OFFERING MEMORANDUM

STRICTLY CONFIDENTIAL
NOT FOR GENERAL CIRCULATION
IN THE UNITED STATES

Xstrata Finance (Canada) Limited

US$1,250,000,000 1.800% Notes due 2015
Issue price: 99.968%

US$1,750,000,000 2.450% Notes due 2017
Issue price: 99.832%

US$1,000,000,000 4.000% Notes due 2022
Issue price: 99.747%

US$500,000,000 5.300% Notes due 2042
Issue price: 99.346%

Fully and unconditionally guaranteed on a senior, unsecured and joint and several basis by Xstrata plc, Xstrata (Schweiz) AG, Xstrata Canada Financial Corp. and Xstrata Finance (Dubai) Limited.

The 1.800% Notes due 2015 (the ''2015 Notes''), the 2.450% Notes due 2017 (the ''2017 Notes''), the 4.000% Notes due 2022 (the ''2022 Notes'') and the 5.300% Notes due 2042 (the ''2042 Notes'' and, together with the 2015 Notes, the 2017 Notes and the 2022 Notes, the ''Notes'') are being offered by Xstrata Finance (Canada) Limited (the ''Issuer''). Upon issue, payment of the principal and interest on the Notes will, subject to the limitations described in ''Risk Factors'' beginning on page 9 and ''Description of the Notes and Guarantees,'' be fully and unconditionally guaranteed on a senior, unsecured, and joint and several basis by Xstrata plc (''Xstrata''), Xstrata (Schweiz) AG (''Xstrata Schweiz''), Xstrata Canada Financial Corp. (''Xstrata Canada Financial'') and Xstrata Finance (Dubai) Limited (''Xstrata Dubai'' and, together with Xstrata, Xstrata Schweiz and Xstrata Canada Financial, the ''Guarantors'') pursuant to the guarantees relating to the Notes (the ''Guarantees'') as set forth in the indenture under which the Notes will be issued (the ''Indenture''). The Notes and the Guarantees will rank *pari passu* with all other direct, unsecured and unsubordinated obligations (except for certain limited exceptions and those obligations preferred by statute or operation of law) of the Issuer and the Guarantors, respectively.

The Notes are redeemable in whole or in part at any time at the option of the Issuer or the Guarantors at a redemption price equal to the make-whole amounts described in ''Description of the Notes and Guarantees.'' In addition, the Notes are redeemable in whole but not in part at the option of the Issuer upon the occurrence of certain changes in taxation at their principal amount with accrued and unpaid interest to the date of redemption.

The Notes will be issued initially in fully registered form as beneficial interests in one or more Global Notes (as defined in this Offering Memorandum). Except as set forth in this Offering Memorandum, Global Notes will not be exchangeable for Definitive Notes (as defined in this Offering Memorandum).

Investing in the Notes involves certain risks. For a discussion of certain factors that should be considered in connection with an investment in the Notes, see "Risk Factors."

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the ''Securities Act''), or any state securities laws and are being offered and sold within the United States only to ''qualified institutional buyers'' (''QIBs'') as defined in Rule 144A under the Securities Act (''Rule 144A'') and outside the United States to, or for the account or benefit of, persons other than US persons (within the meaning given in Regulation S under the Securities Act (''US persons'')) in reliance on Regulation S under the Securities Act (''Regulation S''). For further details about eligible offerees, deemed representations and transfer and resale restrictions, please see ''Plan of Distribution'' and ''Transfer Restrictions.''

The Notes are being offered subject to various conditions and are expected to be delivered on or about October 25, 2012 through the facilities of The Depository Trust Company (''DTC'') and its participants, including Euroclear Bank, S.A./N.V. (''Euroclear'') and Clearstream Banking, S.A. (''Clearstream''), against payment in immediately available funds.

Joint Book-Running Managers

Barclays **J.P. Morgan** **Mizuho Securities**

RBC Capital Markets **RBS** **Scotiabank**

Co-Managers

ANZ Securities **CIBC** **Commonwealth Bank of Australia**

nabSecurities, LLC **TD Securities**

The date of this Offering Memorandum is October 18, 2012

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer or the Guarantors, any of their respective affiliates or the Initial Purchasers. This Offering Memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Offering Memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantors since the date of this Offering Memorandum or that there has been no adverse change in the consolidated statement of financial position of Xstrata and its consolidated subsidiaries (together, the "Xstrata Group") since the date hereof or that the information contained in this Offering Memorandum is correct as of any time subsequent to that date.

This Offering Memorandum is being provided on a confidential basis to certain prospective holders of Notes inside and outside the United States (together, the "Noteholders") for use solely in connection with the offer and sale of the Notes, (the "Notes Issue"). Its use for any other purpose is not authorized. This Offering Memorandum may not be copied or reproduced in whole or in part, nor may it be distributed nor may any of its contents be disclosed to any person other than the prospective Noteholders to whom it is being provided. You agree to the foregoing by accepting delivery of this Offering Memorandum.

In making an investment decision, prospective Noteholders must rely on their own examination of the Issuer and the Guarantors and their respective affiliates, the terms of the Notes and the financial information contained in this Offering Memorandum and their own assessment of the merits and risks involved.

Prospective Noteholders acknowledge that they have not relied, and will not rely, on the Initial Purchasers in connection with their investigation of the accuracy of any information or their decision to invest in the Notes. The contents of this Offering Memorandum are not to be considered as legal, business, financial, investment or tax advice. Prospective Noteholders should consult their own counsel, accountants and other advisers as to legal, tax, business, financial, investment and related aspects of a purchase of the Notes.

The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum and the offer and sale of the Notes. You should inform yourself about and observe any applicable restrictions. This Offering Memorandum does not constitute, and may not be used in connection with, an offer to sell or a solicitation of an offer to buy Notes in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so, and it does not constitute, and may not be used in connection with, an offer to sell Notes to, or a solicitation of an offer to buy Notes from, any person to whom it is unlawful to make the offer or solicitation. For a further description of certain restrictions on the offering and sale of the Notes and the distribution of this Offering Memorandum, prospective Noteholders should read "Plan of Distribution" and "Transfer Restrictions."

This Offering Memorandum relates to an Exempt Offer in accordance with the Market Rules of the Dubai Financial Services Authority. Where the Notes are either offered by Xstrata Dubai, or offered to customers within the Dubai International Financial Centre, they must be denominated in amounts of at least US$100,000 or an equivalent amount in another currency. The Notes may not be denominated in UAE dirhams.

The Notes will be issued in fully registered form and only in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. The Notes that are to be offered and sold initially to QIBs in reliance on Rule 144A will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Rule 144A Global Notes"), and the Notes that are to be offered and sold initially to, or for the account or benefit of, persons other than US persons in reliance on Regulation S will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Regulation S Global Notes"). The Rule 144A Global Notes and the Regulation S Global Notes will be deposited with The Bank of New York Mellon, as custodian for DTC, and registered in the name of Cede & Co., as nominee of DTC. The Rule 144A Global Notes and the Regulation S Global Notes together comprise the

"Global Notes." For further information, prospective Noteholders should read "Book-Entry, Delivery and Form."

CERTAIN US MATTERS

This Notes Issue is being made in reliance upon an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. By purchasing the Notes, investors are deemed to have made the acknowledgements, representations, warranties and agreements set forth under "Transfer Restrictions."

Neither the United States Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Notes and the Guarantees or passed upon the accuracy or adequacy of this Offering Memorandum or any supplement thereto. Any representation to the contrary is a criminal offense in the United States. The Notes may only be offered and sold in the United States to QIBs within the meaning of and in reliance on Rule 144A and outside the United States to persons other than US persons in reliance on Regulation S.

The Notes and the Guarantees have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes and the Guarantees may not be offered or sold in the United States. For further information, prospective Noteholders should read "Plan of Distribution" and "Transfer Restrictions." Prospective Noteholders should be aware that they may be required to bear the financial risks of their investment in the Notes for an indefinite period of time. Prospective Noteholders are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Notwithstanding anything herein to the contrary, potential purchasers may disclose to any and all persons, without limitation of any kind, the US federal or state income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to the investors relating to such tax treatment and tax structure. However, any information relating to the US federal income tax treatment or tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable any person to comply with applicable securities laws. For this purpose, "tax structure" means any facts relevant to the US federal or state income tax treatment of the offering but does not include information relating to the identity of the issuer of the securities, the issuer of any assets underlying the securities, or any of their respective affiliates that are offering the securities.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

Xstrata has agreed that, so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of any such restricted securities, or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum and the information incorporated by reference into this Offering Memorandum include forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "believes," "estimates," "anticipates," "expects," "intends," "plans," "goal," "target," "aim," "may," "will," "would," "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and the information incorporated by reference into this Offering Memorandum and include statements regarding the intentions, beliefs or current expectations of the directors of Xstrata (the "Xstrata Directors" or the "Directors" or the "Board" or the "Board of Directors"), Xstrata or the Xstrata Group concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of the Xstrata Group and the industries in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Xstrata Group's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Xstrata Group's actual results of operations, financial condition, liquidity, growth, dividend policy and the development of the industries in which it operates may differ materially from the impression created by the forward-looking statements contained in this Offering Memorandum and/or the information incorporated by reference into this Offering Memorandum. In addition, even if the actual results of operations, financial condition, liquidity, growth and dividend policy of the Xstrata Group, and the development of the industries in which it operates, are consistent with the forward-looking statements contained in this Offering Memorandum and/or the information incorporated by reference into this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions; commodity price volatility; industry trends; competition; changes in government and other regulation, including in relation to the environment, health and safety and taxation; labor relations and work stoppages; changes in political and economic stability; currency fluctuations (including the €/US$, £/US$, A$/US$, C$/US$, ZAR/US$, ARS/US$, CHF/US$, CLP/US$, the Colombian peso/US$, the Peruvian nuevo sol/US$ and the Norwegian kroner/US$ exchange rates); the Xstrata Group's ability to integrate new businesses and recover its reserves or develop new reserves and changes in business strategy or development plans and other risks, including those described in "Risk Factors."

You are advised to read this Offering Memorandum and the information incorporated by reference into this Offering Memorandum in its entirety, and, in particular, "Summary" and "Risk Factors" for a further discussion of the factors that could affect the Xstrata Group's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Offering Memorandum and/or the information incorporated by reference into this Offering Memorandum may not occur. These forward-looking statements speak only as of the date on which the statements were made.

Other than in accordance with their legal or regulatory obligations (including under the Disclosure Rules and Transparency Rules of the United Kingdom Financial Services Authority), neither the Issuer nor the Guarantors undertakes any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is a company incorporated in Canada. Xstrata is a company incorporated in the United Kingdom. Xstrata Schweiz is a company incorporated in Switzerland. Xstrata Canada Financial is a company incorporated in Canada. Xstrata Dubai is a company incorporated in the Dubai International Financial Centre. The assets of the Issuer and the Guarantors are located in various jurisdictions and the majority of these assets are located in jurisdictions outside the United States.

The directors and key managers of the Issuer and the Guarantors are citizens of various countries, and most are not citizens of the United States. All or a substantial portion of the assets of such persons as well as the assets of Xstrata Group are located outside the United States. As a result, it may not be possible for investors in the Notes to effect service of process in jurisdictions outside the United States against the Issuer, the Guarantors or their respective directors or to enforce in such jurisdictions the judgment of a court outside such jurisdictions. It may be difficult for investors in the Notes to enforce, in original actions or in actions for enforcement brought in jurisdictions located outside the United States, judgments of US courts or civil liabilities predicated upon US federal securities laws. Further, it may be difficult for investors in the Notes to enforce judgments of this nature in many of jurisdictions in which the Xstrata Group operates and in which its assets are situated and in the countries of which most of the directors and key managers of the Issuer and the Guarantors are citizens.

PRESENTATION OF INFORMATION

Proposed all-share merger with Glencore International plc

On October 1, 2012, the independent non-executive members of Xstrata's Board of Directors announced an intention to recommend the revised final terms of a proposed all-share merger with Glencore International plc (''Glencore'') to be effected by means of a scheme of arrangement between Xstrata and its eligible shareholders under Part 26 of the Companies Act 2006 (the ''Proposed Merger''). Shareholder meetings to consider the final terms of the Proposed Merger are expected to take place by the end of the year. For details of the Proposed Merger see ''Operating and Financial Review — Current trading and prospects — Merger with Glencore.''

Xstrata understands that Glencore's intention following completion of the Proposed Merger is to put in place a capital structure with upstream and downstream guarantees, such that Glencore (and certain of its subsidiaries) will guarantee all or a portion of Xstrata's then-existing indebtedness, and Xstrata (and certain of Xstrata's subsidiaries), to the extent permitted by the terms and conditions of its credit facilities, will provide upstream guarantees to all or a portion of Glencore International AG's and, with effect from May 24, 2011, Glencore International plc's (including, in each case, their subsidiaries and affiliates or, as the context requires, any subsidiary or affiliate thereof) (together, the ''Glencore Group'') then-existing indebtedness. Glencore has not, however, given any undertakings or made any proposals to Xstrata to this effect in respect of the Notes or any other of Xstrata's or the Glencore Group's obligations.

Glencore's ordinary shares were admitted to the Official List of the UK Financial Services Authority (the ''Official List'') and to trading on the London Stock Exchange plc (the ''London Stock Exchange'') on May 24, 2011. Glencore regularly publishes financial and operational information via the Regulatory News Service, which allows companies to transmit regulatory and non-regulatory announcements, and on its website. The content of any such announcements on Glencore's website does not form any part of this Offering Memorandum.

Competitive statements

The following table describes the basis of the competitive statements in respect of the Xstrata Group included in this Offering Memorandum. The market data supporting the competitive statements was obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Xstrata has not relied on single sources but has instead sought to ensure that each competitive statement is balanced and reasonable, based on various available sources and Xstrata's knowledge of the markets in which the Xstrata Group operates.

Analysis of the coking coal markets in this Offering Memorandum does not include coals known as pulverized coal injection (''PCI'') coals, which are used for injection directly into blast furnaces, and refers only to coal used for coke-making.

Statement	Basis
The Xstrata Group	
The Xstrata Group is the fifth largest diversified mining group in the world	Enterprise value calculated as market capitalization (sourced from Bloomberg) plus interest bearing net debt plus minorities sourced from the latest publicly available financial information, in each case as of December 31, 2011
The Xstrata Group's top five industry positions are in copper, export thermal coal, export coking coal, ferrochrome, zinc and nickel	Production for the year ended December 31, 2011
Copper Business	
The Xstrata Group is the world's fourth largest copper producer	Production for the year ended December 31, 2011
Coal Business	
On a managed basis, the Xstrata Group is the world's largest exporter of bituminous thermal coal and a significant producer of premium quality hard coking and semi-soft coking coal	Production for the year ended December 31, 2011
Nickel Business	
The Xstrata Group is the fourth largest global nickel producer and one of the world's largest producers of cobalt	Refined production for the year ended December 31, 2011
Zinc Business	
The Xstrata Group is one of the world's largest miners and producers of zinc	Production for the year ended December 31, 2011
Alloys Business	
Through Xstrata Alloys, the Xstrata Group is one of the world's largest and among the world's lowest cost integrated ferrochrome producers (via the Xstrata-Merafe chrome venture), one of the world's largest producers of primary vanadium and a growing producer of platinum group metals (''PGMs'').	Market share of attributable production for the year ended December 31, 2011

Presentation of financial information

Historical financial information

Unless otherwise indicated, financial information presented in this Offering Memorandum relating to the Xstrata Group as of and for the years ended December 31, 2010 (including comparative financial information as of and for the year ended December 31, 2009) and December 31, 2011 is presented in US dollars, has been prepared in accordance with International Financial Reporting Standards (''IFRS'') as adopted by the European Union, and has been extracted without material adjustment from the published annual report and accounts of the Xstrata Group for the years ended December 31, 2010 and 2011.

Unless otherwise indicated, financial information presented in this Offering Memorandum relating to the Xstrata Group as of and for the six months ended June 30, 2012 (including comparative financial information as of and for the six months ended June 30, 2011) is presented in US dollars, has been prepared in accordance with International Accounting Standard (''IAS'') 34 ''Interim Financial Reporting'' and has been extracted without material adjustment from the published interim financial results of the Xstrata Group for the six months ended June 30, 2012.

Unless otherwise indicated, capitalization and indebtedness information for the Xstrata Group in this Offering Memorandum has been extracted without material adjustment from the Xstrata Group's statement of financial position as of June 30, 2012 and management information of the Xstrata Group, is unaudited and presented in US dollars.

The Xstrata Group's historical financial statements include:

- the audited financial statements of the Xstrata Group as of and for the year ended December 31, 2010 (including comparative financial information as of and for the year ended December 31, 2009) prepared in accordance with IFRS as adopted by the European Union;
- the audited financial statements of the Xstrata Group as of and for the year ended December 31, 2011 prepared in accordance with IFRS as adopted by the European Union; and
- the unaudited condensed interim financial statements of the Xstrata Group as of and for the six months ended June 30, 2012 (including comparative financial information as of and for the six months ended June 30, 2011) prepared in accordance with IAS 34 "Interim Financial Reporting",

in each case, together with the respective notes thereto.

Accounting for Prodeco

Following shareholder approval, the Xstrata Group acquired, subject to a call option discussed below, 100% of the Prodeco Colombian coal operations ("Prodeco") from the Glencore Group on March 3, 2009 for a net cost of US$2 billion and the rights to Prodeco's earnings from January 1, 2009 (the "Prodeco Acquisition"). The Xstrata Group agreed to grant the Glencore Group a call option to repurchase Prodeco on any business day up to March 4, 2010, for US$2.25 billion, plus / minus the net cash paid to / received from Prodeco and all profits of Prodeco accrued, but not distributed, to the Xstrata Group. The investment in Prodeco was included on the Xstrata Group's statement of financial position at December 31, 2009 within current other financial assets. The profits of Prodeco were recognized as finance income in the period earned, and the call option premium was included in finance income proportionately over the life of the option. On March 4, 2010, the Xstrata Group received formal notification from the Glencore Group of the exercise of its option to acquire Prodeco for US$2.25 billion plus the balance of any profits accrued, but not distributed to Xstrata during the period from January 1, 2009 to the completion date and plus the net balance of any cash invested by the Xstrata Group. Completion of the Glencore Group's exercise of its option occurred on April 14, 2010. For more information, see "Operating and Financial Review — Results of operations — Year ended December 31, 2010 compared with year ended December 31, 2009 — Other pre-tax items."

EBITDA and EBIT

Although IFRS neither recognizes nor defines the measures EBITDA and EBIT, they are measures that are widely used in the natural resources sector to evaluate a company's operating performance. Nevertheless, EBITDA and EBIT should not be considered in isolation from or as a substitute for operating profit, cash flows from operating activities or any other measure for determining the Xstrata Group's operating performance or liquidity that is calculated in accordance with IFRS. As EBITDA and EBIT are not measures of performance defined by IFRS, these measures may not be comparable to similarly titled measures employed by other companies.

Unless otherwise indicated, EBITDA represents, when used in this Offering Memorandum in relation to the Xstrata Group, operating profit before interest, taxation, depreciation and amortization. Unless otherwise indicated, EBIT represents profit before interest and taxation.

"EBITDA (before exceptional items)" and "EBIT (before exceptional items)" are EBITDA and EBIT, respectively, before material items of income and expense, presented separately due to their nature or expected infrequency of the events giving rise to them.

The following table sets forth a reconciliation from profit/(loss) for the year/period (as applicable) to EBIT and EBITDA based on information extracted without material adjustment from the Xstrata Group's historical financial statements:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	(in US$ millions, except as otherwise stated)				
Profit / (loss) for the year / period (as applicable)	**861**	**4,955**	**5,933**	**3,049**	**2,015**
Add back:					
Income tax charge / (credit)	669	1,653	2,215	1,050	(481)
Finance costs	795	655	471	273	205
Less:					
Finance income	(454)	(152)	(137)	(61)	(126)
EBIT	**1,871**	**7,111**	**8,482**	**4,311**	**1,613**
Add back:					
Depreciation and amortization	2,419	2,732	3,217	1,574	1,553
Impairment of assets	2,553	559	6	—	111
EBITDA	**6,843**	**10,402**	**11,705**	**5,885**	**3,277**

Presentation of information on Lonmin plc

The Xstrata Group has not had any due diligence access to Lonmin plc ("Lonmin"), including at the time of the Xstrata Group's acquisitions of Lonmin ordinary shares between August and October 2008 and its subsequent additional acquisitions as a result of a rights issue and placement in 2009 and 2010, respectively. The Xstrata Group does not have access to any non-public financial or other information in respect of Lonmin. Consequently, any information included in or incorporated by reference into this Offering Memorandum relating to Lonmin has been compiled from information included in Lonmin's annual report and accounts for the year ended December 31, 2011. Such information has been accurately reproduced from such sources and, so far as Xstrata is aware and is able to ascertain from information included in public documents filed by Lonmin, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currencies

In this Offering Memorandum, all references to:

- "Argentine pesos" or "ARS" are to the lawful currency of Argentina;
- "Australian dollars," "AUD" or "A$" are to the lawful currency of Australia;
- "Canadian dollars," "C$," "Cdn$" or "CAD" are to the lawful currency of Canada;
- "Chilean peso" or "CLP" are to the lawful currency of Chile;
- "Colombian pesos" are to the lawful currency of Colombia;
- "Euro," "EUR" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
- "yen" or "JPY" are to the lawful currency of Japan;
- "Kroner" or "Norwegian kroner" are to the lawful currency of Norway;
- "Peruvian nuevo sol" are to the lawful currency of Peru;
- "CHF" or "Swiss Franc" are to the lawful currency of Switzerland;
- "Rand," "R" or "ZAR" are to the lawful currency of South Africa;
- "£," "sterling," "British pound," "GBP," "pence" or "p" are to the lawful currency of the United Kingdom; and
- "US dollars," "US$," "US¢" or "cents" are to the lawful currency of the United States.

Convenience Conversion

In addition, solely for convenience, this Offering Memorandum contains US dollar translations of certain amounts in various currencies as of June 30, 2012, or such other date specified therein. These translations should not be construed as representations that the relevant currency could be converted into US dollars at the rate used or any other rate, and may not correspond to the US dollar amounts shown in the historic or future financial statements of the Xstrata Group in respect of which different exchange rates may have been, or may be, used.

Accounting for acquisitions

Sphere Minerals Limited ("Sphere") has been consolidated in the Xstrata Group's financial statements from November 16, 2010, being the date the Xstrata Group obtained control of the board of directors of Sphere. Jumelles Limited (BVI) ("Jumelles") has been consolidated in the Xstrata Group's financial statements from February 11, 2011, being the date the Xstrata Group's acquisition of a controlling interest in Jumelles was completed. First Coal Corporation ("First Coal") has been consolidated in the Xstrata Group's financial statements from August 4, 2011, being the date the Xstrata Group obtained control of First Coal.

Ore reserves and mineral resources reporting

Basis of preparation

Unless otherwise indicated in this Offering Memorandum, ore reserves and mineral resources information reported in this Offering Memorandum and the information incorporated by reference into this Offering Memorandum in respect of the Xstrata Group have been compiled in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"), December 2004 edition.

South African mineral reserves and mineral resources information reported in this Offering Memorandum in respect of the Xstrata Group has been compiled in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (the "SAMREC Code"), which is materially similar to the JORC Code with only minor variations. The terms "ore reserves" and "mineral reserves" are equivalent and, where relevant, the terms "ore reserves" and "mineral reserves" can be read as including coal reserves and the term "mineral resources" can be read as including coal resources.

Nickel mineral reserves and mineral resources information reported in this Offering Memorandum has been estimated in accordance with the CIM Definition Standards on Mineral Resources and Reserves, adopted by the CIM Council on November 14, 2004, and the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines, adopted by the CIM Council on November 23, 2003 using geostatistical and/or classical methods, plus economic and mining parameters appropriate to each operation. The nickel resources and reserves reporting regime is materially similar to the JORC Code with only minor variations.

The relevant definitions from the December 2004 edition of the JORC Code and certain other definitions can be found in "Definitions and Glossary of Technical Terms." The JORC Code recognizes a fundamental distinction between mineral resources and ore reserves. Mineral resources are based on mineral occurrences quantified on the basis of geological data and an assumed cut-off grade, and are divided into "measured," "indicated" and "inferred" categories, reflecting decreasing confidence in geological and grade continuity.

Generally, explicit allowances for dilution or for losses during mining are not included in the estimates, but the reporting of mineral resources carries the implication that there are reasonable prospects for eventual economic extraction. Mineral resources may therefore be viewed as the estimation stage prior to the application of more stringent economic criteria for ore reserve definition, such as a rigorously defined cut-off grade and mine design outlines, along with allowances for dilution and losses during mining. Under this system of reporting it is common practice for companies to include in the mineral resource category material with a reasonable expectation of conversion to ore reserves, but for which the required detailed engineering, economic and other studies have not yet been undertaken.

Ore reserves as defined by the JORC Code are designated as "proved" and "probable" and are derived from the corresponding measured and indicated resource estimates by including allowances for dilution and losses during mining. It is an explicitly stated further requirement that other modifying economic, mining, metallurgical, marketing, legal, environmental, social and governmental factors also be taken into account. Reporting conventions that may be adopted are (i) to report mineral resource estimates inclusively, including those measured and indicated resources modified to produce the ore reserves, or (ii) to report as additional mineral resources only those portions which have not contributed to conversion to ore reserves.

Unless otherwise indicated in this Offering Memorandum, measured and indicated resource estimates reported in this Offering Memorandum in respect of the Xstrata Group are reported inclusively, including those mineral resources modified to produce the ore reserves.

Unless otherwise indicated in this Offering Memorandum, ore reserves and mineral resources information reported in this Offering Memorandum in respect of the Xstrata Group has been extracted without material adjustment from, or, in the case of attributable resource and reserve information, is based upon, the Mineral Resources & Ore Reserves Report published by Xstrata in February 2012 and incorporated by reference as described in "— Information incorporated by reference" and such information is reported as of December 31, 2011.

In this Offering Memorandum, ore reserves and mineral resources information in respect of the Xstrata Group is based on information compiled by Competent Persons (as defined in and required by both the JORC Code and the SAMREC Code). This ore reserve and mineral resources information is incorporated by reference as described in "— Information incorporated by reference."

Inferred resources

The reserves and resources information in this Offering Memorandum includes references to "inferred resources." An inferred resource is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. This categorization is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, which may be limited or of uncertain quality and reliability.

Production and sales

In this Offering Memorandum, production has been measured in two ways:

- **Mine production** or **total production** or **total mine production**. Mine production or total production or total mine production is equal to the total production from a particular mine or operation for a whole or partial year (as applicable), regardless of ownership of that mine or that operation.
- **Attributable production**. Attributable production is that part of mine, total or total mine production for a whole or partial year (as applicable) in which the Xstrata Group had an economic interest at the relevant time. It therefore excludes production attributable to non-controlling interests in controlled subsidiaries and the interests of joint venture partners.

In this Offering Memorandum, sales by volume have been measured in two ways:

- **Total sales** or **total mine sales**. Total sales or total mine sales are equal to the total sales from a particular mine or operation for a whole or partial year (as applicable), regardless of ownership of that mine or that operation.
- **Attributable sales**. Attributable sales are that part of sales from a particular mine or operation for a whole or partial year (as applicable), in which the Xstrata Group had an economic interest at the relevant time. It therefore excludes sales attributable to non-controlling interests in controlled subsidiaries and the interests of joint venture partners.

All sales figures in this Offering Memorandum in relation to the Xstrata Group's South African operations refer to attributable sales.

Metric / Imperial conversion table

The imperial equivalents of the metric units of measurement used in this Offering Memorandum are as follows:

Metric unit	Metric symbol	Imperial equivalent	Imperial symbol
Tonne	mt	1.102311 tons	ton
Kilogram	kg	2.20462 pounds	lbs
Gram	g	0.032151 troy ounces	oz
Meter	m	3.2808 feet	ft
Cubic meter	m^3	35.315 cubic feet	ft^3
Kilometer	km	0.6214 miles	—
Hectare	ha	2.4711 acres	—

Rounding

Certain figures included in this Offering Memorandum have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

No profit forecast

No statement in this Offering Memorandum is intended as a profit forecast or a profit estimate, and no statement in this Offering Memorandum should be interpreted to mean that earnings per ordinary share for the current or future financial years would necessarily match or exceed the historical published earnings per ordinary share.

Sources of information

Unless the source is otherwise stated and except as described above in relation to other third party information:

- the industry and market data in this Offering Memorandum have been extracted without material amendment from the Xstrata Group's management records;
- the non-financial operating data included in this Offering Memorandum have been extracted without material amendment from the Xstrata Group's management records; and
- the financial information included in this Offering Memorandum in respect of the Xstrata Group has been extracted without material amendment from the financial statements contained in the annual reports and accounts for the years ended December 31, 2010 and 2011 and the interim financial results for the six months ended June 30, 2012 and Xstrata's accounting records.

Definitions

Certain terms used in this Offering Memorandum, including capitalized terms, are defined and explained in "Definitions and Glossary of Technical Terms."

Information incorporated by reference

The following documents are incorporated by reference in this Offering Memorandum:

- The Xstrata Group's interim financial results for the six months ended June 30, 2012, which contain the unaudited consolidated interim financial statements of Xstrata as of and for the six months ended June 30, 2012 (including comparative financial information as of and for the six months ended June 30, 2011), prepared in accordance with IAS 34 "Interim Financial Reporting," together with the review reports in respect of such period (the "Xstrata 2012 Interim Financial Information");
- Annual reports and accounts for the years ended December 31, 2010 and 2011, which contain the audited consolidated and non-consolidated financial statements of Xstrata as of and for the years ended December 31, 2010 (including comparative financial information as of and for the year ended December 31, 2009) and 2011, prepared in accordance with IFRS as adopted by the

European Union, together with the audit reports in respect of each such year (the ''Xstrata 2010 Annual Financial Information'' and the ''Xstrata 2011 Annual Financial Information'', respectively, and together the ''Xstrata Annual Financial Information''); and

- The Mineral Resources & Ore Reserves Report as of December 31, 2011 published February 7, 2012.

All of these documents may be accessed from http://www.xstrata.com/restricted/2012_us_bond/ (the ''special purpose website''). Save as contained in the special purpose website, the content of Xstrata's website does not form any part of this Offering Memorandum.

The information incorporated by reference is an important part of this Offering Memorandum.

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SUMMARY

Any decision to purchase the Notes should be based on consideration by the prospective Noteholder of this Offering Memorandum, and the information incorporated by reference into this Offering Memorandum, as a whole.

Overview of the Xstrata Group

The Xstrata Group is the fifth largest diversified mining group with operations and projects producing copper, domestic and export thermal coal, export coking coal, ferrochrome, platinum group metals, vanadium, zinc and nickel together with gold, cobalt, lead and silver. The Xstrata Group also comprises iron ore projects, recycling facilities and a suite of global technology products.

The Xstrata Group's operations and projects span more than 20 countries, including Argentina, Australia, Brazil, Canada, Chile, China, Colombia, the Dominican Republic, Germany, Mauritania, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, the Republic of Congo, Singapore, South Africa, Spain, Tanzania, the United Kingdom and the United States.

The Xstrata Group has an extensive organic growth pipeline with major expansion projects at every stage of the project development cycle. The organic pipeline comprises 22 approved major projects in implementation and a number of projects in the feasibility, pre-feasibility or concept stage that will provide further potential growth options across a range of geographies and commodities.

The Xstrata Group had revenue of US$15.6 billion and EBITDA of US$4.0 billion for the six months ended June 30, 2012 and revenue of US$33.9 billion and EBITDA of US$11.7 billion for the year ended December 31, 2011. As of June 30, 2012, the Xstrata Group had total equity of US$47.4 billion. The Xstrata Group's ordinary shares are traded on the London Stock Exchange and the Swiss Stock Exchange. As of market close on October 17, 2012, the market capitalization of Xstrata was approximately £29.8 billion (approximately US$48.0 billion). Xstrata is a member of the FTSE 100.

On October 1, 2012, the independent non-executive members of Xstrata's Board of Directors announced an intention to recommend the revised final terms of a proposed all-share merger with Glencore International plc (''Glencore'') to be effected by means of a scheme of arrangement between Xstrata and its eligible shareholders under Part 26 of the Companies Act 2006 (the ''Proposed Merger''). Shareholder meetings to consider the final terms of the Proposed Merger are expected to take place by the end of the year. For details of the Proposed Merger see ''Operating and Financial Review — Current trading and prospects — Merger with Glencore.''

The Xstrata Group's business is organized in the following five principal business units:

Xstrata Copper: Through Xstrata Copper, the Xstrata Group is a semi-integrated producer of copper concentrates and metal and is the world's fourth largest global copper producer, with mining and processing operations in Australia, Chile, Peru, Argentina and Canada. Xstrata Copper has a portfolio of copper development projects located in Australia, Canada, Peru, the Philippines, Chile, Argentina and Papua New Guinea.

Xstrata Coal: Through Xstrata Coal, the Xstrata Group is the world's largest exporter of bituminous thermal coal on a managed basis and a significant producer of premium quality hard coking coal and semi-soft coking coal. Xstrata Coal has interests in over 30 operating coal mines in Australia, South Africa and Colombia. Xstrata Coal has development projects in Australia, South Africa, Colombia and Nova Scotia and British Columbia in Canada. Xstrata Coal also manages the Xstrata Group's growing iron ore business, with development projects in Mauritania and the Republic of Congo.

Xstrata Nickel: Through Xstrata Nickel, the Xstrata Group is the fourth largest global nickel producer and one of the world's largest producers of cobalt. Xstrata Nickel's operations include mines and processing facilities in Canada, the Dominican Republic and Australia, and a refinery in Norway. Xstrata Nickel has world-class development projects in Canada, Tanzania and New Caledonia.

Xstrata Zinc: Through Xstrata Zinc, the Xstrata Group is one of the world's largest miners and producers of zinc. Xstrata Zinc's operations span Spain, Germany, Australia, the United Kingdom and Canada, with an interest in the Antamina copper-zinc mine in Peru. Xstrata Zinc has development projects in Australia, Ireland and Quebec, Nunavut and Ontario in Canada.

Xstrata Alloys: Through Xstrata Alloys, the Xstrata Group is one of the world's largest and among the world's lowest cost integrated ferrochrome producers (via the Xstrata-Merafe chrome venture), one of the largest producers of primary vanadium and a growing producer of platinum group metals. Xstrata Alloys also owns carbon operations which supply key raw materials to its ferrochrome production operations. All of Xstrata Alloys' operations are based in South Africa.

In addition to its five principal businesses, the Xstrata Group also operates Xstrata Process Support and Xstrata Technology, mining and processing technology businesses with operations in Australia, Canada, Chile, China and South Africa.

For more information on the Xstrata Group's recent announcements, acquisitions and disposals, see "Operating and Financial Review — Current trading and prospects."

The Xstrata Group's strategy

Xstrata's strategy since its IPO in 2002 has been to grow and manage a distinct, value-focused, globally diversified resources group positioned to compete for and create value, with the single aim of delivering industry-leading returns for shareholders. Xstrata recognizes that this aim can only be achieved through genuine partnerships with employees, customers, shareholders, local communities, lenders and other stakeholders which are based on integrity, co-operation, transparency and mutual value creation.

This strategy leverages the Xstrata Group's size and momentum and focuses on:

- commitment, capacity and headroom for growth that creates value; and
- constant improvement in the quality of Xstrata's businesses through on-going efficiency gains, margin improvements, net present value enhancements and cost reductions.

Xstrata's strategy is based on its assessment of key success factors in global mining, including:

- scale and critical mass;
- diversification of commodity, currency and country exposure;
- a wide range of growth options, including via acquisitions and brownfield and greenfield expansions; and
- operating excellence.

Xstrata has an extensive organic growth pipeline with major expansion projects at every stage of the project development cycle, which are due to deliver a number of world class projects. The organic pipeline comprises:

- twenty-two approved major projects in implementation; and
- a number of projects, including the Bulga optimization, the Rolleston expansion, and the McArthur River Mine integrated expansion, in the feasibility, pre-feasibility or concept stage that will provide future growth options across a range of geographies and commodities.

Substantially all of the projects that are required to achieve the Xstrata Group's target of a 50% increase in copper-equivalent volumes over 2009 levels by the end of 2014 are approved, with 80% of the 50% volume growth accounted for by projects that are currently under construction.

Once commissioned, approved projects are expected to cement the Xstrata Group's top five market position in major commodities, delivering new, lower cost production that will further reduce costs by around 20% and result in robust returns, even at conservative long-run commodity prices.

History

Xstrata AG, which was the predecessor of Xstrata, was established in Switzerland in 1926 to invest in infrastructure and power projects in Latin America. Beginning in 1990, Xstrata AG built a portfolio of businesses operating in the natural resources sector. On March 25, 2002, Xstrata merged with Xstrata AG to become the holding company of the Xstrata Group. At the same time, the Xstrata Group acquired the coal assets of Enex Resources Limited ("Enex") and Duiker Mining (Proprietary)

Limited ("Duiker") and the shares of Xstrata plc were listed on the Official List of the UK Financial Services Authority (the "Official List"), admitted to trading on the London Stock Exchange's market for listed securities and admitted to listing on the SIX Swiss Stock Exchange (the "SIX").

The successful acquisition and integration of the former Enex and Duiker coal assets in 2002, of MIM Holdings Limited ("MIM") in 2003 and of Falconbridge Limited ("Falconbridge"), now known as Xstrata Canada Corporation, in 2006 were key elements in the transformation of Xstrata. In 2009, Xstrata approached Anglo American plc ("Anglo American") to propose a transformational merger of the two companies. Following Anglo American's rejection of this proposal, Xstrata announced in October 2009 that it did not intend to make an unsolicited offer.

Shareholder meetings to consider the final terms of the Proposed Merger are expected to take place by the end of the year.

Information on the Xstrata Group's recent announcements, acquisitions and disposals is set out in "Operating and Financial Review."

Summary financial information on the Xstrata Group

The summary financial information in the table below should be read in conjunction with Xstrata's unaudited condensed interim consolidated financial statements contained in Xstrata's interim financial results for the six months ended June 30, 2012, Xstrata's audited consolidated financial statements and the corresponding auditors' reports contained in Xstrata's annual reports and accounts for the years ended December 31, 2010 and 2011, the detailed information included in this Offering Memorandum and the other information incorporated by reference into this Offering Memorandum. Prospective Noteholders should also read "Risk Factors" and "Operating and Financial Review."

	Year ended December 31,			Six months ended June 30,	
	2009	**2010**	**2011**	**2011**	**2012**
	(in US$ millions, except as otherwise stated)				
Revenue(1)	22,732	30,499	33,877	16,777	15,550
EBITDA (before exceptional items)*(2)	6,732	10,401	11,677	5,828	3,992
EBITDA(2)	6,843	10,402	11,705	5,885	3,277
EBIT (before exceptional items)*(3)	4,313	7,669	8,460	4,254	2,439
EBIT(3)	1,871	7,111	8,482	4,311	1,613
Operating profit	2,204	7,102	8,441	4,303	2,144
Profit before taxation(4)	1,530	6,608	8,148	4,099	1,534
Profit for the year/period (as applicable)	861	4,955	5,933	3,049	2.015
Profit attributable to equity holders of parent(5)	661	4,688	5,713	2,916	1,941
Earnings per share (US$) (before exceptional items)*(6)	1.05	1.77	1.97	0.98	0.75
Earnings per share (US$)(7)	0.25	1.61	1.95	1.00	0.66
Dividends per share — declared and paid (US¢)	—	13.0	33.0	20.0	27.0
Dividends per share — proposed (US¢)(8)	8.0	20.0	27.0	13.0	14.0
Net debt including hedges(9)	12,290	7,638	8,149	8,131	11,361
Net assets(10)	34,919	42,038	45,701	45,533	47,359
Net debt to equity(11)	35.2%	18.2%	17.8%	17.9%	24.0%
Net cash flow from operating activities	4,131	8,213	9,358	3,887	2,183
Net cash flow from/(used in) investing activities	(5,752)	(3,196)	(8,620)	(3,634)	(4,641)
Net cash flow from/(used in) financing activities	1,600	(4,521)	(490)	(630)	2,159
Net increase/(decrease) in cash and cash equivalents	(21)	496	248	(377)	(299)

Notes:

* Exceptional items represent significant items of income and expense which due to their nature or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statement to give a better understanding to shareholders of the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Exceptional items include, but are not limited to, impairment charges, liability fair value adjustments, profits and losses on the sale of investments, profits and losses from the sale of operations, restructuring and closure costs, inventory write-downs, foreign currency gains and losses on borrowings, loan issue costs written-off on facility refinancing and the related tax impacts of these items.

