



NEWS RELEASE

Zug, 18 October 2011

INTERIM MANAGEMENT STATEMENT AND THIRD QUARTER PRODUCTION REPORT

Highlights

- Record quarterly thermal coal production*, 13% higher than the same period in 2010 and 22% higher than the second quarter of 2011
- Increased volumes of nickel and zinc metal and lead in concentrate production compared to same period last year
- Base metals and coal operations remain on track to deliver a stronger second half performance compared to first half 2011
- Thermal coal prices remain strong with 1 October annual contracts settled with long-term Japanese customers at \$126.50 per tonne FOBT (6322GAR basis), following major settlements for the year from 1 April concluded at \$129.85 per tonne
- Major growth projects remain on time and on budget with Antamina (copper-zinc), Collahuasi 150ktpd (copper), Koniambo (nickel), Antapaccay (copper) and Ravensworth North (thermal coal) projects on track to start production in 2012

Four growth projects were approved during the period:

- A \$1.3 billion expansion project (Xstrata share 33.3%) to increase saleable production and export capacity at the Cerrejón thermal coal operation in Colombia from 32 million tonnes to 40 million tonnes per annum by 2015
- A CAD552 million (\$530 million) expansion to mining operations and infrastructure at the world-class Raglan operation in Quebec, Canada to produce 40,000 annual tonnes of nickel in concentrate by 2016
- The CAD123 million (\$119 million) Fraser Morgan project to extend the mine life and further exploit polymetallic orebodies at the Fraser complex in Sudbury, Canada
- The AUD246 million (\$239 million) construction of the greenfield Lady Loretta zinc-lead-silver mine in north-west Queensland, Australia to produce an annual average of 126,000 tonnes of zinc in concentrate and 40,000 tonnes of lead in concentrate over 10 years
- Xstrata Coal acquired 100% of privately-owned First Coal Corporation for around CAD147 million (\$153 million) in August, and in October agreed to acquire the contiguous Lossan deposit from Cline Mining Corporation for CAD40 million, providing access to coking coal exploration leases in the Peace River Coalfield, British Columbia, Canada

- The shareholders in Minera Alumbrera copper-gold mine in Argentina (Xstrata share 50%) secured an exclusive option to acquire Yamana's 100% interest in the Agua Rica project, a feasibility stage project located approximately 35 kilometres from the Alumbrera mine
- Xstrata Zinc completed its acquisition of the Hackett River and Wishbone exploration properties, in the Western Kitikmeot region of Nunavut, Canada, from Sabina Gold and Silver Corp. for a cash consideration of CAD50 million in October
- Xstrata Zinc Canada agreed to purchase the remaining 23.6% interest in the Pallas Green property in the Republic of Ireland from Minco plc for \$19.4 million in July, subject to approvals
- Xstrata Mount Isa Mines secured a long-term supply of electricity and gas from the Diamantina Power Station consortium to 2030, with gas supply and pricing fixed until 2023, to meet forecast demand for the life of current and planned copper and zinc-lead operations in north-west Queensland, Australia.

In the period from 1 July 2011, Xstrata's operating and financial performance continues to be strong and the company's financial position remains robust. Significant headroom has been maintained within Xstrata's corporate debt facilities and \$6.8 billion remains undrawn. The modest debt maturities within the next two years, together with a good spread of maturities over subsequent years continue to underpin the Group's financial position.

Xstrata's preliminary results for the year ending 31 December 2011 will be announced on 7 February 2012.

* excludes semi-soft coal

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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 20 countries.

This Interim Management Statement has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules and should not be relied on by any other party or for any other purpose.

THIRD QUARTER 2011 PRODUCTION REPORT

Xstrata Alloys

In response to weaker market conditions, scheduled maintenance programmes at the furnaces during the high electricity tariff South African winter were extended resulting in reduced operating capacity utilisation of 52%. Consequently, ferrochrome production was 18% lower in the third quarter of 2011 compared to the same period in 2010.

Ferrochrome producers settled the third quarter benchmark price at \$1.20 per pound, 11% lower than the \$1.35 per pound settled in the second quarter, due to weak demand. The fourth quarter benchmark price was maintained at \$1.20 per pound.

Ferrovandium production volumes decreased by 8% in the third quarter, mainly as a result of the reduced availability of vanadium pentoxide for ferrovandium conversion due to an increase in direct vanadium pentoxide sales to take advantage of more favourable market conditions.

