

Zug, 31 July 2012

Production Report for the six months ended 30 June 2012

Highlights:

- Newly commissioned expansions and improved productivity delivered stronger second quarter production in coal, copper, nickel, zinc and lead compared to the first quarter
- Total mined copper production, up by 7% quarter-on-quarter, included volumes from the Antamina expansion which successfully commissioned in March. We continue our transition to new mines and expansions that herald the start of increased copper production from the second half of 2012
- Thermal coal volumes increased across all our regions, Australia, South Africa and Colombia, benefiting from new mines and improved productivity at existing operations compared to the same period in 2011
- Mined nickel and ferro-nickel production rose by 5% compared to first half of 2011, following improved volumes and higher grades at our Canadian operations and a full six-month contribution from the Falcondo ferronickel operation
- A total of ten major approved growth projects will reach commissioning in 2012: Antamina (already commissioned), Antapaccay, Lomas Bayas, Mount Margaret (copper), Ravensworth North and Ulan open cut (coal), Koniambo (nickel), Tswelopele (ferrochrome pelletising plant) and Lady Loretta and George Fisher (zinc). The commissioning of tier one growth projects will reduce overall operating costs and improve the quality and robustness of our portfolio throughout the commodity cycle.

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

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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

Copper

Total mined copper production increased by 7% in the second quarter of 2012 compared to the first quarter. Volumes were 18% lower than the first half of 2011 as Xstrata Copper continued its transition from older end-of-life mines to new mines and expansion projects that will increase overall production volumes in the second half of this year, including the expansion of the Antamina joint venture mine, new Antapaccay mine in Peru, Ernest Henry underground mine and Mount Margaret project in Australia and Lomas Bayas II project in Chile.

Our share of Antamina copper production increased by 39% to 68,000 tonnes in the first half due to improved mill throughput as a result of the expansion project, successfully commissioned in March, which increased plant capacity to an average of at least 130,000 tonnes per day, along with planned higher grades and recoveries. Higher ore throughput at our Alumbrera mine together with improved head grades and recoveries increased copper production by 13% to 67,300 tonnes in the first half, as the mine regained access to higher copper grade ore zones after a geotechnical event restricted access last year. A resolution introduced by the Argentine government in April prevented Alumbrera from selling product to export customers under its standard terms in the second quarter, impacting first half sales volumes. Concentrate shipments resumed in July after the resolution was revised allowing for repatriation of sales revenues within a more practical period.

Planned lower production at Ernest Henry contributed 14,900 tonnes in the first half of 2012 compared to 54,600 tonnes in the first half of 2011, as the operation transitions to underground mining following the completion of the low cost open pit in December 2011. Underground ore mining achieved annualised mining rates of 2 million tonnes in the first half and is scheduled to increase to around 3 million tonnes by the end of the year. This will subsequently increase to around 6 million tonnes per annum after the underground hoisting shaft is commissioned at the end of 2013. The neighbouring new Mount Margaret project commenced open pit mining activities on schedule and budget in July and first ore to the Ernest Henry concentrator is scheduled for the third quarter of this year, adding around 30,000 tonnes of copper annually to Ernest Henry's production profile.

Planned lower grades and recoveries at our Collahuasi joint venture, together with adverse weather conditions, safety stoppages and an unplanned extended ball mill outage that began in March decreased our share of copper in concentrate production by 41% to 55,900 tonnes in the first half. Collahuasi's copper production is expected to improve in the second half of the year as equipment availability improves following completion of the ball mill repairs through August and metallurgical recoveries improve. Following Collahuasi's disappointing performance and the departure in June of its chief executive officer Xstrata initiated a business improvement plan together with the other shareholders in the operation. Collahuasi's joint venture partners are now directly managing the operation and, through a dedicated taskforce, the process of identifying and implementing operational improvements.

At our Tintaya mine, now in its final year of mining, pit wall instability issues following record rainfall in the first quarter impacted mined volumes and limited access to higher grade ore. Copper production fell by 52% to 19,900 tonnes compared to the corresponding period the previous year. The adjacent Antapaccay mine remains on schedule and budget to commence operations and plant commissioning in the third quarter of this year. Antapaccay will progressively ramp up to reach planned average production rates of 160,000 tonnes per annum from 2013.