(1) Sales recognized within the Xstrata Group, including joint venture turnover.

(2) Earnings before interest, tax, depreciation and amortization. IFRS does not define the measure EBITDA. For a reconciliation from profit/(loss) for the year/period (as applicable) to EBITDA, see "Presentation of Information — Presentation of financial information — EBITDA and EBIT."

(3) Earnings before interest and tax. IFRS does not define the measure EBIT. For a reconciliation from profit/(loss) for the year/period (as applicable) to EBITDA, see "Presentation of Information — Presentation of financial information — EBITDA and EBIT."

(4) Earnings after interest but before tax and non-controlling interests.

(5) Profit from operating activities after non-controlling interests.

(6) Attributable profit divided by the weighted average number of ordinary shares in issue during the relevant year/period (as applicable).

(7) Dividends declared and paid during the relevant year/period (as applicable) per ordinary share.

(8) Dividends proposed, but unpaid, during the relevant year/period (as applicable) per ordinary share.

(9) Net debt including hedges represents the Xstrata Group's interest-bearing loans and borrowing net of cash and cash equivalents and derivative financial instruments that the Xstrata Group uses to provide an economic hedge of its capital market notes, see "Operating and Financial Review — Liquidity and Capital Resources — Liquidity Reserves — Interest-bearing loan and borrowings — Capital market notes."

(10) Total assets less total liabilities.

(11) Net debt as a percentage of equity (including non-contolling interests).

The Offering

For a more complete description of the terms of the Notes, see "Description of the Notes and Guarantees."

Issuer	Xstrata Finance (Canada) Limited, a company incorporated under the laws of the province of Ontario, Canada with limited liability.
Guarantors	Xstrata, Xstrata Schweiz, Xstrata Canada Financial and Xstrata Dubai.
Notes	US$1,250,000,000 1.800% Notes due 2015 US$1,750,000,000 2.450% Notes due 2017 US$1,000,000,000 4.000% Notes due 2022 US$500,000,000 5.300% Notes due 2042
Ratings	As of the date of this Offering Memorandum, the expected ratings of the Notes are BBB+ (negative outlook) (S&P) and Baa2 (watch positive) (Moody's). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revisions, suspension or withdrawal at any time by the relevant rating organization.
Issue price	99.968% of the total principal amount of the 2015 Notes 99.832% of the total principal amount of the 2017 Notes 99.747% of the total principal amount of the 2022 Notes 99.346% of the total principal amount of the 2042 Notes
Guarantees	Upon issue, the obligations of the Issuer under the Notes will, subject to the limitations described in "Risk Factors" beginning on page 9 and "Description of the Notes and Guarantees," be unconditionally and irrevocably guaranteed on a senior, unsecured and joint and several basis by the Guarantors pursuant to the Guarantees.
Ranking	The Notes will rank as direct, unsecured and unsubordinated indebtedness of the Issuer. The Guarantees are unconditional and the obligations of the Guarantors under the Guarantees will rank equally with all present and future direct, unsecured and unsubordinated obligations (except for certain limited exceptions and those obligations preferred by statute or operation of law) of the Guarantors.
Maturity	Unless previously purchased or redeemed in accordance with the Indenture, the principal amount of the Notes will mature and become due and payable as follows, with accrued and unpaid interest at such date: 2015 Notes: October 23, 2015 2017 Notes: October 25, 2017 2022 Notes: October 25, 2022 2042 Notes: October 25, 2042
Interest	The 2015 Notes will bear interest from the Closing Date at the rate of 1.800% per annum. Interest will be payable on the 2015 Notes semi-annually in arrears on April 23 and October 23 of each year commencing on April 23, 2013. The 2017 Notes will bear interest from the Closing Date at the rate of 2.450% per annum.

	Interest will be payable on the 2017 Notes semi-annually in arrears on April 25 and October 25 of each year commencing on April 25, 2013. The 2022 Notes will bear interest from the Closing Date at the rate of 4.000% per annum. Interest will be payable on the 2022 Notes semi-annually in arrears on April 25 and October 25 of each year commencing on April 25, 2013. The 2042 Notes will bear interest from the Closing Date at the rate of 5.300% per annum. Interest will be payable on the 2042 Notes semi-annually in arrears on April 25 and October 25 of each year commencing on April 25, 2013.
Interest rate adjustment . . .	Interest on the Notes will be subject to adjustment from time to time in the event of a credit rating downgrade by Moody's and/or S&P. See "Description of the Notes and Guarantees — Interest rate adjustment" for further information.
Form and denomination . . .	The Notes will be in registered form in principal amounts of US$2,000 and integral multiples of US$1,000 in excess thereof. The Notes will be issued in the form of Global Notes in registered form and may be exchanged into Definitive Notes only under the circumstances described in the Global Notes. The Notes sold to QIBs in the United States in reliance on Rule 144A will be represented by the Rule 144A Global Notes. The Notes sold outside the United States to persons other than US persons in reliance on Regulation S will be represented by the Regulation S Global Notes. The Global Notes will be deposited with The Bank of New York Mellon, as custodian for DTC, and registered in the name of Cede & Co., as nominee of DTC.
Further issues	The Issuer may from time to time without the consent of the Noteholders issue further securities having identical terms and conditions as any series of Notes so that any further issue is consolidated and forms a single series of securities with such Notes.
Redemption at the option of the Issuer	The Notes are redeemable in whole or in part at any time at the option of the Issuer or the Guarantors at a redemption price equal to the make-whole amounts described in "Description of the Notes and Guarantees."
Redemption for tax reasons	The Issuer may redeem all but not part of the Notes outstanding at their principal amount with accrued and unpaid interest to the date of redemption if the Issuer or a Guarantor is required to pay Additional Amounts upon the occurrence of certain changes in taxation in the jurisdiction of the Issuer or the jurisdiction of such Guarantor.
Repurchase on Change of Control	Unless the Notes are otherwise subject to redemption as described under "Description of the Notes and Guarantees — Optional redemption" and "Description of the Notes and Guarantees — Redemption for tax reasons" and the Issuer has elected to exercise its right to redeem the Notes, if a Change of Control Repurchase

	Event occurs, the Issuer will make an offer to each Noteholder to repurchase the Notes as described under "Description of the Notes and Guarantees — Repurchase on Change of Control Repurchase Event." The Proposed Merger will not constitute a Change of Control Repurchase Event unless a Below Investment Grade Rating Event, as described under "Description of the Notes and Guarantees — Repurchase on Change of Control Repurchase Event," occurs.
Taxation	All payments in respect of Notes by the Issuer or the relevant Guarantor will be made without withholding or deduction for, or on account of, tax of the jurisdiction of tax residence and the jurisdiction of incorporation of the Issuer or relevant Guarantor, unless required by law. In that event, the Issuer or relevant Guarantor will, subject to certain exceptions, pay such additional amounts as will result, after the withholding or deduction of such tax, in the payment of the amounts which would have been payable had no such withholding or deduction been required, as described in "Description of the Notes and Guarantees."
Transfer restrictions	The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with all applicable laws. The Notes are subject to certain restrictions on transfer. See "Transfer Restrictions."
Use of proceeds	The Xstrata Group will use the net proceeds of the Notes Issue to repay part of the amounts outstanding under certain indebtedness and for general corporate purposes. Some of the Initial Purchasers and/or their affiliates may be lenders under such indebtedness and may accordingly receive a portion of the proceeds from the Notes Issue.
Listing	None.
Governing law	The Notes and the Indenture governing the Notes will be governed by the laws of the State of New York.
2015 Notes (Rule 144A) Global Note	CUSIP: 98417EAS9 ISIN: US98417EAS90
2015 Notes (Reg S) Global Note	CUSIP: C98874AL1 ISIN: USC98874AL11
2017 Notes (Rule 144A) Global Note	CUSIP: 98417EAU4 ISIN: US98417EAU47
2017 Notes (Reg S) Global Note	CUSIP: C98874AN7 ISIN: USC98874AN76
2022 Notes (Rule 144A) Global Note	CUSIP: 98417EAT7 ISIN: US98417EAT73
2022 Notes (Reg S) Global Note	CUSIP: C98874AM9 ISIN: USC98874AM93
2042 Notes (Rule 144A) Global Note	CUSIP: 98417EAR1 ISIN: US98417EAR18
2042 Notes (Reg S) Global Note	CUSIP: C98874AK3 ISIN: USC98874AK38

RISK FACTORS

Noteholders and prospective Noteholders should consider carefully all of the information set out in this Offering Memorandum and all of the information incorporated by reference into this Offering Memorandum, including, in particular, the risks described below, prior to making any decisions on whether or not to invest in the Notes. Additional risks and uncertainties not presently known to the Issuer or the Guarantors, or that the Issuer or the Guarantors currently consider to be immaterial, may also have an adverse effect on the Xstrata Group.

The Xstrata Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below. In such case, the market price of the Notes may decline and Noteholders may lose all or part of their investment.

Unless otherwise specified by reference to the Issuer, Xstrata Schweiz, Xstrata Canada Financial or Xstrata Dubai, the risks apply in the context of the Xstrata Group, and are also applicable to each of the Issuer, Xstrata Schweiz, Xstrata Canada Financial and Xstrata Dubai.

Risk factors and other considerations relating to the Proposed Merger

Failure to realize anticipated benefits of the Proposed Merger

The Proposed Merger, if completed, may not achieve its anticipated benefits as a result of an inability to redeploy resources in different areas of the operations of the Combined Group to improve efficiency, diversion of management attention from on-going business concerns, and differences between the Glencore Group's business culture, processes, controls, procedures and systems and those of the Xstrata Group.

The incurrence of higher integration costs or fewer benefits than expected, could have a material adverse effect on the results of operations and financial condition of the Combined Group.

Integration of the Combined Group and retention of key senior and operational management

The Combined Group's future prospects may, in part, be dependent upon the Combined Group's ability to integrate the Xstrata Group successfully without disruption to the existing business. The performance of the Combined Group in the future will, among other things, also depend upon the successful retention, integration and motivation of key employees from both the Xstrata Group and the Glencore Group. The independent non-executive members of Xstrata's Board of Directors announced on October 1, 2012 that they intend to recommend that the Proposed Merger only be approved by eligible Xstrata shareholders in the event that eligible Xstrata shareholders also approve certain management retention arrangements which provide for share-based retention awards to members of Xstrata's senior and operational management. Xstrata believes that the retention of its key managers is required to ensure a smooth integration process, the on-going stability of the Combined Group's 150 mining and metallurgical operations and the effective delivery of more than 20 approved major growth projects. The Proposed Merger is not, however, conditional on such management retention arrangements being approved by eligible Xstrata shareholders. If the Proposed Merger becomes effective without such arrangements in place, the individual employment contracts between members of Xstrata's senior and operational management, on the one hand, and the Combined Group, on the other hand, will not take effect, and, accordingly, Xstrata believes that there is less certainty that members of Xstrata's senior and operational management will remain in place and transition into the Combined Group. Failure to retain Xstrata's key senior and operational managers during the integration period and beyond will affect the ability to integrate the Xstrata Group successfully into the Combined Group and could have a material adverse effect on the Combined Group's business, financial condition, results of operations and/or prospects.

Capital structure of the Combined Group

Xstrata understands that Glencore's intention following completion of the Proposed Merger is to put in place a capital structure with upstream and downstream guarantees, such that Glencore (and certain of its subsidiaries) will guarantee all or a portion of Xstrata's then-existing indebtedness, and Xstrata (and certain of Xstrata's subsidiaries), to the extent permitted by the terms and conditions of its credit facilities, will provide upstream guarantees in respect of all or a portion of the Glencore Group's then-existing indebtedness. Provision of such upstream guarantees will materially increase the Xstrata Group's level of indebtedness. Glencore has not, however, given any undertakings or made any proposals to Xstrata to this effect in respect of the Notes or any other of Xstrata's or the Glencore Group's obligations.

The conditions of the Notes do not prohibit the provision of such guarantees by members of the Xstrata Group, including the Guarantors. In addition, in the event of a consolidation, amalgamation or merger of the Issuer or any Guarantor with any other entity, or the sale or transfer of their respective properties and assets (any of which may occur following the completion of the Proposed Merger), the conditions of the Notes only require that such successor entity expressly assumes or assumes by operation of law all of the Issuer's or any Guarantor's obligations under the Notes and under the Indenture.

Non-consummation of the Proposed Merger

The Proposed Merger will not be able to be consummated without the approval of the shareholders of Xstrata and Glencore and certain regulatory agencies. Accordingly, there can be no assurances that such approvals will be obtained or that the Proposed Merger will be completed. If the Proposed Merger is not consummated, the financial condition of the Xstrata Group may be adversely affected due to the costs it has incurred and time it has spent in preparing for the Proposed Merger.

Industry risk factors relating to the Xstrata Group

Macroeconomic conditions and commodity price volatility

The Xstrata Group's revenue and earnings depend upon prevailing prices for the commodities it produces. These commodities are globally traded, and, as a result, and in common with its competitors, the Xstrata Group is unable to directly control the prices it receives for such commodities. Historically, commodity prices have been volatile and subject to wide fluctuations in response to relatively minor changes in supply and demand, market uncertainty, the overall performance of world or regional economies and the related cyclicality in commodity consuming industries, such as steel production.

In the past, commodity prices have exhibited a broadly upward trend, reflecting demand generated by global economic growth, particularly in China and India as those countries urbanize and industrialize. In addition, commodity prices have been influenced by the growth of exchange traded commodities futures markets.

In the latter part of 2008 and early 2009, the rapid deterioration of the global macroeconomic environment, in particular among Organization for Economic Cooperation and Development (''OECD'') members, led to reduced demand globally, stock drawdowns or increased use of scrap or recycled materials by potential customers (reducing demand for virgin stock) and the unwinding of speculative positions by commodities traders. As a result, prices of many of the commodities the Xstrata Group produces fell significantly over a relatively short period of time. Prices of commodities recovered and enjoyed significant gains in the second half of 2009 and throughout 2010 and the first half of 2011, reflecting the introduction of monetary and fiscal stimulus packages in major economies, such as the United States and China. In the second half of 2011, commodity prices, in particular exchange traded metals, decreased as investors, in response to weakening macroeconomic conditions that reflected, among other things, market reactions to the sovereign credit concerns in Europe and the United States, reduced positions in commodities and equities and sought asset classes perceived as safer. In the first half of 2012, despite initial positive movements, commodity prices decreased significantly, reflecting renewed turmoil in the eurozone, a slower than expected economic recovery in the United States and slowing growth in China.

During July and August of this year, commodity prices remained relatively stable. Although market fundamentals appear robust across the commodities which the Xstrata Group produces in the medium term, the Xstrata Group's earnings are sensitive to movements in realized prices. There can be no assurance that current price levels will be maintained over time and that declines from current levels will not adversely affect the financial condition of the Xstrata Group.

The Xstrata Group has not historically engaged in meaningful hedging against declines in commodity prices. As a result, volatility in commodity prices has directly impacted the Xstrata Group's results of operations. For example, primarily as a result of decreased commodity prices in the first half of 2012, the Xstrata Group's revenues and operating profit (before exceptional items) for the six months ended June 30, 2012 declined by 7% and 42%, respectively, compared to the six months ended June 30, 2011.

There can be no assurance that additional monetary and fiscal stimulus packages such as those introduced in major economies following the global financial crisis in 2008 will be sufficient (or enacted) to forestall "double-dip" recessionary conditions as a result of these crises.

In addition, there can be no assurance that adverse changes in the political, regulatory and economic conditions of individual countries or regions, particularly in less developed or more volatile regions, including China, Brazil, Russia and India, will not contribute to further economic dislocation or delay global or regional economic recovery. A period of economic decline (or weaker growth) will adversely affect the related demand for commodities which may lead to further declines in the prices of the commodities the Xstrata Group produces. In addition, speculative short positions in commodities on the futures markets may cause further price declines for such commodities. Any continuation of current price levels over a sustained period or further declines from current levels will adversely affect the results of operations or financial condition of the Xstrata Group.

Given the persisting uncertainty about a global economic recovery, forward planning is difficult. Changing production levels in response to current price levels or the Xstrata Group's estimates of future price levels imposes costs, and if mistimed, could adversely affect the results of operations or financial condition of the Xstrata Group.

Risk factors relating to the business of the Xstrata Group

Operational considerations

The success of the Xstrata Group's business is affected by a number of factors which are, to a large extent, outside its control. Such factors include the availability of raw materials, water and power. In addition, the Xstrata Group's business is subject to numerous other operating risks, which include: unusual or unexpected geological features, ground conditions or seismic activity; climatic conditions (including as a result of climate change) such as flooding, drought or a reduction in permafrost; interruptions to power supplies; congestion at commodities transport terminals; industrial action or disputes; environmental hazards; and technical failures, fires, explosions and other potential accidents at a mine, processing plant, cargo terminal or related facilities. For example, flooding in Australia and elsewhere in 2010 and 2011 resulted in material production curtailments and additional operating costs at Xstrata Coal. In addition, in August 2012, 44 people were killed in connection with labor unrest at the Marikana mine complex in South Africa operated by Lonmin, in which the Xstrata Group owns a 24.6% interest. As a result, Lonmin's estimates of its annual platinum production have been significantly negatively affected. These and other risks and hazards could result in damage to, or destruction of, properties or processing or production facilities; may reduce or cause production to cease at those properties or production facilities; may result in personal injury or death, environmental damage, business interruption, monetary losses and possible legal liability; and may result in actual production differing from estimates of production, including those contained, expressly or by implication, in this Offering Memorandum or in information incorporated by reference into this Offering Memorandum.

While the Xstrata Group has insurance covering various types of business interruptions in respect of its operations, such insurance may not fully cover the consequences of such business interruptions and, in particular, may not cover interruptions arising from all types of equipment failure, labor disputes or "force majeure" events. No assurance can be given that such insurance will continue to be available, or that it will be available at economically feasible premiums. Equally, there can be no assurance that operating risks and the costs associated with them will not adversely affect the results of operations or financial condition of the Xstrata Group.

Metal processing plants are especially vulnerable to interruptions, particularly where events cause a stoppage which necessitates a shutdown in operations. Stoppages in smelting, even if lasting only a few hours, can cause the contents of furnaces to solidify, resulting in a plant closure for a significant period and necessitating expensive repairs, which could adversely affect the results of operations or financial condition of the Xstrata Group.

The Xstrata Group depends upon seaborne freight, rail, trucking, overland conveyor and other logistics and transport systems to deliver its commodities to market. Disruption of these services because of any impact of piracy, terrorism, climate change, weather-related problems, key equipment or infrastructure failures, strikes, lock-outs or other events could temporarily impair the Xstrata Group's ability to supply its commodities to its customers and thus could adversely affect the Xstrata Group's results of operations or financial condition. Consistent with practice in the industries in which the Xstrata Group operates, members of the Xstrata Group may enter into long-term contracts related to, for example, infrastructure and supply of services. Any early termination of such contracts may require the payment of amounts which might have a material adverse effect on the Xstrata Group's results of operations. In addition, the Xstrata Group's ability to increase its export sales may be restricted by lack of available rail infrastructure and port capacity, which may adversely affect the Xstrata Group's ability to increase revenue.

Although the Xstrata Group maintains liability insurance, such insurance does not cover every potential risk associated with its operations, and meaningful coverage at reasonable rates is unobtainable for certain types of environmental hazards. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on the results of operations or financial condition of the Xstrata Group. See ''Business — Operational hazards and insurance.''

Input supply and prices

As the Xstrata Group is unable to directly set the prices it receives for the commodities it produces, its competitiveness and long-term profitability depend, to a significant degree, on its ability to reduce costs and maintain low-cost, efficient operations. Important cost inputs in the Xstrata Group's operations generally include the extraction and processing costs of raw materials and consumables, such as reductants, reagents, power, fuels, labor, transport and equipment, many of which have been, and continue to be, particularly susceptible to inflationary and supply and demand pressures. While increases in these costs moderated (and in some cases actually declined) during the recent global economic downturn, these costs have increased at hyper-inflationary rates for significant periods of time during the years ended December 31, 2009, 2010 and 2011, with supply shortages also being experienced in some cases. Because it is difficult for the Xstrata Group to pass these costs onto its customers, any increases in input costs will adversely affect the results of operations or financial condition of the Xstrata Group.

In addition, if certain mining sector inputs are unavailable at any price (as has been the case with tires from time to time), the Xstrata Group may find its production of certain commodities to be involuntarily curtailed, which would result in lost revenue and profits, which would adversely affect the results of operations or financial condition of the Xstrata Group.

Production curtailment and resumption

In an effort to avoid over-supplying markets or building up inventory of unsold products during periods of depressed commodity pricing (including that recently experienced during the global economic downturn and the recent period of global financial uncertainty), the Xstrata Group's policy, in common with other producers, is to curtail its production by closing mines and production facilities, placing other mines and production facilities under care and maintenance and deferring or cancelling previously planned expansionary capital expenditure. While this practice may contribute to the stabilization of commodity prices and enable the Xstrata Group to avoid selling products at or below their marginal cost of production, it imposes costs both directly, in the form of redundancy payments, equipment removal, security and other closing costs and the cost of resuming production or resuming a capital expenditure program when prices justify renewed investment, and indirectly, in the form of revenue foregone, deterioration of assets or the resulting increase in unit costs. These costs can adversely affect the results of operations or financial condition of the Xstrata Group.

Notwithstanding such measures, inventory may continue to build-up across the Xstrata Group's range of production during periods of reduced demand, including as a result of the slowing of certain off-take arrangements, which would mute the impact of the Xstrata Group's production curtailment.

Any reductions in capital expenditure and investment undertaken by the Xstrata Group may ultimately result in the Xstrata Group no longer being able to access sufficient mineral resources to continue production at cost-effective levels. Furthermore, any such curtailment may cause the Xstrata Group to forego some of the benefits of any future rises in commodity prices, as it is generally costly or impossible to resume production immediately or complete a deferred expansionary capital expenditure project immediately, which in the longer term may adversely affect the results of operations or financial condition of the Xstrata Group.

Given the lead times required to curtail or resume production levels, periods of higher commodity price volatility (including that experienced during the period under review) have exacerbated and may in the future exacerbate the adverse effects of changes in the Xstrata Group's production levels, which has adversely affected and may in the future continue to adversely affect the results of operations or financial condition of the Xstrata Group.

Finally, the early closure of a mine or production facility could trigger removal, stabilization, reclamation and site rehabilitation costs, which could adversely affect the Xstrata Group's cash flows during the period in which these costs are incurred.

Significant customer

For the six months ended June 30, 2012, the Xstrata Group had sales of US$3,773 million to the Glencore Group, which represented 24.3% of the Xstrata Group's total revenue for the period (US$9,475 million and 28.0%, respectively, for the year ended December 31, 2011). The Xstrata Group and the Glencore Group are parties to agreements pursuant to which members of the Glencore Group purchase the entire output of the Xstrata Group's nickel operations and are parties to a variety of agreements under which members of the Glencore Group purchase a substantial portion of the Xstrata Group's copper concentrate and copper cathode. See ''Business — Relationship with the Glencore Group'' for a discussion of further agreements between the Xstrata Group and the Glencore Group. Glencore is a major shareholder in the Xstrata Group, beneficially owning 33.65% of the issued ordinary share capital of Xstrata as of October 17, 2012.

If the Proposed Merger becomes effective, the Combined Group's marketing business will be responsible for marketing all of the Combined Group's output. Production from the Combined Group's operations are planned to be transferred to the marketing business at market-related prices. See ''Operating and Financial Review — Current trading and prospects — Merger with Glencore.''

Significant shareholders

Xstrata has received notification that, as of October 17, 2012, Glencore and Qatar Holding had interests of 33.65% and 11.64%, respectively, in Xstrata's issued share capital. If the Proposed Merger is approved by the requisite majorities of Xstrata's shareholders, Glencore (to be renamed Glencore Xstrata plc) will acquire the entire issued share capital of Xstrata plc, which Glencore does not already own.

If the Proposed Merger does not proceed, Glencore and Qatar Holding (and/or any other entity that may in the future acquire a significant interest in Xstrata's issued share capital), acting together or separately, will continue to have the ability to exercise substantial influence on Xstrata, especially with regard to matters put to a vote of Xstrata's shareholders, including with respect to the election of members to Xstrata's Board, the declaration of dividends, and certain corporate actions, including proposed business acquisitions, disposals or combinations.

Any objections by one or more of, or any disagreement between, Xstrata's significant shareholders in respect of matters requiring a shareholder vote (particularly in the context of the failure of the requisite majorities of Xstrata's shareholders to approve the Proposed Merger) may result in delay, increased expenses or foregone opportunities, which could have a material adverse effect on the Xstrata Group's business, results of operations or financial condition.

Commercial counterparty risks

The Xstrata Group's customer base consists principally of large industrial concerns. During periods of economic decline, or weaker economic growth, such as the recent period of global financial uncertainty, these customers will be subject to varying degrees of financial difficulties, such as issues in accessing credit and the resulting problems with being able to continue their own development or production leading, potentially, to insolvency. The effects of these difficulties may include such customers delaying payments owed to the Xstrata Group, reducing their purchases over time or otherwise defaulting on their obligations, the occurrence of any of which would adversely affect the results of operations or financial condition of the Xstrata Group.

Coal supply contract terms

A substantial portion of the Xstrata Group's coal sales are made under annual or quarterly contracts and are subject to renewal or price renegotiation. While price negotiations are staggered throughout the year in order to mitigate pricing risk, approximately one quarter of the Xstrata Group's total export (thermal and coking) coal production by volume is priced in the Japanese fiscal year (i.e., ending March 31). The next major renewal or price renegotiation will take place in respect of the Japanese fiscal year commencing April 1, 2013. A rolling annual contract cycle means that the Xstrata Group's exposure to any decline or increase in coal prices in the current contracted period is limited. Prices or volumes achieved at the renewal of such contracts may be lower than those prevailing under any preceding arrangements, which could have an adverse effect on the financial results of the Xstrata Group.

Integration of acquisitions

A substantial portion of the Xstrata Group's growth in revenue and earnings has historically been generated from, and may continue to be generated from, acquisitions and investments and subsequent improvements in the performance of the businesses acquired or invested in, including Jubilee Mines NL (''Jubilee''), Resource Pacific Holdings Limited (''Resource Pacific''), Sphere, First Coal and Zanaga iron ore project (owned by Jumelles). Xstrata expects to continue a strategy of identifying and, subject to market conditions, at the appropriate time, acquiring and investing in businesses with a view to expanding its operating businesses or diversifying into other natural resources. Xstrata believes that acquisitions and investments will continue to be an important part of its business strategy when appropriate market conditions permit.

There can be no assurance that Xstrata will continue to identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or its investment or acquire businesses on satisfactory terms, or that any business acquired will prove to be profitable. Furthermore, there can be no assurance that an acquisition offer made by Xstrata or a member of the Xstrata Group will ultimately be accepted. For example, the Xstrata Group's acquisition offers for Gloucester Coal Limited and LionOre Mining International Ltd (''LionOre'') in 2007 and Indophil Resources Limited (''Indophil'') in 2008 were unsuccessful. Xstrata decided not to proceed with its proposed acquisition of Lonmin in 2008 and announced that it had no intention of making an unsolicited merger proposal to the shareholders of Anglo American in 2009.

In addition, acquisitions and investments involve a number of risks, including possible adverse effects on the Xstrata Group's operating results, diversion of management's attention, failure to retain key personnel, risks associated with unanticipated events or liabilities, difficulties in the assimilation of the acquired operations, technologies, systems, services and products and risks arising from change of control provisions in contracts of any acquired company. Further, the Xstrata Group's integration strategy may also be influenced by local factors in the markets in which it has made and makes acquisitions, such as black empowerment and labor unrest in South Africa, foreign investment laws and regulations in Australia and Canada, and mining-related and carbon taxes in Australia. Any failure to achieve successful integration of such acquisitions or joint ventures could have a material adverse effect upon the results of operations or financial condition of the Xstrata Group.

Project development

The Xstrata Group benefits from a significant pipeline of organic growth projects in a number of countries. The development of its projects can be affected by a number of factors, some of which are outside of its control. Such factors include technical uncertainties, the availability of suitable financing, infrastructure constraints, cost overruns, overstretched management and insufficient skills or resources. In addition, external organizations can cause unexpected delays in the development of our projects by affecting our ability to obtain, renew or extend operating, social or environmental permits or to satisfy other legislative requirements. For example, anti-mining sentiment by local communities and/or non-governmental organizations can slow or halt project development and influence governmental processes. Delays in the development of the Xstrata Group's organic growth projects could have a material adverse effect upon the results of operations or financial condition of the Xstrata Group.

Reserves

The Xstrata Group's recoverable reserves decline as the commodities are extracted. Further, the Xstrata Group may not be able to mine all of its reserves as profitably as anticipated, potentially to the extent that reserves may become uneconomical to mine. The Xstrata Group's future success depends upon conducting successful exploration and development activities, or acquiring properties containing economically recoverable reserves. Although the Xstrata Group engaged in a cash conservation exercise in light of the global economic downturn, including restricting its expansionary capital expenditures and acquisition activities, the Xstrata Group's medium- and long-term strategy includes increasing its reserve base through acquisitions of commodity-producing properties and continuing to develop its existing properties. To the extent current market conditions do not improve and the Xstrata Group does not increase its expansionary capital expenditure or acquisition activities, the amount of the Xstrata Group's economically recoverable reserves will decrease, which would materially adversely affect the Xstrata Group's results of operations or financial condition.

Even assuming such activities are increased, the Xstrata Group's planned development and exploration projects and acquisition activities may not result in significant additional reserves, and it may not be successful in developing additional mines. In addition, in order to develop its reserves, it must receive various governmental permits. The Xstrata Group cannot predict whether it will continue to receive the permits or extensions to any existing permits necessary for it to operate profitably in the future. The Xstrata Group may not be able to negotiate economically viable mining contracts for properties containing additional reserves.

The Xstrata Group bases its reserve information on engineering, economic and geological data assembled and analyzed by its staff, including engineers and geologists, and, in certain cases, third parties review such data. The reserve estimates as to both quantity and quality are periodically updated to reflect extraction of commodities and new drilling or other data received. There are numerous uncertainties inherent in estimating quantities and qualities of reserves and costs to mine, including many factors beyond the Xstrata Group's control. Estimates of reserves and costs to mine necessarily depend upon a number of variable factors and assumptions, such as:

(i) geological and mining conditions which may not be fully identified by available exploration data or which may differ from prior experience;

(ii) historical production from the area compared with production from other similar producing areas; and

(iii) the assumed effects of regulation and taxes by governmental agencies and assumptions concerning commodity prices, operating costs, mining technology improvements, severance and excise tax, development costs and reclamation costs.

The Xstrata Group's reported ore reserves are estimated quantities of proven and probable ore reserves and other minerals that under present and anticipated conditions can be legally and economically mined and processed, including, where relevant, by the extraction of their mineral content. The Mineral Resources & Ore Reserves Report, published by Xstrata in February 2012, is stated as of December 31, 2011. To the extent that the prices of the commodities produced by the Xstrata Group decline from the levels prevailing as of December 31, 2011, certain of the Xstrata Group's reserves which are currently classified as proved or probable may cease to be classified as recoverable as they become uneconomic to mine. In addition, changes in operating and capital costs may have the same effect by rendering certain ore reserves uneconomic to mine in the future.

The volume and grade of reserves actually recovered and rates of production from the Xstrata Group's present ore reserves may be less than geological measurements of the reserves, which may result in the Xstrata Group realizing less value from such reserves than had been predicted.

In addition, in the future, short-term operating factors relating to the ore reserves, such as the need for orderly development of ore bodies and other mineral resources or the processing of different ore grades, may cause ore reserves to be modified or the Xstrata Group's operations to be unprofitable in a particular period.

No assurance can be given that the indicated amount of reserves of ore or other minerals will be recovered or will be recovered at the prices assumed. Mineral resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative of the entire ore body and mineral resource. As a better understanding of the ore body or mineral resource is obtained, the mineral resource estimates may change significantly, either positively or negatively.

For these reasons, estimates and classifications of mineral resources prepared by different Competent Persons or by the same Competent Persons at different times may vary substantially. Actual commodity tonnage recovered from identified reserves and revenue and expenditures with respect to the Xstrata Group's reserves may vary materially from estimates. Accordingly, these reserve estimates may not accurately reflect the Xstrata Group's actual reserves. Any inaccuracy in the estimates related to the Xstrata Group's reserves could result in lower than expected revenue, higher than expected costs and/or decreased profitability.

Currency fluctuations

The Xstrata Group produces and sells commodities that are typically priced in US dollars, while a large portion of the operating costs of the Xstrata Group's business is incurred in local currencies, including the Australian dollar, the Canadian dollar, the Swiss franc, sterling, the Chilean peso, the Norwegian kroner, the euro, the South African rand, the Argentine peso, the Colombian peso and the Peruvian nuevo sol. Accordingly, the strengthening of any of those currencies or other local currencies in which the Xstrata Group incurs expenditures against the US dollar has (and has historically had) a detrimental effect on the Xstrata Group's results of operations and financial condition. For instance, the Xstrata Group's results of operations for the years ended December 31, 2010 and 2011 were negatively affected by the strengthening of the Australian dollar against the US dollar. See "Operating and Financial Review — Principal factors affecting the Xstrata Group's business — Foreign currency fluctuations."

The Xstrata Group's operations are conducted in many countries and the results of operations and the financial condition of individual members of the Xstrata Group are reported in the relevant functional currency which, in some cases, is not the US dollar. The results of operations for members of the Xstrata Group whose functional currency is not the US dollar have been translated into US dollars at the applicable foreign currency exchange rates for inclusion in the Xstrata Group's historical consolidated financial statements. The exchange rates between relevant currencies other than the US dollar and the US dollar have historically fluctuated (including over the last five years) and the translation effect of such fluctuations may have a material adverse effect on the Xstrata Group's consolidated results of operations or financial condition.

Between 2009 and 2010, the US dollar, on an average basis, declined against most of the above-listed currencies, and this decline persisted between 2010 and 2011. These declines adversely affected operating profit by an estimated US$1,291 million for the year ended December 31, 2010 and by an estimated US$280 million for the year ended December 31, 2011. Between the first half of 2011 and the first half of 2012, the US dollar, on an average basis, strengthened against most of the above-listed currencies, which positively affected operating profit by an estimated US$261 million for the six months ended June 30, 2012. Any decline in the US dollar against the currencies in which the Xstrata Group incurs costs, absent a corresponding increase in commodity prices, would have a material adverse effect on the Xstrata Group's consolidated results of operations or financial condition.

The Xstrata Group may, from time to time, hedge a portion of its currency exposures and requirements to try to limit any adverse effect of exchange rate fluctuations on the Xstrata Group's results of operations and financial condition but there can be no assurance that such hedging will eliminate the potential material adverse effect of such fluctuations.

Energy supply and prices

Certain of the Xstrata Group's operations and facilities are intensive users of natural gas, electricity, oil and other fuels. The procurement dynamics of these energy types are becoming increasingly connected as supply and demand conditions become more inter-dependent on a global level. Factors beyond the control of the Xstrata Group, such as strong demand from the Asia-Pacific region; political, regulatory and economic uncertainties; and the costs associated with emissions from fossil fuels, as well as problems related to local production and delivery conditions (as has been the case frequently with electricity in South Africa and was the case in 2008 with natural gas in Chile), can both reduce the reliability of the supply of energy to the Xstrata Group's production processes and put upward pressure on the prices paid by the Xstrata Group for the fuels and energy used by it. In South Africa, the ability of the national electricity producer Eskom to meet electricity demand is expected to be somewhat constrained in the future. Eskom may face high capital costs to increase future production capacity, which would place significant upward pressure on electricity prices in general and prices paid by the Xstrata Group in South Africa.

As with other mining sector inputs, the Xstrata Group has historically been exposed to energy cost inflation in excess of broader measures of inflation. While these increases have abated to some extent in recent months, any renewed increases in energy costs will adversely affect the results of operations or financial condition of the Xstrata Group.

The Xstrata Group's North Queensland operations have entered into fixed-term diesel supply agreements with Royal Dutch Shell plc. Upon termination of those agreements, the Xstrata Group will need to source its diesel requirements from the Glencore Group or third parties. There can be no assurance that the Xstrata Group will be able to renew its diesel supply agreements with Shell or to source its diesel requirements on better or equivalent terms compared with its current agreements, which may have an adverse effect on the results of operations or financial condition of the Xstrata Group.

In addition, the Xstrata Group's business operations could be adversely affected, including through loss of production and damage to its plants and equipment, if the supply of energy to one or more of its facilities was interrupted even temporarily.

Taxation

Although Xstrata is incorporated in England and Wales, it is regarded as resident in Switzerland, and not in the United Kingdom, for Swiss and UK tax purposes and for the purposes of the UK-Switzerland double tax treaty. This means, broadly, that Xstrata's profits, income and gains are subject to the Swiss tax regime and not, save in the case of UK source income, to the UK tax regime. For further information see "Taxation — United Kingdom taxation," "Taxation — Swiss taxation" and "Taxation — US taxation."

It is possible that in the future, whether as a result of a change of law or the practice of any relevant tax authority or the renegotiation of the UK-Switzerland double tax treaty, or as a result of any change in the management or the conduct of Xstrata's affairs (including any changes implemented as a result of the Proposed Merger), Xstrata could become, or be regarded as having been, resident in the United Kingdom, therefore becoming subject to the UK tax regime, which could adversely affect the results of operations or financial condition of the Xstrata Group.

As a result of changes made to the UK controlled foreign company rules by section 90 of the Finance Act 2002 (as amended by section 78 of the Finance Act 2006) (i.e. the introduction of section 747(1B) of the Income and Corporation Taxes Act 1988 and the related transitional provisions), it is possible that in certain circumstances future acquisitions by the Xstrata Group could bring it within these rules, with the consequence that Xstrata may become subject to UK tax on the income or profits of certain non-UK resident subsidiaries. Future acquisitions could therefore adversely affect the results of operations or financial condition of the Xstrata Group. However, HM Revenue & Customs ("HMRC") has provided a non-statutory letter of comfort to Xstrata that the legislation is not intended to apply to a company such as Xstrata and that HMRC will not regard the legislation as applying, provided that Xstrata continues to act as the parent company of its existing group, where Xstrata acts in the ordinary course of its business in making acquisitions of other groups or companies in the same general business sector as its existing group, or carrying out significant post-acquisition refinancing or restructuring (including disposals). The UK Finance Act

2012, which received Royal Assent on July 17, 2012, introduced a new controlled foreign companies regime. The new rules will take effect (in place of the old regime) for accounting periods beginning on or after January 1, 2013 (subject to detailed transitional provisions). The new rules do not contain an equivalent provision to section 747(1B) of the Income and Capital Taxes Act 1988. Accordingly, provided that Xstrata does not become UK tax resident (as discussed above), the new CFC regime, as currently drafted, should not apply to Xstrata.

