



NEWS RELEASE

## INTERIM MANAGEMENT STATEMENT AND FIRST QUARTER PRODUCTION REPORT

Zug, 01 May 2012

### Highlights

- Thermal coal, mined nickel, ferronickel and lead volumes rose compared to the first quarter of 2011
- Major projects continue to make good progress and remain on schedule:
  - The Koniambo ferronickel project in New Caledonia is on schedule to produce first metal in the second half of 2012, with the ore preparation plant and overland conveyor now in pre-operational testing
  - Pre-stripping and blasting commenced in March at the Antapaccay copper project in Peru where construction is more than 70% complete ahead of planned commissioning in the third quarter of 2012
  - An expansion to the Antamina copper-zinc joint venture in Peru was successfully commissioned and is operating at its increased milling capacity of 130,000 tonnes per day
  - The Lady Loretta underground zinc-lead-silver mine in Australia will commence one year earlier than planned in late 2012 and annual ore production will rise from 1 million to 1.2 million tonnes from 2015
- In February, we announced a recommended all-share merger with Glencore to create a major, unique \$90 billion natural resources group
- Xstrata Coal acquired the Sukunka hard coking coal deposit from Talisman Energy Inc for \$500 million. Sukunka is located in British Columbia, Canada and supplements our existing First Coal and Lossan coking coal tenements in the region. JX Nippon Oil & Energy Corporation subsequently paid \$435 million to acquire a 25% stake in our combined British Columbia coking coal assets
- In March, the Queensland Land Court recommended the Queensland Government approve Xstrata Coal's Mining Lease Applications for the 22 million tonnes per annum Wandoan Coal Project. The New South Wales Land and Environment Court declined to impose any greenhouse gas offset conditions on the project approval for Ulan coal mine's continued operations project.
- Xstrata Zinc announced that Brunswick Mine in Canada will close no later than March 2013, after almost half a century of mining operations
- In April, Origin Energy Limited (Origin) acquired a 51% interest in the Energía Austral hydroelectric development company in Chile. Xstrata Copper will retain a 49% stake. At full capacity, Energía Austral's hydropower supply will generate 1,000 MW of clean energy

In the period from 1 January 2012, our operating and financial performance continues to be strong and the company's financial position remains robust.

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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*

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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

2012 marks a transition year for Xstrata Copper as new expansion projects ramp up in the second half of the year at our Antamina joint venture and new Antapaccay mine in Peru, Ernest Henry underground mine in Australia and Lomas Bayas mine in Chile. Following the closure of the Ernest Henry open pit mine in December last year and with our Tintaya pit entering its final year of production in 2012, the transition period has resulted in planned lower mined copper output in the first quarter, with production 18% lower than the first quarter of 2011.

At Antamina, the expansion project to increase processing capacity by 38% to 130,000 tonnes per day was successfully commissioned in the first quarter and reached nameplate capacity in March 2012. As a result, our share of Antamina copper production increased by 24% with higher mill throughput from the increased capacity, together with planned higher grades and recoveries.

Higher ore throughput, improved head grades and recoveries increased copper production at the Alumbra mine by 13% in the first quarter of 2012, as the mine was able to regain access to higher grade zones after a geotechnical event restricted access last year.

The Ernest Henry open-pit mine, which produced over 100,000 tonnes of copper last year, reached the end of its life in December 2011 and underground ore production commenced, initially at a lower rate and with lower grades, contributing 7,300 tonnes of copper in the first quarter. Underground annualised ore mining rates will increase progressively from a rate of approximately 2 million tonnes at present to 3 million tonnes by the end of this year, increasing to 6 million tonnes per annum after an underground hoisting shaft is commissioned at the end of 2013.

Planned lower grades and recoveries at Collahuasi, together with adverse weather conditions and an unplanned ball mill outage in March, decreased our share of copper in concentrate production by 34% to 29,400 tonnes in the first quarter. We expect Collahuasi's copper production to improve in the second half of 2012 as the mine plan moves into a higher-grade ore zone. An incremental expansion to 160,000 tonnes per day will be commissioned in 2013, further increasing copper production to an annual rate of more than 500,000 tonnes per annum.