At Lomas Bayas, copper cathode production at 36,600 tonnes was in line with the previous year as ore from the new Fortuna de Cobre pit began supplementing declining volumes from the original pit as part of the Lomas II project. Additional plant infrastructure is on track for commissioning during the second half of this year which will sustain current levels of production for at least a further 12 years.

Gold production decreased by 28% to 197,139 ounces in the first half of 2012 compared to the previous year, mainly due to lower volumes and grades at Ernest Henry and Tintaya and lower grades at Alumbrera.

Total mined and third party copper cathode production increased by 3% compared to the same period last year. Production increased at the Townsville refinery, which last year experienced a shutdown during the first half due to a severe cyclone event in north Queensland and at the CCR refinery in Canada as initiatives to increase throughput enabled additional anodes from Altonorte to be processed.

	Six months to 30.06.12	Six months to 30.06.11	Year ended 31.12.11
Argentina – Alumbraera*			
Material mined (t)	45,892,465	33,954,549	74,428,957
Ore mined (t)	14,885,478	7,974,405	22,226,785
Copper head grade (%)	0.43	0.42	0.40
Gold head grade (g/t)	0.40	0.46	0.42
Ore treated (t)	19,083,639	18,874,746	38,201,036
Concentrate produced (t)	261,128	230,500	446,718
Copper in concentrate (t)	67,289	59,687	116,698
Gold in concentrate (oz)	159,913	178,001	327,887
Gold in doré (oz)	11,626	14,355	28,129
Total gold (oz)	171,539	192,356	356,016
Australia - Ernest Henry			
Material mined (t)	1,061,384	7,308,491	11,350,039
Ore mined (t)	1,061,384	5,229,329	9,098,260
Copper head grade (%)	0.90	1.09	1.05
Gold head grade (g/t)	0.43	0.53	0.51
Ore treated (t)	3,200,415	5,357,887	10,360,819
Concentrate produced (t)	53,299	194,506	352,537
Copper in concentrate (t)	14,941	54,606	100,303
Gold in concentrate (oz)	17,979	69,068	128,701
Magnetite in concentrate (t)	264,409	-	498,975
Australia - Mount Isa			
Ore mined (t)	3,036,491	2,725,730	5,873,705
Copper head grade (%)	2.43	2.66	2.73
Ore treated (t)	3,027,273	2,736,942	5,882,967
Concentrate produced from ore (t)	273,889	272,363	609,865
Copper in concentrate from ore (t)	66,514	66,912	148,759
Anode copper (t)	89,351	110,029	237,667
Refined copper (t)	140,305	129,611	276,535
Canada - Kidd			
Ore mined (t)	1,169,017	1,251,940	2,227,223
Copper head grade (%)	1.55	1.87	1.97
Ore treated (t)	1,163,456	1,253,581	2,238,269
Concentrate produced (t)	67,887	83,790	162,758
Copper in concentrate (t)	17,329	22,244	42,322
Zinc concentrate produced (t) *	61,433	95,042	134,733
Zinc in concentrate (t) *	32,031	50,202	71,497

