period. During the first nine months of the year, lead in concentrate volumes increased by nearly 10%, mainly as a result of improved ore grades at our Australian operations.

Total refined lead metal production was 45% higher than in the same period of 2011, boosted by higher lead production at our Mount Isa operations and improved shipping schedules for lead bullion to our UK lead refinery.

	Q3 2012	Q3 2011	Nine months to 30.09.12	Nine months to 30.09.11
<b>Production Data</b>				
Total zinc in concentrate production (t)	241,059	232,315	737,153	732,452
Total zinc metal production (t)	181,992	184,220	546,824	550,559
Total lead in concentrate production (t)	59,720	53,519	185,349	169,393
Total lead metal production (t)	54,361	37,396	174,146	145,394
Average LME zinc price (\$/t)	1,889	2,226	1,946	2,289
Average LME lead price (\$/t)	1,980	2,462	2,014	2,538

## Alloys

Attributable ferrochrome production of 195,000 tonnes in the third quarter of 2012, reflected furnaces operating at 55% of capacity due to high winter electricity tariffs and furnace refurbishment programmes being extended in response to soft market conditions. Volumes were 15% lower than the first nine months of 2011, mainly due to power buyback deals with Eskom, the South African electricity supplier, to counter electricity shortages.

Ferrochrome producers settled the average European benchmark price for the third quarter at \$1.25 per pound, 7% lower than the second quarter price of \$1.35 per pound. Despite continued high mining inflation and increased standing charges from idled capacity, a weakening South African rand compared to the US dollar will offer some support to margins. The fourth quarter European benchmark price was settled at \$1.10 per pound.

Our Tswelopele pelletizing and sintering plant to reduce operating costs and improve resource efficiency was commissioned in early October, on time and on budget.

PGM volumes were 12% lower than the corresponding period in the prior year mainly as a result of Eland transitioning from an open pit to an underground operation. Our PGM production improved by 6% compared to the second quarter of 2012 as production increased at Eland from the ramp up of underground operations.

Our joint venture Mototolo platinum mine is maintaining steady production volumes of 200,000 ROM tonnes of ore per month.

	Q3 2012	Q3 2011	Nine months to 30.09.12	Nine months to 30.09.11
<b>Chrome</b>				
Attributable* saleable production (kt)	195	186	654	767
Indicative average published price (US¢/lb) ( <i>Metal Bulletin</i> )	125	120	125	127
* Reflects Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture				

	Q3 2012	Q3 2011	Nine months to 30.09.12	Nine months to 30.09.11
<b>Platinum Group Metals</b>				
Consolidated** saleable production (oz)				
Platinum	20,949	24,794	58,815	75,471
Palladium	11,741	12,450	33,184	37,686
Rhodium	3,583	4,026	10,017	12,204
Average prices (\$/oz)				
Average (London Platinum and Palladium Market) Platinum price (\$/oz)	1,495	1,773	1,535	1,783
Average (London Platinum and Palladium Market) Palladium price (\$/oz)	611	754	641	768
Average (Johnson Matthey) Rhodium price (\$/oz)	1,176	1,896	1,321	2,163
** Consolidated 100% of Eland and 50% of Mototolo				