The government of South Africa has effected or communicated an intention to effect significant changes to its existing tax laws, including the following:

- The government of South Africa has introduced an amendment to the Income Tax Act 58 of 1962. Such amendment introduces a 15% withholding tax on interest paid on foreign loans (other than true bank loans and traded debt). This new legislation will take effect from January 1, 2013.
- The 3:1 debt-to-equity safe harbor ratio for funding has been removed and replaced with an arm's length capital structure test, potentially making use of interest cover ratios. The South African Revenue Service has yet to publish guidance relating to this issue, but a proposed amendment to the existing debt-to-equity safe harbor ratio will affect Xstrata's South African subsidiaries' interest payments or accruals from January 1, 2013.
- In line with South Africa's voluntary commitment to reduce domestic greenhouse gas emissions by 34% by 2020 (compared to 2009 levels), the government of South Africa has proposed a tax on carbon emissions. In response, Xstrata convened the Industry Task Team on Climate Change, which represents industrial interests in South Africa, in order to formulate a response to the government proposal by detailing feasible alternatives to a carbon tax. The introduction of a carbon tax is a concept proposal sponsored by some in the National Treasury but is not supported by many politicians or other government departments. Business interests continue to advocate that the introduction of a carbon tax is premature and that the concept proposal is too complex and cannot be administered. Proposals have been made to the ruling party, the African National Congress ("ANC").
- The ANC in its report entitled "State Intervention in the Minerals Sector" advocates, as an alternative to the nationalization of the mines, that a resource rent tax of 50% be imposed on all mining activities. This tax would be triggered after a normal return on investments (treasury bond rate plus 7%) has been achieved. A reduction in the current mineral royalty rate to 1% of revenue has been proposed as an offset. Xstrata has met with the ANC to put forward reasons why a resource rent tax would not be appropriate and to propose alternative solutions.

The above-listed changes or intended changes, as applicable, could impact the profits, income and gains of the Xstrata Group's South African operations, which could adversely affect the results of operations or financial condition of the Xstrata Group.

The Australian federal government enacted legislation in March 2012 in connection with the Minerals Resource Rent Tax ("MRRT"), which became effective from July 1, 2012. The MRRT only applies to coal and iron ore and, as such, is not applicable to base metals. The MRRT is levied on 30% of MRRT assessable profit, less a 25% allowance for the value added to minerals relating to a miner's extraction activities, thereby resulting in an effective rate of 22.5%. The MRRT assessable profit is based on upstream (pre-processing) mining profits. The MRRT is deductible for Australian corporate income tax purposes (currently 30%), although the federal government is currently reviewing options to possibly reduce the corporate income tax rate in the future. The market value of a mine existing as of May 1, 2010, plus capital expenditure up to June 30, 2012 (the "starting base"), is deductible for MRRT purposes over the lesser of the life of such mine or 25 years. The Xstrata Group recorded a net deferred tax asset of US$579 million as of June 30, 2012 to reflect the expected use of this starting base. New capital and operating expenditure from July 1, 2012 is deductible for MRRT purposes immediately or, if MRRT assessable profits are insufficient, losses are uplifted annually at the risk free rate plus 7% until there is sufficient income to absorb the losses. State mining royalties remain payable and are credited against any MRRT liability. These mining royalties are not refunded if the MRRT liability in a given year falls below the royalty level. Any excess state mining royalties are credited against future MRRT liabilities and also uplifted annually at the risk free rate plus 7%.

In October 2011, Australia passed the Clean Energy Bill 2011, which introduced a tax on carbon emissions. This carbon tax became effective on July 1, 2012, and companies producing more than

25,000 tonnes of carbon dioxide per year are taxed at a rate of AUD23 for each tonne above the 25,000 tonne threshold. This carbon pricing is to increase at a rate of 2.5% per annum in real terms (above inflation) until 2015, at which time a market-based emissions trading scheme is to be introduced. In addition, the diesel fuel credit, which refunds the federal excise tax paid on fuel used for mining purposes and is currently AUD0.38 per liter, will be reduced by AUD0.0621 and adjusted annually thereafter. Some coal mines with high fugitive gas emissions, such as methane, will receive assistance from the temporary Coal Sector Jobs Package, which will partially offset the additional cost of the carbon tax. The Coal Mining Abatement Technology Support Package will also provide support. Despite the Xstrata Group's initiatives to reduce carbon emissions, the tax on carbon emissions may affect the Xstrata Group's results of operations and financial condition.

In September 2012, the Government of Queensland, Australia announced an increase in the State royalty rates that broadly apply to the sales value of coal, with some deductions. The revised royalty rates, which are to become effective from October 1, 2012, are as follows: if the sales value per tonne of coal is between nil and AUD100, the revised royalty rate is to be 7% (identical to the current royalty rate of 7%); if the sales value per tonne of coal is between AUD100 and AUD150, the revised royalty rate is to be 12.5% (compared to the current royalty rate of 10%); and if the sales value per tonne of coal is over AUD150, the revised royalty rate is to be 15% (compared to the revised royalty rate of 10%).

In September 2011, the president of Peru, Ollanta Humala, signed into law three bills that increase taxes applicable to mining companies, including mining companies with existing fiscal stability agreements (such as Barrick Gold Corporation ("Barrick Gold"), BHP Billiton plc ("BHP Billiton") and Xstrata). Under the new legislation, all mining companies without fiscal stability agreements will pay royalties of 1% to 12% of operating profit, whereas they previously paid royalties of 1% to 3% of net sales. In addition, mining companies that do not have existing fiscal stability agreements will be subject to a "windfall profits" tax (to be paid quarterly) of 2% to 8.4% of net profit. Mining companies with existing fiscal stability agreements (noting that Xstrata has fiscal stability agreements for Las Bambas, Antamina and Antapaccay) will continue to pay the royalty rate agreed with the Peruvian government in their respective fiscal stability agreements and will also be subject to a special contribution tax of 4% to 13.2% of operating income, with the exact tax rate dependent upon the company's operating margin. Although mining companies have been in consultation with the Peruvian government to provide a detailed analysis of the existing Peruvian tax burden and the consequences of higher taxes for the Peruvian mining industry, there can be no assurance that the above-described changes will not adversely affect the results of operations and financial condition of the Xstrata Group.

In September 2012, the Chilean Congress approved a tax reform measure that, among other things, increased the corporate income tax rate from 17% to 20%. The new rate will be applied to profits generated in the 2012 commercial year and will be payable by the Chilean members of the Xstrata Group.

The Xstrata Group has entered into a number of structured transactions. If any of these arrangements are successfully challenged by the relevant tax authorities, members of the Xstrata Group may incur additional tax liabilities which could adversely affect the results of operations or the financial condition of the Xstrata Group. In addition, in the future, members of the Xstrata Group may incur additional tax liabilities as a result of changes in tax laws or the imposition of new taxes, royalties, export retentions or duties.

Labor

The majority of the workforce of the Xstrata Group is unionized. Xstrata believes that all of the Xstrata Group's operations have, in general, good relations with their employees and unions, but from time to time the Xstrata Group's operations in South America, South Africa, Australia, Canada and Chile have experienced limited work stoppages and other forms of industrial action. There can be no assurance that the Xstrata Group's operations will not be affected by such problems in the future. In addition, the Xstrata Group has been subject to union demands for pay rises and increased benefits. Strike action at other industry participants' operations, such as the labor unrest at the Marikana mine complex in South Africa operated by Lonmin (in which the Xstrata Group holds a 24.6% interest), which resulted in 44 deaths and has significantly negatively affected Lonmin's estimates of its annual platinum production, may encourage work stoppages in connection with any labor-related demands of employees or unions at the Xstrata Group's operations. For example, the Xstrata Group's operations in South Africa have and may be further negatively affected by wildcat strikes or other instances of labor unrest unrelated to those currently affecting other mining operations in South Africa. The Xstrata Group could be adversely affected by labor disruptions involving third parties who provide the Xstrata Group with goods or services at its operations. Strikes and other labor disruptions at any of the Xstrata Group's operations, or lengthy work interruptions at its existing and future development projects, could materially adversely affect the timing, completion and cost of any such project, as well as the Xstrata Group's results of operations or financial condition. In addition, as described in "— Input supply and prices," the Xstrata Group has been subject to extensive labor cost inflation in a variety of its operating geographies as the global economic recovery has increased demand for commodities. There can be no assurance that work stoppages or other labor-related developments (including the introduction of new labor regulations in countries where the Xstrata Group operates) will not adversely affect the results of operations or financial condition of the Xstrata Group.

The majority of the workforce of the Xstrata Group is engaged pursuant to collective employment agreements. These collective agreements are negotiated with unions and other employee representative organizations from time to time. The collective agreements establish and set the terms and conditions of employment of the employees covered by the collective agreements. The Xstrata Group's collective agreements have differing terms and expiry dates. Prior to the expiry of a collective agreement, negotiation of conditions for renewal occurs between the relevant employing entities within the Xstrata Group and the relevant unions or other employee representative organizations. There can be no assurance that collective agreements will be renewed when due without work stoppages or other forms of industrial action, or without additional or unforeseen costs being incurred by the Xstrata Group.

While HIV/AIDS infection remains a serious problem within the Xstrata Group's South African workforce, it is believed that mitigation measures such as aggressive wellness programs, the availability of free antiretroviral treatment to its workers and their families, community clinics and related interventions underway at the Xstrata Group's South African operations, the current rate of infection has stabilized and been contained. Notwithstanding, there is a risk that the costs associated with HIV/AIDS (including, in particular, the cost of lost workers' time) may adversely affect the Xstrata Group's South African results of operations or financial condition. See "Business — Health and safety."

Key employees

The management of the Xstrata Group's operations depends on a relatively small number of key employees. The loss of the services of certain key employees (including pursuant to the terms of, or as a result of, the Proposed Merger as described in "— Risk factors and other considerations relating to the Proposed Merger — Integration of the Combined Group and retention of key senior and operational management"), particularly to competitors, could have a material adverse effect on the results of operations or financial condition of the Xstrata Group.

In addition, as the Xstrata Group's business develops and expands, Xstrata believes that the Xstrata Group's future success will depend on its ability to attract and retain highly skilled and qualified personnel, which is not guaranteed, especially in the current competitive labor market for industry experienced senior personnel.

Market for sulfide concentrate by-products

The economics of many smelting operations, including those operated by the Xstrata Group, are reliant in part on the prices achievable for the marketable by-products of smelting. For example, a significant by-product of copper concentrate smelting (and that of zinc, nickel and lead sulfides) is sulfuric acid, the price of which in recent years has fluctuated significantly as stricter environmental standards require capture of sulfur emissions, as a result of which the supply of sulfuric acid available for sale has increased. Lack of demand for sulfuric acid and a lack of sufficient storage capacity for significant quantities of sulfuric acid may cause production curtailment. Furthermore, lack of demand for sulfuric acid and the resultant decrease in price for sulfuric acid may prompt smelters to increase treatment and refining charges. Higher treatment and refining charges would result in higher costs to the Xstrata Group where it does not smelt its own sulfide concentrates. By contrast, if the Xstrata Group's smelters are unable to increase treatment and refining charges to reflect reduced revenues from sulfuric acid sales (or other by-products), the contribution of these operations to the profitability of the Xstrata Group would be adversely affected. Either eventuality could materially adversely affect the Xstrata Group's results of operations or financial condition.

Joint ventures

Members of the Xstrata Group hold, and expect to hold in the future, undivided interests in joint ventures. Special risks associated with joint ventures include the possibility that the joint venture partners, which in certain cases include competitors of Xstrata, may:

(i) have economic or business interests or goals that are inconsistent with those of the Xstrata Group; or

(ii) take action contrary to the Xstrata Group's policies or objectives with respect to its investments, for instance by vetoing proposals in respect of the joint venture operations; or

(iii) be unable or unwilling to fulfill their obligations under the joint venture or other agreements; or

(iv) experience financial or other difficulties.

Any of the foregoing may have a material adverse effect on the results of operations or financial condition of the Xstrata Group. In addition, the termination of certain of these joint venture agreements, if not replaced on similar terms, could have a material adverse effect on the results of operations or financial condition of the Xstrata Group.

Borrowings

The Xstrata Group has a significant amount of indebtedness, which may impair its operating and financial flexibility and could adversely affect the business and financial position of the Xstrata Group and its ability to pay dividends.

As of June 30, 2012, the Xstrata Group had unaudited gross outstanding indebtedness of US$13,198 million. For further information on the Xstrata Group's unaudited gross outstanding indebtedness, see "Description of Other Indebtedness."

The Xstrata Group's significant indebtedness has important consequences for Noteholders. For example, it could potentially:

(i) cause the Xstrata Group to dedicate a substantial portion of cash flow from operations to payments to service debt, depending on the level of borrowings, prevailing interest rates and, to a lesser extent, exchange rate fluctuations, which reduces the funds available for working capital (over the longer term), capital expenditure, acquisitions and other general corporate purposes;

(ii) curtail the Issuer's and the Guarantor's ability to pay, in the case of the Guarantors, pursuant to the Guarantees, principal or interest on the Notes;

(iii) limit the Xstrata Group's ability to borrow additional funds for working capital (over the longer term), capital expenditure, acquisitions and other general corporate purposes;

(iv) limit the Xstrata Group's flexibility in planning for, or reacting to, changes in technology, customer demand, competitive pressures and the industries in which it operates;

(v) place the Xstrata Group at a competitive disadvantage compared to those of its competitors that are less leveraged than it is; and

(vi) increase the Xstrata Group's vulnerability to both general and industry specific adverse economic conditions.

Reduction in credit rating

The Xstrata Group's borrowing costs and access to the debt capital markets, and thus its liquidity, depend significantly on Xstrata's public credit ratings. These ratings are assigned by rating agencies, which may reduce or withdraw their ratings or place Xstrata on "credit watch," actions that would have negative implications for the Xstrata Group. A deterioration of Xstrata's credit ratings could increase the Xstrata Group's borrowing costs and limit the Xstrata Group's access to the capital markets, which, in turn, could reduce the Xstrata Group's earnings and adversely affect the Xstrata Group's liquidity.

The Xstrata Group's counterparties, including its customers, suppliers and financial institutions, are also sensitive to the risk of a ratings downgrade and, if Xstrata's ratings were downgraded to below investment grade, may be less likely to engage in transactions with the Xstrata Group, or may only engage with members of the Xstrata Group at a substantially higher cost or on increased credit enhancement terms (e.g. letters of credit, additional guarantees or other credit support), which carry increased costs. While Xstrata does not anticipate its ratings to be downgraded below investment grade, if such an event were to occur, it could have a material adverse effect on the Xstrata Group's business, results of operations, financial condition or prospects.

Interest rate exposure and hedging and derivative counterparty risk

The Xstrata Group's exposure to changes in interest rates results from investing and borrowing activities undertaken to manage its liquidity and capital requirements. The Xstrata Group has entered and may in the future enter into interest rate swap agreements to manage the interest rate risk associated with a portion of its debt. The interest rate swap changes the Xstrata Group's exposure to interest risk by effectively converting a portion of the Xstrata Group's fixed-rate debt to a floating-rate. The Xstrata Group may elect in the future to enter into interest rate swaps to effectively convert floating-rate debt to fixed rate debt or to enter into additional fixed rate to floating-rate swaps. There can be no assurance that the Xstrata Group will not be materially adversely affected by interest rate changes in the future, notwithstanding its use of interest rate swaps.

In addition, the Xstrata Group's interest rate swaps, metals hedging and foreign currency and energy risk management activities expose the Xstrata Group to the risk of default by the counterparties to such arrangements. Any such default could have a material adverse effect on the Xstrata Group's business, financial condition and results of operations.

Holding company structure and dependence on subsidiaries

The Xstrata Group's results of operations and financial condition are entirely dependent on the trading performance of members of the Xstrata Group. Xstrata's ability to pay dividends will depend upon the level of distributions, if any, received from Xstrata's operating subsidiaries and interests, any amounts received on capital raisings and asset disposals and the level of cash balances. Certain of Xstrata's operating subsidiaries and interests may, from time to time, be subject to restrictions on their ability to make distributions to Xstrata, including as a result of restrictive covenants contained in loan agreements, foreign exchange limitations and other regulatory restrictions and agreements with the other shareholders of such subsidiaries or associated companies. Any such restrictions may have a material adverse effect on the Xstrata Group's results of operations or financial condition.

Legislative risk factors relating to the Xstrata Group

Environmental, health and safety

The operations of the Xstrata Group are extensively regulated. National, state and local authorities in the countries in which the Xstrata Group has operations regulate the industries in which the Xstrata Group operates with respect to matters including, but not limited to, employee health and safety, royalties, permitting and licensing requirements, planning and development and environmental compliance (including, for example, compliance with waste and waste water treatment and disposal; emissions and discharge requirements; plant and wildlife protection; reclamation and rehabilitation of mining properties before, during and after mining is complete; surface subsidence from underground mining; and the effects that mining has on surface and/or groundwater quality and availability).

Governmental authorities and the courts have the power to enforce compliance (and, in some jurisdictions, third parties and members of the public can initiate private procedures to enforce compliance) with applicable laws and regulations, violations of which may result in civil or criminal penalties, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations.

Numerous governmental permissions, approvals and leases are required for each of the Xstrata Group's operations. These permissions, approvals and leases are subject, in certain circumstances or on the occurrence of certain events, to modification, renewal or revocation. The Xstrata Group is required to prepare and present to national, state or local authorities data pertaining to the anticipated effect or impact that any proposed exploration, mining or production activities may have upon the environment. For example, in Australia, the National Greenhouse and Energy Reporting Act 2007 established a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. The costs, liabilities and other obligations associated with complying with such requirements or arising from the manner in which the obligations are met or, as may be necessary, the cost of rehabilitation of sites which have been closed down, may be substantial and time-consuming and may delay the commencement or continuation of exploration, mining or production activities. There can be no assurance that compliance costs, including the costs of rehabilitation of operations which have been closed down, and dealing with environmental and health and safety issues associated with legacy closed sites will not adversely affect the results of operations or financial condition of the Xstrata Group.

In certain jurisdictions, third parties or members of the public can challenge or otherwise initiate proceedings against the award of a permission, approval or lease. For example, in December 2008, an Australian federal appeals court ruled that the Federal Environment Minister had not followed due process in approving the development of an open pit mine at the Xstrata Group's McArthur River operations. Although the court noted that the Xstrata Group was not in error, the Xstrata Group was required to suspend mining operations at McArthur River as a result of the decision. Although the Xstrata Group initially continued processing stockpiled ore, as result of the required consultation period between the minister deciding to recommend that approval be granted and approval actually being granted, it was necessary to place the mine on care and maintenance in the interim. In addition, the Xstrata Group's project development approval for its Ulan West mine in New South Wales, Australia, and the proposed grant of mining leases and the associated environmental authority for the Wandoan Project in Queensland, Australia, were the subject of court challenges by environmental interest groups, both of which were resolved favorably for the Xstrata Group. There can be no assurance that these types of actions will not continue to occur or that they will not have a material adverse effect on the results of operations or financial condition of the Xstrata Group.

The Xstrata Group's Mount Isa operations in Queensland, Australia are subject to specific legislation passed by the Queensland Parliament, namely the Mount Isa Mines Limited Agreement Act 1985, which, among other things, specified the particular environmental conditions applicable to the site and exempted the Mount Isa operations from compliance with the otherwise applicable Environmental Protection Act 1994. However, in May 2008, the Queensland Parliament passed the Environmental Protection and Other Legislation Amendment Act 2008, which provided for a transition of environmental regulatory functions relating to Mount Isa, including those covered by the Mount Isa Mines Limited Agreement Act 1985, to the Environmental Protection Act 1994. As a result, at the end of a three year transition period, in May 2011, Xstrata applied to the state environmental regulator, under the Environmental Protection Act 1994, for an amended environmental authority for its operations. In December 2011, the state environmental regulator issued a new environmental authority for Xstrata Group's Mount Isa operations under the Environmental Protection Act 1994 in connection with the transition of environmental regulation of the Mount Isa operations from the Mount Isa Mines Limited Agreement Act 1985. A number of transitional plans have also been approved. The conditions of this environmental authority may require substantial changes to the Mount Isa operations, in which case significant expenditures, relating to investing in new environmental technologies and practices, could be required to maintain current production levels, which would have an adverse effect on the results of operations or financial condition of the Xstrata Group. See "Business — Environment and communities and other regulatory matters."

In addition, a violation of environmental or health and safety laws relating to a mine or production facility, or a failure to comply with the instructions of the relevant environmental or health and safety authorities, could lead to, among other things, a temporary shutdown of all or a portion of such mine or production facility, a loss of the right to mine or to continue with production or the imposition of costly compliance procedures, fines and penalties, liability for clean-up costs or damages. If environmental or health and safety authorities require the Xstrata Group to shut down all or a portion of a mine or production facility or to implement costly compliance measures, or impose fines and penalties, liability for clean-up costs or damages on the Xstrata Group, whether pursuant to existing or new environmental or health and safety laws and regulations, such measures could have a material adverse effect on the Xstrata Group's results of operations and financial condition.

There is a country wide issue in South Africa affecting many industries concerning compliance with the National Water Act, 1998 ("NWA"), which regulates the use of water in South Africa and stipulates mandatory requirements as to the registration and licensing of water uses. This has a long history and dates back to the previous Water Act, 1956 ("Old Act"). The Old Act was introduced in an attempt to regulate the use of water in various commercial operations (including mining). The requirements of the Old Act were complex and often led to a significant number of different water licenses being required for one operation. The NWA was introduced to more efficiently and effectively regulate water use and licensing. One of the key changes was to introduce the concept of an Integrated Water Use Licence Application ("IWULA") whereby an operation would have one integrated license dealing with all its water uses. At the same time, there was a provision whereby "existing lawful uses" under the Old Act would be allowed to continue, pending the granting of a license under the NWA. Xstrata Coal South Africa ("XCSA") and Xstrata Alloys have applied for integrated licenses for all of their respective operations, with the IWULAs having been lodged as far back as 2003. Due to administrative constraints within the Department of Water Affairs, there is a backlog of IWULAs throughout the country which have not yet been processed and granted. Consequently, there are water uses that are technically unlawful (i.e., they are not existing lawful uses under the Old Act and have not been validated by way of a new integrated license under the NWA). The Department of Water Affairs could exercise its powers under the NWA and require operations to cease unlawful water use until a new integrated license is granted under the NWA. Unlawful water use is also an offense under the NWA, which could lead to prosecution of the offending water user, could result in fines which may vary depending on the severity of the breach (but are typically in the vicinity of R500,000) and, in extreme cases, could result in jail sentences for directors of corporate water users. This is a difficult political issue because the Department of Water Affairs is reluctant to shut down successful operations which employ large numbers of people and generate royalty revenue for the Government. XCSA is continuing to work actively with the Department of Water Affairs to have all of its remaining IWULAs processed and approved. This strategy has proven to be successful; all of the IWULAs for XCSA's operations have been approved, although a number of IWULAs for Xstrata Alloys remain outstanding. In addition, the Department of Water Affairs is still processing two applications pertaining to amendments of previously approved IWULAs for XCSA.

In addition, the National Environment Management Waste Act 59 of 2008 introduced new waste site management and permitting procedures as a result of which most Xstrata Alloys operations had to apply for waste permits to operate certain parts of their operations. Certain of these licenses have been received; however, the requirements of this act have and will continue to impose costly compliance and licensing procedures.

The possibility exists that new environmental and/or health and/or safety legislation or regulations may come into force and/or new information may emerge on existing environmental and/or health and/or safety conditions and/or other events (including legal proceedings based upon such conditions or an inability to obtain necessary permits), which may materially adversely affect the Xstrata Group's operations, its cost structure, its customers' ability to use the commodities produced by the Xstrata Group, demand for its products, the quality of its products and/or its methods of production and distribution. For example, in June 2007, a new EU regulation for the Regulation, Evaluation and Authorisation of Chemicals ("REACH") came into force across the European Union. REACH is intended to place the burden of ensuring the safety of all substances in terms of both human health and environmental exposures onto the shoulders of the industry instead of authorities. Many of the commodities produced by the Xstrata Group, and the chemicals used by it for production or other purposes, fall within the scope of REACH, which requires EU- and EEA-based legal entities to pre-register and subsequently register (and, in certain cases, to seek authorization for the use or placing on the market of) materials that they import into or manufacture within the European Union and the European Economic Area by certain deadlines as a pre-condition to market access. Although the Xstrata Group has completed all pre-registrations and registrations required to ensure that its members and customers may continue to manufacture and/

or import affected commodities or other product materials by the relevant deadlines, the Xstrata Group may be denied market access for some or all of these materials in the future if full registrations and, where applicable, authorizations are not obtained. REACH's impact on the global supply chain for materials, including those used by the Xstrata Group for production or other purposes, is also unpredictable. A further example is EU regulatory reform in the context of classifications of nickel substances under the Dangerous Substances Directive and the import of those classifications into the REACH framework through new regulations. These regulations, in particular the EU 30th and 31st Adaptations to Technical Progress to the Dangerous Substances Directive (adopted in August 2008 and January 2009, respectively) and the 1st Adaptation to Technical Progress to the Classification, Labeling and Packaging Regulation (adopted in August 2009), introduce new classifications for nickel containing substances, which would result in additional labeling and packaging requirements for reclassified substances within the European Union. The International Maritime Organisation is currently reviewing requirements for the transport of solid bulk cargoes via the International Convention for the Prevention of Pollution from Ships, 1973, as modified in 1978 ("MARPOL") Annex V and the International Maritime Solid Bulk Cargoes Code ("IMSBC"). This review may affect the regulation and requirements by which the Xstrata Group must abide for its products to be transported and, in particular, environmental and/or health and/or safety requirements. These reforms may require the Xstrata Group to change packaging and other transport and logistical arrangements associated with the affected substances and products, which may result in significant increased costs and which could have an adverse effect on the results of operations or financial condition of the Xstrata Group.

In 2010, two glacier protection acts were passed in Argentina. The first such act was passed by the San Juan province, the province in which the El Pachón project is located. This act stipulates that any possible impact to a glacier will be subject to the prior approval of an environmental impact statement to be filed by the company that is to consider the relevance of such glacier to the corresponding water basin. Shortly after this act was passed, the National Congress passed the National Glaciers Protection Act (the "NGPA"), which, by prohibiting mining activities (and other activities) not only in glacial but also in peri-glacier areas, is more restrictive than the San Juan law. Since the NGPA was passed, two separate legal cases seeking to have the NGPA declared as unconstitutional have been initiated by third parties. In both cases the claimants sought and were granted by the presiding federal judge in San Juan an injunction suspending the applicability of certain sections of the NGPA. Following the grant of these injunctions, the San Juan province became a party to both cases, supporting and sustaining the claimants' stance that the NGPA is unconstitutional. Under Argentine law any dispute between a province and the National State must be heard by the National Supreme Court. In July 2012, the National Supreme Court revoked the previously granted injunctions, and, consequently the NGPA is now in force in San Juan. Nevertheless, in September 2011, Xstrata initiated a proceeding in San Juan seeking to have NGPA declared unconstitutional and also seeking a specific injunction suspending the applicability of certain sections of the NGPA, for the benefit of the El Pachón project. This injunction was granted by the federal judge. The San Juan province became a party to this case, and, consequently, the case is now being heard by the National Supreme Court. The National Supreme Court has not yet issued a decision in connection with the appeal filed by the National State against the injunction. As of August 31, 2012, the injunction suspending the applicability of certain sections of the NGPA with respect to the El Pachón project remains in effect.

Xstrata expects that further environmental laws and/or regulations will likely be implemented to protect the environment and quality of life, given sustainable development and other similar goals which governmental and supragovernmental organizations and other bodies have been pursuing. For example, state and territory governments in Australia are considering a range of effective policy responses to ensure a flexible way of achieving greenhouse gas abatement in the transition to a carbon constrained future. In particular, in October 2011, Australia passed the Clean Energy Bill 2011, which contains a tax on carbon emissions (see "— Risk factors relating to the business of the Xstrata Group — Taxation"). Some of the issues which are relevant to the Xstrata Group that are currently under review by environmental regulatory agencies include reducing or stabilizing various emissions, including sulfur dioxide and greenhouse gas emissions; geochemical and geotechnical stability of mine works; mine reclamation and rehabilitation; water, air and soil quality; and absolute liability for spills or for exceeding prescribed limits. Such matters may, among other things, require the Xstrata Group, or its customers, to change operations significantly or incur increased costs (including compliance expenditures) or could require the Xstrata Group to increase its financial reserves, which could have an adverse effect on the results of operations or financial condition of the Xstrata Group.

In view of the uncertainties concerning future removal, stabilization, reclamation and site rehabilitation costs on certain of the Xstrata Group's properties, the costs actually incurred by the Xstrata Group could differ from the amounts estimated. Estimates for such future costs are subject to change based on amendments to applicable laws and regulations, the nature of on-going operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively as a change in an accounting estimate. In addition, regulatory authorities in various jurisdictions around the world may require the Xstrata Group to provide financial security to secure, in whole or in part, future removal, stabilization, reclamation and site rehabilitation obligations in such jurisdictions. In some instances, the Xstrata Group has already provided such security. In other instances, such security may be required to be provided upon the occurrence of certain events, for example if Xstrata or a member of the Xstrata Group ceases to maintain a minimum investment grade credit rating, if the regulatory authority ceases to accept alternative forms of comfort to secure the obligation, or as the relevant property nears the end of its operation. Although the provision of such security does not increase the future removal, stabilization, reclamation and site rehabilitation costs (other than costs associated with the provision of such security), a portion of the Xstrata Group's financial resources may be required to support these commitments, which could adversely affect the financial resources available to the Xstrata Group.

Risks related to climate change legislation

In December 1997, in Kyoto, Japan, the signatories to the United Nations Convention on Climate Change established individual, legally binding targets to limit or reduce greenhouse gas emissions by developed nations. This international agreement, known as the Kyoto Protocol, came into force on February 16, 2005. As of October 2010, 191 states and one regional economic integration organization (the European Economic Community) had deposited instruments of ratifications, accessions, approvals or acceptances in respect of the Kyoto Protocol.

The Xstrata Group has operations in various jurisdictions that may be subject to national, regional or local laws, regulations, taxes and policies aimed at limiting or reducing greenhouse gas emissions. While the impact of the Kyoto Protocol and related legislation and regulation cannot be quantified at this time, the likely effect will be to increase costs for fossil fuels, electricity and transport; restrict industrial emission levels; impose added costs for emissions in excess of permitted levels; and increase costs for monitoring, reporting and financial accounting, including for example, reporting requirements under Australia's National Greenhouse and Energy Reporting Act. In July 2012, a carbon tax came into effect in Australia, and members of the Xstrata Group in this jurisdiction are variously liable under this legislation (see ''— Risk factors relating to the business of the Xstrata Group — Taxation''). As the operation of the Xstrata Group's business involves incurring certain of these costs, increases in such costs could have a material adverse effect on the results of operations or financial condition or increase tax payments of the Xstrata Group. Further, the Xstrata Group may be required to change operations, reduce production capacity or make additional investments to adapt to new or amended environmental laws and regulations, which could have a material adverse effect on the results of operations or financial condition of the Xstrata Group.

The coal industry, governments and other organizations are actively investing in research projects to reduce greenhouse gas emissions from the use of coal in power generation. There can be no assurance that the introduction of laws, regulations, taxes and practices to limit greenhouse gas emissions will not in the future adversely affect the price of, and demand for, coal. A significant decrease in the demand for coal, with current users turning increasingly to alternative forms of energy, may adversely affect the results of operations or financial condition of the Xstrata Group.

Given the uncertainty surrounding the impact of climate change, the manner of implementation of the Kyoto Protocol in those jurisdictions where it has yet to be implemented, the various mechanisms available for countries to achieve their emission reduction targets (whether under the Kyoto Protocol or otherwise), including the levying of taxes against greenhouse gas emissions or greenhouse gas emitting products or the imposition of ''cap-and-trade'' schemes and difficulties in identifying and assessing the financial implications of such impacts and measures, it is not possible to determine with certainty at this time what the ultimate effects of climate change and the Kyoto

Protocol or other similar initiatives to limit or control greenhouse gas emissions may be for the Xstrata Group.

Australian native title, South African and Canadian land claims and Peruvian consultation rights

In Australia, the Native Title Act 1993 (Cth) (the "Native Title Act") recognizes native title and establishes processes relating to mining and exploration rights. Native title represents the traditional rights and interests that the Aboriginal people have in relation to land. If native title was not extinguished prior to 1994, the Native Title Act provides procedural rights for registered native title claimants, including the right to negotiate with respect to the grant of mining rights, which include exploration titles and the compulsory acquisition of land. For further information, see "Business — Native title, land claims and consultation rights." Native title claims have been made over some areas where the Xstrata Group has mining operations and there can be no assurance that such claims or any future claims will not have a material adverse effect on the Xstrata Group's results of operations or financial condition or that additional claims will not be lodged in the future.

In South Africa, the government's Restitution of Land Rights Act 1994 provides remedies for persons who have been dispossessed of rights in land as a result of past racially discriminatory laws or practices. The Land Claims Court is empowered to make orders concerning the restoration of a right in land or any portion of land, compelling the payment of compensation, thereby compelling the South African government to include a claimant as a beneficiary in a state support program for housing or granting the claimant an appropriate right in alternatively designated state land or with any alternative and appropriate relief. For further information, see "Business — Native title, land claims and consultation rights." Xstrata is aware that a number of land claims have been lodged in relation to the surface rights of the Xstrata Group's various South African properties, but has limited information about these claims, and due to the lengthy administrative process under the Restitution of Land Rights Act 1994, there is uncertainty as to their status and prospects for success.

In Canada, the Xstrata Group's properties may, in the future, be the subject of Native American land claims which are generally addressed by the courts in Canada. The legal basis of such a land claim is a matter of considerable legal complexity and the impact of the assertion of a land claim, or the possible effect of a settlement of such claim upon the property interest in question, cannot be predicted with any degree of certainty at this time. In addition, no assurance can be given that any recognition of Native American rights whether by way of a negotiated settlement or by judicial pronouncement (or through the grant of an injunction prohibiting mining activity pending resolution of any such claim) would not delay or even prevent the Xstrata Group's resource development or mining activities in Canada. Accordingly, although unlikely, no assurance can be given that these land claims, or any other land claims of which the Xstrata Group is not aware, will not have an adverse effect on the Xstrata Group's rights to the properties that are subject to the land claims or a material adverse effect on the Xstrata Group's results of operations or financial condition.

In September 2011, the Peruvian Government approved the Right to Prior Consultation of Indigenous and Tribal Peoples Law, which took effect in December 2011. This law, which updates Peru's domestic legislation to comply with the International Labor Organization's Convention 169, requires prior and informed consultation with the indigenous communities and tribal peoples that could be directly affected by a particular piece of legislation or administrative action, such as the grant of a concession or the approval of an environmental impact statement. The purpose of requiring such consultation is to obtain an agreement between the federal, regional or local authorities, on the one hand, and the affected indigenous communities and tribal peoples, on the other, regarding a given piece of legislation or administrative action. The regulations state that federal, regional or local authorities will be required to finance the consultation process, which should be completed in a maximum of 120 days. Although the final decision regarding a piece of legislation or administrative action is made by the relevant federal, regional or local authority, there can be no assurance that such consultations will neither delay nor impede a piece of legislation or an administrative action, the absence of which could delay or impede a development project or projects, which could in turn have a material adverse effect on the Xstrata Group's results of operations and financial condition.

South African Mineral and Petroleum Resources Development Act, Mining Charter and Royalty Act

The Mineral and Petroleum Resources Development Act 28 of 2002 (the ''MPRDA'') came into operation on May 1, 2004. The Empowerment Charter (now called the Mining Charter), together with the ''scorecard'' for measuring black empowerment in the mining industry, which monitors and assesses compliance with the Mining Charter, was promulgated in 2004 by the Minister of the Department of Minerals and Energy (now called the Department of Mineral Resources (''DMR'')) in terms of the MPRDA and was subsequently amended in 2010. The Mineral and Petroleum Resources Royalty Act 28 of 2008 (the ''Royalty Act'') pertaining to royalties, which became effective on March 1, 2010, provides for a variable royalty determined by a set formula calculated in part according to the ratio of EBIT to gross sales with a minimum royalty rate of 0.5% and a maximum of 5% (for refined material) and 7% (for unrefined material) of gross sales in respect of the transfer of mineral resources.

A key objective of the MPRDA legislation is to ensure that 26% of the South African mining industry is controlled by historically disadvantaged South Africans (''HDSAs'') by April 30, 2014. In addition, mining companies need to achieve certain goals aimed at the advancement of HDSAs both in the workplace and the communities in which they operate.

The Xstrata Group has proactively developed and implemented a strategy to address the requirements of the above legislation, and has complied with the requirements of this legislation well within the stipulated timeframes both in its Alloys and Coal businesses. On the basis of the aforementioned empowerment credentials, Xstrata Alloys has been granted conversion of all of their old order mining rights and has been granted all of its initial applications for new order mining and prospecting rights. Certain more recent applications for new order mining and prospecting rights, however, remain outstanding at Xstrata Alloys and are in the ordinary administrative process at the relevant provincial departments. Xstrata Coal has been granted conversions of almost all of its old order mining rights and almost all of its new applications for mining and prospecting rights by the DMR in South Africa. Some of these grants are, however, subject to administrative appeals by land owners and environmental interest groups.

Although the Xstrata Group has complied with these legislative developments in South Africa to date, there remains a risk to security of tenure in respect of new order mining and prospecting rights more recently applied for but still yet to be granted which may affect the Xstrata Group's mining rights in South Africa and/or the results of operations or financial condition of the Xstrata Group.

Competing oil and gas claims

In various countries in which the Xstrata Group operates (including Australia, Canada and Colombia), there are legislative regimes in place whereby permits can potentially be granted over the same area, thereby allowing the holder to explore for or extract coal as well as oil and gas. There is a possibility there may be competing claims by different parties with one party holding the coal rights and the other holding the oil and gas rights. Although there will generally be a process of a negotiated settlement between the competing parties on how any competing rights are to be dealt with, or ultimately a Government enforced resolution, there can be no assurance that such competing claims will not adversely impact the Xstrata Group's results of operations and financial position.

Country-by-country reporting

In October 2010, the European Commission issued a consultation paper on country-by-country reporting by multinational corporations. Country-by-country reporting could require a multinational company to disclose in its annual financial statements (i) the name of each country in which it operates and the names of the companies that operate in those countries, (ii) its financial performance in every country in which it operates, identifying both third party and intra-group transactions as well as financing costs and labor related information, and (iii) the tax charge (current and deferred), including tax (and other benefits) that it pays to the governments of the countries in which it operates. In April 2011 the European Commission published its Summary Report of the responses received to the consultation paper, which shows a range of responses, with preparers, accountants and auditors generally opposed to requirements to report on a country-by-country basis and users and other respondents generally in favor of such requirements.

In the fourth quarter of 2011, the European Commission proposed legislation obligating EU-listed and large non-listed extractive and forestry companies to report all material payments to governments broken down by country and, if attributable, by project. The European Parliament and the EU's Council of Ministers are in the process of finalizing their reports/amendments with a view to reaching an agreed text for the legislation prior to the end of 2012. The impact of such legislation (in terms of costs, workload, reporting systems, and audit burden) could be considerable. Despite current lobbying efforts, there can be no assurance that such legislation will not be enacted.

The Xstrata Group currently reports payments to governments (representing taxes and royalties aggregated into one number) by country (or groups of countries where the payments are very small) in its annual Sustainability Report. At a minimum, the Xstrata Group is likely to need to revise its approach such that it is able to report payments to governments by type (e.g., taxes, royalties, other disaggregated) for each individual country in the Sustainability Report, which could result in increased costs.