	Six months to 30.06.12	Six months to 30.06.11	Year ended 31.12.11
Canada – Horne			
Concentrate treated (t)	330,171	358,345	751,083
Anode copper (t)	89,221	88,588	187,410
Canada - CCR Refinery			
Refined copper (t)	133,442	126,829	263,967
Chile – Collahuasi**			
Material mined (t)	47,947,438	44,099,865	92,563,211
Ore mined (t)	10,458,676	10,218,655	19,905,585
Copper grade in ore milled (%)	0.79	1.03	1.02
Ore milled (t)	9,808,870	10,730,591	21,008,847
Concentrate produced (t)	216,806	352,694	675,749
Copper in concentrate (t)	55,875	95,258	183,604
Copper cathode (t)	8,085	7,899	15,841
Chile - Lomas Bayas			
Material mined (t)	31,999,220	31,019,058	66,900,909
ROM leach (t)	20,060,710	18,212,894	42,804,384
ROM copper grade (%)	0.23	0.25	0.26
Heap leach (t)	7,012,381	7,382,046	14,502,842
Heap leach copper grade (%)	0.37	0.37	0.37
Copper cathode (t)	36,606	37,143	73,605
Chile – Altonorte			
Concentrate treated (t)	471,572	516,889	1,033,956
Anode copper (t)	135,492	155,603	311,014
Peru - Antamina Copper***			
Material mined (t)	30,283,896	25,253,048	53,255,990
Ore mined (t)	6,163,054	6,814,102	13,666,661
Copper head grade (%)	1.03	0.95	1.04
Ore treated (t)	7,579,304	6,257,746	12,688,078
Copper concentrate produced (t)	239,126	174,453	400,253
Copper in concentrate (t)	68,083	49,110	112,617
Peru – Tintaya			
Material mined (t)	33,423,523	50,248,745	100,725,107
Ore mined (t)	2,894,382	2,791,805	5,332,950
Ore milled (t)	3,545,383	3,638,139	7,378,509
Copper grade in ore milled (%)	0.65	1.03	1.22
Gold grade in ore milled (g/t)	0.13	0.21	0.23
Concentrate produced (t)	64,710	96,688	251,987
Copper in concentrate (t)	16,760	29,028	74,261
Gold in concentrate (oz)	7,621	13,741	33,144
Copper cathode (t)	3,130	12,159	20,969
Total mined copper production (t) (contained metal)	354,612	434,046	888,979
Total mined gold production (oz) (contained metal)	197,139	275,165	517,861
Total copper cathode (from own and third party material) (t)	321,568	313,641	650,917
Average LME copper cash price (\$/t)	8,087	9,399	8,826
Average LBM gold price (\$/oz)	1,651	1,444	1,573

* 100% consolidated figures

** Xstrata Copper's pro-rata share of Collahuasi (44%)

*** Xstrata Copper's pro-rata share of Antamina (33.75%)

Coal

Total consolidated coal production increased by 13% to 43.4 million tonnes in the first half of 2012 as a result of increased thermal coal volumes across every division compared to the same period in 2011. Thermal and coking coal volumes were higher in the second quarter of 2012 than the first quarter, as a result of the successful return to production at Blakefield South, the commencement of Ulan open cut and continued ramp up at the Ulan West box cut operation. Additionally, Newlands and Oaky Creek benefited from fewer production interruptions in the second quarter after the impacts of wet weather and longwall moves in the first quarter.

Australian thermal coal production increased by 12% or 2.7 million tonnes (including semi-soft volumes), due to improved performance at our Rolleston and Ulan underground operations, a full six-month contribution from Mangoola, commissioned in 2011, the commencement of Ulan Open Cut and Ulan West box cut operations, and the restart of production at the Blakefield South mine in the second quarter, six weeks ahead of schedule. The full impact of improved production volumes was partially offset by end of mine life closures in 2011 at the Beltana, Ravensworth West and Baal Bone operations.

South African thermal coal production increased by 12% or 1 million tonnes as we continue to increase production from large scale, low cost, primarily open cut complexes. Both Goedgedvonden and ATCOM East mines produced at full mine capacity during the first half.

Our share of production from the Cerrejón joint venture in Colombia was 20% or 1 million tonnes higher than the first half of last year. Improved performance reflects significantly lower rainfall this year than in the first half of 2011 and the deferral of fleet retirement to rebuild inventories depleted by the impact of last year's rain.

Australian coking coal production increased by 6% in the first six months of 2012, reflecting the longwall moves at coking coal operations in the first half of the previous year.