Record rainfall at our Tintaya mine restricted mining rates and access to higher ore grades, contributing to reduced copper production of 53% to 11,500 tonnes over the corresponding period as Tintaya enters its final year of operations. The adjacent Antapaccay project is on track to commence operations in the third quarter of this year and is scheduled to progressively ramp up to reach initial production rates of 160,000 tonnes per annum in 2013.

Gold production decreased by 34% to 86,800 ounces in the first quarter of 2012 compared to the previous year, mainly due to Ernest Henry's transition to a lower production underground operation – and to lower grades at Alumbra and Tintaya.

Total mined and third party copper cathode production increased by 2% compared to the first quarter of 2011, mainly due to improved production at the Townsville refinery which experienced a shut down in the same quarter of 2011 in response to a severe cyclone event in North Queensland.

Production Data	Q1 2012	Q1 2011	Year ended 31.12.11
Total mined copper production (t) (contained metal)	171,121	209,935	888,979
Total mined gold production (oz) (contained metal)	86,797	132,136	517,861
Total copper cathode (t) (from mined and third party material)	158,545	156,136	650,917
Average LME copper price (\$/t)	8,329	9,629	8,826
Average LBM gold price (\$/oz)	1,691	1,387	1,573

## Coal

Total consolidated coal production increased by 9% to 21.1 million tonnes in the first quarter of 2012. This was primarily due to increased Australian and South African thermal coal volumes resulting from more consistent, uninterrupted production compared to the same period in 2011, when performance was significantly impacted by a number of uncontrollable events.

Australian thermal coal production, including metallurgical volumes, increased by 8% or 0.9 million tonnes, mainly as a result of improved performance at the Rolleston open cut and Ulan underground operations, compared to the first quarter of 2011 when flooding impacted production. The full impact of improved volumes from the Australian operations was not wholly realised due to the end of mine life closures in 2011 at the Beltana, Ravensworth West and Baal Bone operations, which were still producing in the first three months of 2011.

Australian coking coal production was down by 0.3 million tonnes in the first three months of 2012 mainly due to the timing of longwall moves at the Oak Creek underground complex in Queensland.

South African thermal coal production increased by 20% or 0.8 million tonnes due to improved performance in the first quarter of the year, as our sites continued their transition to large scale, low cost, primarily open-cut, complexes, with Goedgevonden and ATCOM East producing at steady state volumes.

At Cerrejón, our joint venture operation in Colombia, volumes were 15% or 0.4 million tonnes higher compared to the first quarter of 2011, when production levels were impacted by more rainfall than in the first quarter of 2012.

<b>Production Data</b> (million tonnes)	<b>Q1 2012</b>	Q1 2011	Year ended 31.12.11
Total consolidated production	<b>21.1</b>	19.3	85.3
Total thermal coal	<b>18.8</b>	16.1	72.4
Australian thermal	<b>10.9</b>	9.4	44.5
South African thermal*	<b>4.9</b>	4.1	17.1
Americas thermal	<b>3.0</b>	2.6	10.8
Total coking coal (Australia)	<b>1.4</b>	1.7	7.6
Total semi-soft coking coal (Australia)	<b>0.9</b>	1.5	5.3
Average received export FOB coal price (\$/t)			
Australian thermal	<b>114.3</b>	97.3	109.6
Australian coking	<b>224.7</b>	236.5	265.0
Australian semi-soft coking	<b>180.0</b>	158.8	202.5
South African thermal	<b>107.5</b>	96.8	101.2
Americas thermal	<b>94.5</b>	97.6	101.0
* Q1 2011 production figures include Mpumalanga. Mpumalanga contributed 0.3 million tonnes in Q1 2011 and 1 million tonnes for the 2011 full year			

## Nickel

We produced 26,381 tonnes of nickel in the first quarter of 2012, 8% more than the same period last year as a result of improved mined production from both our Integrated Nickel Operations (INO) and our Falcondo ferronickel operation.

Mined nickel in concentrate production from our INO mines increased by 2%, driven by higher volumes and grade at our Raglan and Sudbury mines in Canada. A 5% increase in the volume of INO ore milled in the period was offset by lower grades from our Australian mines, as we mined disseminated ore bodies with inherently lower nickel content.