Risk factors related to jurisdictions in which the Xstrata Group operates

Political, economic, security and other risks

Certain of the Xstrata Group's activities and related assets are located in countries which may be, or become, politically or economically unstable. Exploration or development activities in such countries may require protracted negotiations with host governments, international organizations and other third parties, including non-governmental organizations, and are frequently subject to unpredictable economic and political considerations, such as taxation, nationalization, inflation, currency fluctuations and governmental regulation and approval requirements, which could adversely affect the economics of projects. These projects and investments could be adversely affected by war, civil disturbances and activities of governments which limit or disrupt markets, restrict the movement of funds or supplies or result in the restriction or rescission of contractual rights or the taking of property without fair compensation. The security risks in certain of the countries in which the Xstrata Group operates can often be high. These risks include, among others, the destruction of property, injury to personnel and the cessation or curtailment of operations, any of which could have an adverse effect on the Xstrata Group's operations.

The Xstrata Group performs a thorough risk assessment on a country-by-country basis when considering its investment activities, and attempts to conduct its business and financial affairs so as to protect (to the extent possible) against political, legal, regulatory and economic risks applicable to operations in the countries where the Xstrata Group operates. However, there can be no assurance that the Xstrata Group will be successful in so protecting itself against all or any of these risks. These projects and investments could also be adversely affected by changes in laws and regulations relating to foreign trade, investment and taxation.

The Xstrata Group has significant operations in South Africa. As a result, important political, economic and other risks relating to South Africa could affect an investment in the Xstrata Group. Large parts of the population of South Africa do not have access to adequate education, healthcare, housing and other services, including water and electricity. South Africa has also experienced high levels of crime and unemployment in comparison with more developed countries, as well as community instability in areas near mining and smelting operations. These problems have been among the factors that have impeded inward investment into South Africa, prompted the emigration of skilled workers and negatively affected South Africa's growth rate. Recently, there has been increased labor unrest in South Africa, an example of which is the above-mentioned unrest at Lonmin's Marikana mine complex, which resulted in 44 deaths. While the South African government has committed itself to creating a stable free market economy, it is difficult to predict the future political, social and economic direction of South Africa or how the government will try to address South Africa's challenges. It is also difficult to predict the effect on the Xstrata Group's business of these problems or of the government's efforts to solve them.

Further, there has been political and economic instability in South Africa's neighboring countries. If this instability were to extend into or cause similar instability in South Africa, it could have a negative impact on the Xstrata Group's ability to manage and operate its South African operations and therefore on its results of operations or financial condition.

There are political and economic risks relating to the Xstrata Group's operations at Alumbrera, Argentina. Argentina suffered a period of deep social and economic deterioration and political and economic instability during 2001 and a devaluation of its currency in 2002. In April 2012, the government of Argentina seized the 51% interest in the YPF oil company held by Repsol YPF S.A. of Spain. Any seizure of Xstrata's assets in Argentina could have a material adverse effect on the Xstrata Group's results of operations and financial condition.

The Argentine Government has imposed export retention taxes on products produced from the Xstrata Group's operations in Alumbrera, which has fundamentally altered the tax stabilization regime conferred by Mining Investment Law No 24, 196 of May 1993 of which Alumbrera is a beneficiary. The Xstrata Group's operations in Argentina may be adversely affected by the imposition of export retention taxes or by changes in the nature of the Argentinean government, its policies, including taxation, or the political, economic or social dynamics affecting Argentina, any or all of which may not be within the control of the Xstrata Group.

The new Peruvian president, Ollanta Humala, signed into law three bills that effect increases in the taxes applicable to mining companies, including mining companies with existing fiscal stability agreements (such as Barrick Gold, BHP Billiton and Xstrata) (see "— Risk factors relating to the business of the Xstrata Group — Taxation"). The Xstrata Group's operations in Peru (which include Antamina (33.75% owned by Xstrata), and the Antapaccay and Las Bambas projects) may be adversely affected by the imposition of a new tax regime, or by the political, economic or social dynamics affecting Peru in general, any or all of which may not be within the control of the Xstrata Group.

Cerrejón operates in Colombia. As a result, political and other risks relating to Colombia could affect an investment in Xstrata. Colombia has experienced several periods of criminal violence over the past four decades, primarily due to the activities of guerrilla groups and drug cartels. In response, the Colombian government has implemented various security measures and has strengthened its military and police forces by creating specialized units. Despite these efforts, drug-related crime and guerrilla activity continue to exist in Colombia. If this violence affects the operations of the Cerrejón Business, it could have an adverse effect on the Xstrata Group's results of operations. Historically, Colombia has also experienced other political and economic instability. The Cerrejón Business may be adversely affected by any deterioration in the political, economic or security situation in Colombia, including where such factors have a direct impact on the operations of Cerrejón's and Prodeco's mines, and their rights to carry on their operations. There can be no assurance that such deterioration will not have a material adverse effect on the results of operations or financial condition of the Cerrejón Business and/or the Xstrata Group as a whole.

The Xstrata Group has operations, including development projects, in Peru, Chile, the Republic of Congo, the Dominican Republic, Mauritania, Tanzania, New Caledonia, the Philippines and Papua New Guinea. These operations may be adversely affected by changes in government policies and regulatory oversight, including taxation and land and environmental permitting policies, changes in the ruling government or the matrix of political, economic and social factors affecting any of such countries, or by risks relating to the security situation in such countries, none of which would be within the control of the Xstrata Group.

Exchange controls

South African exchange control regulations provide for a common monetary area consisting of South Africa, Lesotho, Namibia and Swaziland (the "CMA"). Transactions between CMA residents and non-CMA residents are subject to South African exchange control regulations. The present exchange control system in South Africa is used principally to control capital movements. South African residents, including companies, are generally not permitted (except within certain monetary limits and within other parameters) to export capital from South Africa or to hold foreign currency or foreign investments without the approval of the exchange control authorities. Further modifications to these restrictions may be made by the South African government. The expansion of existing, or imposition of new, exchange controls could adversely affect the Xstrata Group's results of operations or financial condition.

The Argentine Government issued Decree 1722/2011 on October 25, 2011, published in the Official Gazette on October 26, 2011, reinstating the obligation of hydrocarbon companies (producers of crude oil and its derivatives, natural gas and liquid petroleum gas) and mining companies to sell in the local market all the foreign currency proceeds of their exports. In November and December 2011, the Central Bank of Argentina required financial institutions to seek its approval before entering into off-shore transactions. Since February 2012, the Central Bank's approval is required prior to any purchase of foreign currency in order to pay dividends abroad.

Market access

Global and regional demand for metals is influenced by regulatory and voluntary initiatives to restrict or eliminate the use of certain metals in particular products or applications. The impact of such measures can be global, creating non-tariff barriers to international trade and affecting product design and specifications on a global basis. Such measures could also affect the balance between supply and demand and depress metal prices and treatment/refining charges. Metals with a limited number of major applications are most susceptible to changes in demand and price in response to such measures. Such changes in demand and price could have a material adverse effect on the Xstrata Group's results of operations or financial condition.

Production technology

Xstrata believes that the technology it uses to produce and process metals is advanced and, in part due to high investment costs, subject only to slow technological change. However, there can be no assurance that more economical production or processing technology will not be developed or that the economic conditions in which current technology is applied will not change.

Raw material procurement risks

Procurement of raw materials involves risks typically connected with commercial transactions, which can include trade barriers, political instability and problems due to local production conditions. In addition, the Xstrata Group's supply contracts provide that suppliers of concentrate may be released from their delivery obligations if certain "force majeure" events occur. The Xstrata Group's business operations could be adversely affected, at least temporarily, if supplies of raw materials are interrupted as a result of the imposition of trade barriers or other "force majeure" events and if the Xstrata Group is unable, on short notice, to shift to alternative sources of supply.

Legal and regulatory proceedings

The nature of the Xstrata Group's business subjects it to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these proceedings cannot be predicted with certainty. There can be no assurance that they will not have a material adverse effect on the Xstrata Group's results of operations in any future period and a substantial judgment against it could have a material adverse impact on the Xstrata Group's business, financial condition, liquidity and results of operations.

It may not be possible to effect service of process upon the Issuer, the Guarantors, Xstrata or the Directors or enforce court judgments against such persons.

The Xstrata Group's assets are located in various jurisdictions and the majority of the Xstrata Group's assets are located in jurisdictions outside the United States. The Directors are citizens or residents of various countries and most of the Directors are not citizens or residents of the United States. It may not be possible for investors in Xstrata's securities to effect service of process outside England, Wales or Switzerland against Xstrata or the Directors or to enforce the judgment of a court outside England, Wales or Switzerland against Xstrata or the Directors. It may be difficult for investors in Xstrata's securities to enforce, in original actions or in actions for enforcement brought in jurisdictions located outside the US, judgments of US courts or civil liabilities predicated upon US federal securities laws. Further, it may be difficult for investors in Xstrata's securities to enforce judgments of this nature in many of the other jurisdictions in which the Xstrata Group operates and in which its assets are situated and in the countries of which most of the Directors are citizens or residents.

Risks related to the Notes and the Guarantees

The Notes may not be a suitable investment for all investors

Each prospective Noteholder must determine the suitability of that investment in light of its own circumstances. In particular, each prospective Noteholder should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in, or incorporated by reference into, this Offering Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the prospective Noteholder's local currency;
- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Limitations relating to the optional redemption of the Notes

The optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on such Notes. At those times, a Noteholder generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective Noteholders should consider reinvestment risk in light of other investments available at that time.

Modification and waivers

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

European Savings Directive

Under EC Council Directive 2003/48/EC (the ''Savings Directive'') on the taxation of savings income, member states are required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to, or for, an individual or certain other persons resident in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The transitional period is to terminate at the end of the first full fiscal year following an agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a member state which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor The Bank of New York Mellon as paying agent (the ''Paying Agent'') nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Change of law

The conditions of the Notes are based on New York law in effect as of the date of this Offering Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to New York law or administrative practice after the date of this Offering Memorandum.

Notes are structurally subordinated to the indebtedness of non-Guarantor subsidiaries

In the event of a bankruptcy, liquidation or reorganization of a subsidiary of a Guarantor (including, in particular, Xstrata Canada Corporation and Xstrata Queensland Limited), holders of the subsidiary's indebtedness or preferred stock and the subsidiary's trade creditors will generally be entitled to payment of their claims from the assets of that subsidiary before any assets are made available for distribution to such Guarantor (as a direct or indirect holding company of that subsidiary).

As of June 30, 2012, the total gross indebtedness of the Xstrata Group was US$13,198 million, of which US$12,596 million was held by Guarantor subsidiaries and US$602 million was held by non-Guarantor subsidiaries. Total gross indebtedness of the Xstrata Group includes outstanding unsecured capital markets notes of US$10,596 million issued in private placements. See "Operating and Financial Review" for further information on such notes.

See also "Risk factors and other considerations relating to the Proposed Merger — Capital structure of the Combined Group".

Notes are effectively subordinated to all secured indebtedness

As of June 30, 2012, the Xstrata Group had secured indebtedness, effectively ranking senior to the Notes, of US$189 million. The Notes will be effectively subordinated to all of the Xstrata Group's existing and future secured indebtedness to the extent of the value of the assets securing that indebtedness. In addition, the Xstrata Group may incur additional indebtedness in the future, subject to limitations contained in the instruments governing its existing indebtedness. This additional indebtedness may also be secured.

Limitation in respect of Xstrata Schweiz's liability with respect to any obligations of Xstrata and Xstrata Dubai under any Guarantee or the Notes

Any liability of Xstrata Schweiz with respect to any obligations of Xstrata and Xstrata Dubai under any Guarantee or the Notes as set forth in the Indenture is (to the extent that there still is a limitation requirement of the applicable law in force at the relevant time) limited to a sum equal to the maximum amount of Xstrata Schweiz's profits available for distribution as dividend (being the balance sheet profits and any reserves made for this purpose, in each case in accordance with art. 675(2) and art. 671(1) and (2) no. 3, of the Swiss Code of Obligations), provided that such limitations shall not free Xstrata Schweiz from payment obligations under the Indenture in excess of its distributable profits, but merely postpone the payment date of those obligations until such times as payment is permitted notwithstanding such limitations. Any payment made by Xstrata Schweiz with respect to any obligations of Xstrata and Xstrata Dubai under any Guarantee or the Notes may (i) require certain corporate formalities to be completed prior to payment including but not limited to obtaining an audit report, shareholders' resolutions and board resolutions approving payment, and (ii) be subject to Swiss withholding taxes on dividends (the present rate of which is 35%).

A Noteholder may have difficulty enforcing US bankruptcy laws and its rights as a creditor may be limited under the bankruptcy laws of certain jurisdictions

Under bankruptcy laws in the United States, courts have jurisdiction over a debtor's property wherever it is located, including property situated in other countries. However, courts outside the United States may not recognize the US bankruptcy court's jurisdiction. Accordingly, there may be difficulty administering a US bankruptcy case involving the Issuer or a Guarantor, because property is located outside of the United States. Any orders or judgments of a bankruptcy court in the United States may not be enforceable against the Issuer or a Guarantor with respect to property located outside the United States. Similar difficulties may arise in administering bankruptcy cases in foreign jurisdictions.

Under the relevant Indenture governing the Notes, the rights of the The Bank of New York Mellon as trustee (the "Trustee") to enforce remedies may be significantly impaired if the Issuer or a Guarantor seeks the benefit of the restructuring provisions of applicable bankruptcy, insolvency and other restructuring legislation. For example, legislation may contain provisions enabling an "insolvent person" to obtain a stay of proceedings against its creditors and others, allowing it to retain possession and administration of its property and to prepare and file a proposal or plan of compromise or arrangement for consideration by all or some of its creditors to be voted on by the various classes of its creditors. The restructuring plan or proposal, if accepted by the requisite majorities of creditors and if approved by the court, would likely result in the compromise or extinguishment of a Noteholder's rights under the Notes and may result in the debtor retaining possession and administration of its property notwithstanding that an event of default occurred under the Notes.

The powers of the courts in the United States have been exercised broadly to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, it cannot be predicted whether payments under the Notes would be made following commencement of or during such a proceeding, whether or when the Trustee could exercise its rights under the Indenture, whether a Noteholder claims could be compromised or extinguished under such a proceeding or whether and to what extent holders of the Notes would be compensated for delays in payment, if any, or principal and interest.

Liquidity of the Notes

The Notes will be new securities for which there currently is no established trading market. No assurance can be given that a liquid market will develop for the Notes, that the Notes can be sold at a particular time or that the price received on the sale of the Notes will be favorable.

The Notes are subject to restrictions on transfer, which are described under "Transfer Restrictions." The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of Noteholders;
- the Xstrata Group's operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market for the Notes; and
- prevailing interest rates.

An active market for the Notes may not develop and, if it develops, it may not continue. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes, and the Guarantors will make any payments under the Guarantees, in US dollars. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "Noteholder's Currency") other than US dollars. These include a risk that exchange rates may significantly change (including changes due to devaluation of the US dollar or revaluation of the Noteholder's Currency) and a risk that authorities with jurisdiction over the Noteholder's Currency may impose or modify exchange controls. An appreciation in the value of the Noteholder's Currency relative to the US dollar would decrease:

- the Noteholder's Currency-equivalent yield on the Notes;
- the Noteholder's Currency-equivalent value of the principal payable on the Notes; and
- the Noteholder's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain Noteholders are subject to legal investment laws and regulations or review or regulation by certain authorities. Each prospective Noteholder should consult its legal advisers to determine whether and to what extent:

- Notes are legal investments for it;
- Notes can be used as collateral for various types of borrowing; and
- other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

USE OF PROCEEDS

The total net proceeds of the Notes Issue, after the Xstrata Group's estimated aggregate costs and expenses, are expected to be approximately US$4,471 million.

The Xstrata Group will use the net proceeds of the Notes Issue to repay part of the amounts outstanding under certain indebtedness and for general corporate purposes. Some of the Initial Purchasers and/or their affiliates may be lenders under such indebtedness and may accordingly receive a portion of the proceeds from the Notes Issue.

For further information on the Xstrata Group's loan facilities, see "Operating and Financial Review — Liquidity and capital resources — Liquidity reserves — Interest-bearing loans and borrowings," "Operating and Financial Review — Current trading and prospects" and "Description of Other Indebtedness — Principal indebtedness."

CAPITALIZATION

The following unaudited capitalization items as of June 30, 2012 are prepared to illustrate the effect of certain transactions and the Notes Issue as if such transactions and the Notes Issue had taken place on June 30, 2012. Due to its nature, the as adjusted financial data address a hypothetical situation and, therefore, do not represent the Xstrata Group's actual financial position.

	Xstrata Group	Adjustments		As adjusted Xstrata Group
	As of June 30, 2012	Certain transactions[(1)]	Notes Issue[(2)]	As of June 30, 2012
		(in US$ millions)		
Cash and cash equivalents	**1,646**	**1,500**	**4,473**	**7,619**
Total current debt	**2,454**	**—**	**—**	**2,454**
Non-current debt				
Syndicated bank loans — unsecured	2,000	1,500	—	3,500
Bank loans — other unsecured	34	—	—	34
Capital market notes	8,320	—	—	8,320
Non-controlling interest loans	224	—	—	224
Obligations under financial leases and hire purchase contracts	160	—	—	160
Other loans	6	—	—	6
Notes offered hereby	—	—	4,500	4,500
Total non-current debt	**10,744**	**1,500**	**4,500**	**16,744**
Total net debt excluding hedges	**11,552**	**—**	**27**	**11,579**
Hedges	(191)	—	—	(191)
Total net debt including hedges	**11,361**	**—**	**27**	**11,388**
Total equity	**47,359**	**—**	**—**	**47,359**
Total capitalization	**58,720**	**—**	**27**	**58,747**

Notes:

(1) Between July and October 2012, Xstrata Schweiz borrowed US$1,500 million (net) under its US$6,000 million multi-currency revolving loan facility. For more information, see "Operating and Financial Review — Liquidity and capital resources — Liquidity reserves — Interest-bearing loans and borrowings."

(2) This reflects the cash proceeds of the Notes Issue before the deduction of the Xstrata Group's aggregate costs and expenses for the Notes Issue.

SELECTED FINANCIAL INFORMATION

The information presented herein is extracted without material adjustment from Xstrata's audited consolidated financial statements contained in Xstrata's annual reports and accounts for the years ended December 31, 2010 and 2011 and Xstrata's interim financial results for the six months ended June 30, 2012. You should read the information below in conjunction with Xstrata's unaudited condensed interim consolidated financial statements contained in Xstrata's interim financial results for the six months ended June 30, 2012, Xstrata's audited consolidated financial statements and the corresponding auditors' reports contained in Xstrata's annual reports and accounts for the years ended December 31, 2010 and 2011, the detailed information included in this Offering Memorandum and the other information incorporated by reference into this Offering Memorandum, and you should not rely solely on key and summarized information. Ernst & Young LLP of 1 More London Place, London SE1 2AF, have issued unqualified audit opinions in respect of Xstrata's audited consolidated financial statements for the financial years ended December 31, 2010 and December 31, 2011.

Selected financial information on the Xstrata Group

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	(in US$ millions, except as otherwise stated)				
Revenue[1]	22,732	30,499	33,877	16,777	15,550
EBITDA (before exceptional items)*[2]	6,732	10,401	11,677	5,828	3,992
EBITDA[2]	6,843	10,402	11,705	5,885	3,277
EBIT (before exceptional items)*[3]	4,313	7,669	8,460	4,254	2,439
EBIT[3]	1,871	7,111	8,482	4,311	1,613
Operating profit	2,204	7,102	8,441	4,303	2,144
Profit before taxation[4]	1,530	6,608	8,148	4,099	1,534
Profit for the year/period (as applicable)	861	4,955	5,933	3,049	2.015
Profit attributable to equity holders of parent[5]	661	4,688	5,713	2,916	1,941
Earnings per share (US$) (before exceptional items)*[6]	1.05	1.77	1.97	0.98	0.75
Earnings per share (US$)[7]	0.25	1.61	1.95	1.00	0.66
Dividends per share — declared and paid (US¢)	—	13.0	33.0	20.0	27.0
Dividends per share — proposed (US¢)[8]	8.0	20.0	27.0	13.0	14.0
Net debt including hedges[9]	12,290	7,638	8,149	8,131	11,361
Net assets[10]	34,919	42,038	45,701	45,533	47,359
Net debt to equity[11]	35.2%	18.2%	17.8%	17.9%	24.0%
Net cash flow from operating activities	4,131	8,213	9,358	3,887	2,183
Net cash flow from/(used in) investing activities	(5,752)	(3,196)	(8,620)	(3,634)	(4,641)
Net cash flow from/(used in) financing activities	1,600	(4,521)	(490)	(630)	2,159
Net increase/(decrease) in cash and cash equivalents	(21)	496	248	(377)	(299)

Notes:

* Exceptional items represent significant items of income and expense which due to their nature or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statement to give a better understanding to shareholders of the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Exceptional items include, but are not limited to, impairment charges, liability fair value adjustments, profits and losses on the sale of investments, profits and losses from the sale of operations, restructuring and closure costs, inventory write-downs, foreign currency gains and losses on borrowings, loan issue costs written-off on facility refinancing and the related tax impacts of these items.

(1) Sales recognized within the Xstrata Group, including joint venture turnover.

(2) Earnings before interest, tax, depreciation and amortization. IFRS does not define the measure EBITDA. For a reconciliation from profit/(loss) for the year/period (as applicable) to EBITDA, see "Presentation of Information — Presentation of financial information — EBITDA and EBIT."

(3) Earnings before interest and tax. IFRS does not define the measure EBIT. For a reconciliation from profit/(loss) for the year/period (as applicable) to EBITDA, see "Presentation of Information — Presentation of financial information — EBITDA and EBIT."

(4) Earnings after interest but before tax and non-controlling interests.

(5) Profit from operating activities after non-controlling interests.

(6) Attributable profit divided by the weighted average number of ordinary shares in issue during the relevant year/period (as applicable).

(7) Dividends declared and paid during the relevant year/period (as applicable) per ordinary share.

(8) Dividends proposed, but unpaid, during the relevant year/period (as applicable) per ordinary share.

(9) Net debt including hedges represents the Xstrata Group's interest-bearing loans and borrowings net of cash and cash equivalents and derivative financial instruments that the Xstrata Group uses to provide an economic hedge of its capital market notes, see "Operating and Financial Review — Liquidity and Capital Resources — Liquidity Reserves — Interest-bearing loans and borrowings — Capital market notes."

(10) Total assets less total liabilities.

(11) Net debt as a percentage of equity (including minority interests).

Selected Consolidated Income Statement Data

	Year ended December 31,			Six months ended June 30,	
	2009	**2010**	**2011**	**2011**	**2012**
	(in US$ millions, except as otherwise stated)				
Revenue	**22,732**	**30,499**	**33,877**	**16,777**	**15,550**
Operating costs*	(15,944)	(20,113)	(22,229)	(10,957)	(11,543)
Other exceptional items*	388	7	16	57	(199)
Available-for-sale financial assets write-downs	—	—	*(43)*	—	*(16)*
Acquisition costs	—	*(7)*	*(4)*	*(1)*	*(21)*
Liability fair value adjustment	*350*	*19*	—	—	—
Loss on establishment of a joint venture	—	—	—	—	*(162)*
Profit on loss of control of joint venture	*194*	—	—	—	—
Profit on sale of operations	—	—	*48*	*58*	—
Restructuring and closure costs	*(156)*	*(5)*	*15*	—	—
Operating profit before interest, taxation, depreciation and amortization	**7,176**	**10,393**	**11,664**	**5,877**	**3,808**
Depreciation and amortization	(2,419)	(2,732)	(3,217)	(1,574)	(1,553)
Impairment of assets	(2,553)	(559)	(6)	—	(111)
Operating profit	**2,204**	**7,102**	**8,441**	**4,303**	**2,144**
Share of results from associates	(333)	9	41	8	(531)
Before exceptional items	*(56)*	*15*	*29*	*8*	*(15)*
Exceptional items	*(277)*	*(6)*	*12*	—	*(516)*
Profit before interest and taxation	**1,871**	**7,111**	**8,482**	**4,311**	**1,613**
Finance income	454	152	137	61	126
Before exceptional items	*407*	*152*	*137*	*61*	*126*
Exceptional items	*47*	—	—	—	—
Finance cost	(795)	(655)	(471)	(273)	(205)
Before exceptional items	*(754)*	*(620)*	*(452)*	*(273)*	*(199)*
Exceptional items	*(41)*	*(35)*	*(19)*	—	*(6)*
Profit before taxation	**1,530**	**6,608**	**8,148**	**4,099**	**1,534**
Income tax (charge)/credit	(669)	(1,653)	(2,215)	(1,050)	481
Profit for the year/period (as applicable)	**861**	**4,955**	**5,933**	**3,049**	**2,015**
Attributable to:					
Equity holder of the parent	661	4,688	5,713	2,916	1,941
Non-controlling interests	200	267	220	133	74
Earnings per share (US$):					
— basic	0.25	1.61	1.95	1.00	0.66
— diluted	0.25	1.58	1.93	0.98	0.65
Dividends (US$m):					
— declared and paid	—	379	967	586	797
— proposed	233	586	792	381	414
Dividends per share (US¢):					
— declared and paid	—	13.0	33.0	20.0	27.0
— proposed	8.0	20.0	27.0	13.0	14.0

Notes:

* Before depreciation, amortization and impairment charges.

Selected Consolidated Statement of Financial Position Data

	As of December 31,			As of June 30,	
	2009	2010	2011	2011	2012
	(in US$ millions)				
ASSETS					
Non-current assets					
Intangible assets	8,422	8,400	8,228	8,446	7,813
Property, plant and equipment	39,397	45,884	51,454	49,361	55,166
Biological assets	20	23	23	23	23
Inventories	44	45	7	4	4
Trade and other receivables	81	168	210	197	345
Investments in associates	1,790	1,786	1,769	1,926	1,192
Available-for-sale financial assets	364	347	258	311	246
Derivative financial assets	698	570	680	474	632
Other financial assets	348	514	743	625	754
Pension assets	1	1	—	2	—
Prepayments	29	32	41	14	37
Deferred tax assets	213	299	44	213	840
	51,407	**58,069**	**63,457**	**61,596**	**67,052**
Current assets					
Inventories	4,570	4,763	5,242	5,562	5,664
Trade and other receivables	3,306	4,463	3,742	4,135	3,400
Derivative financial assets	159	236	96	168	92
Other financial assets	2,424	—	—	—	—
Prepayments	232	270	347	231	247
Cash and cash equivalents	1,177	1,722	1,948	1,354	1,646
Assets classified as held for sale	549	183	—	285	33
	12,417	**11,637**	**11,375**	**11,735**	**11,082**
Total assets	**63,824**	**69,706**	**74,832**	**73,331**	**78,134**
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of Xstrata					
Issued capital	1,469	1,482	1,482	1,482	1,501
Share premium	15,096	15,478	15,458	15,458	15,365
Own shares	(1,306)	(1,181)	(1,140)	(1,143)	(1,450)
Convertible borrowings — equity component	56	—	—	—	—
Other reserves	5,606	8,039	6,681	8,876	6,862
Retained earnings	12,361	16,458	21,183	18,824	22,796
	33,282	**40,276**	**43,664**	**43,497**	**45,074**
Non-controlling interests	1,637	1,762	2,037	2,036	2,285
Total equity	**34,919**	**42,038**	**45,701**	**45,533**	**47,359**
Non-current liabilities					
Trade and other payables	32	88	82	80	72
Interest-bearing loans and borrowings	13,252	7,154	8,804	7,515	10,744
Convertible borrowings	335	—	—	—	—
Derivative financial liabilities	505	366	417	264	435
Derivative financial liabilities	538	656	708	689	739
Provisions	2,844	3,368	3,708	3,467	3,758
Pension deficit	412	625	692	626	761
Deferred tax liabilities	5,775	6,348	6,250	6,676	6,142
Other liabilities	9	9	8	9	9
	23,702	**18,614**	**20,669**	**19,326**	**22,660**

	As of December 31,			As of June 30,	
	2009	2010	2011	2011	2012
	(in US$ millions)				
Current liabilities					
Trade and other payables	3,697	4,802	5,102	4,536	4,490
Interest-bearing loans and borrowings	206	2,318	1,566	2,280	2,454
Derivative financial liabilities	52	383	65	25	16
Provisions	623	711	778	736	710
Income taxes payable	526	654	896	592	373
Other liabilities	39	30	55	40	53
Liabilities classified as held for sale	60	156	—	263	19
	5,203	**9,054**	**8,462**	**8,472**	**8,115**
Total liabilities	**28,905**	**27,668**	**29,131**	**27,798**	**30,775**
Total equity and liabilities	**63,824**	**69,706**	**74,832**	**73,331**	**78,134**

Selected Consolidated Cash Flow Statement Data

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	(in US$ millions)				
Net cash flow from operating activities	4,131	8,213	9,358	3,887	2,183
Net cash flow (used in) investing activities	(5,752)	(3,196)	(8,620)	(3,634)	(4,641)
Net cash flow from/(used in) financing activities	1,600	(4,521)	(490)	(630)	2,159
Net increase/(decrease) in cash and cash equivalents	**(21)**	**496**	**248**	**(377)**	**(299)**
Net foreign exchange difference	41	49	(15)	13	(7)
Cash and cash equivalents at January 1	1,145	1,165	1,710	1,710	1,943
Cash and cash equivalents at December 31/June 30 (as applicable)	**1,165**	**1,710**	**1,943**	**1,346**	**1,637**

OPERATING AND FINANCIAL REVIEW

This operating and financial review contains forward-looking statements that involve risks and uncertainties. See the section of this Offering Memorandum headed "Special Note Regarding Forward-looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements. You should read the following discussion in conjunction with the historical consolidated financial information and the notes related thereto and the other financial information relating to the Xstrata Group that is included in or incorporated by reference into this Offering Memorandum as described in the section of this Offering Memorandum headed "Presentation of Information — Information incorporated by reference", as well as the sections headed "Capitalization" and "Summary — Summary financial information on the Xstrata Group." The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and the Xstrata Group's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors including, but not limited to, those listed under the section of this Offering Memorandum headed "Risk Factors" and included elsewhere in this Offering Memorandum. Certain characteristics of the mining industry also affect Xstrata's results of operations and are described in "Business — Industry overview." Please refer to the section of this Offering Memorandum headed "Presentation of Information — Presentation of financial information" for information on the financial information and statements that form the basis of this discussion.

Investors and potential investors should read the whole of this Offering Memorandum and the information incorporated by reference herein and not just rely on summarized or key information.

Overview of the Xstrata Group

The Xstrata Group is the fifth largest diversified mining group with operations and projects producing copper, domestic and export thermal coal, export coking coal, ferrochrome, platinum group metals, vanadium, zinc and nickel together with gold, cobalt, lead and silver. The Xstrata Group also comprises iron ore projects, recycling facilities and a suite of global technology products.

The Xstrata Group's operations and projects span more than 20 countries including Argentina, Australia, Brazil, Canada, Chile, China, Colombia, the Dominican Republic, Germany, Mauritania, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, the Republic of Congo, Singapore, South Africa, Spain, Tanzania, the United Kingdom and the United States.

The Xstrata Group has an extensive organic growth pipeline with major expansion projects at every stage of the project development cycle. The organic pipeline comprises 22 approved major projects in implementation and a number of projects in the feasibility, pre-feasibility or concept stage that will provide further potential growth options across a range of geographies and commodities.

The Xstrata Group had revenue of US$15.6 billion and EBITDA of US$4.0 billion for the six months ended June 30, 2012 and revenue of US$33.9 billion and EBITDA of US$11.7 billion for the year ended December 31, 2011. As of June 30, 2012, the Xstrata Group had total equity of US$47.4 billion. The Xstrata Group's ordinary shares are traded on the London Stock Exchange and the Swiss Stock Exchange. As of market close on October 17, 2012, the market capitalization of Xstrata was approximately £29.8 billion (approximately US$48.0 billion). Xstrata is a member of the FTSE 100.

On October 1, 2012, the independent non-executive members of Xstrata's Board of Directors announced an intention to recommend the revised final terms of the Proposed Merger. Shareholder meetings to consider the final terms of the Proposed Merger are expected to take place by the end of the year. For details of the Proposed Merger see "— Current trading and prospects — Merger with Glencore."

The Xstrata Group's business is organized in the following five principal business units:

Xstrata Copper: Through Xstrata Copper, the Xstrata Group is a semi-integrated producer of copper concentrates and metal and is the world's fourth largest global copper producer, with mining and processing operations in Australia, Chile, Peru, Argentina and Canada. Xstrata Copper has a portfolio of copper development projects located in Australia, Canada, Peru, the Philippines, Chile, Argentina and Papua New Guinea.

Xstrata Coal: Through Xstrata Coal, the Xstrata Group is the world's largest exporter of bituminous thermal coal on a managed basis and a significant producer of premium quality hard coking coal and semi-soft coking coal. Xstrata Coal has interests in over 30 operating coal mines in Australia, South Africa and Colombia. Xstrata Coal has development projects in Australia, South Africa, Colombia and Nova Scotia and British Columbia in Canada. Xstrata Coal also manages the Xstrata Group's growing iron ore business, with development projects in Mauritania and the Republic of Congo.

Xstrata Nickel: Through Xstrata Nickel, the Xstrata Group is the fourth largest global nickel producer and one of the world's largest producers of cobalt. Xstrata Nickel's operations include mines and processing facilities in Canada, the Dominican Republic and Australia, and a refinery in Norway. Xstrata Nickel has world-class development projects in Canada, Tanzania and New Caledonia.

Xstrata Zinc: Through Xstrata Zinc, the Xstrata Group is one of the world's largest miners and producers of zinc. Xstrata Zinc's operations span Spain, Germany, Australia, the United Kingdom and Canada, with an interest in the Antamina copper-zinc mine in Peru. Xstrata Zinc has development projects in Australia, Ireland and Quebec, Nunavut and Ontario in Canada.

Xstrata Alloys: Through Xstrata Alloys, the Xstrata Group is one of the world's largest and among the world's lowest cost integrated ferrochrome producers (via the Xstrata-Merafe chrome venture), one of the largest producers of primary vanadium and a growing producer of platinum group metals. Xstrata Alloys also owns carbon operations which supply key raw materials to its ferrochrome production operations. All of Xstrata Alloys' operations are based in South Africa.

In addition to its five principal businesses, the Xstrata Group also operates Xstrata Process Support and Xstrata Technology, mining and processing technology businesses with operations in Australia, Canada, Chile, China and South Africa.

Principal factors affecting the Xstrata Group's business

Principal factors affecting the Xstrata Group's results of operations during the periods under review (and those which are expected to affect the Xstrata Group's results of operations in the future) are discussed below:

Commodity prices

Commodity prices are significantly affected by changes in global economic conditions and related industry cycles. Prices of commodity products, such as copper, thermal and coking coal, nickel, zinc, platinum, lead, ferrochrome and vanadium, which are the primary commodities produced by the Xstrata Group, can vary significantly when worldwide supply and demand fluctuate. Prices are influenced by other related factors, such as speculative activities by market participants, political and economic conditions, as well as production costs in major producing regions. The realized price for metals is also influenced by regional supply and demand factors, the availability and price of secondary or metal containing scrap materials, and the availability and price of other substitute commodity products. While producers are unable to set market commodity prices directly, events such as the introduction or withdrawal of commodity production capacity may have an effect on market prices. In addition, the prices realized by producers on sales of their products can, to some extent, be affected by contractual arrangements, production levels and hedging strategies. Price variations and market cycles have historically influenced the financial performance of the Xstrata Group and are expected to continue to do so.

Because a substantial portion of the Xstrata Group's sales (particularly coal) are subject to term contracts with prices fixed for a period of time, the effect on the Xstrata Group's financial results of falling (or rising) commodities prices can be delayed. Additionally, the Xstrata Group's copper and zinc earnings are impacted by the provisional pricing of copper and zinc sales, whereby the sales price is calculated at the average price for the metal in the "quotational period" (generally ranging from 30 to 180 days). In times of rising prices, the Xstrata Group's sales will tend to outperform the average LME price while the opposite applies in times of falling prices. Due to the volatile nature of commodity prices and the historical relationship between prices and the currencies of most of the countries where the Xstrata Group operates, hedging may be entered into only in limited circumstances and is subject to strict limits laid down by Xstrata's Board. However, for coal, the

Xstrata Group's practice is to hedge indexed sales once the terms of a given sales contract have been agreed.

During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, the prices of many commodities exhibited significant volatility. Commodity prices rapidly declined as the global downturn and subsequent rapid global destocking took hold in late 2008 and the first quarter of 2009. Prices of commodities recovered and enjoyed significant gains in the second half of 2009 and throughout 2010 and the first half of 2011, reflecting the introduction of monetary and fiscal stimulus packages in major economies, such as the United States and China. In the second half of 2011, commodity prices, in particular exchange traded metals, decreased as investors, in response to weakening macroeconomic conditions that reflected, among other things, market reactions to the sovereign credit concerns in Europe and the United States, reduced positions in commodities and equities and sought asset classes perceived as safer. In the first half of 2012, despite initial positive movements, commodity prices decreased significantly, reflecting renewed turmoil in the eurozone, a slower than expected economic recovery in the United States and slowing growth in China.

The following table sets out indicative average market prices in US dollars by the indicated source for the Xstrata Group's principal commodities over the periods indicated:

		Average commodity prices for the				
		year ended December 31,			six months ended June 30,	
	Unit	2009	2010	2011	2011	2012
Australian FOB export coking*	US$/t	145	204	265	260	217
Australian FOB export semi-soft coking*	US$/t	123	137	203	187	174
Australian FOB export thermal coal*	US$/t	80	86	110	104	108
Americas FOB export thermal coal*†	US$/t	74	73	101	101	92
South African export thermal coal*	US$/t	68	74	101	96	106
Copper (average LME cash price)	US$/t	5,150	7,536	8,826	9,399	8,087
Lead (average LME cash price)	US$/t	1,726	2,148	2,399	2,581	2,035
Zinc (average LME cash price)	US$/t	1,659	2,159	2,190	2,323	1,978
Nickel (average LME cash price)	US$/t	14,712	21,809	22,831	25,565	18,438
Ferrochrome (Metal Bulletin)	US¢/lb	85	124	125	130	125
Ferrovanadium (Metal Bulletin)	US$/kg	25	30	29	30	25
Platinum (LPPM cash price)	US$/oz	1,205	1,611	1,720	1,789	1,555

* Average received price.

† Excludes Prodeco.

During July and August of this year, commodity prices remained stable. Although market fundamentals appear robust across the commodities that the Xstrata Group produces in the medium term, the Xstrata Group's earnings are sensitive to movements in realized prices. There can be no assurance that current price levels will be maintained over time and that declines from current levels will not adversely affect the financial condition of the Xstrata Group.

For a discussion of the market and outlook for each of the Xstrata Group's principal commodities, see "Business — Industry overview."

Foreign Currency Fluctuations

Translation Effects

The presentation currency for Xstrata's consolidated financial statements is the US dollar. In connection with the preparation of these consolidated financial statements, the results of operations and financial position of each of Xstrata's consolidated subsidiaries, which are initially prepared in each subsidiary's functional currency, are translated into US dollars. Assets and liabilities are translated at the exchange rate at the end of the relevant reporting period, and income and expenses are translated at the average exchange rate for the year/period (as applicable) (unless such average is not a reasonable approximation of the exchange rates at the dates of the transactions giving rise to such items of income and expense, in which case such items of income and expenses are translated at the exchange rates at the dates of such transactions). Fluctuations in exchange rates from one year/period (as applicable) to the next impact Xstrata's consolidated results of operations and financial position and, depending on the magnitude of these fluctuations, could obscure underlying trends that would have been apparent if Xstrata's consolidated financial statements had been prepared on a constant currency basis.