(million tonnes)	Six months to 30.06.12	Six months to 30.06.11	Year ended 31.12.11
Total consolidated production**	43.4	38.5	85.3
Total thermal coal	37.9	32.4	72.4
Australian thermal	22.4	18.9	44.5
South African thermal*	9.4	8.4	17.1
Americas thermal	6.1	5.1	10.8
Total coking coal (Australia)	3.3	3.1	7.6
Total semi-soft coking (Australia)	2.2	3.0	5.3
Average received export FOB coal price (\$/t)			
Australian thermal	108.4	104.0	109.6
South African thermal	106.2	95.5	101.2
Americas thermal	92.0	101.4	101.0
Australian coking	216.8	259.6	265.0
Australian semi-soft coking	173.5	187.1	202.5
* Mpumalanga is included in 2011 production reporting. For financial reporting Mpumalanga is excluded from Xstrata Coal's examine results as it is classified as an Asset Held for Sale			

Nickel

In the first half of 2012, refined nickel volumes increased by 3% over the same period last year to 52,800 tonnes as a result of strong mine performance at the Sudbury and Raglan mines and at the Falcondo ferronickel operations. Second quarter mined nickel production was up 11% over the first quarter of the year.

At our INO mines, nickel in concentrate production increased, driven by higher head grades at the Sudbury mines and a 13% increase in mined ore and higher head grades at Raglan, primarily associated with the successful completion of the Kikialik project and commissioning of mine operations in December 2011. At our Australian mines, production was impacted by lower grades as we transition to mining disseminated ore bodies with inherently lower nickel content, mitigated to a large extent by an 18% increase in ore treated.

We produced 32,800 tonnes of nickel in matte from our Sudbury Smelter, 5% more than the same period last year. Refined nickel production from our Nikkelverk refinery in Norway remained above nameplate capacity, in line with the previous period.

Total nickel in ferronickel production from the Falcondo operation in the Dominican Republic rose by 24% to 7,300 tonnes in the first half, following the restart of mining activities in February 2011 to 50% of installed capacity.

Mined copper production reached 28,400 tonnes in the first half of 2012, up 6% over the same period last year, and up by the same amount quarter over quarter, due to increased volumes and improved copper head grade at the Nickel Rim South mine in Sudbury. Copper metal production at Nikkelverk rose by 6% as a result of increased copper content in our matte feed and ongoing improvements in copper capacity.

	Six months to 30.06.12	Six months to 30.06.11	Year ended 31.12.11
North America – Sudbury Operations – Mine/Mill			
Ore mined (t)	731,088	761,339	1,493,005
Nickel head grade (%)	1.57	1.42	1.46
Copper head grade (%)	3.46	3.04	3.23
Ore treated (t)	1,052,935	917,038	1,883,977
Total nickel in concentrate (t)	13,636	10,394	22,716
Nickel in concentrate from own mines (t)	10,106	9,702	19,795
Nickel in concentrate from third parties (t)	3,530	692	2,921
Copper in concentrate from own mines and third parties (t)	26,780	23,554	49,887
Cobalt in concentrate from own mines and third parties (t)	296	201	473
North America – Sudbury Operations – Smelter			
Total nickel in matte (t)	32,795	31,086	69,459
Nickel in matte from own mines (t)	23,014	26,737	57,066
Nickel in matte from third parties (t)	9,781	4,349	12,393
Copper in matte from own mines and third parties (t)	9,867	8,558	20,041
Cobalt in matte from own mines and third parties (t)	937	967	2,209
North America – Raglan			
Ore mined (t)	639,746	565,329	1,206,360
Nickel head grade (%)	2.46	2.32	2.39
Copper head grade (%)	0.66	0.67	0.69
Ore treated (t)	639,327	637,646	1,299,821
Nickel in concentrate (t)	13,957	12,809	27,274
Copper in concentrate (t)	3,438	3,404	7,215
Cobalt in concentrate (t)	290	270	561
Australia – XNA			
Ore mined (t)	352,403	350,536	768,843
Nickel head grade (%)	2.18	2.89	2.69
Ore treated (t)	420,318	354,735	778,073
Nickel in concentrate (t)	7,079	8,286	17,034
Copper in concentrate (t)	311	397	881
Cobalt in concentrate (t)	182	176	396
Dominican Republic – Falcondo			
Ore mined (t)	984,635	762,297	1,721,673
Nickel head grade (%)	1.22	1.30	1.26
Ore treated (t)	647,716	491,534	1,142,754
Nickel in ferronickel (t)	7,304	5,912	13,498
Europe – Nikkelverk			
Nickel metal (t)	45,479	45,524	92,427
Copper metal (t)	18,595	17,484	36,292
Cobalt metal (t)	1,388	1,404	3,067
Total mined nickel production (t) (contained metal) - INO	31,142	30,797	64,103
Total mined copper production (t) (contained metal) - INO	28,395	26,673	55,629
Total mined cobalt production (t) (contained metal) - INO	634	617	1,302
Total refined nickel production (t) (payable metal) - INO	52,783	51,436	105,925
Total refined nickel production (t)	45,479	45,524	92,427
Total ferronickel production (t)	7,304	5,912	13,498
Average LME nickel cash price (\$/t)	18,438	25,565	22,831
Average LME copper cash price (\$/t)	8,087	9,399	8,826
Average Metal Bulletin cobalt low grade price (\$/lb)	13.92	17.23	16.01