PGM production for the third quarter was 16% lower than the comparable period in 2010 as a result of reduced head grades from mining the remaining opencast zone at Eland. As a result of the lower grades and prevailing economic conditions, the Eland open pit operations were suspended from August 2011. Development of the underground operations at Eland continues. The Mototolo joint venture maintained nameplate ROM production of around 200,000 tonnes per month throughout the period, producing 53,208 ounces in total of PGMs.

| Chrome | Q3 2011 | Q3 2010 | Nine months to 30.09.11 | Nine months to 30.09.10 |
|--|----------------|---------|--------------------------------|-------------------------|
| Attributable* saleable production (kt) | 186 | 228 | 767 | 835 |
| Indicative average published price (US\$/lb) (<i>Metal Bulletin</i>) | 120 | 130 | 127 | 122 |
| * Reflects Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture | | | | |

| Vanadium | Q3 2011 | Q3 2010 | Nine months to 30.09.11 | Nine months to 30.09.10 |
|---|----------------|---------|--------------------------------|-------------------------|
| Consolidated** saleable ferrovandium production (k kg) | 1,034 | 1,126 | 3,011 | 3,312 |
| Consolidated** saleable vanadium pentoxide (k lb) | 5,824 | 5,805 | 15,917 | 16,512 |
| Indicative average published price ferrovandium (US\$/kg) (<i>Metal Bulletin</i>) | 28.51 | 28.91 | 29.73 | 30.13 |
| Indicative average published price vanadium pentoxide (US\$/lb) (<i>Metal Bulletin</i>) | 6.57 | 6.84 | 6.73 | 6.96 |
| ** Consolidated 100% | | | | |

| Platinum Group Metals | Q3 2011 | Q3 2010 | Nine months to 30.09.11 | Nine months to 30.09.10 |
|--|----------------|---------|--------------------------------|-------------------------|
| Consolidated*** saleable production (oz) | | | | |
| Platinum | 24,794 | 29,520 | 75,471 | 93,457 |
| Palladium | 12,450 | 14,743 | 37,686 | 47,625 |
| Rhodium | 4,026 | 4,883 | 12,204 | 15,642 |
| Average prices (\$/oz) | | | | |
| Average (London Platinum and Palladium Market) Platinum price (\$/oz) | 1,773 | 1,553 | 1,783 | 1,582 |
| Average (London Platinum and Palladium Market) Palladium price (\$/oz) | 754 | 494 | 768 | 476 |
| Average (Johnson Matthey) Rhodium price (\$/oz) | 1,896 | 2,027 | 2,163 | 2,432 |
| *** Consolidated 100% of Eland and 50% of Mototolo | | | | |

Xstrata Coal

Total consolidated coal production rose by 1.7 million tonnes compared to the corresponding period in 2010 to 23.6 million tonnes, a quarterly production record.

Australian thermal production, including semi-soft, was 13% or 1.6 million tonnes higher than the same period in 2010, mainly due to the successful commencement of operations at the Mangoola open cut mine ahead of schedule in February 2011. The full benefit of the new volumes in New South Wales was partly offset by the temporary suspension of operations at the Blakefield South mine due to an underground fire and interruptions to the Ulan longwall as a result of significant water in the underground operating area during the first quarter of 2011. Development recommenced at Blakefield South during the third quarter and planning and approval works are continuing for the restart of longwall operations in 2012. Production at Ulan continued to ramp up during the third quarter.

Coking coal production increased by 26% compared to the same period last year. The increase was primarily due to full production from Tahmoor underground mine in New South Wales compared to the same period last year when industrial action significantly impacted production. Coking coal production continues to recover strongly from the Queensland floods in early 2011.

South African thermal coal production was lower than the corresponding period in 2010, due to industrial action and the continued transition of the underground mines to open cut complexes.

Cerrejón volumes were 21% higher than the corresponding period in 2010, mainly due to the impact of excessive rainfall on production during the third quarter of 2010.

| Production Data | Q3 2011 | Q3 2010 | Nine months to 30.09.11 | Nine months to 30.09.10 |
|---|----------------|---------|--------------------------------|-------------------------|
| Total consolidated production (million tonnes) | 23.6 | 21.9 | 62.1 | 60.5 |
| Total thermal coal | 20.0 | 18.5 | 52.4 | 49.4 |
| Australian thermal | 12.7 | 10.8 | 31.6 | 28.2 |
| South African thermal ** | 4.4 | 5.3 | 12.8 | 13.5 |
| Americas thermal* | 2.9 | 2.4 | 8.0 | 7.7 |
| Total coking coal (Australia) | 2.4 | 1.9 | 5.5 | 5.7 |
| Total semi-soft coking coal (Australia) | 1.2 | 1.5 | 4.2 | 5.4 |
| Average received export FOB coal price (\$/t) | | | | |
| Australian thermal | 110.9 | 87.4 | 106.9 | 82.9 |
| South African thermal** | 105.1 | 73.3 | 98.9 | 74.3 |
| Americas thermal* | 102.9 | 74.0 | 102.0 | 70.5 |
| Australian coking | 285.9 | 230.4 | 269.0 | 202.7 |
| Australian semi-soft coking | 231.6 | 160.0 | 200.0 | 132.2 |
| * Excludes the Prodeco operations which were sold on 4 March 2010. Prodeco contributed 2.9 million tonnes in 2010. | | | | |
| ** Mpumalanga is included in 2010 and 2011 production reporting. For financial reporting Mpumalanga will be excluded from Xstrata Coal's ex-mine results as it is classified as an Asset Held for Sale. | | | | |

Xstrata Copper

Total mined copper production in the third quarter of 2011 was in line with the second quarter but 4% lower than the same period of 2010. Production at Collahuasi was impacted by planned lower grades, blizzard conditions in July and 18 days of repairs to the conveyor belt in September which reduced feed to the concentrator. Planned lower grades at Mount Isa, Kidd and Tintaya mines also contributed to decreased production compared with the third quarter in 2010.