For the years ended December 31, 2010 and 2011 and the six months ended June 30, 2012, the Xstrata Group's results were affected by the volatility of foreign exchange rates. Most of the Xstrata Group's expenses were denominated in the respective functional currencies of Xstrata's consolidated subsidiaries while most of the Xstrata Group's sales were made in US dollars. In 2010 and 2011 the functional currencies of Xstrata's consolidated subsidiaries largely strengthened against the US dollar on an average basis, which served to depress the Xstrata Group's reported margins by increasing the Xstrata Group's expenses in US dollar terms. By contrast, in the first half of 2012, the US dollar largely strengthened against these functional currencies on an average basis, which improved the Xstrata Group's margins (and partially offset the negative impact of the contemporaneous decrease in commodities prices on the Xstrata Group's financial results).

The following table reflects the historical average of the Argentine peso, the Australian dollar, the Canadian dollar, the Swiss franc, the Chilean peso, the Colombian peso, the Peruvian nuevo sol, the euro, sterling and the South African rand, each against the US dollar, for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
Average	**2009**	**2010**	**2011**	**2011**	**2012**
USD:ARS	3.73	3.91	4.13	4.05	4.39
AUD:USD	0.79	0.92	1.03	1.03	1.03
USD:CAD	1.14	1.03	0.99	0.98	1.01
USD:CHF	1.09	1.04	0.89	0.90	0.93
USD:CLP	559	510	484	475	493
USD:COP	2,153	1,898	1,848	1,837	1,793
USD:PEN	3.01	2.82	2.75	2.78	2.67
EUR:USD	1.39	1.33	1.39	1.40	1.30
GBP:USD	1.57	1.55	1.60	1.62	1.58
USD:ZAR	8.41	7.32	7.26	6.89	7.94

Transaction Effects

Xstrata's consolidated subsidiaries use their respective functional currency (which is the currency of the primary economic environment in which a subsidiary operates) when preparing their respective stand-alone financial accounts. In connection with the preparation of such accounts, a given subsidiary's monetary assets and liabilities denominated in currencies other than such subsidiary's functional currency are translated into its functional currency at the exchange rate at the end of the relevant reporting period, whereas transactions giving rise to income and expenses and denominated in currencies other than such subsidiary's functional currency are translated into its functional currency at an average rate for the given period. Foreign exchange translation gains or losses (resulting from the settlement of transactions denominated in currencies other than the functional currency and from the translation of monetary assets and liabilities into the functional currency) are recognized in each subsidiary's profit and loss statement for the year/period (as applicable) and subsequently in Xstrata's consolidated income statement.

As of December 31, 2010, the functional currencies of Xstrata's consolidated subsidiaries largely strengthened against the US dollar on a period end basis, which resulted in an increase in reported US dollar assets and liabilities for the assets and liabilities denominated in such functional currencies. As of December 31, 2011 and June 30, 2012, the US dollar largely strengthened against these functional currencies on a period end basis.

The following table reflects the closing exchange rates of the Argentine peso, the Australian dollar, the Canadian dollar, the Swiss Franc, the Chilean peso, the Colombian peso, the Peruvian nuevo sol, the euro, sterling and the South African rand, each against the US dollar, as of the dates indicated:

Period end	As of December 31,			As of June 30,	
	2009	2010	2011	2011	2012
USD:ARS	3.80	3.98	4.31	4.11	4.53
AUD:USD	0.90	1.02	1.02	1.07	1.02
USD:CAD	1.05	1.00	1.02	0.96	1.02
USD:CHF	1.04	0.93	0.94	0.84	0.95
USD:CLP	507	468	520	469	501
USD:COP	2,043	1,920	1,938	1,770	1,783
USD:PEN	2.89	2.81	2.69	2.75	2.67
EUR:USD	1.43	1.34	1.30	1.45	1.27
GBP:USD	1.62	1.56	1.56	1.61	1.57
USD:ZAR	7.39	6.63	8.08	6.76	8.17

The Xstrata Group has historically used currency cash flow hedging to reduce its short-term exposure to fluctuations in local currency exchange rates against the US dollar, sterling and the euro. The hedging gains reflected in Xstrata's consolidated income statement for the six months ended June 30, 2012 were US$46 million compared to US$103 million for the six months ended June 30, 2011.

Production costs and efficiency

The Xstrata Group, in common with its competitors, is unable to set market commodity prices directly, and its competitiveness and long-term profitability are, to a significant degree, dependent upon its ability to reduce costs and maintain efficient operations. Costs associated with mining and metal production can be broadly categorized into labor costs and other on-site expenses, including power and equipment costs, port handling costs and freight costs. Production costs are largely influenced by ore grades, mine planning, processing technology, energy and supply costs and the impact of exchange rate fluctuations on costs of operations. All of the Xstrata Group's businesses are affected by increases in costs for labor, fuel and explosives.

During the periods covered by the annual reports and accounts, the positive effects of rising commodity prices were partially offset by the rising cost of inputs, particularly in respect of power, fuels, labor, transport, equipment and consumables. During the global downturn, the prices of and supply constraints on certain of the Xstrata Group's inputs eased (other than in respect of energy and rail costs in South Africa), the effect of which was to limit the adverse impact of mining sector and CPI inflation on the Xstrata Group's cost base. Mining sector and CPI inflation resumed growing with the recovery from the global economic downturn.

The Xstrata Group has also historically acted to optimize its unit cost base. In addition to on-going efforts to improve productivity and minimize corporate center costs, the Xstrata Group also acted quickly during the global downturn to forgo or defer a substantial proportion of its discretionary sustaining and/or expansionary capital expenditure, reduce uneconomic production, close mines or facilities or put mines or facilities on care and maintenance. For example, in December 2008 and January 2009 the Xstrata-Merafe chrome venture announced the temporary suspension of seventeen ferrochrome furnaces, representing 1.37 million tonnes or 80% of annual operating capacity. As prices recovered in late 2009, the Xstrata Group resumed approximately 85% of the facility's capacity. In December 2008, Xstrata Nickel placed its Falcondo ferronickel operation in the Dominican Republic under care and maintenance (resumed at 50% capacity in 2011), and announced an early, accelerated closure of the Thayer Lindsley and Craig nickel mines in Sudbury, Canada. In December 2009, Xstrata also announced the temporary suspension of longwall operations at Oaky No. 1 underground coking coal mine, which has since been lifted. The Xstrata Group also undertook a strategic review in relation to the Australian zinc and lead operations, including McArthur River mine and the entire Mount Isa complex (including the George Fisher-Hilton, Handlebar Hill (which was placed on care and maintenance from January to August of 2009) and Black Star mines).

The Xstrata Group has continued to realize unit cost savings during the periods under review. In addition to on-going incremental cost saving initiatives, the Xstrata Group's cost structure has been fundamentally improved through strategic structural changes, including the restructuring of Xstrata Nickel and the expansions and reorganizations at Xstrata Zinc during the downturn. Together with the successive commissioning of new, lower cost operations and expansions that will continue to benefit costs as Xstrata brings major projects to production, Xstrata is now positioned among the industry leaders for cost competitiveness in each of its major commodities.

Xstrata Zinc has been transformed into one of the world's largest, low-cost integrated producers of zinc. Xstrata Nickel has moved from a fourth quartile position in 2006 to the third quartile in 2008 to the lower end of the second quartile in 2011, benefiting from the commissioning of the polymetallic Nickel Rim South operation and the restructuring of the Sudbury operations in 2009. The restart of the higher cost Falcondo ferronickel operation in 2011 to 50% of its capacity has benefited from increased margins during favorable market conditions and Falcondo's run-rate in the first quarter of 2012 remained above planned capacity.

By shifting its operations down the industry cost curve, Xstrata Copper has successfully combated to a large extent the increased costs that are difficult to avoid at ageing operations. Xstrata Alloys remains the lowest cost ferrochrome producer in South Africa, having improved energy efficiency at its smelters by around 25%, reduced reliance on high-price coke and initiated a series of actions to enhance its ability to source and agglomerate platinum UG2 tailings as a low-cost feed.

Restructuring and impairment costs

Under IFRS, impairments are assessed on a cash generating unit basis, charges for which are principally recorded in cost of sales as exceptional items. The macroeconomic and commodity price environment during the periods covered by the annual reports and accounts resulted in a variety of impairments, particularly in 2009 (relating principally to the Xstrata Group's Australian, Norwegian and Canadian Nickel assets).

In addition, during the periods covered by the annual reports and accounts, the Xstrata Group recorded restructuring charges relating to the closure of various assets.

Acquisitions and disposals

During the period under review, the Xstrata Group has made numerous acquisitions and disposals which affect the comparability of the results of operations of the Xstrata Group as a whole. These principal acquisitions and disposals include:

Copper

El Morro

In October 2009, the Xstrata Group entered into an irrevocable sale agreement to dispose of its 70% interest in the El Morro copper-gold project in Chile, and associated rights and assets, for a total cash consideration of US$463 million. The Xstrata Group recognized a gain of US$194 million before tax (US$144 million after tax) in respect of the sale. The sale proceeds were received on February 17, 2010.

Indophil

During June 2011, Indophil completed an equity raising and share placement that together raised AUD183 million. Xstrata Copper took up its full entitlement in the equity raising of 78.6 million shares for AUD28 million. As of the date of this Offering Memorandum, as a result of dilution from the Indophil share placement, Xstrata Copper's interest in Indophil is 13.1%.

E1 and Monakoff

On June 30, 2011, the Xstrata Group completed its acquisition of the E1 and Monakoff copper tenements in northwest Queensland, Australia from Exco Resources Ltd for a cash purchase price of AUD175 million.

Agua Rica

In September 2011, Xstrata Copper, Goldcorp Inc. (''Goldcorp'') and Yamana Gold Inc. (''Yamana'') entered into a definitive agreement providing Minera Alumbrera Limited S.A. (''Minera Alumbrera Limited'') the exclusive option to acquire Yamana's 100% interest in the Agua Rica project. Agua Rica is a feasibility stage project in the province of Catamarca, Argentina, located approximately 35 kilometers from the currently operating Alumbrera mine.

Minera Alumbrera Limited is a joint venture operation between Xstrata Copper (manager and 50% owner), Goldcorp (37.5% owner) and Yamana (12.5% owner) that currently operates the Alumbrera mine. Under the terms of the definitive agreement, Minera Alumbrera Limited holds an exclusive four-year option to acquire Yamana's interest in the Agua Rica project for cumulative payments made by Goldcorp and Xstrata Copper of US$110 million. During the option period Minera Alumbrera Limited will manage the Agua Rica project and fund a feasibility study and all development costs. The respective ownership interests in Minera Alumbrera Limited would remain unchanged and apply to the Agua Rica project.

Goldcorp and Xstrata Copper made a payment of US$20 million to Yamana on execution of the definitive agreements, in addition to the US$10 million paid previously.

Minera Alumbrera Limited can elect to exercise the option at any time during the four-year period. Upon approval to proceed, Yamana would receive US$150 million and a further US$50 million on commencement of commercial production in addition to the remaining option payments. Yamana would also retain the right to a deferred payment related to 65% of the payable gold production from Agua Rica to a maximum of 2.3 million ounces.

Coal

Prodeco

On March 3, 2009, the Xstrata Group acquired 100% of the Prodeco Colombian coal operations from the Glencore Group for a net consideration, after the cost of granting the call option, of US$2 billion with an effective date of January 1, 2009. The Glencore Group had a call option to repurchase Prodeco up to March 4, 2010 for US$2.25 billion, plus all profits of Prodeco accrued but not distributed and the net amount of cash paid into Prodeco by the Xstrata Group. In the Xstrata Group's financial statements, Prodeco was included as a financial asset during the call option period with the net earnings and pro rata Glencore Group call option premium included in finance income during this period. The Glencore Group exercised the call option in March 2010, and the exercise of this option was completed on April 14, 2010.

Sphere Minerals Limited

On August 24, 2010, the Xstrata Group announced a cash offer for Sphere of AUD2.50 per share and, on November 3, 2010, the offer price was increased to AUD3.00 cash per share, valuing Sphere at approximately US$513 million. The Xstrata Group gained control of Sphere and declared the offer unconditional on November 16 and acquired 75.5% of Sphere as of December 31, 2010. The cash offer of AUD3.00 for each Sphere share remained open until May 13, 2011 and a further 12% was acquired for a total consideration of US$59 million. As of June 30, 2012, the Xstrata Group held 87% of Sphere at a total consideration of US$450 million, excluding net cash acquired with the subsidiary. Sphere is a West African focused iron ore company with interests in three iron ore projects in Mauritania.

During July 2011, Sphere completed an equity raising of approximately AUD121 million. The Xstrata Group took up its full entitlement in the equity raising.

Zanaga

On February 8, 2011, the Xstrata Group announced it had elected to exercise the option to acquire 50% plus one share in Jumelles, the owner of the Zanaga iron ore project in the Republic of Congo. Under the terms of the agreement, the Xstrata Group is to fund a feasibility study for a minimum of US$100 million. The Xstrata Group's acquisition of its controlling interest in Jumelles was completed on February 11, 2011.

First Coal

In August 2011, the Xstrata Group acquired 100% of First Coal shares, options and warrants for C$1.75 per share. The purchase of First Coal, for an all-cash consideration of C$141 million (US$144 million) provided Xstrata Coal with access to coking coal exploration leases in British Columbia, Canada.

Lossan

In October 2011, Xstrata Coal agreed to acquire 100% of the Lossan metallurgical coal deposit (''Lossan'') from Cline Mining Corporation for C$45 million, subject to customary conditions. Lossan is located in the Peace River Coalfield of northeastern British Columbia and is surrounded by a group of licenses recently acquired by the Xstrata Group through the acquisition of First Coal. The acquisition of Lossan was completed on October 13, 2011.

Spitzkop and Tselentis

On January 16, 2012, Xstrata Coal South Africa announced that it had completed the sale of its Spitzkop and Tselentis collieries and supporting coal assets, located in Mpumalanga, South Africa, to the Imbawula Group for total consideration of US$43 million, consisting of cash and the value attributed to a favorable off-take agreement. The transaction took effect from January 1, 2012.

Sukunka

On March 8, 2012, Xstrata Coal announced that it had agreed to acquire the Sukunka hard coking coal deposit (''Sukunka'') from Talisman Energy Inc. for US$500 million in cash. This acquisition closed on March 13, 2012.

Sukunka is located in the Peace River Coalfield of northern British Columbia, contiguous with First Coal and Lossan tenements acquired by Xstrata Coal in August and October 2011, respectively.

Xstrata Coal British Columbia Joint Venture

On March 13, 2012, Xstrata Coal and JX Nippon Oil & Energy Corporation (''JX'') announced the creation of a joint venture comprising contiguous metallurgical coal assets in the Peace River Coalfields in Western Canada. JX Nippon Oil & Energy (Australia) Pty Ltd (''JX Australia''), a subsidiary of JX, paid US$435 million in cash to subscribe for a 25% interest in Xstrata Coal British Columbia, which comprises a 100% interest in the following metallurgical coal assets:

- the First Coal tenements acquired by Xstrata Coal in August 2011;
- the Lossan coal deposit acquired by Xstrata Coal in October 2011; and
- the Sukunka coal deposit acquired by Xstrata Coal in March 2012.

Xstrata Coal has retained a 75% interest in Xstrata Coal British Columbia and will develop, operate and manage the assets on behalf of the joint venture. Together with its 25% interest in Xstrata Coal British Columbia through JX Australia, JX will be the exclusive marketing agent for First Coal and Sukunka coal sold into Japan.

Elandspruit/Vlaklaagte

On July 30, 2012, Xstrata Coal South Africa entered into an agreement with Wescoal Holdings Limited (''Wescoal'') for the sale of its Elandspruit mining right and the acquisition of Wescoal's. The transaction is subject to a number of conditions precedent.

Zinc

Hackett River

On October 4, 2011, Xstrata Zinc closed the acquisition of the Hackett River and Wishbone properties in Nunavut, Canada from Sabina Gold and Silver Corp (''Sabina'') for cash consideration of C$50 million. Under the terms of the agreement, the Xstrata Group will commit a further C$50 million towards exploration on the properties within four years of the transaction's completion and will pay Sabina a royalty on silver produced from the properties.

Pallas Green

In July 2011, the Xstrata Group entered into a conditional agreement to purchase for US$19 million the remaining 23.6% interest it did not already own in the Pallas Green Project located in County Limerick, Ireland from its joint venture partner in such project, Minco plc. This transaction closed on November 2, 2011.

Platinum Group Metals

Lonmin

In June 2009, the Xstrata Group acquired 8,653,204 shares in Lonmin for US$112 million as part of a 2 for 9 rights issue of 35.1 million new ordinary shares at £9.00 per new share for shareholders on the London Stock Exchange and at R113.04 per new share for shareholders on the Johannesburg Stock Exchange. In May 2010, the Xstrata Group acquired 2,233,600 shares in Lonmin for US$58 million as part of a placement issue of 9.1 million new ordinary shares at £17.65 per new share for shareholders on the London Stock Exchange and the Johannesburg Stock Exchange. The Xstrata Group's current shareholding as a result of the dilution from the share placing was 24.6%.

The share price of Lonmin as listed on the London Stock Exchange as of October 17, 2012 was 520.5p per share. As of October 17, 2012 the market value of Xstrata's stake in Lonmin was approximately £260 million (approximately US$418.6 million), based on the closing price of a Lonmin share. The Xstrata Group's Lonmin ordinary shares are held by Xstrata Zinc BV and the acquisitions were funded entirely through the Xstrata Group's debt facilities.

Following the recent labor unrest at Lonmin's Marikana mine complex in South Africa, which resulted in 44 deaths and adversely affected Lonmin's estimated annual platinum production, Lonmin announced that, as a result of the lost days of mined production and the resulting lost revenue, it was more likely than not that it would break certain covenants of its existing bank debt facilities at the next test date (September 30, 2012). In addition to discussing this potential situation with its banking group, Lonmin has announced that it is reviewing other options to strengthen its financial structure, including possible access to the equity capital markets. Any equity offering by Lonmin may result in dilution of the Xstrata Group's interest or a cash expense to maintain the Xstrata Group's proportional equity interest.

Current trading and prospects

Highlights of the Xstrata Group's operations since June 30, 2012 are as follows:

- 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 US$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 US$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, the Xstrata Group 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 US$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 US$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 US$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, US$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.

Xstrata 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.

The Xstrata Group's 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 the Xstrata Group's 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, the Xstrata Group expects to see increased throughput and higher metallurgical recoveries in the fourth quarter, as the Xstrata Group continues to restore production levels above 400,000 tonnes of copper per annum (on a 100% basis) from 2013.

At the 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 the Xstrata Group 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 the 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.

The following table sets forth production data for mined copper, mined gold and copper cathode for Xstrata Copper for the three months ended September 30, 2011 and 2012 and the nine months ended September 30, 2011 and 2012:

Production data[(1)]	**Three months ended September 30,**		**Nine months ended September 30,**	
	2011	**2012**	**2011**	**2012**
Mined copper (contained metal) (tonnes)	223,606	187,849	657,652	542,461
Mined gold (contained metal) (oz)	141,411	122,685	416,576	319,824
Copper cathode (from mined and third party material) (tonnes)	163,683	156,864	477,504	478,432

Note:

(1) See "Presentation of information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of the production amounts and of the production amounts themselves.

Xstrata Coal

In the third quarter of 2012, the Xstrata Group's 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 the Xstrata Group's 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.

The Xstrata Group's share of production from the Cerrejón joint venture in Colombia was in line with the corresponding period in 2011.

The following table sets forth production data for Xstrata Coal broken down among the Australian, South African and Americas operations for the three months ended September 30, 2011 and 2012 and the nine months ended September 30, 2011 and 2012:

Production data[1]	**Three months ended September 30,**		**Nine months ended September 30,**	
	2011 *million tonnes*	**2012** *million tonnes*	**2011** *million tonnes*	**2012** *million tonnes*
Total thermal coal	20.0	21.2	52.4	59.0
Australian thermal	*12.7*	*13.5*	*31.6*	*35.8*
South African thermal	*4.4*	*4.9*	*12.8*	*14.3*
Americas thermal	*2.9*	*2.8*	*8.0*	*8.9*
Total coking coal (Australia)	2.4	1.6	5.5	5.0
Total semi-soft coking (Australia)	1.2	1.2	4.2	3.4
Total consolidated production	**23.6**	**24.0**	**62.1**	**67.4**

Note:

(1) See "Presentation of information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of the production amounts and of the production amounts themselves.

Xstrata Nickel

Total nickel production for the third quarter of 2012 was in line with the prior period. The Xstrata Group's 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 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 the 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 the 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 the Nikkelverk refinery in Norway remained in line with its nameplate capacity of 92,000 tonnes per year.

The following table sets forth production data for mined nickel, total nickel, mined copper and mined cobalt for Xstrata Nickel for the three months ended September 30, 2011 and 2012 and the nine months ended September 30, 2011 and 2012:

Production data[1]	Three months ended September 30,		Nine months ended September 30	
	2011 *tonnes*	2012 *tonnes*	2011 *tonnes*	2012 *tonnes*
Mined nickel[2]	15,524	12,886	46,321	44,028
Nickel production[3]	26,738	26,691	78,174	79,474
Mined copper	12,805	10,522	39,478	38,917
Mined cobalt	262	283	878	917

Notes:

(1) See "Presentation of information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of the production amounts and of the production amounts themselves.

(2) Includes contained metal in concentrates and ferronickel from the Falcondo Operation. Including nickel in ferronickel from the Falcondo Operation, mined nickel was 16,705 tonnes for the three months ended September 30, 2012 and 55,151 tonnes for the nine months ended September 30, 2012.

(3) Includes refined nickel production from the Nikkelverk refinery and nickel in ferronickel production from the Falcondo Operation.

Xstrata Zinc

Record output at the 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 the 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 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 the Australian operations.

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

The following table sets forth production data for Xstrata Zinc for the three months ended September 30, 2011 and 2012 and the nine months ended September 30, 2011 and 2012:

Production data[1]	Three months ended September 30,		Nine months ended September 30,	
	2011 *tonnes*	2012 *tonnes*	2011 *tonnes*	2012 *tonnes*
Zinc concentrate	232,315	241,059	732,452	737,153
Zinc production	184,220	181,992	550,559	546,824
Lead concentrate	53,519	59,720	169,393	185,349
Lead production	37,396	54,361	145,394	174,146

Note:

(1) See "Presentation of information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of the production amounts and of the production amounts themselves.

Xstrata 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 US$1.25 per pound, 7% lower than the second quarter price of US$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 US$1.10 per pound.

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

The following table sets forth production data for ferrochrome and vanadium for the three months ended September 30, 2011 and 2012 and the nine months ended September 30, 2011 and 2012:

Production Data[1]	**Three months ended September 30,**		**Nine months ended September 30,**	
	2011	**2012**	**2011**	**2012**
Ferrochrome (thousand tonnes)[2]	186	195	767	654

Notes:

(1) Production of ferrochrome and vanadium is in South Africa. See "Presentation of Information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of the production amounts and of the production amounts themselves. Production figures have been extracted without material amendment from Xstrata's management records.

(2) Reflects Xstrata's 79.5% share of the Xstrata-Merafe chrome venture.

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. PGM production improved by 6% compared to the second quarter of 2012 as production increased at Eland from the ramp up of underground operations.

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

The following table sets forth production data for Platinum Group Metals for the three months ended September 30, 2011 and 2012 and the nine months ended September 30, 2011 and 2012:

Production data[1]	**Three months ended September 30,**		**Nine months ended September 30,**	
	2011 *ounces*	**2012** *ounces*	**2011** *ounces*	**2012** *ounces*
Total production[2]				
Platinum	24,794	20,949	75,471	58,815
Palladium	12,450	11,741	37,686	33,184
Rhodium	4,026	3,583	12,204	10,017

Notes:

(1) Production is in South Africa. See "Presentation of Information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of production amounts and of the production amounts themselves. Production figures have been extracted without material amendment from Xstrata's management records.

(2) Consolidated 100% of Eland and 50% of Mototolo.

Merger with Glencore

On October 1, 2012, the independent non-executive members of Xstrata's Board of Directors announced an intention to recommend the revised final terms of the Proposed Merger. Shareholder meetings to consider the final terms of the Proposed Merger are expected to take place by the end of the year.

Terms of the Proposed Merger

The terms of the Proposed Merger provide, *inter alia*, that:

- each eligible Xstrata shareholder (which does not include Glencore) would receive 3.05 shares in Glencore (to be renamed Glencore Xstrata plc upon closing of the transaction) for each Xstrata share held;
- the board of directors of the Combined Group would comprise 11 members, including nine non-executive directors, of which five would be nominated by Xstrata (including Con Fauconnier, Peter Hooley, Sir Steve Robson and Ian Strachan), with Sir John Bond serving as Chairman of the Combined Group;
- Mick Davis (the Xstrata Group's current Chief Executive) would become Chief Executive Officer of the Combined Group and an executive director of the Combined Group, but would step down as Chief Executive Officer of the Combined Group within six months in favor of Ivan Glasenberg (the Glencore Group's current Chief Executive). A current Xstrata Group operational executive would replace Mick Davis upon his departure as an executive director of the Combined Group; and
- Trevor Reid would become Chief Financial Officer.

The Proposed Merger must be approved by the shareholders of both Glencore and Xstrata (in the case of Xstrata in respect of the scheme of arrangement, representing a majority in number of eligible shareholders (excluding Glencore) representing 75% in value of all voting shares) and sanctioned by the High Court of Justice of England and Wales.

The Proposed Merger is further conditional on receipt of certain regulatory approvals, among other matters. As of the date of this Offering Memorandum, the merger review process is still on-going in the European Union, China and South Africa. Xstrata expects to receive all relevant merger control approvals to enable completion of the Proposed Merger in the fourth quarter of 2012.

The independent non-executive members of Xstrata's Board of Directors announced on October 1, 2012 that they intend to recommend that the Proposed Merger only be approved by eligible Xstrata shareholders in the event that eligible Xstrata shareholders also approve certain management retention arrangements which provide for share-based retention awards to members of Xstrata's senior and operational management. The Proposed Merger is not, however, conditional on such management retention arrangements being approved by eligible Xstrata shareholders.

Results of operations

Profit and loss account items

Revenue

The following table sets forth the Xstrata Group's revenues by business segment for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	(in US$ millions, except as otherwise stated)				
Copper	9,223	14,004	15,037	7,705	6,255
Coal	6,749	7,788	9,981	4,381	5,221
Nickel	1,891	2,738	3,192	1,667	1,361
Zinc	3,450	3,922	3,756	1,937	1,781
Alloys	1,305	1,894	1,689	992	753
Technology	114	153	222	95	179
Xstrata Group	**22,732**	**30,499**	**33,877**	**16,777**	**15,550**

Copper: The Xstrata Group's copper revenues are made up of sales of copper concentrates, copper anode/blister, copper cathode, tankhouse slimes, copper-gold concentrates and gold doré from the Xstrata Group's mines, mineral processing plants and projects in Australia, North America, Peru, Chile and Argentina. Approximately 85% to 95% of the concentrates are sold under smelter frame contracts. The remainder is sold in the spot market to export markets in transactions denominated in US dollars.

Coal: The Xstrata Group's coal revenues are generated from the sale of thermal, coking and semi-soft coal from the Xstrata Group's mining and production facilities in South Africa, Colombia and Australia. Sales of coal may be made on the spot market, on the basis of supply contracts with negotiated volumes and prices, as well as under annually renewable long-term supply arrangements. The majority of the Xstrata Group's coal sales are to export markets in transactions denominated in US dollars. As a result, the Xstrata Group's revenue is affected by changes in the international spot markets. In addition, because a substantial portion of coal sales are made under annual contracts at prices set at the time of such contracts, changes in the market price of coal during the course of a year may not be reflected fully in revenues during that year. Xstrata Coal currently manages the Xstrata Group's iron ore businesses. To date, these businesses have not produced material revenues.

Nickel: The Xstrata Group's nickel revenues are made up of sales of nickel metal, ferronickel metal and co-products, such as copper metal, copper concentrates, refined cobalt, gold, silver, palladium, platinum and rhodium from the Xstrata Group's operations in Canada, Norway and the Dominican Republic, which include mining and processing facilities. The majority of the Xstrata Group's nickel sales are to export markets in transactions denominated in US dollars. All of the sales of nickel metal, ferronickel metal and refined cobalt are to members of the Glencore Group pursuant to sole distribution agreements signed in March 2007. See "Business — Xstrata Nickel — Sales and marketing." The export markets of these metals primarily include Western Europe, the United States and Asia/Pacific.

Zinc: The Xstrata Group's zinc revenues are made up of sales of zinc metal, zinc concentrates, refined lead and silver and their by-products, such as germanium, cadmium, sulfuric acid and sulfur dioxide, from the Xstrata Group's operations in Spain, Germany, Australia, North America and the United Kingdom, which include mines, smelters, plants and a refinery. Zinc metal is primarily sold in Canada, the United States and EU countries in the form of SHG ingots or alloys. Zinc concentrates are sold primarily in Australia, Japan, South Korea, China, Europe and Canada.

Alloys: The Xstrata Group's alloys revenues are made up of sales of ferrochrome, chromite ore, platinum group metals and vanadium. The majority of the Xstrata Group's ferrochrome products are exported to stainless steel manufacturers in North America, Europe and the Pacific Rim. Vanadium production is split between ferrovanadium and vanadium pentoxide. The production split between these two products, and the distribution thereof, is dependent upon demand and market conditions. The Xstrata Group's ferrovanadium is exported mainly to Europe.

Costs

Costs reflected in profit before interest, taxation, depreciation and amortization include cost of sales (of which raw material costs, mining costs and power costs are the most significant components), distribution costs (of which rail transport and freight costs are the most significant components), administrative expenses and other income and expense items.

Exceptional items

Exceptional items represent significant items of income and expense which, due to their nature or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statement, to provide a better understanding of the elements of financial performance in a particular period, to facilitate comparison with prior periods and to better assess trends in financial performance. Exceptional items include, but are not limited to, goodwill impairments, acquisition and integration costs which have not been capitalized, profits and losses on the sale of investments, profits and losses from the sale of operations and restructuring and closure costs.

Profit before interest, taxation, depreciation and amortization ("EBITDA")

The following table sets forth the Xstrata Group's EBITDA by major categories of products and services for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2009	**2010**	**2011**	**2011**	**2012**
	(in US$ millions)				
Profit before interest, taxation, depreciation and amortization (EBITDA)					
Before exceptional items					
Coal	2,755	3,061	3,853	1,584	1,647
Copper	2,922	4,693	4,915	2,550	1,498
Zinc	860	1,327	1,224	750	465
Alloys	70	477	294	182	113
Nickel	427	973	1,234	743	358
Technology	28	32	34	14	30
Iron ore	—	(1)	(12)	(4)	(8)
Unallocated	(274)	(176)	106	1	(96)
Operating EBITDA before exceptional items (A)	**6,788**	**10,386**	**11,648**	**5,820**	**4,007**
Share of results from associates (net of tax, continuing operations)					
Coal	3	4	4	1	2
Alloys	(58)	5	25	7	(17)
Zinc	(1)	6	—	—	—
Total EBITDA before exceptional items (B)	**6,732**	**10,401**	**11,677**	**5,828**	**3,992**

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	(in US$ millions)				
Exceptional items					
Coal	350	16	(3)	—	—
Copper	154	—	(28)	—	(178)
Zinc	(65)	(5)	—	—	—
Alloys	(11)	—	48	58	—
Nickel	(40)	—	—	—	—
Technology	—	—	—	—	—
Iron ore	—	(4)	(1)	(1)	—
Unallocated	—	—	—	—	(21)
Total operating exceptional items (C)	388	7	16	57	(199)
Operating EBITDA (A+C)	**7,176**	**10,393**	**11,664**	**5,877**	**3,808**
Share of results from associates (net of tax, continuing operations)					
Coal	—	—	—	—	—
Alloys	(277)	(6)	12	—	(516)
Zinc	—	—	—	—	—
Total exceptional items (D)	111	1	28	57	(715)
Total EBITDA (B+D)	**6,843**	**10,402**	**11,705**	**5,885**	**3,277**

Six months ended June 30, 2012 compared with six months ended June 30, 2011

Revenue

Xstrata Group: The Xstrata Group's revenue was US$15,550 million for the six months ended June 30, 2012, a decrease of US$1,227 million, or 7%, from revenue of US$16,777 million for the six months ended June 30, 2011. This decrease was primarily due to lower commodity prices. Average prices for nickel, copper, zinc, lead, platinum, ferrochrome, ferrovanadium, Australian coking coal, Australian semi-soft coking coal and Americas thermal coal decreased by 28%, 14%, 15%, 21%, 13%, 4%, 17%, 16%, 7% and 9%, respectively, for the first six months of 2012 compared to the first six months of 2011.

Copper: Xstrata Copper revenue was US$6,255 million for the six months ended June 30, 2012, a decrease of US$1,450 million, or 19%, from revenue of US$7,705 million for the six months ended June 30, 2011. This decrease was attributable in part to significantly lower average pricing for the first six months of 2012, compared to the first six months of 2011. Mined copper production volumes decreased by 18% in the first six months of 2012, compared to the first six months of 2011, reflecting lower copper output at Ernest Henry, which is transitioning from an open cut to an underground mine, at Tintaya, and at Collahuasi as a result of lower grades and recoveries, adverse weather conditions, and an extended ball mill outage. Sales volumes decreased by 25% in the first six months of 2012, compared to the first six months of 2011, in part as a result of lower total production and lower sales volumes from Alumbrera that were attributable to an Argentine government resolution delaying scheduled concentrate exports in the first half of 2012. These exports resumed in July 2012. Temporary restrictions on physical concentrate sales at Tintaya in the first half of 2012 also contributed to decreased sales volumes.

Coal: Xstrata Coal revenue was US$5,221 million for the six months ended June 30, 2012, an increase of US$840 million, or 19%, from revenue of US$4,381 million for the six months ended June 30, 2011. This increase was largely attributable to increased sales volumes. Sales volumes increased by 17% in the first six months of 2012, compared to the first six months of 2011, in part due to increased production from the newly commissioned Mangoola, Goedgevonden and ATCOM East mines. Also contributing to the increased sales volumes were early stage production at the Ulan West box cut, Ravensworth North and Ulan open cut operations and increased production from the Rolleston open cut and Ulan underground operations, where production were adversely affected by flooding in the first half of 2011. These effects were partially offset by lower average realized pricing. Although prices for Australian thermal coal over the first six months of 2012 remained broadly in line with the same period in 2011, prices for Australian coking coal in the first six months of 2012 decreased by 16% compared to the first six months of 2011 when flooding in Queensland resulted in significant contract price increases, and prices for Colombian thermal coal in the first six months of 2012 decreased by 9% compared to the first six months of 2012, mainly as a result of increased competition from US exports. These price decreases were partially offset by increased South African thermal coal prices reflecting a high proportion of 2012 sales being contracted in 2011 and an increased proportion of such sales being export sales.

Nickel: Xstrata Nickel revenue was US$1,361 million for the six months ended June 30, 2012, a decrease of US$306 million, or 18.4%, from revenue of US$1,667 million for the six months ended June 30, 2011. This decrease was primarily due to substantially lower nickel prices as well as lower prices for the by-products produced by Xstrata Nickel's operations. Partially offsetting these effects were increased sales volumes, reflecting the full period contribution of Falcondo, which restarted operations in February 2011, and increased by-product volumes from Sudbury.

Zinc: Xstrata Zinc revenue was US$1,781 million for the six months ended June 30, 2012, a decrease of US$156 million, or 8%, from revenue of US$1,937 million for the six months ended June 30, 2011. This decrease was primarily attributable to decreases in the average prices of zinc and lead during the first half of 2012. Total zinc in concentrate production decreased slightly in the first six months of 2012 compared to the first six months of 2011 due to planned lower zinc production at Antamina and lower grades at the Brunswick and Persévérance mines. Partially offsetting these effects was a 6% increase in zinc in concentrate production from the Australian operations. Total lead in concentrate production increased by 8% in the first six months of 2012 compared to the first six months of 2011. This increase was mostly attributable to improved lead ore grades at the Australian operations.

Alloys: Xstrata Alloys revenue was US$753 million for the six months ended June 30, 2012, a decrease of US$239 million, or 24%, from revenue of US$992 million for the six months ended June 30, 2011. This decrease was attributable to decreases in the average prices for ferrochrome, platinum and palladium, which were due to decreases in global stainless steel production towards the end of the first half of 2012 (for ferrochrome) and rumors of oversupply in the platinum market (for platinum and palladium). Also contributing to the decrease in revenue were lower sales volumes, reflecting lower production volumes that were in turn driven by weak commodity demand.

Technology: Xstrata Technology revenue was US$179 million for the six months ended June 30, 2012, an increase of US$84 million or 88% from revenue of US$95 million for the six months ended June 30, 2011. This increase was primarily due to increased demand for its products and services due to strong investment in mining projects.

EBITDA

Xstrata Group: The Xstrata Group's EBITDA decreased by US$2,608 million, or 44%, to US$3,277 million for the six months ended June 30, 2012, from US$5,885 million for the six months ended June 30, 2011. This decrease was primarily due to lower sales prices across the range of the Xstrata Group's commodities, as described above. Also contributing to the decrease in EBITDA were an overall decrease in sales volumes and CPI and mining industry inflation. Partially offsetting these effects were a strengthening of the US dollar against the currencies of the commodity producing countries in which the Xstrata Group operates and real unit cost savings reflecting efficiency improvements at the Xstrata Group's zinc operations, higher coal production from lower cost operations, increased production and improved head grades at the Raglan and Sudbury nickel operations and lower power costs and higher production at the Falcondo ferronickel operations.

Copper: Xstrata Copper's Operating EBITDA decreased by US$1,052 million, or 41%, to US$1,498 million for the six months ended June 30, 2012, from US$2,550 million for the six months ended June 30, 2011. This decrease reflected lower sales volumes as well as lower average prices, as described above. Also contributing to the decrease were mining industry inflation, which resulted in increased labor and energy costs across the industry in Australia, Argentina and northern Chile; CPI inflation; and a real unit cost increase, primarily driven by lower grades. Partially offsetting these effects were the strengthening of the US dollar against local currencies predominantly in Canada, Argentina and Chile, and lower export taxes at Alumbrera resulting from reduced sales volumes.

Coal: Xstrata Coal's Operating EBITDA increased by US$63 million, or 4%, to US$1,647 million for the six months ended June 30, 2012, from US$1,584 million for the six months ended June 30, 2011. This increase reflected increased sales volumes. Also contributing to the increase were the weakening of the South African rand against the US dollar and real unit cost savings as a result of a higher proportion of low-cost Mangoola and Rolleston sales in the overall sales mix. Partially offsetting these effects were lower average realized pricing and industry-wide inflationary cost increases.

Nickel: Xstrata Nickel's Operating EBITDA decreased by US$385 million, or 52%, to US$358 million for the six months ended June 30, 2012, from US$743 million for the six months ended June 30, 2011. This decrease reflected lower average prices, as described above, and industry-wide and regional CPI inflationary pressures. Partially offsetting these effects were real unit cost savings as a result of higher production and nickel head grade at Raglan and Sudbury and the successful conversion to fully procured power and increased production at Falcondo, and a strengthening of the US dollar against Xstrata Nickel's operating currencies.

Zinc: Xstrata Zinc's Operating EBITDA decreased by US$285 million, or 38%, to US$465 million for the six months ended June 30, 2012, from US$750 million for the six months ended June 30, 2011. This decrease reflected lower average prices for zinc and lead. Partially offsetting these effects were the strengthening of the US dollar against Xstrata Zinc's operating currencies and real cost savings, reflecting efficiency improvements and production increases across the business unit.