Zinc

In the first half, zinc in concentrates production remained at a similar level to the same period last year. Higher grades at our Australian operations helped to offset planned lower zinc production at Antamina, where the mine plan continues to operate in a predominantly copper ore zone, as well as lower grades at our Canadian Brunswick and Perseverance mines in Canada as they approach the end of operations. First half zinc metal production at our smelters was consistent with the same period in 2011.

Total lead in concentrate production increased by 8% during the first half of 2012 mainly as a result of improved ore grades at our Australian operations.

Total lead metal production was 11% higher than the first half of 2011, boosted by higher lead production at Mount Isa Mines and improvements to shipping schedules for lead bullion to our UK refinery.

	Six months to 30.06.12	Six months to 30.06.11	Year ended 31.12.11
Australia – Mount Isa			
Ore mined (t)	4,390,660	4,488,013	9,089,019
Zinc head grade (%)	6.0	5.5	5.4
Lead head grade (%)	2.8	2.4	2.4
Silver head grade (g/t)	56.8	53.6	52.3
Ore treated (t)	4,390,427	4,638,467	9,233,581
Zinc in zinc concentrate (t)	181,412	174,513	357,011
Lead in lead concentrate to smelter (t)	74,962	67,525	130,697
Lead in lead bullion (t)	71,894	66,650	138,629
Lead in purchased concentrate smelted (t)	7,335	3,123	7,633
Silver in lead bullion (k oz)	3,731	2,957	6,546
Silver in purchased concentrate smelted (k oz)	1,000	440	1,031
Australia – McArthur River			
Ore mined (t)	1,148,444	1,113,053	2,338,328
Zinc head grade (%)	11.3	10.8	11.1
Lead head grade (%)	4.7	4.3	4.4
Ore treated (t)	1,149,278	1,141,628	2,379,565
Zinc in concentrate (t)	98,680	90,765	194,058
Lead in concentrate (t)	19,997	17,092	38,284
Silver in concentrate (k oz)	848	721	1,594
Europe – San Juan de Nieva			
Zinc metal (t)	254,226	253,302	511,092
Europe – Nordenham			
Zinc metal (t)	75,096	76,767	154,241
Europe – Northfleet			
Mount Isa sourced lead (t)	80,841	67,462	127,507
Other lead (t)	-	1,406	2,548
Total refined lead (t)	80,841	68,868	130,055
Mount Isa refined silver (k oz)	3,606	2,447	5,381
Total refined silver (k oz)	3,606	2,447	5,381