Total nickel in ferronickel production from our Falcondo operation in the Dominican Republic rose 89% to 3,576 tonnes in the first quarter, after we restarted mining activities in February 2011 to 50% of installed capacity. Falcondo's run-rate in the first quarter of 2012 remained above planned capacity.

Our mined copper production reached 13,769 tonnes, up 10% over the same period last year, reflecting a period of significant copper contained in Sudbury's Nickel Rim South ore. This increased mined copper production contributed to a 15% increase in refined copper production at the Nikkelverk refinery in Norway, which produced 9,385 tonnes of copper metal in the first quarter of 2012.

Production Data	Q1 2012	Q1 2011	Year ended 31.12.11
Total mined nickel production (t) (contained metal) – INO	<b>14,677</b>	14,419	64,103
Total mined copper production (t) (contained metal) – INO	<b>13,769</b>	12,539	55,629
Total mined cobalt production (t) (contained metal) - INO	<b>294</b>	287	1,302
Total nickel production (t)	<b>26,381</b>	24,531	105,925
Total refined nickel production (t)	<b>22,805</b>	22,637	92,427
Total mined ferronickel production (t) (contained metal)	<b>3,576</b>	1,894	13,498
Average LME nickel price (\$/t)	<b>19,651</b>	26,899	22,831
Average LME copper price (\$/t)	<b>8,329</b>	9,629	8,826
Average Metal Bulletin cobalt low grade price (\$/lb)	<b>14.13</b>	17.86	16.01

## Zinc

A 12% increase in production at our Australian operations helped to offset a planned reduction in volumes at Antamina, where the mine plan continues to operate in a predominantly copper ore zone. Overall, our total zinc in concentrate production achieved similar volumes to the first quarter in 2011. Zinc metal production at our smelters was also consistent with the same period in 2011.

Total lead in concentrate production increased by 7% during the first quarter of 2012, mainly due to higher production volumes at our Australian operations as a result of improved ore grades.

As a result of higher production at Mount Isa and improvements to shipping schedules for lead bullion shipments to our UK refinery, total lead metal production was 14% higher than the same period in 2011.

Production Data	Q1 2012	Q1 2011	Year ended 31.12.11
Total zinc in concentrate production (t)	<b>239,983</b>	240,749	974,517
Total zinc metal production (t)	<b>182,227</b>	182,357	737,758
Total lead in concentrate production (t)	<b>57,643</b>	53,764	225,743
Total lead metal production (t)	<b>59,260</b>	51,777	206,579
Average LME zinc price (\$/t)	<b>2,025</b>	2,394	2,190
Average LME lead price (\$/t)	<b>2,092</b>	2,605	2,399

## Alloys

Attributable ferrochrome production volumes were 20% lower than the first quarter of 2011, mainly due to the rescheduling of maintenance programmes and power buyback deals with Eskom, the South African national electricity supplier. In total, seven furnaces were impacted by Eskom's requirements for consumption reductions to support their maintenance programmes.

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.

PGM volumes were lower than the corresponding quarter in 2011 as Eland mine continued to transition to an underground operation following the cessation of opencast operations in the final quarter of 2011. Mototolo Mine achieved nameplate production volumes with a slight increase over the comparative period in 2011.

	Q1 2012	Q1 2011	Year ended 31.12.11
<b>Ferrochrome</b>			
Attributable* saleable production (kt)	252	316	1,021
Indicative average published price (US¢/lb) ( <i>Metal Bulletin</i> )	115.0	125.0	125.0
* Reflects Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture			

	Q1 2012	Q1 2011	Year ended 31.12.11
<b>Platinum Group Metals</b>			
Consolidated * saleable production (oz)			
Platinum	18,093	22,367	92,411
Palladium	10,296	11,443	46,968
Rhodium	3,058	3,620	15,049
Average (London Platinum and Palladium Market) Platinum price (\$/oz)	1,608	1,794	1,720
Average (London Platinum and Palladium Market) Palladium price (\$/oz)	682	792	733
Average (Johnson Matthey) Rhodium price (\$/oz)	1,463	2,436	2,022
* Consolidated 100% of Eland and 50% of Mototolo			

Ends