Alloys: Xstrata Alloys' Operating EBITDA decreased by US$69 million, or 38% to US$113 million for the six months ended June 30, 2012, from US$182 million for the six months ended June 30, 2011. This decrease reflected lower average prices for ferrochrome, platinum and palladium, as described above; lower sales volumes; and CPI and mining industry inflation, which resulted in higher energy costs. Partially offsetting these effects were a strengthening of the US dollar against the South African rand and real unit cost savings at Xstrata Alloys' operations and from business-wide cost cutting initiatives.

Technology: Xstrata Technology's Operating EBITDA increased by US$16 million to US$30 million for the six months ended June 30, 2012, from US$14 million for the six months ended June 30, 2011, principally as a result of an increased number of projects utilizing all of Xstrata Technology's technologies and the successful completion of major projects utilizing IsaMill and IsaKidd technologies.

Exceptional items

The following exceptional items were recorded in the first half of 2012:

- Following the release of Lonmin's 2012 interim results and the challenging outlook for the PGM industry (which resulted in revisions to forecast capital expenditure, commodity prices, foreign exchange, operating costs and production), the Xstrata Group recorded an impairment charge of US$514 million in respect of its investment in Lonmin.
- The Xstrata Group recognized a US$162 million loss on the formation of a joint venture with Origin Energy Limited which resulted in a loss of control over the Xstrata Group's Energía Austral hydroelectric project in Chile, which had previously been wholly owned.
- As a result of the announcement of the upcoming closure of its Brunswick zinc mine, the Xstrata Group recorded a US$111 million impairment of goodwill that was initially recognized in connection with the Falconbridge Limited acquisition in 2006.

The Xstrata Group also incurred acquisition costs of US$21 million in connection with the all-share merger with Glencore (see "— Current trading and prospects"), recorded US$16 million of unrealized losses associated with a decline in market value of listed investments, incurred US$6 million in relation to unutilized financing facilities, and recognized a charge of US$2 million in relation to its share of exceptional items recognized by Lonmin.

In the first half of 2012, the Xstrata Group recognized an exceptional tax credit of US$579 million resulting from the enactment of the minerals resources rent tax in Australia, which has been effective since July 1, 2012. Deferred tax has been recognized on the difference between the tax effect of the upstream coal mining operations carrying values and their tax bases, to the extent it is expected to be utilized.

Other pre-tax items

The Xstrata Group's depreciation and amortization was US$1,553 million for the six months ended June 30, 2012, a marginal decrease of US$21 million, or 1.3%, from US$1,574 million for the six months ended June 30, 2011.

The Xstrata Group recognized net finance costs of US$79 million for the six months ended June 30, 2012 compared to US$212 million for the six months ended June 30, 2011. This decrease primarily reflected the increase in finance income from US$61 million for the six months ended June 30, 2011 to US$126 million for the six months ended June 30, 2012, which was primarily due to an increase in interest received from banks and third parties and foreign currency gains on US and Canadian dollar inter-company loans in Australian entities.

Income tax(charge)/credit

The Xstrata Group recognized an income tax credit of US$481 million for the six months ended June 30, 2012 (after an exceptional tax credit of US$579 million), compared to an income tax charge of US$1,050 million for the six months ended June 30, 2011 (after an exceptional income tax charge of US$6 million). In the six months ended June 30, 2012, the Xstrata Group also recognized a US$423 million credit reflecting prior year current tax adjustments. Excluding exceptional tax items and the US$423 million credit reflecting prior year current tax adjustments, the Xstrata Group's effective tax rate for the six months ended June 30, 2012 was 22%, compared to 26% for the six months ended June 30, 2011, reflecting reduced earnings in higher tax jurisdictions.

Profit for the period

In the six months ended June 30, 2012, the Xstrata Group recorded profit for the period of US$2,015 million, a decrease of US$1,034 million, or 34%, from US$3,049 million in the six months ended June 30, 2011. Profit for the period attributable to equity holdings of the Xstrata Group was US$1,941 million for the six months ended June 30, 2012, a decrease of US$975 million, or 34%, from US$2,916 million for the six months ended June 30, 2011. Non-controlling interests' share of the profit for the six months ended June 30, 2012 decreased to US$74 million, compared with US$133 million for the six months ended June 30, 2011.

Year ended December 31, 2011 compared with year ended December 31, 2010

Revenue

Xstrata Group: The Xstrata Group's revenue was US$33,877 million for the year ended December 31, 2011, an increase of US$3,378 million, or 11%, from revenue of US$30,499 million for the year ended December 31, 2010. This increase was primarily due to higher commodity prices. Average prices for Australian semi-soft coking coal, Americas thermal coal, South African thermal coal, Australian coking coal, Australian thermal coal, copper and lead increased by 48%, 38%, 36%, 30%, 28%, 17% and 12%, respectively, in 2011 when compared to 2010.

Copper: Xstrata Copper revenue was US$15,037 million for the year ended December 31, 2011, an increase of US$1,033 million, or 7%, from revenue of US$14,004 million for the year ended December 31, 2010. This increase was attributable to higher average realized copper and gold prices in 2011 compared to 2010, reflecting anticipation of a shortfall in copper supply and growing investor appetite for commodities. Partially offsetting the increase in average prices was a 6% decrease in copper production in 2011 compared to 2010. Mined copper production volumes decreased by 3% in 2011 compared to 2010, primarily as a result of challenging operating conditions and/or lower grades at Collahuasi, Alumbrera, Mount Isa and the Kidd mine. Also contributing to the decrease in mined copper production volumes was the closure of the Kidd metallurgical facility in May 2010 and the temporary shutdown of the Townsville refinery on account of adverse weather conditions. Partially offsetting these effects was increased production from Antamina, Ernest Henry, Tintaya and Lomas Bayas.

Coal: Xstrata Coal revenue was US$9,981 million for the year ended December 31, 2011, an increase of US$2,193 million, or 28%, from revenue of US$7,788 million for the year ended December 31, 2010. This increase was largely attributable to an increase in realized prices for semi-soft, coking and thermal coal. Semi-soft and coking coal prices increased by 48% and 30%, respectively, in 2011 compared to 2010, and thermal coal prices increased across all markets (28% in Australia, 36% in South Africa and 38% in the Americas) as a result of increased demand that was attributable to weather-related supply issues in the Pacific market (that, in turn, were largely due to the Japanese earthquake and tsunami and significant rainfall in Australia and Indonesia) and higher gas prices in the Atlantic markets. Also contributing to the increase in revenue was a 3% increase in sales volumes. Such increase reflected a strong recovery from the operational interruptions that the Xstrata Group experienced in the first half of 2011, including damaged rail infrastructure (which prevented domestic and export sales from the Rolleston operation for a period of two months), the closure of United Colliery in New South Wales, Australia (which contributed to a decrease in sales volumes for semi-soft coking coal), the Japanese tsunami (which contributed to reduced market demand), an underground fire at the Blakefield Mine and flooding at the Ulan Mine.

Nickel: Xstrata Nickel revenue was US$3,192 million for the year ended December 31, 2011, an increase of US$454 million or 17% from revenue of US$2,738 million for the year ended December 31, 2010. This increase was largely attributable to increased sales volumes for nickel, ferronickel and copper, which were due to increased production volumes for such products. The increase in production volumes principally arose as a result of the 50% capacity restart of the Falcondo ferronickel operation, the successful ramp-up of the Nickel Rim South mine in Sudbury and the performance of the Nikkelverk refinery (which operated beyond its capacity). Also contributing to the increase in revenue were a 5% increase in the average price of nickel and a 17% increase in the average price of copper, which were largely attributable to the continuing growth in China, supply constraints and delays at a number of new projects, along with increased production arising principally from the 50% capacity restart of the Falcondo ferronickel operation and the successful ramp-up of the Nickel Rim South mine in Sudbury.

Zinc: Xstrata Zinc revenue was US$3,756 million for the year ended December 31, 2011, a decrease of US$166 million or 4% from revenue of US$3,922 million for the year ended December 31, 2010. This decrease was primarily attributable to a decrease in sales volume which was largely due to a 43% decrease in total zinc sales volumes at Antamina and the closure of the Kidd Creek Metallurgical site in May 2010. Total zinc in concentrate production decreased by 5% in 2011 compared to 2010 as a result of lower zinc production at Antamina, while zinc metal production decreased by 4% in 2011 compared to 2010 as a result of the above-mentioned closure of the Kidd Creek Metallurgical site. In addition, total lead in concentrate production decreased by 4% in 2011 compared to 2010 due to a fall in lead grades at all mines, while total lead in metal production decreased by 13% in 2011 compared to 2010. Partially offsetting these effects were a 1% increase in the average price of zinc and a 12% increase in the average price of lead, which were driven by increased vehicle production in 2011, growth in demand from the Chinese infrastructure and construction sectors and increased demand for lead.

Alloys: Xstrata Alloys revenue was US$1,689 million for the year ended December 31, 2011, a decrease of US$205 million, or 11%, from revenue of US$1,894 million for the year ended December 31, 2010. This decrease was primarily attributable to decreased sales volumes, reflecting decreased production volumes. Partially offsetting the effects of such decrease in sales volumes were increases in the average prices for ferrochrome, platinum and palladium, which were due to growth in the stainless steel market (for ferrochrome) and strong speculative activity (for platinum and palladium).

Technology: Xstrata Technology revenue was US$222 million for the year ended December 31, 2011, an increase of US$69 million or 45% from revenue of US$153 million for the year ended December 31, 2010. This increase was primarily due to the increased implementation of its technology by external customers.

EBITDA

Xstrata Group: The Xstrata Group's EBITDA increased by US$1,303 million, or 13%, to US$11,705 million for the year ended December 31, 2011, from US$10,402 million for the year ended December 31, 2010. This increase was primarily due to higher average sales prices, as described above. The Xstrata Group also achieved cost savings during the period on a real unit basis as a result of its operational efficiency efforts during the course of the period. Partially offsetting these effects were a weakening of the US dollar against the Xstrata Group's operating currencies, mining industry and CPI inflation, depreciation and amortization and weather-related and one-off incidents, including flooding in Australia and an underground fire at the Blakefield Mine.

Copper: Xstrata Copper's Operating EBITDA increased by US$222 million, or 5%, to US$4,915 million for the year ended December 31, 2011, from US$4,693 million for the year ended December 31, 2010. This increase reflected higher average prices, as described above, and real unit cost savings that were primarily attributable to the initiation of magnetite production at Ernest Henry, the closure of the Kidd metallurgical facility and the optimization of the molybdenum plant at Alumbrera. Partially offsetting these effects were mining industry and CPI inflation, the weakening of the US dollar against the Australian and Canadian dollars and depreciation and amortization.

Coal: Xstrata Coal's Operating EBITDA increased by US$792 million, or 26%, to US$3,853 million for the year ended December 31, 2011, from US$3,061 million for the year ended December 31, 2010. This increase reflected higher average prices, as described above, and real unit cost savings that were primarily attributable to productivity improvements at the Xstrata Group's open cut operations in New South Wales as well as in Colombia, the commencement of the low-cost Mangoola operation in February 2011 and increasing the proportion of low-cost domestic sales in South Africa. Partially offsetting these effects were a weakening of the US dollar against the Australian dollar, mining industry and CPI inflation (which contributed to increased wages, increased fuel and steel prices across all geographies and increased rail prices in South Africa) and costs associated with weather-related and one-off incidents (including flooding at Xstrata Coal's Queensland operations and at the Ulan Mine and an underground fire at the Blakefield Mine).

Nickel: Xstrata Nickel's Operating EBITDA was US$1,234 million for the year ended December 31, 2011, an increase of US$261 million, or 27%, from US$973 million for the year ended December 31, 2010. This increase reflected increased volumes and higher average prices, as described above. Partially offsetting these effects were depreciation and amortization that were attributable to higher production volumes associated with the restart of the Falcondo ferronickel complex and the Integrated Nickel Operations in Canada, a weakening of the US dollar, mining industry and CPI inflation and real unit costs that were largely attributable to lower grades at Raglan and Xstrata Nickel Australasia.

Zinc: Xstrata Zinc's Operating EBITDA decreased by US$104 million, or 8%, to US$1,223 million for the year ended December 31, 2011, from US$1,327 million for the year ended December 31, 2010. In addition to decreased sales volumes (as discussed above), this decrease reflected a weakening of the US dollar against the Australian and Canadian dollars and mining industry and CPI inflation for consumables and energy in particular. Partially offsetting these effects were higher average sales prices for zinc and lead, as discussed above, and real unit cost savings.

Alloys: Xstrata Alloys' Operating EBITDA decreased by US$183 million, or 38%, to US$294 million for the year ended December 31, 2011, from US$477 million for the year ended December 31, 2010. In addition to decreased sales volumes (as discussed above), this decrease reflected mining industry and CPI inflation and costs associated with the reversal of provisions, increased social and labor costs and increased standing charges on account of idled capacity. Partially offsetting these effects were a weakening of the South African rand against the US dollar and higher average prices for ferrochrome, platinum and palladium, as discussed above.

Technology: Xstrata Technology's Operating EBITDA increased 6% to US$34 million for the year ended December 31, 2011 from US$32 million for the year ended December 31, 2010, principally as a result of the increased implementation of its technology by external customers.

Exceptional items

The following exceptional items were recorded during 2011:

- As a result of the closure of the Prospero nickel mine in 2011, the Xstrata Group recorded an impairment of US$469 million (US$328 million after tax) against the carrying value of Prospero's assets and surrounding prospective mines.
- As a result of on-going optimization efforts, the estimated recoverable amount of the Integrated Nickel Operations increased, and the Xstrata Group recorded an impairment reversal of US$463 million (US$324 million after tax).

The Xstrata Group also recognized a gain of US$48 million in connection with the disposal of a 26% interest in its Rhovan vanadium operations in South Africa in February 2011, a write-down of US$43 million attributable to a decline in the market value of listed investments, a gain of US$15 million attributable to the reversal of restructuring and closure costs for which the Xstrata Group previously provided and exceptional acquisition costs of US$4 million in relation to successful offers made to acquire Zanaga and First Coal.

In addition, the Xstrata Group recognized a gain of US$12 million attributable to its share of the restructuring and closure costs, impairments, financing costs and related taxation credits recognized by Lonmin as well as a write-off of US$19 million relating to the issue costs incurred when the Xstrata Group refinanced its bank facilities.

During 2011, the Xstrata Group recognized an exceptional tax charge of US$75 million, primarily as a result of the introduction of a number of new taxes levied on the mining industry in Peru, the impairment of assets, profit on sale of operations, refinancing and the reversal of restructuring and closure costs.

Other pre-tax items

The Xstrata Group's depreciation and amortization increased to US$3,217 million for the year ended December 31, 2011 from US$2,732 million for the year ended December 31, 2010, principally as a result of a significant increase in property, plant and equipment, which was primarily due to business combinations, asset additions, project development and a weakening of the US dollar.

The Xstrata Group recognized net finance costs of US$334 million for the year ended December 31, 2011 compared to US$503 million for the year ended December 31, 2010. This decrease primarily reflected the decline in finance costs from US$655 million for the year ended December 31, 2010 to US$471 million for the year ended December 31, 2011, which was primarily due to a decrease in foreign currency losses primarily incurred on US and Canadian dollar inter-company loans in Australian entities.

Income tax charge

Income tax charges increased to US$2,215 million for the year ended December 31, 2011 from US$1,653 million for the year ended December 31, 2010 (in each case after an exceptional income tax charge of US$75 million and an exceptional income tax credit of US$129 million, respectively). This increase was primarily due to increased earnings.

Profit for the year

For the year ended December 31, 2011, the Xstrata Group recorded profit of US$5,933 million, an increase of US$978 million, or 20%, compared to US$4,955 million for the year ended December 31, 2010. Profit for the year attributable to equity holdings of the Xstrata Group increased to US$5,713 million for the year ended December 31, 2011, an increase of US$1,025 million, or 22%, from US$4,688 million for the year ended December 31, 2010. Non-controlling interests' share of the profit for the year ended December 31, 2011 decreased to US$220 million, compared with US$267 million for the year ended December 31, 2010.

Year ended December 31, 2010 compared with year ended December 31, 2009

Revenue

Xstrata Group: The Xstrata Group's revenue was US$30,499 million for the year ended December 31, 2010, an increase of US$7,767 million or 34% from revenue of US$22,732 million for the year ended December 31, 2009. This increase was driven by robust demand growth in developing economies and a tentative recovery in the OECD economies, which supported a strong recovery in commodity prices during the course of 2010. Average nickel, copper, Australian coking coal and zinc prices in 2010 were 48%, 46%, 41% and 30%, respectively, higher than in 2009. Realized ferrochrome and thermal coal prices rose over the first half and while contract prices were slightly lower in the second half, spot prices showed strength into the fourth quarter and remained significantly higher than 2009.

In addition, revenues benefited from increased production across most of the Xstrata Group's commodity businesses, with improved coking and semi-soft coal volumes accounting for more than half of the total increase in volumes. Coking coal volumes rose by over 20% due to the restart of Oaky No. 1 mine in the second half of 2009 and productivity improvements which outweighed the impact of industrial action at Tahmoor. Ferrochrome production increased by almost 50%, as previously idled furnaces were restarted to respond to improved market conditions. Mined copper volumes increased slightly. Nickel volumes benefited from production ramping up at Nickel Rim South and Fraser mines in Canada.

Copper: Xstrata Copper revenue was US$14,004 million for the year ended December 31, 2010, an increase of US$4,781 million or 52% from revenue of US$9,223 million for the year ended December 31, 2009. This increase was attributable to significantly higher average pricing in 2010 compared to 2009, reflecting increased demand for copper during 2010 particularly in China but increasingly in OECD economies in the second half of the year. Although mined copper production volumes were slightly higher in 2010 compared to 2009, with increases at the Kidd and Ernest Henry mines offsetting challenging operating conditions at some South American operations, sales volumes declined slightly in 2010 compared to 2009 as some shipments were postponed into 2011.

Coal: Xstrata Coal revenue was US$7,788 million for the year ended December 31, 2010, an increase of US$1,039 million or 15% from revenue of US$6,749 million for the year ended December 31, 2009. This increase was largely attributable to improved pricing in semi-soft coking coal and coking coal which increased by 11% and 41%, respectively, due to the recovery in the global steel market. Thermal coal pricing was mixed, with a decline in Colombian thermal coal pricing reflecting the overall weakness in the Atlantic-traded coal market. Sales volumes were in line with the previous year, with higher volumes from Australia, particularly for coking coal (for which production was prioritized over thermal coal to take advantage of higher pricing) and increased sales from Cerrejón offsetting lower South African volumes. The recovery in global demand for steel during the year and the inclusion of a full year of longwall operations at Oaky No. 1 mine contributed to a 20% increase in coking coal sales compared to 2009.

Nickel: Xstrata Nickel revenue was US$2,738 million for the year ended December 31, 2010, an increase of US$847 million or 45% from revenue of US$1,891 million for the year ended December 31, 2009. This increase was attributable to significantly higher average pricing in 2010 compared to 2009 due to continuing growth in China (reflected by increased intensity of nickel usage) and economic recovery in OECD economies, together with restocking by stainless steel processors and consumers during the year and global supply constraints resulting from industrial action, delays and start-up issues arising at a number of producers. In addition, the Xstrata Group saw increased sales volumes as a result of record mine production from the Integrated Nickel Operations as well as record output from the Sudbury smelter and Nikkelverk refinery.

Zinc: Xstrata Zinc revenue was US$3,922 million for the year ended December 31, 2010, an increase of US$472 million or 14% from revenue of US$3,450 million for the year ended December 31, 2009. This increase was primarily due to the increase in global zinc prices driven by recovering vehicle production, growth in demand from the Chinese infrastructure and construction sectors and increased demand for lead. Production volumes also increased due to expansions and productivity enhancements at the Xstrata Group's Mount Isa and McArthur River operations, offset by declines in production at Brunswick and the effect of the closure of the Kidd Creek zinc smelter.

Alloys: Xstrata Alloys revenue was US$1,894 million for the year ended December 31, 2010, an increase of US$589 million or 45% from revenue of US$1,305 million for the year ended December 31, 2009. This increase was attributable to significantly higher prices arising from strong growth in the stainless steel market (for ferrochrome) and recovering vehicle production and investment activity (for platinum and palladium). In addition, the Xstrata Group also increased production of ferrochrome by 48% in 2010 compared to 2009.

Technology: Xstrata Technology revenue was US$153 million for the year ended December 31, 2010, an increase of US$39 million or 34% from revenue of US$114 million for the year ended December 31, 2009. This increase was the result of work completed in 2010 on larger projects for existing customers in Kazakhstan, South Africa and India.

EBITDA

Xstrata Group: The Xstrata Group's EBITDA increased by US$3,559 million or 52% to US$10,402 million for the year ended December 31, 2010, from US$6,843 million for the year ended December 31, 2009, largely due to higher sales prices across the range of the Xstrata Group's commodities and increased sales volumes in most of the Xstrata Group's operations. The Xstrata Group also achieved significant costs savings during the year on a real unit basis as a result of its operational efficiency efforts during the course of the year. These trends were partially offset by a weakening US dollar and on-going CPI and mining inflation.

Copper: Xstrata Copper's Operating EBITDA increased by US$1,771 million or 61% to US$4,693 million for the year ended December 31, 2010, from US$2,922 million for the year ended December 31, 2009. This increase reflected significantly higher average prices as described above, improved real unit costs arising from operating efficiencies and the favorable impact of by-product credits, partially offset by the impact of the weaker US dollar, CPI and mining inflation and somewhat lower sales volumes.

Coal: Xstrata Coal's Operating EBITDA increased by US$306 million or 11% to US$3,061 million for the year ended December 31, 2010, from US$2,755 million for the year ended December 31, 2009. The overall increase was attributable to the impact of higher received prices (particularly for coking coal), improvements in real unit costs primarily as a result of optimization efforts at the Oaky Creek complex, strip ratio improvements at Cerrejón and the ramp up of Goedgevonden, partially offset by the impact of the weaker US dollar, CPI and mining inflation, and one-off costs relating to the impact of severe wet weather in all operating geographies, industrial action at Tahmoor and demurrage costs at Port Waratah Coal Services.

Nickel: Xstrata Nickel's Operating EBITDA was US$973 million for the year ended December 31, 2010, an increase of US$546 million or 128%, from US$427 million for the year ended December 31, 2009. This increase was driven by higher prices and increased volumes as discussed above and substantially lower unit costs. The reduction in unit costs was primarily due to the successful delivery and ramp up of the negative cash cost Nickel Rim South mine and low cost efficiency improvements throughout the portfolio. These trends were partially offset by the impact of the weaker US dollar and CPI and mining inflation.

Zinc: Xstrata Zinc's Operating EBITDA increased by US$467 million or 54% to US$1,327 million for the year ended December 31, 2010, from US$860 million for the year ended December 31, 2009. This increase was primarily due to higher prices and volumes and cost savings resulting from the continued restructuring of operations, offset by the weaker US dollar and CPI and mining inflation.

Alloys: Xstrata Alloys' Operating EBITDA increased by US$407 million to US$477 million for the year ended December 31, 2010, from US$70 million for the year ended December 31, 2009. Ferrochrome and Vanadium operations EBITDA increased by US$386 million to US$401 million for the year ended December 31, 2010, from US$15 million for the year ended December 31, 2009. Platinum Group Metals operations EBITDA increased by US$21 million to US$76 million for the year ended December 31, 2010 from US$55 million for the year ended December 31, 2009. These increases are attributable to a significantly stronger pricing environment for all of the Xstrata Alloys' commodities, costs savings arising from improvements in energy efficiency, the non-recurrence of 2009 production curtailment expenses, partially offset by the weaker US dollar and CPI and mining inflation.

Technology: Xstrata Technology's Operating EBITDA increased 14% to US$32 million for the year ended December 31, 2010 from US$28 million for the year ended December 31, 2009 as a result of improved demand for Xstrata Technology products and services as the global economy began to recover and certain delayed projects were restarted.

Exceptional items

During the course of 2010, Xstrata announced a number of exceptional non-cash impairments to the carrying value of assets. Under IFRS, impairments are assessed on a ''cash generating unit'' basis, with no ability to allocate surpluses between assets. Consequently, while the value of Xstrata's assets exceeded book value by US$39 billion at a group level as of December 31, 2010, an increase of US$4 billion over 2009, this surplus cannot be reallocated to assets, giving rise to impairments. The following exceptional items were recorded during 2010:

- Xstrata Nickel undertook a full assessment of the fair value of its assets as part of its annual business planning process. As a result, nickel assets in Brazil were impaired by US$559 million (US$437 million after tax), including goodwill of US$201 million, following a review of the Araguaia nickel project in Brazil.
- The Xstrata Group also recognized an exceptional acquisition cost of US$7 million in relation to offers made to acquire companies, a liability fair value adjustment of US$19 million in connection with revised dividend liabilities to African Rainbow Minerals Limited's interest in Xstrata's South African coal operations, and restructuring and closure costs of US$5 million relating to the closure of the Kidd metallurgical plants.

In addition, the Xstrata Group recognized US$6 million in share of results from associates in relation to the Xstrata Group's share of restructuring and closing costs, impairments and the loss on forward exchange contracts in respect of a rights issue recognized by Lonmin and realized an exceptional tax credit of US$129 million as the result of the above exceptional items.

Other pre-tax items

The Xstrata Group's depreciation and amortization increased to US$2,732 million for the year ended December 31, 2010 from US$2,419 million for the year ended December 31, 2009, largely as a result of increased volumes across the majority of the Xstrata Group's commodity businesses.

The Xstrata Group recognized net finance costs of US$503 million for the year ended December 31, 2010 compared to US$341 million for the year ended December 31, 2009. The increase reflected the decline in finance income from US$454 million for the year ended December 31, 2009 to US$152 million for the year ended December 31, 2010, which arose principally as a result of the timing of the Glencore Group's exercise of the Prodeco business call option, which concentrated the Xstrata Group's earnings from the Prodeco business (comprising the call option premium and the Xstrata Group's share of Prodeco's operating results) in 2009 rather than 2010.

Income tax charge

Income tax charges increased to US$1,653 million for the year ended December 31, 2010 from US$669 million for the year ended December 31, 2009 (in each case, after exceptional income tax credits of US$129 million and US$324 million, respectively). This increase was primarily due to increased earnings.

Profit for the year

For the year ended December 31, 2010, the Xstrata Group recorded profit for the year of US$4,955 million, an increase of US$4,094 million or 475% as compared to US$861 million for the year ended December 31, 2009. Profit for the period attributable to equity holdings of the Xstrata Group increased to US$4,688 million for the year ended December 31, 2010, an increase of US$4,027 million or 609% from US$661 million for the year ended December 31, 2009. Non-controlling interests' share of the profits for the year ended December 31, 2010 increased to US$267 million, compared with US$200 million for the year ended December 31, 2009.

Liquidity and capital resources

Cash flow

The following table summarizes the Xstrata Group's cash flow statement for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2009	**2010**	**2011**	**2011**	**2012**
	(in US$ millions)				
Net cash flow from operating activities	4,131	8,213	9,358	3,887	2,183
Net cash flow used in investing activities	(5,752)	(3,196)	(8,620)	(3,634)	(4,641)
Net cash flow from/(used in) financing activities	1,600	(4,521)	(490)	(630)	2,159
Net increase/(decrease) in cash and cash equivalents	**(21)**	**496**	**248**	**(377)**	**(299)**

Net cash flow from operating activities

For the six months ended June 30, 2012, the Xstrata Group's net cash flow from operating activities decreased by US$1,704 million, or 44%, from US$3,887 million for the six months ended June 30, 2011 to US$2,183 million, primarily as a result of decreased earnings reflecting decreases in commodity prices.

For the year ended December 31 2011, the Xstrata Group's net cash flow from operating activities increased by US$1,145 million from US$8,213 million for the year ended December 31, 2010 to US$9,358 million, primarily as a result of increased earnings, reflecting an EBITDA cash conversion rate (representing the ratio of net cash flow from operating activities to total EBITDA) of 80%.

For the year ended December 31, 2010, the Xstrata Group's net cash flow from operating activities increased by US$4,082 million from US$4,131 million for the year ended December 31, 2009 to US$8,213 million, primarily as a result of increased earnings, reflecting an EBITDA cash conversion rate of 79%. Despite increased commodity prices and the resulting increased receivables balances and purchased inventories, the Xstrata Group's working capital only increased by US$283 million in 2010 compared to 2009, reflecting the effectiveness of the Xstrata Group's working capital management.

Net cash flow used in investing activities

For the six months ended June 30, 2012, the Xstrata Group's net cash flow used in investing activities increased by US$1,007 million from US$3,634 million for the six months ended June 30, 2011 to US$4,641 million, primarily as a result of a 36% increase in expansionary capital expenditure and a 31% increase in sustaining capital expenditure. Also contributing to the US$1,007 million increase in the Xstrata Group's net cash flow used in investing activities was a US$284 million increase in cash used to acquire assets, reflecting the acquisition of the Sukunka hard coking coal deposit for US$500 million. Partially offsetting these effects were the proceeds from the sale of a 25% interest in the Peace River Coalfields in Western Canada to JX for US$435 million.

For the year ended December 31, 2011, the Xstrata Group's net cash flow used in investing activities increased by US$5,424 million from US$3,196 million for the year ended December 31, 2010 to US$8,620 million; primarily as a result of an increase in both sustaining and expansionary capital expenditure for the year ended December 31, 2011 and the Glencore Group's exercise of its call option in 2010, which did not recur in 2011.

For the year ended December 31, 2010, the Xstrata Group's net cash flow used in investing activities decreased by US$2,556 million from US$5,752 million for the year ended December 31, 2009 to US$3,196 million, primarily as a result of the timing of the Prodeco Acquisition in 2009 and the Glencore Group's exercise of its call option in 2010, partially offset by a resumption in expansionary and maintenance capital expenditures in 2010.

Net cash flow from/(used in) financing activities

For the six months ended June 30, 2012, the Xstrata Group's net cash flow from financing activities was US$2,159 million, compared to net cash flow used in financing activities of US$630 million for the six months ended June 30, 2011. This US$2,789 million change was primarily due to a US$2,155 million increase in proceeds from interest-bearing loans and borrowing, reflecting drawdowns from Xstrata Schweiz's US$6,000 million multi-currency revolving loan facility. Also contributing to the US$2,789 million change was a US$633 million decrease in the repayment of interest-bearing loans and borrowings from US$1,564 million for the six months ended June 30, 2011 to US$931 million for the six months ended June 30, 2012. Partially offsetting these effects was a US$211 million increase in dividends paid to equity holders of Xstrata.

For the year ended December 31, 2011, the Xstrata Group's net cash flow used in financing activities decreased by US$4,031 million from US$4,521 million for the year ended December 31, 2010 to US$490 million, primarily as a result of a US$6,850 million increase in proceeds from interest-bearing loans and borrowings, reflecting the issuance of bonds in November 2011. Partially offsetting these effects was a US$2,264 million increase in the repayment of interest-bearing loans and borrowings, primarily reflecting the repayment of the Xstrata Group's unsecured syndicated bank loans, and a US$588 million increase in dividends paid to equity holders of Xstrata.

For the year ended December 31, 2010, the Xstrata Group's cash inflow from financing activities decreased by US$6,121 million from an inflow of US$1,600 million for the year ended December 31, 2009 to a net cash outflow of US$4,521 million for the year ended December 31, 2010, due mainly to the timing of the 2009 rights issue and the repayment of the Xstrata Group's outstanding borrowings under a multi-currency revolving facilities agreement in connection with its entry into the Syndicated Facility Agreement (as described below) in 2010.

Liquidity reserves

Interest-bearing loans and borrowings

As of June 30, 2012, the Xstrata Group had total interest-bearing loans and borrowings (excluding obligations under finance loans and hire purchase contracts) of US$13,009 million (calculated in accordance with IFRS). A breakdown of the Xstrata Group's interest-bearing loans and borrowings (excluding obligations under finance loans and hire purchase contracts) as of June 30, 2012 is set forth below:

	Current	Non-current	Total(1)
		(in US$ millions)	
Syndicated bank loans — unsecured	—	2,000(2)	2,000
Bank loans — other unsecured	139	34	173
Bank overdrafts	9	—	9
Capital market notes	2,276	8,320	10,596
Non-controlling interests loans	—	224	224
Other loans	1	6	7
Total	**2,425**	**10,584**	**13,009**

Notes:

(1) Excluding obligations under finance leases and hire purchase contracts of US$189 million as of June 30, 2012.

(2) As of October 17, 2012, Xstrata Group's unsecured syndicated bank loans were US$3,500 million.

Unsecured syndicated bank loans

On October 24, 2011, Xstrata Schweiz entered into a US$6,000 million multi-currency revolving loan facility with a number of banks as arrangers and bookrunners, Barclays Bank plc as facility agent and various other banks as original lenders (the "Syndicated Facility"). The Syndicated Facility matures five years after the date of the Syndicated Facility, subject to a one or two year extension option exercisable within one or two years, respectively, of entry into the Syndicated Facility (subject to the agreement of some or all of the lenders thereunder). Interest is payable on outstanding loans under the Syndicated Facility at a rate that is the aggregate of LIBOR (or, in relation to any loan in euro

EURIBOR), and a margin at present of 85.0 basis points per annum, which itself is subject to the long-term credit rating assigned to Xstrata plc by Moody's Investors Services, Inc. and Standard & Poor's Corporation. As of October 17, 2012, US$3,500 million was outstanding under the Syndicated Facility.

The Syndicated Facility contains certain mandatory prepayment events including: (i) illegality and (ii) a change of control of Xstrata plc. On October 8, 2012, Xstrata received a waiver from the lenders of the Syndicated Facility to the prepayment event that would have been triggered as a result of the Proposed Merger.

The Syndicated Facility contains representations, warranties and undertakings and contains a guarantee from Xstrata and certain other members of the Xstrata Group in favor of the lenders of the Syndicated Facility, which are typical for these types of credit agreements. It also contains customary events of default upon occurrence of which the lenders may terminate and demand repayment of the Syndicated Facility.

On October 4, 2012, Xstrata Schweiz, the Issuer, Xstrata Canada Financial, and Xstrata Dubai as borrowers and guarantors and Xstrata as guarantor and parent entered into a US$3 billion revolving credit facility with Barclays Bank plc as facility agent and various other banks as bookrunners and original lenders (the "2012 Club Facility").

Xstrata will use the 2012 Club Facility for general corporate purposes. Interest is payable on the loans at the rate which is the aggregate of: (i) LIBOR; (ii) mandatory costs (being regulatory costs of the lenders which are passed on to the borrowers); and (iii) the relevant margin per annum, which is 1.25% subject to a ratchet after the first six months, and subject to certain other adjustments where the term-out option is exercised. Certain commitment, agency and utilization fees are also payable.

The 2012 Club Facility is available until one month prior to the maturity date, subject to an extension option and a term-out option. If no extension option or term-out option is exercised, maturity, when all amounts must be repaid, will be October 4, 2013. Subject to certain conditions, Xstrata Schweiz may request an extension of the maturity until October 4, 2014. Alternatively, subject to certain separate conditions, Xstrata Schweiz may term-out the loan by converting any outstanding revolving loans into term loans. If the term-out option is exercised, all available commitments will then be cancelled, and the resulting term loan will mature and require repayment on October 4, 2014.

The 2012 Club Facility contains certain mandatory prepayment events including: (i) illegality; (ii) a change of control of Xstrata; and (iii) debt capital market issuances (including the issuance of the Notes) by any member of the Xstrata Group prior to the Proposed Merger (50% of the proceeds of such an offering must be applied to prepayment). The Proposed Merger will not constitute a change of control under the 2012 Club Facility. The 2012 Club Facility provides that on the effective date of the Proposed Merger the relevant parent will change from being Xstrata to Glencore and various provisions will then apply to Glencore. On the effective date, Glencore and Glencore International AG will be required to accede to the 2012 Club Facility as guarantors. In addition, on the date falling 10 business days after the effective date, all available commitments will be cancelled.

The 2012 Club Facility contains representations, warranties and undertakings (including financial condition covenants and undertakings) and a guarantee from Xstrata, Xstrata Schweiz, the Issuer, Xstrata Canada Financial and Xstrata Dubai in favor of the lenders of the 2012 Club Facility, which are typical for these types of credit agreements. It also contains customary events of default upon the occurrence of which the lenders may terminate and demand repayment of the 2012 Club Facility.

Other unsecured bank loans

The Xstrata Group was party to unsecured bank loans as of June 30, 2012 of US$173 million. As of December 31, 2011, these comprised debts of proportionally consolidated joint ventures of US$139 million, which bear interest at a rate based on LIBOR plus 175 basis points, repayable in August 2012; and US$34 million, which bear interest at a rate based on LIBOR plus 187 basis points, repayable in April 2015.

Bank overdrafts

The Xstrata Group has bank overdrafts that are subject to local currency and US dollar prime rate floating interest rates in which they have been drawn down. The majority of the bank overdrafts are denominated in Canadian and US dollars.

Non-controlling interests loans

The Xstrata Group was party to non-controlling interests loans as of June 30, 2012 of US$224 million. As of December 31, 2011, these comprised Australian dollar denominated loans of US$204 million payable to Indophil for the Tampakan copper project. These loans are subject to a fixed rate of interest of 4%, payable quarterly with no fixed repayment date, and is not payable within 12 months.

Capital market notes

The Xstrata Group had US$10,596 million outstanding of unsecured private placements as of June 30, 2012. As of December 31, 2011, these comprised:

Facility	Denomination	As of December 31, 2011 US$m	Fixed or floating interest rate	Effective interest rate % in 2011	Maturity
Unsecured notes(1)	US$	1,185	Fixed	5.80	Nov 16
Unsecured notes(2)(8)	EUR	677	Fixed	4.88	Jun 12
Unsecured notes(2)	EUR	786	Fixed	5.25	Jun 17
Unsecured notes(3)	US$	495	Fixed	6.90	Nov 37
Unsecured notes(4)	EUR	875	Fixed	6.25	May 15
Unsecured notes(4)	GBP	936	Fixed	7.38	May 20
Senior debentures(5)(8)	US$	255	Fixed	5.88	Jun 12
Senior debentures(5)(8)	US$	302	Fixed	6.06	Jul 12
Senior debentures(5)	US$	397	Fixed	6.34	Oct 15
Senior debentures(5)	US$	266	Fixed	6.16	Jun 15
Senior debentures(5)	US$	241	Fixed	6.39	Jun 17
Senior debentures(5)	US$	235	Fixed	6.77	Jun 35
Unsecured notes(6)	US$	797	Fixed	2.85	Nov 14
Unsecured notes(6)	US$	697	Fixed	3.60	Jan 17
Unsecured notes(6)	US$	994	Fixed	4.95	Nov 21
Unsecured notes(6)	US$	490	Fixed	6.00	Nov 41
Commercial paper(7)	US$	148	Floating	0.33	Jan 12

Notes:

(1) In November 2006, the Xstrata Group issued guaranteed capital market notes to refinance existing debt facilities of a US$1,000 million 10-year note at a fixed interest rate of 5.8% and a US$750 million five-year note at a fixed interest rate of 5.5%.

(2) In June 2007, the Xstrata Group issued a two-tranche EUR1,000 million guaranteed bond offering, comprising EUR500 million 4.875% fixed guaranteed notes due 2012 and EUR500 million 5.25% fixed guaranteed notes due 2017. These bonds have been swapped to US$. The swaps have been accounted for as cash flow hedges with an unrealized loss of US$54 million at December 31, 2011 (2010 loss of US$12 million).

(3) In November 2007, the Xstrata Group issued guaranteed 30-year notes of US$500 million bearing interest at a fixed rate of 6.9%.

(4) In May 2008, the Xstrata Group issued a two-tranche EUR1,350 million guaranteed bond offering, comprising EUR750 million 5.875% fixed guaranteed notes, which was repaid in 2011, and EUR600 million 6.25% fixed guaranteed notes due 2015. In May 2008, the Xstrata Group issued a guaranteed bond offering of GBP500 million 7.375% fixed guaranteed notes due 2020. These bonds have been swapped to US$. The swaps have been accounted for as cash flow hedges with an unrealized loss of US$369 million at December 31, 2011 (2010 US$510 million).