	Six months to 30.06.12	Six months to 30.06.11	Year ended 31.12.11
North America – Brunswick mine			
Ore mined (t)	1,538,156	1,643,532	3,102,794
Zinc head grade (%)	8.1	8.0	7.9
Lead head grade (%)	3.1	3.1	3.1
Silver head grade (g/t)	94	101	97
Ore treated (t)	1,590,739	1,641,393	3,081,241
Zinc in zinc concentrate (t)	100,178	104,087	192,237
Zinc in bulk concentrate (t)	9,733	8,952	16,758
Lead in bulk concentrate (t)	3,210	4,135	6,932
Lead in lead concentrate to smelter (t)	27,460	27,122	49,830
Lead in other feeds to smelter (t)	15,202	13,106	42,488
Total refined lead (t)	38,944	39,129	76,524
Silver in bulk concentrate (k oz)	228	280	474
Silver in lead concentrate to smelter (k oz)	1,352	1,370	2,506
Silver in other feeds to smelter (k oz)	5,692	5,951	12,185
Total silver in doré (k oz)	5,743	6,585	13,434
Copper in concentrate (t)	3,977	4,769	8,798
North America – CEZ refinery *			
Zinc metal (t)	35,511	36,270	72,425
North America – Perseverance			
Ore mined (t)	577,842	571,768	1,114,423
Zinc head grade (%)	12.7	13.4	13.2
Ore treated (t)	541,266	545,141	1,086,760
Zinc in concentrate (t)	64,414	69,047	135,008
Copper in concentrate (t)	4,828	4,890	9,752
Peru - Antamina Zinc**			
Ore mined (t)	6,163,054	6,814,102	13,666,661
Zinc head grade (%)	1.9	2.3	2.3
Ore treated (t)	7,579,304	6,257,746	12,688,076
Zinc in concentrate (t)	41,677	52,773	79,444
Total zinc in concentrate production (t)	496,094	500,137	974,517
Total zinc metal production (t)	364,833	366,339	737,758
Total lead in concentrate production (t)	125,629	115,874	225,743
Total lead metal production (t)	119,785	107,997	206,579
Average LME zinc price(\$/t)	1,978	2,323	2,190
Average LME lead price (\$/t)	2,035	2,581	2,399
* Xstrata Zinc's pro-rata share of CEZ production (25%)			
** Xstrata Zinc's pro-rata share of Antamina production (33.75%)			

Alloys

Attributable ferrochrome production volumes were 21% lower than the first half of 2011, mainly due to the rescheduling of maintenance programmes in response to a comparatively soft market and Eskom, the South African national electricity supplier, buying back power to counter electricity shortages. Financial compensation received from Eskom covered the costs and lost profits incurred as a result of reduced volumes.

Ferrochrome producers achieved a 17% increase in the average European benchmark price from \$1.15 per pound in the first quarter to \$1.35 per pound in the second quarter, driven by reduced supply in the market. Margins, however, remain under pressure as a result of continued strong mining inflation, increased standing charges and a relatively strong rand compared to the US dollar. The third quarter European benchmark price was settled at \$1.25 per pound.

The Tswelopele pelletizing and sintering plant is on track to be commissioned during the second half of 2012, on time and on budget and will further reduce input costs at our ferrochrome smelters.

Despite a 9% increase in PGM volumes between the first and second quarter of the year, production for the first half of 2012 was 22% lower than the corresponding period in 2011 as Eland mine continued its transition to an underground operation following the cessation of opencast operations in the final quarter of 2011 and due to ongoing unreasonable Section 54 safety stoppages in common with the rest of the mining industry. Mototolo Mine achieved record first half production with production volumes of over 200,000 ROM tonnes per month.

Ferrochrome

	Six months to 30.06.12	Six months to 30.06.11	Year ended 31.12.11
Attributable* saleable production (kt)	459	581	1,021
Indicative average published price (c/lb) (Metal Bulletin)	125.0	130.0	125.0
* Reflects Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture			

Platinum

	Six months to 30.06.12	Six months to 30.06.11	Year ended 31.12.11
Consolidated** saleable production (oz)			
Platinum	37,866	50,677	92,411
Palladium	21,442	25,237	46,968
Rhodium	6,434	8,178	15,049
Average (London Platinum and Palladium Market) Platinum price (\$/oz)	1,555	1,789	1,720
Average (London Platinum and Palladium Market) Palladium price (\$/oz)	656	776	733
Average (Johnson Matthey) Rhodium price (\$/oz)	1,395	2,307	2,022
** Consolidated 100% of Eland and 50% of Mototolo			

Ends