Partially offsetting lower volumes, production increased at Alumbraera due to higher grades and improvements to the grinding and pebbles circuit which improved throughput. At Antamina, the processing of a larger proportion of copper-only ores resulted in higher copper grades, while debottlenecking initiatives and improvements in blast fragmentation led to improved throughput and recoveries.

Total refined copper production, including third party material, decreased by 5% compared with the corresponding period last year due to timing issues related to the supply of mined anodes to the Townsville refinery and lower third party anode supply to CCR refinery, together with reduced copper cathode production at Collahuasi and Tintaya mines as a result of lower grades.

| Production Data | Q3 2011 | Q3 2010 | Nine months to 30.09.11 | Nine months to 30.09.10 |
|--|----------------|---------|--------------------------------|-------------------------|
| Total mined copper production (t) (contained metal) | 223,606 | 233,647 | 657,652 | 667,795 |
| Total mined gold production (oz) (contained metal) | 141,411 | 129,667 | 416,576 | 363,873 |
| Total copper cathode (t) (from mined and third party material) | 163,683 | 171,397 | 477,504 | 542,570 |
| Average LME copper price (\$/t) | 8,993 | 7,243 | 9,270 | 7,169 |
| Average LBM gold price (\$/oz) | 1,706 | 1,227 | 1,531 | 1,178 |

Xstrata Nickel

Total nickel production in the third quarter of 2011 increased to 26,738 tonnes, 15% higher than the same period last year. This increase was driven by Falcondo's successful ramp up to exceed the planned annualised run-rate of 14,000 tonnes of nickel in ferronickel, 50% of its installed capacity. Falcondo contributed 3,708 tonnes in the third quarter, 6% above the planned run-rate and representing an annualised run-rate of close to 15,000 tonnes of nickel in ferronickel.

Refined nickel production from the Nikkelverk refinery during the quarter was marginally lower than the same period last year due to a planned maintenance shutdown, but continued to run in line with its annual production capacity of 92,000 tonnes.

Total mined nickel production from the Integrated Nickel Operations decreased by 4% to 15,524 tonnes as increased mined production from Sudbury and Raglan was offset by lower grades from the Australian operations. Total mined copper production was 13% higher than the same period last year due to the contribution of the copper-rich Nickel Rim South mine and increased ore volumes from Fraser mine's copper zone.

| Production Data | Q3 2011 | Q3 2010 | Nine months to 30.09.11 | Nine months to 30.09.10 |
|---|----------------|---------|--------------------------------|-------------------------|
| Total mined nickel production (t) (contained metal) – INO | 15,524 | 16,174 | 46,321 | 44,134 |
| Total mined copper production (t) (contained metal) – INO | 12,805 | 11,364 | 39,478 | 29,628 |
| Total mined cobalt production (t) (contained metal) – INO | 262 | 288 | 878 | 808 |
| Total nickel production (t) | 26,738 | 23,259 | 78,174 | 68,717 |
| - Total refined nickel production (t) | 23,030 | 23,259 | 68,554 | 68,717 |
| - Total ferronickel production (t) (contained nickel) | 3,708 | - | 9,620 | - |
| Average LME nickel price (US\$/t) | 22,043 | 21,188 | 24,348 | 21,203 |
| Average LME copper price (US\$/t) | 8,993 | 7,243 | 9,270 | 7,169 |
| Average Metal Bulletin cobalt low grade price (US\$/lb) | 15.76 | 17.20 | 16.71 | 18.27 |

Xstrata Zinc

Production of zinc in concentrate decreased by 2% in the third quarter of 2011 compared to the same period of 2010. Improved production volumes at Brunswick mine in Canada and the Australian operations were more than offset by lower output at Antamina mine in Peru due to the processing of a larger proportion of copper-only ores.

Total zinc metal production was 4% higher than in the comparable period of 2010 as a result of increased volumes from San Juan de Nieva smelter.

Lead in concentrate production was 5% higher than the same period of 2010, mainly due to increased production at McArthur River mine. Lead metal production was 32% lower in the third quarter of 2011 due to a delayed lead bullion shipment to Britannia Refined Metals in the UK.

| Production Data | Q3 2011 | Q3 2010 | Nine months to 30.09.11 | Nine months to 30.09.10 |
|--|----------------|---------|--------------------------------|-------------------------|
| Total zinc in concentrate production (t) | 232,315 | 238,464 | 732,452 | 760,023 |
| Total zinc metal production (t) | 184,220 | 176,521 | 550,559 | 581,392 |
| Total lead in concentrate production (t) | 53,519 | 50,963 | 169,393 | 172,032 |
| Total lead metal production (t) | 37,396 | 54,806 | 145,394 | 178,012 |
| Average LME zinc price (\$/t) | 2,226 | 2,013 | 2,289 | 2,106 |
| Average LME lead price (\$/t) | 2,462 | 2,032 | 2,538 | 2,066 |

Ends