(5) The guaranteed senior debentures were assumed by the Xstrata Group through the acquisition of Falconbridge in 2006. Pursuant to the terms of the note indentures as amended by supplemental indentures, Xstrata plc has fully and unconditionally guaranteed in favor of the holders of the senior debentures the payment, within 15 days of when due, of all financial liabilities and obligations of Xstrata Canada Corporation to such holders under the terms of the senior debentures.

(6) In November 2011, the Xstrata Group issued a four-tranche US$3,000 million guaranteed bond offering, comprising fixed interest US$800 million 2.85% notes due 2014, US$700 million 3.60% notes due 2017, US$1,000 million 4.95% notes due 2021 and US$500 million 6.00% notes due 2041.

(7) In February 2008, the Xstrata Group entered into a US$1,000 million commercial paper program facility, with maturities of up to 12 months. Interest is payable on the notes at a rate that is based on LIBOR. In May 2012, the Xstrata Group entered into a US $2 billion commercial paper program (increased to US$4 billion in October 2012). The commercial paper notes issued under the program by Xstrata Finance (Canada) Limited and unconditionally guaranteed by Xstrata have maturities of up to 397 days.

(8) During 2012, the Xstrata Group redeemed the unsecured notes maturing June 2012 for US$675 million, the senior debentures maturing June 2012 for US$250 million and the senior debentures maturing July 2012 for US$300 million.

A portion of the fixed interest rate of the unsecured notes and senior debentures has been swapped to a floating rate. The swaps have been accounted for as fair value hedges with an unrealized gain of US$702 million as of December 31, 2011. Hedging ineffectiveness during the year ended December 31, 2011 resulted in other financial loss of US$31 million.

Other loans

The Xstrata Group had US$7 million in other loans outstanding as of June 30, 2012. As of December 31, 2011, these comprised a loan of US$8 million from the Cantabria Government and the Spanish Ministry of Industry & Energy, unsecured and interest free.

Other financial liabilities

The Xstrata Group had US$739 million in other financial liabilities as of June 30, 2012. As of June 30, 2012, these comprised a South African rand denominated loan of US$222 million payable to ARM Coal (Pty) Limited ("Arm Coal"). The loan is subject to a floating rate of interest based on a dividend calculation with no fixed repayment date and is not callable within 12 months; and a US dollar denominated loan of US$517 million payable to Société Minière du Sud Pacifique for the Koniambo nickel joint venture. The loan is subject to a floating rate of interest based on a dividend calculation with no fixed repayment date and is not callable within 12 months.

Seasonality

The Xstrata Directors do not believe there is any significant seasonality in the Xstrata Group's borrowing requirements.

Off-balance sheet arrangements

Save as described in "— Contractual obligations," the Xstrata Group is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditure or capital resources.

Capital expenditure

For the past five years, the Xstrata Group has embarked on an organic growth strategy, the aim of which is to transform the Xstrata Group's business in terms of asset quality and cost competitiveness and to provide additional capital efficient brownfield growth potential. As of June 30, 2012, the Xstrata Group's portfolio of organic projects comprised 22 approved major projects in implementation and a number of projects in the feasibility, pre-feasibility or concept stage that Xstrata expects to provide future growth options across a range of geographies and commodities and to increase capacity by 50% in copper-equivalent terms over 2009 levels by the end of 2014.

The following table sets forth the Xstrata Group's capital expenditure for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	(in US$ millions)				
Sustaining	1,265	1,823	2,392	905	1,217
Expansionary	2,359	4,296	5,773	2,518	3,392
Total	**3,624**	**6,119**	**8,165**	**3,423**	**4,609**

For the six months ended June 30, 2012, the Xstrata Group's total expansionary capital expenditure increased by US$874 million, or 35%, to US$3,392 million, from US$2,518 million for the six months ended June 30, 2011, reflecting 2012's position as the Xstrata Group's peak year for capital investment in the Xstrata Group's organic growth program. Major items of expansionary capital expenditure included: US$615 million at the greenfield Koniambo nickel project in New Caledonia, where first ore is to be processed by the end of 2012; US$398 million to progress the greenfield Las Bambas copper project in Peru; US$303 million at the Antapaccay copper project in Peru, which was commissioned in August 2012; US$270 million at the Ravensworth North brownfield project; and US$230 million at the Ulan West brownfield project.

The Xstrata Group originally budgeted US$8.2 billion for expansionary capital expenditure (in addition to US$2.5 billion in sustaining capital expenditure) for the year ending December 31, 2012, of which US$1 billion has been deferred. The Xstrata Group's budgeted expansionary capital expenditure for 2013 has been increased from US$6.1 billion to US$6.5 billion (in addition to US$2.5 billion in sustaining capital expenditure), with US$600 million to be deferred beyond 2013, as Xstrata's capital expenditure returns to more nomalized levels. The Xstrata Group does not expect these deferrals to affect the commissioning schedule of any of its approved projects.

During the year ending December 31, 2012, Xstrata expects to commission ten projects. In the first half of 2012, the expansion of the concentrator and associated mine at Antamina was commissioned, and the Ulan open cut mine commenced operations. Open pit mining activities at the Mount Margaret mining project commenced in July; mining activities commenced at the Antapaccay copper project in March 2012, and its concentrator facilities were commissioned in August 2012. In the second half of 2012, Xstrata expects to commission projects at the Koniambo ferronickel project in New Caledonia, the Ravensworth North thermal coal project in Australia, the Lomas Bayas II project in north Chile, the Tswelopele pellet plant in South Africa, the Lady Loretta zinc deposit in Australia, and the George Fisher mine in Australia.

For the year ended December 31, 2011, the Xstrata Group's total expansionary capital expenditure increased by US$1,477 million, or 34%, to US$5,773 million, from US$4,296 million for the year ended December 31, 2010, reflecting a phase of increased investment in Xstrata's growth pipeline. Major items of expansionary capital expenditure included US$1.2 billion at the greenfield Koniambo nickel project in New Caledonia, US$777 million at the greenfield Las Bambas copper project in Peru, and US$651 million to progress the major Antapaccay brownfield expansion to the Tintaya copper mine in southern Peru. The above-listed projects remain on time and on budget. In particular, the projects at Antapaccay and Koniambo commenced production in 2012.

Ten new projects were commissioned in 2011, including the conversion of Ernest Henry into a major underground mine and associated magnetite plant, which exported its first shipment of iron ore concentrate in June 2011, the expansion of milling capacity at the Antamina copper-zinc operation in Peru and the expansion of Collahuasi's daily processing capacity to 150,000 tonnes.

For the year ended December 31, 2010, the Xstrata Group's total expansionary capital expenditure increased by US$1,937 million, or 82%, to US$4,296 million from US$2,359 million for the year ended December 31, 2009 as the Xstrata Group approached peak spending at a number of major growth projects that were to reach production within the next four years. Investment was also accelerated to progress pre-feasibility and feasibility studies into the next tier of growth projects. Capital expenditure at Xstrata Nickel's Koniambo project in New Caledonia rose to US$1.2 billion in 2010. Three new projects were commissioned in 2010: Nickel Rim South poly-metallic mine in

Sudbury, Canada, the Goedgevonden thermal coal mine in South Africa, and Blakefield South underground coal mine in New South Wales.

Contractual obligations

Save for its obligations under finance leases and hire purchase contracts, the Xstrata Group does not report contractual obligations, commitments or contingencies in its interim financial statements. Unless otherwise specified, the following section is as of December 31, 2009, 2010 or 2011, as indicated.

Obligations under finance leases and hire-purchase contracts

The Xstrata Group has entered into finance leases and hire purchase contracts for various items of plant and machinery. The majority of these leases include a residual balloon payment at the end of the lease term and title passing to the Xstrata Group. The Xstrata Group had obligations under finance leases and hire purchase contracts of US$189 million as of June 30, 2012. Future minimum lease payments under finance leases and hire purchase contracts, together with future finance charges, were as follows as of the dates indicated:

	As of December 31,					
	2009		2010		2011	
	Undiscounted minimum payments	Present value of minimum payments	Undiscounted minimum payments	Present value of minimum payments	Undiscounted minimum payments	Present value of minimum payments
	(in US$ millions)		*(in US$ millions)*		*(in US$ millions)*	
Less than 1 year	65	46	96	74	59	38
Between 1 and 5 years	168	109	122	49	114	46
More than 5 years	46	26	190	128	165	120
Total minimum lease payments	279	181	408	251	338	204
Less amounts representing finance lease charges	(98)	—	(157)	—	(134)	—
Present value of minimum lease payments	**181**	**181**	**251**	**251**	**204**	**204**

Operating lease commitments

The Xstrata Group has entered into leases for buildings, motor vehicles and sundry plant and equipment. These leases have an average life of five years with renewal terms at the option of the lessee at lease payments based on market prices at the time of renewal. There are no restrictions placed upon the lessee by entering into these leases. Future minimum rentals under non-cancellable operating leases were as follows as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	(in US$ millions)		
Less than 1 year	43	44	78
Between 1 and 5 years	91	83	150
More than 5 years	30	21	29
Total	**164**	**148**	**257**

Capital commitments

As of December 31, 2011, the Xstrata Group was party to contracted amounts of US$4,278 million which were not provided in the Xstrata Group's consolidated financial statements, including:

- Xstrata Coal US$174 million for fleet expansion at Ravensworth North and US$383 million for Ulan West expansion project;

- Xstrata Copper US$226 million for the Ernest Henry underground and magnetite facility, US$303 million for the Antapaccay expansion project and US$756 million for Las Bambas project; and
- Xstrata Nickel US$388 million for the Koniambo project.

The balance of the other amounts contracted for but not provided relates to various minor commitments around the Xstrata Group, mainly for the purchase of new property, plant and equipment.

Included in the above is US$713 million representing the Xstrata Group's share of the capital commitments that have been incurred jointly with other venturers.

Guarantees and contingent liabilities

As of December 31, 2011, the Xstrata Group was party to the following guarantees and contingent liabilities:

- Xstrata Coal Australia has contracted US$1,864 million for rail take or pay commitments, US$3,691 million for port take or pay commitments, US$146 million for tires take or pay commitments, US$21 million for electricity take or pay commitments, US$126 million for explosives take or pay commitments, US$189 million for performance guarantees to customers and suppliers under contracts for supply of coal and services and US$418 million for guarantees to the New South Wales and Queensland Departments for mineral resources in respect of various mining leases and the performance thereof.
- Xstrata Coal South Africa has issued guarantees to the Department of Minerals and Energy to obtain certain prospecting permits of US$67 million and performance guarantees to suppliers of US$6 million. Xstrata Coal South Africa has tires take or pay commitments of US$20 million.
- Xstrata Alloys has issued guarantees to Eskom for power usage and early termination of power usage of US$23 million and to the Department of Mineral and Energy Mineral Resources, municipalities and governmental boards in respect of various mining leases and the performance thereof for US$51 million.
- Xstrata Technology Australia has issued performance guarantees to customers for US$49 million and Xstrata Copper has issued performance guarantees to customers and suppliers and guarantees to the Queensland Departments for Mineral Resources and other government agencies in respect of various mining leases and the performance thereof, environmental bonds and self-insurance licenses for US$291 million and has contracted US$820 million for gas, water and electricity commitments.
- Xstrata Copper has issued various guarantees in relation to the faithful performance of construction contracts for the Lomas Bayas II project totaling US$11 million. It has also issued guarantees for compliance of various contracts for the Lomas Bayas operation totaling US$4 million.
- Xstrata Nickel has contracted US$338 million for energy purchase commitments of which US$10 million has been issued to a supplier as a letter of credit, and issued bank guarantees to the Government of Western Australia for rehabilitation costs of US$4 million.
- Xstrata Zinc has issued performance guarantees to the Northern Territory government for an electricity supply and pipeline agreement of US$18 million, and to suppliers of US$3 million. It has provided bank guarantees to the Northern Territory government for rehabilitation costs of US$76 million.
- Xstrata Zinc has issued bank guarantees in Spain of US$116 million. This includes US$4 million as a guarantee to the local government for the rehabilitation of the closed Reocin mine (Cantabria, Spain) and US$2 million as guarantee of the rehabilitation of a jarofix pond in San Juan de Nieva.
- A letter of credit of US$191 million has been given for the pension liabilities of the Xstrata Group's Canadian operations.
- Letters of credit have been issued to the Canadian government for rehabilitation costs of US$214 million.

Included in the above is US$6,045 million representing the Xstrata Group's share of guarantees that have been incurred jointly with other venturers.

Transfer of funds by members of the Xstrata Group to Xstrata

Except to the extent described below, there are no material legal or economic restrictions (including taxation consequences of transfers) on the ability of members of the Xstrata Group to transfer funds to Xstrata in the form of cash dividends, loans or advances that have had or are expected to have a material adverse effect on the ability of Xstrata to meet its cash obligations.

Treasury policies

The Xstrata Group's Treasury Department has responsibility for strategic planning of the Xstrata Group's treasury activities. Its responsibilities include: management of the Xstrata Group's cash resources and debt funding programs; funding acquisitions and investments; management of interest rate and foreign exchange exposures; and coordinating relationships with banks, rating agencies and other financial institutions.

Xstrata will seek to ensure that the Xstrata Group maintains a robust financial position, even in the event of an unexpectedly prolonged period of depressed commodity prices, in line with the Xstrata Group's firm commitment to retain an investment grade balance sheet through the economic cycle. The Xstrata Group's Treasury Department is responsible for advising the Board on measures to meet these goals, which may include, among other things, raising funds in the equity and debt capital markets.

The Xstrata Group is exposed to US dollars through its revenue stream. The Xstrata Group will seek to source debt capital in US dollars directly or by borrowing in other currencies and swapping them into US dollars, thus matching the negative exposure of its debt service obligations against the positive exposure of its revenue.

The Xstrata Group's primary financial instruments, other than derivatives, comprise bank loans and overdrafts, convertible borrowings, capital market notes, finance leases and hire purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Xstrata Group's acquisitions and operations. The Xstrata Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

The Xstrata Group is exposed to changes in currency exchange rates, commodity prices and interest rates in the normal course of business. Derivative transactions are entered into solely to hedge these risks. Market fluctuations in derivative financial instruments designated as hedges are used to offset the fluctuations in the underlying exposure. No derivatives are held for trading purposes.

The main risks arising from the Xstrata Group's financial instruments are credit risk, interest rate risk, liquidity risk, foreign currency risk and commodity price risk. A treasury committee establishes the policies for managing each of these risks and the Board reviews and agrees to these policies.

Quantitative and qualitative disclosures about market risk

The Xstrata Group is exposed to changes in currency exchange rates, commodity prices and interest rates in the normal course of business. Derivative transactions are entered into solely to hedge these risks. Market fluctuations in derivative financial instruments designated as hedges are used to offset fluctuations in the underlying exposure. For additional detail, see Note 36 ''Financial Instruments'' in Xstrata's consolidated financial statements as of and for the year ended December 31, 2011 contained in Xstrata's annual report and accounts for the year ended December 31, 2011.

Currency hedging

Currency cash flow hedging may be used to reduce the Xstrata Group's short-term exposure to fluctuations in local currency exchange rates to the US dollar, sterling and the euro. The currency hedging gains reflected in Xstrata's consolidated income statement for the years ended December 31, 2011, December 31, 2010 and December 31, 2009 amounted to US$86 million, US$247 million and US$362 million, respectively.

Commodity hedging

The Xstrata Group is exposed to fluctuations in commodity prices, with the commodity mix spread between those that are priced by reference to prevailing market prices on terminal markets and those that are set on a contract basis with customers, generally on an annual basis. Commodity price risks arise in all major commodities that the Xstrata Group produces. Commodity price risk is managed by maintaining a diversified portfolio of commodities and typically does not involve large-scale strategic hedging or price management initiatives.

Due to the volatile nature of commodity prices and the historical relationship between prices and the currencies of most of the countries where the Xstrata Group operates, hedging may be entered into only in limited circumstances and is subject to strict limits laid down by the Board.

The Xstrata Group's Australian and South African operations have entered into forward contracts for coal to hedge prices of future sales of coal. Hedges relating to sales are classified as cash flow hedges. The fair value of these hedges is deferred within equity on the statement of financial position until the sale is recorded.

No new hedging contracts were entered into by the Xstrata Group for base metals, gold or silver during the years ended December 31, 2009, 2010 or 2011. The net unrealized mark-to-market gain on commodity hedges maturing in 2012 as of December 31, 2011 was US$32 million. The net unrealized mark-to-market loss on commodity hedges maturing in 2011 as of December 31, 2010 was US$54 million and on commodity hedges maturing in 2010 as of December 31, 2009 was US$52 million, based on the forward curve at that time.

Fair values

Set out below is a comparison by category of carrying values and fair values of the Xstrata Group's financial instruments that are not carried at fair value in the financial statements as of December 31, 2011:

	As of December 31, 2011	
	Carrying value	**Fair value**
	(in US$ millions)	
Financial liabilities		
Capital market notes	9,628	9,628
Non-controlling interest loans	204	210
Finance leases	204	206
Other loans	8	8

Credit risk

The Xstrata Group is exposed to credit risk in respect of trade receivables. Given the geographical and industry spread of the Xstrata Group's customers, however, credit risk is believed to be limited. The Xstrata Group has established credit limits so that dealings are with a wide range of reputable banks and financial institutions on a competitive basis. Where concentrations of credit risk exist, management closely monitors the receivable and focuses on putting appropriate controls in place to ensure recovery. Credit risk is minimal and not concentrated for other financial assets. Credit risk is limited to the carrying amount of financial assets at the date of the statement of financial position.

Interest rate risk

It is the Xstrata Group's preference to borrow and invest at floating rates of interest, notwithstanding that some borrowings are at fixed rates of interest and it therefore typically swaps fixed rate exposure into floating interest rates. A limited amount of fixed rate hedging can be undertaken during periods where the Xstrata Group's exposure to movements in short-term interest rates is more significant.

Critical accounting policies

Since 2005, Xstrata has prepared and will continue to prepare its financial statements under IFRS.

As part of the Xstrata Group's audited financial statements, the Xstrata Directors were required to disclose the accounting policies adopted in respect of items that were judged material in determining the results and financial position of the Xstrata Group used in preparing the financial statements. In addition, the preparation of financial statements requires management to make estimates and judgments that affect the reported amount of certain assets, liabilities, revenues and expenses, as well as the disclosure of certain contingent assets and liabilities. The application of these accounting policies involves the exercise of judgment and the use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

An explanation of significant accounting estimates and the Xstrata Group's principal accounting policies are disclosed in Note 4 "Significant accounting estimates" and Note 6 "Principal accounting policies" in Xstrata's consolidated financial statements as of and for the year ended December 31, 2011 contained in Xstrata's annual report and accounts for the year ended December 31, 2011.

BUSINESS

Overview of the Xstrata Group

The Xstrata Group is the fifth largest diversified mining group with operations and projects producing copper, domestic and export thermal coal, export coking coal, ferrochrome, platinum group metals, vanadium, zinc and nickel together with gold, cobalt, lead and silver. The Xstrata Group also comprises iron ore projects, recycling facilities and a suite of global technology products.

The Xstrata Group's operations and projects span more than 20 countries, including Argentina, Australia, Brazil, Canada, Chile, China, Colombia, the Dominican Republic, Germany, Mauritania, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, the Republic of Congo, Singapore, South Africa, Spain, Tanzania, the United Kingdom and the United States.

The Xstrata Group has an extensive organic growth pipeline with major expansion projects at every stage of the project development cycle. The organic pipeline comprises 22 approved major projects in implementation, and a number of projects in the feasibility, pre-feasibility or concept stage that will provide further potential growth options across a range of geographies and commodities.

The Xstrata Group had revenue of US$15.6 billion and EBITDA of US$4.0 billion for the six months ended June 30, 2012 and revenue of US$33.9 billion and EBITDA of US$11.7 billion for the year ended December 31, 2011. As of June 30, 2012, the Xstrata Group had total equity of US$47.4 billion. The Xstrata Group's ordinary shares are traded on the London Stock Exchange and the Swiss Stock Exchange. As of market close on October 17, 2012, the market capitalization of Xstrata was approximately £29.8 billion (approximately US$48.0 billion). Xstrata is a member of the FTSE 100.

On October 1, 2012, the independent non-executive members of Xstrata's Board of Directors announced an intention to recommend the revised final terms of the Proposed Merger. Shareholder meetings to consider the final terms of the Proposed Merger are expected to take place by the end of the year. For details of the Proposed Merger see ''Operating and Financial Review — Current trading and prospects — Merger with Glencore.''

The Xstrata Group's business is organized in the following five principal business units:

Xstrata Copper: Through Xstrata Copper, the Xstrata Group is a semi-integrated producer of copper concentrates and metal and is the world's fourth largest global copper producer, with mining and processing operations in Australia, Chile, Peru, Argentina and Canada. Xstrata Copper has a portfolio of copper development projects located in Australia, Canada, Peru, the Philippines, Chile, Argentina and Papua New Guinea.

Xstrata Coal: Through Xstrata Coal, the Xstrata Group is the world's largest exporter of bituminous thermal coal on a managed basis and a significant producer of premium quality hard coking coal and semi-soft coking coal. Xstrata Coal has interests in over 30 operating coal mines in Australia, South Africa and Colombia. Xstrata Coal has development projects in Australia, South Africa, Colombia and Nova Scotia and British Columbia in Canada. Xstrata Coal also manages the Xstrata Group's growing iron ore business, with development projects in Mauritania and the Republic of Congo.

Xstrata Nickel: Through Xstrata Nickel, the Xstrata Group is the fourth largest global nickel producer and one of the world's largest producers of cobalt. Xstrata Nickel's operations include mines and processing facilities in Canada, the Dominican Republic and Australia, and a refinery in Norway. Xstrata Nickel has world-class development projects in Canada, Tanzania and New Caledonia.

Xstrata Zinc: Through Xstrata Zinc, the Xstrata Group is one of the world's largest miners and producers of zinc. Xstrata Zinc's operations span Spain, Germany, Australia, the United Kingdom and Canada, with an interest in the Antamina copper-zinc mine in Peru. Xstrata Zinc has development projects in Australia, Ireland and Quebec, Nunavut and Ontario in Canada.

Xstrata Alloys: Through Xstrata Alloys, the Xstrata Group is one of the world's largest and among the world's lowest cost integrated ferrochrome producers (via the Xstrata-Merafe chrome venture), one of the largest producers of primary vanadium and a growing producer of platinum group metals. Xstrata Alloys also owns carbon operations which supply key raw materials to its ferrochrome production operations. All of Xstrata Alloys' operations are based in South Africa.

In addition to its five principal businesses, the Xstrata Group also operates Xstrata Process Support and Xstrata Technology, mining and processing technology businesses with operations in Australia, Canada, Chile, China and South Africa.

For more information on the Xstrata Group's recent announcements, acquisitions and disposals, see "Operating and Financial Review — Current trading and prospects."

The Xstrata Group's strategy

Xstrata's strategy since its IPO in 2002 has been to grow and manage a distinct, value-focused, globally diversified resources group positioned to compete for and create value, with the single aim of delivering industry-leading returns for shareholders. Xstrata recognizes that this aim can only be achieved through genuine partnerships with employees, customers, shareholders, local communities, lenders and other stakeholders which are based on integrity, co-operation, transparency and mutual value creation.

This strategy leverages the Xstrata Group's size and momentum and focuses on:

- commitment, capacity and headroom for growth that creates value; and
- constant improvement in the quality of Xstrata's businesses through on-going efficiency gains, margin improvements, net present value enhancements and cost reductions.

Xstrata's strategy is based on its assessment of key success factors in global mining, including:

- scale and critical mass;
- diversification of commodity, currency and country exposure;
- a wide range of growth options, including via acquisitions and brownfield and greenfield expansions; and
- operating excellence.

Xstrata has an extensive organic growth pipeline with major expansion projects at every stage of the project development cycle, which are due to deliver a number of world class projects. The organic pipeline comprises:

- twenty-two approved major projects in implementation; and
- a number of projects, including the Bulga optimization, the Rolleston expansion, and the McArthur River Mine integrated expansion, in the feasibility, pre-feasibility or concept stage that will provide future growth options across a range of geographies and commodities.

Substantially all of the projects that are required to achieve the Xstrata Group's target of a 50% increase in copper-equivalent volumes over 2009 levels by the end of 2014 are approved, with 80% of the 50% volume growth accounted for by projects that are currently under construction.

Once commissioned, approved projects are expected to cement the Xstrata Group's top five market position in major commodities, delivering new, lower cost production that will further reduce costs by around 20% and robust returns, even at conservative long-run commodity prices.

History

Xstrata AG, which was the predecessor of Xstrata, was established in Switzerland in 1926 to invest in infrastructure and power projects in Latin America. Beginning in 1990, Xstrata AG built a portfolio of businesses operating in the natural resources sector. On March 25, 2002, Xstrata merged with Xstrata AG to become the holding company of the Xstrata Group. At the same time, the Xstrata Group acquired the coal assets of Enex and Duiker and the shares of Xstrata plc were listed on the Official List of the UK Financial Services Authority, admitted to trading on the London Stock Exchange's market for listed securities and admitted to listing on the SIX.

The successful acquisition and integration of the former Enex and Duiker coal assets in 2002, of MIM in 2003 and of Falconbridge in 2006 were key elements in the transformation of Xstrata. In 2009, Xstrata approached Anglo American to propose a transformational merger of the two companies. Following Anglo American's rejection of this proposal, Xstrata announced in October 2009 that it did not intend to make an unsolicited offer.

Shareholder meetings to consider the terms of the Proposed Merger are expected to take place in mid-November 2012.

Information on the Xstrata Group's recent announcements, acquisitions and disposals is set out in "Operating and Financial Review."

Industry overview

The following industry overview should be read in conjunction with, and is subject to the section of this Offering Memorandum headed "Risk Factors." As described in "Risk Factors," commodities prices have experienced significant volatility. The discussion below represents Xstrata's best estimate as to the outlook for each metal or bulk commodity noted. For a description of Xstrata's own response to current market conditions see "Operating and Financial Review — Current trading and prospects."

Market and outlook for the copper industry

Copper prices rallied during the opening months of 2012 following disruptions to mine supply and record imports of copper into China. Prices rose to US$3.93 per pound at the end of February, before the crisis in the eurozone and renewed fears over the economic outlook for the United States and China began to dominate market sentiment. Copper prices declined to a low of US$3.29 per pound in early June. Over the first half of 2012 prices averaged US$3.67 per pound, 14% below the average price over the first half of 2011.

High copper prices during the first quarter coincided with a rise in total global exchange stocks to a peak of 610,000 tonnes in mid-February, while the fall in prices during the second quarter was accompanied by a decline in exchange stocks to 445,000 tonnes at the end of the first half, 100,000 tonnes lower than at the end of 2011.

Global copper demand continued to grow but was impacted by uncertain macroeconomic conditions during the first half of 2012. The crisis in the eurozone muted any potential recovery in Western Europe, while the US manufacturing and automotive sectors recovered and supported copper demand during the first half of 2012, before slowing towards the end of the period. In Japan the recovery from last year's earthquake was moderated by the weak conditions elsewhere, which limited demand for exported goods.

Despite slower economic growth in China in the first half of 2012 as a result of tighter monetary policy and the withdrawal of stimulus measures for the consumer goods sector at the end of 2011, first quarter Chinese imports of refined copper reached record average monthly levels of 352,000 tonnes per month, double the 2011 monthly average. However, end-use demand was insufficient to absorb imported tonnages and by April 2012, substantial inventory had built up on the Shanghai Futures Exchange, in bonded warehouses and with consumers. Some of this inventory was re-exported during the second quarter, leading to record levels of Chinese refined copper exports in May 2012 in excess of 100,000 tonnes. Overall, net Chinese copper imports rose to 1.7 million tonnes during the first half of the year, 80% higher than over the same period in 2011. Lower copper prices, easier credit availability, renewed government stimulus for the consumer goods sector and accelerated infrastructure spending during the second quarter had initiated a recovery in downstream copper demand by the end of the first half of 2012.

At least 400,000 tonnes of mine production was lost globally during the first half of 2012 due to a combination of poor weather, low grades, power outages, security issues and technical difficulties. Rapid capital cost escalation and challenging financing conditions have also put pressure on a number of mine projects, raising the likelihood of project delays and/or cancellations.

There were also disruptions to smelter production during the first half of 2012. Two fires in January 2012 halted operations at the Saganoseki and Philippine Associated Smelting and Refining Corporation ("PASAR") copper smelters and the latter remained closed throughout the first half of 2012. While this eased some of the tightness in the concentrate market, spot treatment and refining charges remained at modest levels throughout the first half of 2012 averaging around US$25 per tonne and 2.5¢ per pound. Mid-year contract negotiations concluded recently at levels in line with the annual benchmark of US$63.5 per tonne and 6.35¢ per pound below 2011's mid-year settlement of US$85 per tonne and 8.5¢ per pound.

Outlook

A recovery in global copper demand is expected in the coming months, which would lend support to copper prices although developments in the eurozone and concerns over future US growth may limit the upside. Mine production is also expected to recover during the second half of the year, although supply is likely to lag demand resulting in a substantial market deficit for the full year.

In the medium to long term, urbanization and industrialization in developing markets remain the key drivers of future copper demand growth. While many new mine projects could enter production over the next few years, rising development costs, infrastructure challenges, sovereign risk, and growing competition for labor and consumables will continue to constrain project development.

Market and outlook for thermal coal industry

Global seaborne thermal coal demand continues to grow strongly in 2012 with annualized demand rising in excess of 60 million tonnes or 8% for the first half of 2012. However, supply strength from all major traditional sources due to capacity expansions and limited weather related impacts plus US export growth, due to the displacement of coal by low cost gas, has shifted the market into surplus. Coupled with Chinese shipment deferrals, the supply surplus has resulted in price weakness throughout the first half of 2012.

In total, volumes from Australia, Indonesia, Russia, Colombia and South Africa have increased by more than 26.5 million tonnes in the first half of 2012 compared to the same period of 2011. Fewer weather-related disruptions, further investment in mine expansions and improved infrastructure performance following the completion of rail and ports expansions have facilitated increased supply.

Low domestic US gas prices and weak electricity demand growth have resulted in US thermal coal exports increasing by over 50% year on year or by nine million tonnes during the first half of 2012. Increased supply of US coal to the Atlantic market has displaced South African and Russian coal from Europe into the Indian and Pacific markets.

In Japan, only one nuclear power station has restarted post Fukushima. To cover the electricity supply shortfall, coal-fired plant utilization capacity has increased, supporting thermal coal imports growth of 16% or 17 million tonnes compared to 2011, to an annualized rate of 127 million tonnes.

India remains on course to commission 20 gigawatts of new coal-fired electricity generation capacity in 2012, of which more than six gigawatts are located at coastal generators. Indian domestic coal production continues to underperform, leaving power stations critically short of coal. New bulk shipping import terminals are supporting India's imports, which have increased by approximately 11% year-on-year in the first half of 2012, equating to full year imports of 102 million tonnes compared to 91 million tonnes during 2011.

In Europe, despite the weak economic environment, higher gas prices as a result of high oil prices and the flow of spot LNG to Asia, in particular Japan, have supported coal imports. Coupled with low CO_2 prices, coal remains the lowest cost fuel supply source for electricity generation and import coal demand is trending five million tonnes per annum higher than 2011, with growth spread broadly across the continent.

Chinese thermal coal imports during the first half of 2012 were 110 million tonnes, up by 46 million tonnes or 73% compared to the same period of 2011, due to the competitive prices of the international market compared to the domestic market during the last quarter of 2011 and first quarter of 2012. China's total electricity demand has grown just 4% in the first half of 2012 and growth in hydroelectric and nuclear generation has limited thermal electricity generation growth to just 2%. The strength of thermal imports and an 8% or 139 million tonnes increase in domestic supply, coupled with weak demand, led to rising inventories and domestic pricing weakness at the end of the first half of 2012.

A 28% decline in Chinese domestic spot prices in the first half of 2012 has resulted in Chinese traders delaying commitments made earlier in the year at higher prices. Delays to contracted Chinese off-take has exaggerated the oversupply in spot markets. Consequently, spot prices for South African (the API 4 index), Australian (Newcastle) and Indonesian volumes have fallen by 21%, 26% and 22% respectively from their levels of US$105, US$115 and US$80 per tonne from the beginning of 2012. Increased US supply in the Atlantic has also driven the API 2 index and Colombian spot prices 20% lower from their 2012 opening positions of US$112 and US$100 per tonne.

Xstrata's thermal coal contracts with Japanese utilities for the Japanese fiscal year contracts were settled in March 2012 at US$115 per tonne. July to June 2012 contracts with Japanese power utilities were settled at US$95 per tonne.

Outlook

Current spot market prices are trading significantly below marginal supply costs for Australian, Indonesian, Russian and US supply. Production cutbacks are expected to continue throughout the second half of 2012, returning the market to a balanced position by year end. Further, an expected seasonal slowdown in Chinese hydro-electricity generation during the fourth quarter of 2012 may provide a recovery in Chinese domestic coal burn and renewed Chinese purchasing interest. In the longer term, demand for thermal coal continues to be driven by its position as the lowest cost fuel for power generation in most economies. Combined with the challenge of developing new coal production capacity, future demand growth is expected to result in a stronger pricing environment.

Market and outlook for coking coal industry

A strong pricing environment for coking coal in prior years has supported supply growth, particularly of lower grade US coking coals, leading to an overall supply surplus and weaker prices.

Growth in demand for global seaborne coking coal is being limited by macroeconomic concerns, particularly across Europe and in India and has declined by 2% compared to the first half of 2011.

Australian supply increased by eight million tonnes, or 10%, during the first half of 2012 compared to the same period in 2011 as a result of the severe impact on production from flooding in 2011. However, Australian coking coal production fell to 86 million tonnes on an annualized basis, a decrease of 10 million tonnes compared to the second half of 2011, with particularly acute shortfalls from Australian premium hard coking coal. Prolonged industrial action at BMA operations had an impact, together with some seasonal rainfall, although this rainfall was less significant than in previous years. Volumes from Canada increased by 3.5 million tonnes compared to the second half of 2011, exports commenced from Mozambique and supply from Indonesia increased by the annualized equivalent of 1.5 million tonnes. The largest increase in supply came from US exports, where the annualized supply rate increased to 63 million tonnes in the first half of 2012, 4.5 million tonnes per annum higher than in 2011, with much of the increase from lower grade coking coals.

Despite considerable macroeconomic headwinds, global blast furnace pig iron production during the first half of 2012 increased to an annualized rate of 1.12 billion tonnes, nearly 3% higher than the first half of 2011. The increase was driven by China, where producers increased volumes by 10% compared to the same period last year. Outside China, pig iron production levels in coking coal importing countries were at a similar level to the first six months of 2011.

Total coking coal demand fell by 2% or 3.5 million tonnes compared to the second half of 2011, as a result of steel makers switching to coke imports and consuming accumulated stocks. Substantial import demand reductions in Europe, Japan and Korea totaling eight million tonnes annualized were offset by increased annualized Chinese demand of 10 million tonnes.

Oversupply in the first half of 2012 resulted in the hard coking coal contract price falling from US$235 per tonne in the first quarter to US$210 per tonne in the second quarter. The shortfall of prime hard coking coals from Australia supported a third quarter price increase to US$225 per tonne. The increased availability of lower grade US coking coals also put pressure on semi-soft coking coal throughout the first half of 2012, leading to contract prices declining from US$179 per tonne during the first quarter of 2012 to US$147 per tonne in the second and third quarters.

Outlook

Weak demand for steel in China is contributing to an increase in Chinese steel exports, while a poorer macroeconomic outlook, particularly in Europe, is leading to further steel production cutbacks. In the short term, coking coal demand remains weak with prices of lower grade coking coals falling below marginal costs, meaning production cutbacks are likely. In the longer term, demand for coking coal continues to be underpinned by planned blast furnace capacity growth in developing regions. Delays in delivering new coking coal supply capacity will support a stronger pricing environment.

Market and outlook for nickel industry

Demand for nickel in the first half of 2012 remained broadly consistent with demand in the first six months of 2011, recovering from the subdued environment of the second half of 2011.

Global stainless steel production for the first six months of 2012 was largely unchanged from a year earlier. Output growth in developing countries, specifically China and India, continued in line with industrial growth and on-going urbanization but was offset by lower production in developed regions, including Europe, North America and Japan.

The proportion of nickel-bearing austenitic stainless steel in global output was slightly lower for the first half of 2012 than for the first half of 2011, with reductions in China, Japan and South Korea. This, together with a marginally higher scrap ratio, resulted in slightly lower primary nickel consumption in stainless steel for the first six months of 2012 compared to 2011. This decline in stainless steel consumption was offset by increased demand for nickel in non-stainless steel applications as a consequence of growth in the aerospace, power generation, oil and gas and automotive sectors.

While demand remained unchanged from the prior year, global production of primary nickel increased over the first half of 2011. Nickel prices in the first four months supported increased Chinese production of nickel pig iron, but output slowed toward the end of the period as nickel prices declined. A number of new projects increased production, including Anglo American's Barro Alto and Vale S.A.'s Onça Puma operations, which more than compensated for unanticipated delays and slower ramp-up elsewhere, including at Talvivaara and Vale New Caledonia.

The LME cash settlement nickel price increased by 19% from the start of the year to a high of US$21,830 per tonne on February 8, before falling 27% to a low of US$16,025 per tonne on June 1. The average LME cash price for the first half of 2012 was US$18,438 per tonne, 28% lower than the average price for the first half of 2011. The market experienced a small surplus during the period and LME inventory increased by 20% from a low of 89,550 tonnes in early January 2012 to 107,826 tonnes at the end of May 2012 and ending the first half at 103,350 tonnes.

Outlook

Persistent macroeconomic uncertainty and an unresolved European crisis cloud the outlook for the remainder of 2012. With the exception of the Far East, nickel demand in stainless steel is expected to remain relatively static during the second half of 2012. However continued economic growth in Asia, together with further recovery in Japan, is expected to result in higher global nickel consumption in stainless steel for the second half of the year. Coupled with relatively strong non-stainless steel nickel demand, this should lift total nickel consumption over the next six months. Global primary nickel consumption in 2012 is consequently expected to surpass consumption in 2011. Steady demand during the next six months and relatively constant rates of nickel pig iron production are expected to contribute to a surplus during the second half of 2012, despite the continued commissioning challenges at greenfield nickel projects.

Market and outlook for zinc industry

Global demand for zinc reached record levels during the first half of 2012 despite on-going macroeconomic concerns, increasing by 4% compared to the same period in 2011. Strong demand was seen from producers of galvanized steel, which consumes roughly half of all zinc produced each year and is used primarily in the construction, infrastructure and automotive sectors.

On the supply side, during the first half of 2012 mined zinc production rose by 3% compared to the same period in 2011. China continues to be a major zinc producer, responsible for 31% of global production in the first six months of the year. Refined metal output was at a similar level to the same period in 2011 as a result of an 8% decline in Chinese production, as a number of Chinese smelters curtailed unprofitable production.

Benchmark treatment charge terms for 2012 were negotiated to US$191 per tonne of concentrate with a price participation basis of US$2,000 per tonne of zinc, below the average benchmark charges achieved in 2011 of US$229 per tonne of concentrate at US$2,500 per tonne of zinc basis. During the first half of 2012, spot treatment charges remained well below contract treatment charges, but increased from US$60 to US$90 per tonne of concentrate, as a result of lower Chinese smelter availability.

LME zinc prices averaged US$1,978 per tonne compared to US$2,323 per tonne in the same period in 2011. Concerns over sovereign debt in Europe, and the slowing of the Chinese economy, as a result of measures taken by the government to counter inflation, impacted investors' appetite for investment in base metals and other commodities. However, premiums were relatively well supported due to the strengthening US dollar and positive underlying demand for zinc.

Zinc metal inventories at London Metal Exchange and Shanghai Futures Exchange warehouses increased during the first half of 2012 by 137,338 tonnes to a total of 1,323,224 tonnes at the end of June. Commercial and exchange stocks have returned to the peak levels seen during the mid-1990s, although today's consumption is over 70% higher.

Outlook

Growth in zinc consumption rates during the remainder of 2012 is likely to slow, in line with the forecasted lower growth in global industrial production. Zinc metal is expected to remain in surplus in 2012, although high cost zinc production may be suspended in response to any significant reductions in the zinc price.

The medium to longer term outlook for zinc consumption remains robust, underpinned by the urbanization of developing economies and consequent increased demand from the infrastructure and construction sectors. A resurgence in previously delayed infrastructure investment and the release of pent-up consumer and business spending will further support demand as the health of the global economy returns. At the same time, growth in mined zinc volumes is expected to remain subdued, due to slower project development and the potential for higher cost production to be curtailed in response to any extended period of lower zinc prices in the short term.

Market and outlook for lead industry

Global demand for refined lead during the first half of 2012 rose 3% compared to the same period in 2011. Over 80% of lead is used in the production of lead-acid batteries, most of which are installed in vehicles, including hybrid and electric vehicles, with China accounting for 40% of production.

Demand for lead from vehicle producers was strong in the beginning of the year in the United States and China but slowed towards the end of the period as a result of the cooling of the global economy. There was strong demand from other end-use sectors, such as mobile power, industrial and standby power applications, which include telecommunication networks and alternative energy storage.

During the first half of 2012, global mined lead production rose by 5% with China continuing to be the largest contributor to increases in lead mine and smelter volumes. In addition, China continued to import significant volumes of concentrates to refine domestically, which maintained the downward pressure on spot treatment charges during the period.

Benchmark treatment charges for concentrates declined in the first six months of 2012 on those achieved for the same period in 2011, settling at almost US$215 per tonne of concentrate with no price participation. Spot treatment charges for imports into China during the first six months of 2012 fluctuated between US$80 and US$100 per tonne.

Global supply of refined lead rose by 3% during the first half of 2012 as a result of increased output from primary refineries. The processing of secondary and recycled materials remained flat compared to 2011 levels due to weakened profitability and to steps being taken by China to reduce pollution and inefficiency in the industry.

A roughly balanced lead market in the first half of 2012 resulted in a small decrease in warehouse stocks on the London Metal Exchange and Shanghai Futures Exchange, which fell by 9,952 tonnes to a total of 376,859 tonnes at the end of June. LME lead prices fell alongside other commodities on worsening macroeconomic conditions despite firm global demand, averaging US$2,035 per tonne during the half of 2012 compared to an average of US$2,581 per tonne in the same period of 2011. Refined metal premiums in Europe weakened in line with demand. In the United States, however, premiums increased dramatically mid-year on steady metal demand and escalating scrap costs.

Outlook

Rising demand from consumers and businesses in emerging markets is expected to drive demand for vehicles and battery powered equipment, supporting strong lead consumption growth rates. A balance between global supply and demand is expected to be reached by the end of 2012, which should force a drawdown on exchange inventories in years to come as secondary and concentrate sources are likely to be insufficient to meet metal demand.

Market and outlook for the ferrochrome industry

Global consumption of ferrochrome reached 4.6 million tonnes in the first half of 2012, driven by stainless steel melt of 17.1 million tonnes, which is 2% higher than in the first half of 2011. Strong growth in global production of stainless steel at the beginning of 2012 tailed off towards the end of the first half of 2012 in response to weaker global economic growth as well as renewed concerns over sovereign debt in Europe and slowing growth in China.

Global ferrochrome production in the first half of 2012 was 3% lower at 4.4 million tonnes. China continues to dominate the industry, producing more than 40% of the world's stainless steel and 31% of global ferrochrome in the first half of the year. The on-going growth in Chinese ferrochrome production places it second in production volumes to South Africa, which produced 32% of the world's ferrochrome during the first six months of 2012.

South African ferrochrome production was severely constrained during the first half of 2012 as a result of forced electricity buybacks by Eskom, the South African power utility, to balance demand and supply and perform extended essential maintenance.

The average European benchmark price for ferrochrome during the first half of 2012 of 125¢ per pound was 5¢ per pound lower than during the first half of 2011. Ferrochrome producers settled the European benchmark price for the second quarter of 2012 at 135¢ per pound, an increase on the 115¢ per pound received during the first quarter. The third quarter European benchmark price has been settled at 125¢ per pound.

Outlook

Despite the recent economic slowdown, stainless steel production is forecast to increase to over 34.0 million tonnes, supporting continued growth in demand for ferrochrome globally. While Chinese ferrochrome production increased during the first half of 2012, the ferrochrome produced in China is likely to be consumed domestically due to the Chinese government's 20% tax on ferrochrome exports.

Market and outlook for the PGM industry

After a promising start to the year, average platinum and palladium prices for the first half of 2012 declined by 13% and 15% respectively, while rhodium prices were down 39% compared to the same period last year. Platinum traded at an average price of US$1,555 per ounce during the first half of the year and palladium and rhodium traded at US$656 per ounce and US$1,395 per ounce respectively.

Supply constraints in South Africa, the largest primary producer of PGMs, as a result of industrial action at a major producer and continued regulatory safety interventions and concerns about Eskom's ability to supply uninterrupted power, led to relatively steep, largely sentiment-driven gains in PGM prices in the early part of the year. Platinum, palladium and rhodium prices peaked in February with strong economic data and vehicle sales from the United States offsetting concerns over a slowing Chinese economy. However, sentiment turned negative when eurozone concerns resurfaced in March, growth forecasts were downgraded for China and the United States in May and there were reports of oversupply in the platinum market. Platinum closed the six months ended June 30, 2012 at US$1,428 per ounce, marginally above its opening price at the start of the year.

Palladium prices at the end of June were US$578 per ounce, down US$77 per ounce from the beginning of January.

During the first half of 2012, global autocatalyst demand continued to grow, albeit at a muted pace. The United States continued to underpin demand, with light vehicle sales 15% higher than for the same period in 2011. In China, light vehicle sales were lower than expected, increasing by 6% on the same period last year. In Japan, vehicle sales showed significant recovery from the earthquake and tsunami of 2011, increasing by 53%. Improved demand for platinum, as a result of growing vehicle sales from these regions will be largely offset by lower demand from Western Europe. Vehicle sales in Western Europe were 8% lower in the first half of 2012, negatively impacting the demand for platinum in autocatalysts.

Jewelry sales, using trading on the Shanghai Gold Exchange as a barometer, performed very well during the first half of the year with consumers buying effectively on the dips. Year to date platinum volumes traded on the Shanghai Gold Exchange are at a similar level to the same period in 2011.

Global ETF holdings of platinum increased by 123,000 ounces in the first two months of the year, but have since fallen back with holdings only up 3% at 1.34 million ounces. Palladium ETF holdings, supported by strong vehicle sales in the United States, outperformed platinum and net holdings rose 18% to 1.88 million ounces for the first half of the year, although such amount was 490,000 ounces below the peak recorded in 2009.

Outlook

It is anticipated that South African supply will continue to be impacted through the remainder of 2012 by industrial action and the suspension or delay of platinum projects and mines due to lower prices. Despite this industrial action and lower expected primary production volumes, the market is not anticipated to move into significant deficit as European demand is expected to remain weak.

The medium- to long-term outlook for platinum and palladium remains favorable. Demand is expected to continue to be underpinned by tightening emissions legislation in Europe and other regions and on-going demand growth from developing countries and from economic recovery in OECD countries.

Significant acquisitions and disposals

The Xstrata Group's growth strategy is to increase the Xstrata Group's sales volume and value share of the global minerals markets for its products through organic growth, mergers and acquisitions. In this regard, the Xstrata Group believes that strategically important and financially attractive merger and acquisition opportunities combined with strategic disposals may provide the Xstrata Group with growth opportunities.

Since its IPO, the Xstrata Group made a number of significant acquisitions and disposals as follows:

- In December 2002, the Xstrata Group acquired the Nordenham zinc smelter from Metaleurop S.A., a company in which the Glencore Group has a 33% shareholding.
- In June 2003, Xstrata acquired, through a wholly owned subsidiary, MIM.
- In August 2004, the Xstrata Group acquired an option to develop the Las Bambas copper project in Southern Peru.
- In August and September 2005, the Xstrata Group acquired approximately 19.9% of the then outstanding Falconbridge Shares. The Xstrata Group subsequently completed the Falconbridge Acquisition in November 2006.
- In May 2006, the Xstrata Group acquired 33 1/3% of the Cerrejón thermal coal operation in Colombia.
- In June 2006, the Xstrata Group acquired the Tintaya mine and associated satellite deposits in Peru.
- In December 2006, the Xstrata Group acquired the non-controlling interest in the Tav/Tesa Joint Venture.
- In August 2007, Xstrata Group acquired the remaining 50% interest in the Narama Joint Venture.

- In October 2007, the Xstrata Group acquired Anvil Hill (now called Mangoola) a coal project.
- In November 2007, the Eland Acquisition was completed.
- In December 2007, the Tahmoor acquisition was completed.
- In February 2008, the Jubilee Acquisition was completed, and control of Resource Pacific was achieved.
- In August and October 2008, the Xstrata Group acquired an aggregate 24.9% interest in Lonmin;
- In March 2009, the Prodeco Acquisition was completed.
- In October 2009, the Xstrata Group entered into a sale agreement to dispose of its 70% interest in El Morro SCM. Xstrata received the sale proceeds in February 2010.
- In March 2010, the Glencore Group exercised its call option to re-acquire the Prodeco business.
- In September 2010, the Peruvian Government transferred the Las Bambas mining titles to the Xstrata Group following the Xstrata Group's decision to invest US$4.2 billion to develop the Las Bambas Project.
- In November 2010, the Xstrata Group gained control of Sphere.
- In February 2011, the Xstrata Group exercised its option to acquire 50% plus one share in Jumelles.
- In June 2011, the Xstrata Group completed its acquisition of the E1 and Monakoff copper tenements in northwest Queensland, Australia.
- In August 2011, the Xstrata Group completed its acquisition of First Coal.
- In August 2011, Xstrata Copper signed transaction documents relating to Minera Alumbrera Limited's option to acquire 100% of Agua Rica.
- In October 2011, Xstrata Zinc closed the acquisition of the Hackett River and Wishbone properties in Nunavut, Canada.
- In October 2011, Xstrata Coal completed the acquisition of 100% of the Lossan metallurgical coal deposit in British Columbia, Canada.
- In January 2012, Xstrata Coal South Africa completed the sale of its Spitzkop and Tselentis collieries and supporting coal assets, located in Mpumalanga, South Africa, to the Imbawula Group.
- In March 2012, Xstrata Coal agreed to acquire the Sukunka hard coking coal deposit from Talisman Energy Inc.
- In March 2012, Xstrata Coal and JX created of a joint venture comprising contiguous metallurgical coal assets in the Peace River Coalfields in Western Canada.

In addition to the above acquisitions, a number of other transactions were considered in the period. These included: in May 2008, an offer for Indophil (which lapsed and was followed by the purchase of a 19.99% stake in Indophil during September 2008); in October 2008, a proposed offer for Lonmin (which was not pursued, although the Xstrata Group acquired a 24.9% stake as described above); in August 2009, a proposed merger of the Xstrata Group with Anglo American (which was rejected by Anglo American); and in December 2009, a conditional pre-bid agreement for Xstrata Group to sell its 19.99% shareholding in Indophil to Zijin Mining Group (which did not proceed).

Xstrata Copper

Introduction

Through Xstrata Copper, the Xstrata Group is a semi-integrated producer of copper concentrates and metal and is the world's fourth largest global copper producer, with mining and processing operations across Australia, North and South America. Xstrata Copper also has a portfolio of copper development projects as further described below. Significant copper-producing competitors include Codelco, BHP Billiton, Rio Tinto plc ("Rio Tinto"), Anglo American, Group Mexico, Freeport-McMoran Copper & Gold Inc. and Kazakhmys plc.

Financial information

The following table sets forth consolidated financial information for Xstrata Copper for the year ended December 31, 2011 and the six months ended June 30, 2012:

	Year ended December 31, 2011		Six months ended June 30, 2012	
	US$m	As a % of the Xstrata Group[(2)]	US$m	As a % of the Xstrata Group[(2)]
Revenue	15,037	44.4%	6,255	40.2%
Operating profit[(1)]	3,924	46.5%	1,066	43.4%

Notes:

(1) This figure, which is before exceptional items, includes non-controlling interests but excludes share of results from associates.

(2) As a percentage of the Xstrata Group's revenue and operating profit, respectively.

Reserves and resource base

For details of Xstrata Copper's current published attributable copper ore reserve and mineral resource base at each operation and project as of December 31, 2011, please refer to the Mineral Ore Resources & Mineral Ore Reserves Report incorporated by reference herein and included in the special purpose website at http://www.xstrata.com/restricted/2012_us_bond/.

Production

The following tables set forth the attributable production and attributable smelter and refinery production (unless otherwise indicated) of Xstrata Copper for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
Operation[1]	**Mined copper production**[2]				
	Tonnes				
Mines (type):					
Ernest Henry (open cut)	35,562	74,595	100,303	54,606	14,941
Mount Isa (underground)	161,947	157,696	148,759	66,912	66,514
Kidd Creek (underground)	43,620	52,568	42,322	22,244	17,329
Bajo de la Alumbrera (open cut)[3]	143,084	140,318	116,698	59,687	67,289
Collahuasi (open cut)[4]	235,777	221,779	199,445	103,157	63,960
Lomas Bayas (open cut)	73,043	71,795	73,605	37,143	36,606
Antamina (open cut)[5]	106,671	101,741	112,617	49,110	68,083
Tintaya (open cut)	107,193	92,977	95,230	41,187	19,890
Total	**906,897**	**913,469**	**888,979**	**434,046**	**354,612**
Smelters & refineries:					
Mount Isa copper smelter (anode)	214,350	214,685	237,667	110,029	89,351
Altonorte (anode)	268,014	277,944	311,014	155,603	135,492
Horne (anode)	163,700	194,277	187,410	88,588	89,221
Townsville refinery (refined)	277,320	287,001	276,535	129,611	140,305
CCR refinery (refined)	278,196	276,310	263,967	126,829	133,442

Notes:

(1) See "Presentation of information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of the production amounts and of the production amounts themselves.

(2) These production figures refer to contained copper, produced from ore (excluding reprocessed slag).

(3) 100% consolidated figures.

(4) Xstrata Copper's pro rata share of Collahuasi (44%).

(5) Xstrata Copper's pro rata share of Antamina (33.75%).

For selected production data for the three months ended September 30, 2011 and 2012 and for the nine months ended September 30, 2011 and 2012, see "Operating and Financial Review — Current trading and prospects."

Industrial assets

The following table sets forth the principal investments of Xstrata Copper in industrial assets as of June 30, 2012:

Operation	Location	Commodity[(1)]	Xstrata's interest	Remaining interest
Mines:				
Ernest Henry	North Queensland, Australia	Copper Gold Magnetite	100%	N/A
Mount Isa	North Queensland, Australia	Copper	100%	N/A
Kidd Creek	Ontario, Canada	Copper Zinc Silver	100%	N/A
Bajo de la Alumbrera	Argentina	Copper Gold Molybdenum	50%	37.5% Goldcorp Inc. 12.5% Yamana Gold Inc.
Collahuasi	Chile	Copper Silver Molybdenum	44%	44% Anglo American 12% Japanese consortium headed by Mitsui & Co. Ltd.
Lomas Bayas	Chile	Copper	100%	N/A
Antamina[(2)]	Peru	Copper Silver Molybdenum	33.75%	33.75% BHP Billiton 22.5% Teck Resources Ltd. 10% Mitsubishi Corporation
Tintaya	Peru	Copper Gold	100%	N/A
Smelters & refineries:				
Mount Isa copper smelter	North Queensland, Australia	Anode copper	100%	N/A
Altonorte	Chile	Anode copper	100%	N/A
Horne	Quebec, Canada	Anode copper	100%	N/A
Townsville refinery	North Queensland, Australia	Refined copper	100%	N/A
CCR refinery	Quebec, Canada	Refined copper	100%	N/A
Development projects:				
El Pachón	Argentina	Copper Molybdenum	100%	N/A
Agua Rica	Argentina	Copper Gold	50%	37.5% Goldcorp Inc. 12.5% Yamana Gold Inc.
Antapaccay	Peru	Copper	100%	N/A
Las Bambas	Peru	Copper	100%	N/A
Tampakan	Philippines	Copper Gold	62.5%	37.5% Indophil
Frieda River	Papua New Guinea	Copper Gold	81.8%	18.2% Highlands Pacific Ltd.
Bell/Granisle	Northern British Columbia, Canada	Copper	100%	N/A
West Wall	Chile	Copper	50%	50% Anglo American
E1 & Monakoff	North Queensland, Australia	Copper	100%	N/A
Coroccohuayco	Peru	Copper Gold	100%	N/A
Energía Austral	Chile	Hydro-electric power	49%	51% Origin Energy

Notes:

(1) References to refined copper and anode copper are based on contained copper.

(2) Joint with Xstrata Zinc.

Mining, smelting and refining operations

For the six months ended June 30, 2012 and the year ended December 31, 2011, Xstrata Copper's mined production, on an attributable basis (except for Bajo de la Alumbrera, the production figures for which are 100% consolidated), was 354,612 tonnes and 888,979 tonnes of contained copper, respectively, comprising 306,791 tonnes and 778,564 tonnes of copper in concentrate, respectively, and 47,821 tonnes and 110,415 tonnes of copper in cathode, respectively. For the six months ended June 30, 2012 and the year ended December 31, 2011, Xstrata Copper's mines produced significant by-products, including 197,139 ounces and 517,861 ounces of gold in concentrate and doré, respectively, 4,766,091 ounces and 9,601,202 ounces of silver in concentrate and doré, respectively, and 2,366 tonnes and 6,745 tonnes of molybdenum in concentrate, respectively. For the six months ended June 30, 2012 and the year ended December 31, 2011, Xstrata Copper's metallurgical facilities produced 321,568 tonnes and 650,917 tonnes of refined copper, respectively, and 324,550 ounces and 576,176 ounces of gold, from own and third party material, respectively.

Argentina

Alumbrera

Xstrata Copper manages and has a 50% controlling interest in Minera Alumbrera Limited, which has the right to mine the Bajo de la Alumbrera copper-gold deposit by agreement with Yacimientos Mineros de Agua de Dionisio, which has the title to such deposit. The operation is located at an altitude of 2,600 meters in the Catamarca province in northwest Argentina.

For the six months ended June 30, 2012 and the year ended December 31, 2011, Alumbrera produced 67,289 tonnes and 116,698 tonnes of copper in concentrate, 159,913 ounces and 327,887 ounces of gold in concentrate, 11,626 ounces and 28,129 ounces of gold in doré, and 824 tonnes and 1,708 tonnes of molybdenum in concentrate, respectively.

As of December 31, 2011, the ore reserve at Minera Alumbrera Limited was 256 million tonnes at an average grade of 0.37% copper and 0.36 g/t of gold.

Australia

Xstrata Copper's wholly owned North Queensland operations comprise the Mount Isa copper mining and processing operations, Ernest Henry mining operation, and the Townsville copper refinery and port operations. These integrated operations have the capacity to produce 300,000 tonnes of refined copper per annum.

Mount Isa

The Mount Isa underground copper mining and processing operation is located at Mount Isa in northwest Queensland and comprises an underground copper mine, a concentrator and smelter. The copper concentrate produced at Mount Isa is fed, together with concentrate from the Ernest Henry Mine, into the smelter to produce copper anodes which are then transported by rail to the Townsville refinery.

For the six months ended June 30, 2012 and the year ended December 31, 2011, copper in concentrate production was 66,514 tonnes and 148,759 tonnes, respectively, with the smelter producing 89,351 tonnes and 237,677 tonnes of copper in anode, respectively. During the year ended December 31, 2011, this division announced that the smelter is to be closed in 2016.

As of December 31, 2011, the mineral resource at Mount Isa was 397 million tonnes at an average grade of 1.46% copper.

Ernest Henry Mining

Ernest Henry Mining comprises a copper-gold underground mine and concentrator and is located near Cloncurry in northwest Queensland. The mine transitioned from an open pit operation to an underground development and operation during the final quarter of 2011, with initial underground ore production from a decline ramp commencing in December 2011.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the operation produced 14,941 tonnes and 100,303 tonnes of copper in concentrate and 17,979 ounces and 128,701 ounces of gold in concentrate, respectively. The recently commissioned magnetite processing facility is currently ramping up to a production rate of 1.2 million tonnes per annum and, for the six months ended June 30, 2012 and the year ended December 31, 2011, produced 264,409 tonnes and 498,975 tonnes, respectively.

As of December 31, 2011, the mineral resource at Ernest Henry Mining was 88 million tonnes at an average grade of 1.29% copper and 0.69 g/t of gold.

Townsville refinery

The Townsville copper refinery is one of the world's leading electrolytic copper refineries and the largest in Australia. It produces copper cathode from copper anode produced at the Mount Isa smelter and other smelters, such as Xstrata Copper's Altonorte facility in Chile. The refinery uses Xstrata's ISA PROCESS technology.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the refinery produced 140,305 tonnes and 276,535 tonnes of refined copper, respectively.

Canada

Xstrata Copper's operations in Canada comprise the Kidd Operations, the Horne smelter and the CCR Refinery, all of which are wholly owned. Xstrata Copper Canada also operates two recycling facilities in the United States, one in San Jose, California and the other in Rhode Island.

Kidd Operations

The Kidd Operations are located in Timmins, Ontario and comprise an underground copper-zinc mine and a concentrator.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the operation produced 17,329 tonnes and 42,322 tonnes of copper in concentrate and 32,031 tonnes and 71,497 tonnes of zinc in concentrate, respectively.

As of December 31, 2011, the mineral resource at the Kidd Operations was 24 million tonnes at an average grade of 1.96% copper, 5.03% zinc and 56 g/t of silver.

Horne smelter

The Horne smelter is located in Rouyn-Noranda, Quebec. As well as processing concentrate from the Kidd Operations, it processes a wide-range of feeds, including copper and precious metal-bearing end-of-life electronic equipment provided by worldwide clients including Xstrata Recycling, to produce a 99.1% copper anode. Copper anodes from the Horne smelter are sent to our CCR refinery in Montreal to be converted into copper cathodes.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the Horne smelter produced 89,221 tonnes and 187,410 tonnes of copper anode and 283,094 tonnes and 590,778 tonnes of sulfuric acid, respectively.

CCR

The CCR refinery is located in Montreal, Quebec and processes anodes from two principal suppliers: Xstrata Copper's Horne smelter and Vale Inco NL's Sudbury operations. The plant is equipped to process anodes that are high in bismuth, antimony, lead and nickel. The CCR refinery's products include copper cathodes, gold, silver and other specialty metals and chemicals, including selenium, tellurium, nickel sulfate and a concentrate of platinum group metals.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the CCR refinery produced 133,442 tonnes and 263,967 tonnes of refined copper, respectively.

Chile

Xstrata Copper's Chilean operations comprise the Altonorte metallurgical facility and the Lomas Bayas open pit mine located in the Antofagasta region. In addition, Xstrata holds a 44% interest in the Collahuasi operation located in the Tarapacá region.

Collahuasi

The Collahuasi open pit operation, the world's fourth largest copper mine, is located on the Andean plateau of northern Chile's Tarapacá region. The mine is operated by a joint venture company, Compañía Minera Dona Inés de Collahuasi SCM ("Collahuasi SCM"). The joint venture partners are Xstrata (44%), Anglo American (44%), and a group of Japanese companies headed by Mitsui & Co. Ltd (12%). Xstrata Copper is represented on the board of directors and executive committee of Collahuasi SCM.

The operation is located at an elevation of 4,000 to 4,600 meters and consists of two major porphyry copper deposits (Ujina and Rosario) and the smaller Huinquintipa deposit, containing a mixture of sulfide and oxide copper mineralization. The sulfide ore is processed in the concentrator plant to produce copper in concentrates and the oxide ore is leached and processed in the solvent extraction electrowinning (''SX-EW'') plant to produce copper cathodes. Collahuasi also has a molybdenum plant at its port facilities in Punta Patache.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the operation produced, on an attributable basis, 55,875 tonnes and 183,604 tonnes of copper in concentrate, 8,085 tonnes and 15,841 tonnes of copper cathode and 527 tonnes and 2,930 tonnes of molybdenum in concentrate, respectively.

As of December 31, 2011, the mineral resource at Collahuasi, which is one of the world's largest copper deposits, was 7,544 million tonnes at an average grade of 0.80% copper.

Lomas Bayas

The wholly owned Lomas Bayas open pit mine is located in the Atacama Desert, 120 kilometers northeast of the port of Antofagasta. The low grade soluble and oxide copper ores are processed at an SX-EW facility to produce copper cathode, which is then trucked to Antofagasta for shipping to end customers.

For the six months ended June 30, 2012 and the year ended December 31, 2011, Lomas Bayas produced 36,606 tonnes and 73,605 tonnes of copper cathode, respectively.

As of December 31, 2011, the mineral resource at Lomas Bayas was 1,856 million tonnes at an average grade of 0.30% copper. This mineral resource includes both leachable oxides and primary sulfides.

Altonorte

The wholly owned Altonorte metallurgical facility is located near the port of Antofagasta. The operation is supplied with copper concentrates from Xstrata's own operations as well as from third parties.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the Altonorte metallurgical facility produced 135,492 tonnes and 311,014 tonnes of copper anode, respectively.

Peru

Xstrata Copper's operations in southern Peru comprise the wholly owned Tintaya operation in the Cusco region and a 33.75% interest in the Antamina operation in the Ancash region.

Antamina

Antamina is the world's fifth largest zinc and eighth largest copper mine and is located in the Andes in northern Peru's Ancash region at an elevation of 4,300 meters. It is operated by a joint venture company, Compañía Minera Antamina S.A., and the joint venture partners are Xstrata (33.75%), BHP Billiton (33.75%), Teck Resources Limited (22.5%) and Mitsubishi Corporation (10%). Xstrata Copper and Xstrata Zinc are represented on the board of directors and advisory committee of the Compañía Minera Antamina S.A.

The operation's concentrator is considered to be the world's largest polymetallic processing plant treating ores containing copper, zinc, molybdenum, silver and lead. These concentrates are transported via a 300 kilometer slurry pipeline to port facilities at Huarmey.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the operation produced, on an attributable basis, 68,083 tonnes and 112,617 tonnes of copper in concentrate, respectively. In addition, for the same periods, the operation produced 985 tonnes and 2,107 tonnes of molybdenum, respectively, on an attributable basis.

As of December 31, 2011, the mineral resource was 1,896 million tonnes at an average grade of 0.84% of copper, 0.5% of zinc and 9.8 g/t of silver.

Tintaya

The Tintaya open pit mine is located 4,100 meters above sea level in the Yauri district of Espinar province in southern Peru's Cusco region. The ore body presents both copper sulfide and copper oxide mineralization. Both copper concentrates and copper cathode products are trucked 370 kilometers to the port of Matarani in the department of Arequipa.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the Tintaya operation produced 16,760 tonnes and 74,261 tonnes of copper in concentrate, 3,130 tonnes and 20,969 tonnes of copper cathode and 7,621 ounces and 33,144 ounces of gold in concentrate, respectively.

As of December 31, 2011, the mineral resource at Tintaya was 88 million tonnes at an average grade of 1.17% copper and 0.18 g/t of gold.

The Tintaya operation will be replaced by the Antapaccay brownfield development project, which is forecast to start production in the final quarter of 2012 and will result in an average expanded production rate of approximately 160,000 tonnes of copper in concentrate per annum during the first five years of its mine life of more than 20 years.

As of June 30, 2012, the Antapaccay mineral resource is 1,030 million tonnes at an average grade of 0.49% total copper and 0.1 g/t of gold.

Development projects

Argentina

El Pachón

El Pachón is a bi-national project located 3,600 to 4,200 meters above sea level in Argentina's San Juan Province, five kilometers from the Chilean border. The project falls under the Mining Integration Treaty signed in 1997 by Argentina and Chile and its Specific Protocol, which will enable concentrates to be shipped via the Pacific Ocean.

As of December 31, 2011, the mineral resource at El Pachón was 2,740 million tonnes with an average grade of 0.48% copper. The project is completing feasibility and environmental impact studies.

Agua Rica

Agua Rica is a copper deposit in Argentina's Catamarca Province, approximately 40 kilometers from the Bajo de la Alumbrera mine. Work is underway on enhanced feasibility studies relating to the deposit and on ascertaining synergies that may exist with the existing Bajo de la Alumbrera infrastructure. This feasibility study is due to be completed in the second quarter of 2013.

As of December 31, 2011, the project had a mineral resource of 1,751 million tonnes at a grade of 0.42% copper and also contains molybdenum, silver and gold credits.

Australia

Exploration drilling is focused on target properties in the Cloncurry and Mount Isa region that have the potential to provide additional ore feed to the Ernest Henry and Mount Isa plants.

Mount Isa

Xstrata is currently undertaking a pre-feasibility study into a large-scale zinc and copper open pit as an extension to the current Black Star open pit zinc-lead mine, with such study scheduled for completion in the first quarter of 2013. A pre-feasibility study into the potential leaching of residual copper and cobalt from the Mount Isa concentrator tailings is on-going.

As of December 31, 2011, the total mineral resource of the Mount Isa open pit was 283 million tonnes at an average grade of 1.1% copper.

Ernest Henry

At the Ernest Henry mine, construction of a large-scale underground sub-level cave mine progressed in 2011 with initial underground ore mining production commencing in December from the access decline. Commissioning of the hoisting operations from the main shaft is scheduled to commence by the end of 2013. The associated base plant magnetite facility was commissioned in February 2011. The high-grade magnetite product is being sold to international steel mills, with exports having commenced from Townsville port in June 2011.

E1 & Monakoff

In June 2011, Xstrata Copper completed its acquisition of the E1 and Monakoff advanced copper projects, which make up the Mount Margaret Mining Project, strategically located near the Ernest Henry mine, from Exco Resources Limited for a cash purchase price of AUD175 million (US$186 million). Open pit mining operations began at the Mount Margaret Mining project in July 2012 and the first ore production was trucked to the concentrator at the Ernst Henry Mining operation at the end of August 2012. It is anticipated that these projects will increase Ernest Henry's production profile from the second half of 2012, including gold by-product credits.

As of December 31, 2011, the combined mineral resource of the Mount Margaret open pit was 51 million tonnes with an average grade of 0.75% copper.

Canada

Bell and Granisle

Xstrata Copper is conducting a pre-feasibility study into re-opening the formerly operating Bell and Granisle mining properties in Northern British Columbia. The study is due to be completed in the fourth quarter of 2012.

Chile

Collahuasi

A project to increase Collahuasi's concentrator plant capacity by 10,000 tonnes of ore per day was approved in March 2011.

Approval has been granted for a pre-feasibility study into options for up to two new grinding lines at Collahuasi's concentrator plant, which could increase annual copper-in-concentrate production to more than one million tonnes. Pre-feasibility work is scheduled to be completed in the second half of 2012.

Collahuasi is currently performing a scoping study to assess the potential development of the Rosario West Resource, which could increase Collahuasi SX-EW annual production by 90,000 tonnes per annum of copper in cathodes. The scoping study is expected to be finished in 2013.

Lomas Bayas

A project that involves the commissioning of a nearby satellite mine and installation of additional heap leach infrastructure, sustaining production at the Lomas Bayas mine by at least 16 years to 2028, is progressing for an on-schedule commissioning by the end of 2012.

Xstrata Copper is conducting a pre-feasibility study into the construction of a sulfide processing plant and associated facilities as a potential brownfield expansion of Lomas Bayas. The study is scheduled for completion by the end of 2012.

The Lomas Bayas mine has a total mineral resource of 885 million tonnes at a total copper grade of 0.33% total copper as of June 30, 2012.

West Wall

The West Wall Copper Project is located in central Chile's Valparaiso Region. Xstrata Copper and Anglo American each have a 50% interest in the mining company West Wall SCM, which manages the project.

As of December 31, 2011, the project had a mineral resource of 750 million tonnes at a grade of 0.54% copper.

Exploration and resource definition work are continuing on the project with a conceptual study due for completion in the fourth quarter of 2012.

Energía Austral

Energía Austral is an electricity generation company with projects in the Aysén Region of southern Chile, with the potential to generate approximately 1,000 MW to feed the Central Interconnected Grid. This hydro electric development would involve the construction of three hydroelectric dams at Cuervo, Blanco and Condor and a transmission line. On May 8, 2012, Energía Austral received the Chilean Environmental Commission's approval for the development of the Cuervo hydroelectric plant. However, on May 11, 2012 the Supreme Court of Chile suspended that approval. As a result, Energía Austral is conducting an additional study on geological and volcanic risks to be submitted to the Environment Commission for consideration. The study is expected to be completed in the first quarter of 2013.

Origin Energy acquired a 51% stake in the project in April 2012. Under the terms of the agreement, Origin Energy will progressively invest, over the next several years, project development costs of US$75 million for the completion of a detailed project feasibility study, and, if the project is deemed feasible, an additional US$75 million towards a final investment decision. Xstrata Copper will be entitled to deferred payments by Origin Energy when the project is operational and if certain revenue threshold targets are met.

Peru

Antamina

Construction on an expansion project designed to increase Antamina's milling capacity by around 40% to 130,000 tonnes per day, was successfully commissioned in the first quarter of 2012 and reached nameplate capacity in March 2012. The total revised capital cost for the project (on a 100% basis) was US$1.55 billion.

Antamina is installing a series of enhancements to the ore crushing and conveying system that will contribute to increased production capacity of up to 145,000 tonnes per day starting in August 2013.

A conceptual study evaluating options for further increasing plant capacity was completed in December 2011. A pre-feasibility study to consider the options is under evaluation.

Tintaya — Antapaccay and Coroccohuayco

The Antapaccay deposit is located 9 kilometers from Xstrata Copper's Tintaya mine in southern Peru. In July 2010, Xstrata approved a US$1.473 billion investment to develop the Antapaccay project following the approval of the Environmental Impact Study by the Peruvian Ministry of Energy and Mines. The brownfield expansion to the Tintaya operation, consisting of the construction of a new mine and associated concentrator facilities, will produce an average of approximately 160,000 tonnes of copper per annum for the first five years and 143,000 tonnes of copper per annum over the current estimated mine life of 22 years. Mining activities commenced in March 2012 at the Antapaccay project, and the commissioning of the concentrator facilities commenced in August 2012. The project is due to commence production in the fourth quarter of 2012 as the Tintaya open pit operation comes to a close.

As of June 30, 2012, the project had a mineral resource of 1,030 million tonnes at a grade of 0.49% copper and 0.10 g/t of gold.

The Coroccohuayco project is located approximately 10 kilometers from the Tintaya mine. A pre-feasibility study of this project is on-going as part of Xstrata Copper's growth strategy in southern Peru and is due for completion in the second half of 2013.

As of December 2011, the total mineral resource for the project was 319 million tonnes at an average grade of 0.92% copper and 0.11 g/t gold.

Las Bambas

In August 2010, Xstrata approved construction of the low-cost, long-life Las Bambas greenfield copper project located in the provinces of Cotabambas and Grau in the Apurímac region, 72 kilometers southwest of the city of Cusco.

The Peruvian authorities approved the project's Environmental Impact Study in March 2011. Full scale construction commenced in June 2012. Las Bambas will be a world-class copper mine with initial production of 400,000 tonnes per annum of copper in concentrate, including significant gold, silver and molybdenum by-products. The mine is expected to be commissioned in the second half of 2014, with ramp up and full production reached in 2015.

As of December 31, 2011, the total mineral resource was 1,710 million tonnes at a grade of 0.61% copper and 0.04 g/t of gold.

Philippines

Tampakan

Tampakan is a copper-gold project located on the southern Philippines island of Mindanao, approximately 65 kilometers north of General Santos City. The current project area is situated on the boundaries of four Provinces: South Cotabato, Sarangani, Sultan Kudarat and Davao Del Sur. Xstrata has a 62.5% interest in Tampakan and the remaining interest is held by Indophil Resources NL, an Australian publicly-listed company. In addition to its direct project equity, Xstrata holds 15.79% of Indophil Resources NL's issued equity.

In the first half of 2009, Xstrata Copper, through Sagittarius Mines, Inc (''SMI''), initiated a final feasibility study for the Tampakan project which was completed and submitted to the Philippine government in April 2010. The study indicated a potential large scale, low-cash cost, open pit mining operation with an average annual output of 450,000 tonnes of copper and 435,000 ounces of gold over the initial five years of production, and 375,000 tonnes of copper and 360,000 ounces of gold per year over a 17-year mine life.

In late June 2010, the then outgoing governor of South Cotabato approved the South Cotabato Environment Code, a provincial ordinance that includes a ban on the use of open pit mining methods in the province. This provision in the Code runs contrary to the Philippine Mining Act of 1995. In June 2011, stakeholder consultation began on the environmental impact statement for the proposed mine development as part of the Tampakan copper-gold project in the Philippines. In October 2011, SMI submitted its application to the Philippine Government's Department of Environmental and Natural Resources for an environmental compliance certificate for the mine development. The application for an environmental compliance certificate was denied in January 2012 due to a ban on open pit mining by the provincial government of South Cotabato, and Xstrata and Indophil Resources NL appealed this denial. In June 2012, this appeal of the denial was denied. In July 2012, SMI lodged a further appeal with the Office of the President in relation to the Department of Environment and Natural Resources decision to deny the environmental compliance certificate application and is currently awaiting the outcome of this process.

As of December 31, 2011, the total mineral resource was 2,940 million tonnes at a grade of 0.52% copper and 0.18 g/t of gold.

Papua New Guinea

Frieda River

Frieda River is a copper-gold project located near the border of the Sandaun and East Sepik Provinces of northwestern Papua New Guinea. Xstrata Copper holds an 81.82% stake in the project, and a joint venture with Highlands Pacific Limited holds the remaining 18.18%.

In October 2010, the Frieda River project completed a pre-feasibility study that indicated a potential mining project with an average output of 190,000 tonnes per annum of copper and 280,000 ounces per annum of gold over an initial 20-year mine life. The project commenced a US$122 million feasibility study in November 2010, which was initially scheduled for completion in January 2012. In November 2011, the joint venture partners announced a revised timetable, to allow the study to include analysis of a potential alternative source of power. The new delivery date for the study is December 2012.

As of December 31, 2011, the mineral resource was 2,141 million tonnes at a grade of 0.50% copper and 0.24 g/t of gold.

Sales and marketing

Xstrata Copper operates an integrated marketing business located in Dubai in the United Arab Emirates, with additional sales and marketing offices and staff based in Toronto in Canada, Santiago in Chile, Townsville in Australia, Rosario in Argentina, Arequipa in Peru, San Jose in the United States and Shanghai in China. The primary function of the sales and marketing operations is to maximize the returns from Xstrata Copper's copper portfolio of products and includes the purchase of custom concentrates and recycled materials and the sale of concentrates, anodes, blister, copper cathodes, precious metals and PGMs, sulfuric acid, molybdenum and magnetite, as well as refinery by-products.

All products (including by-products) are purchased from and sold to third and related parties under frame and spot contracts dependent on prevailing market conditions.

Xstrata Copper markets copper cathodes directly to producers of industrial products and traders from Xstrata Copper's CCR refinery in Canada, the CRL refinery in Australia, the Tintaya operations in Peru, the Lomas Bayas operations in Chile and its share of the Collahuasi operations, which are also located in Chile.

Sales of copper metal cathodes for the year ended December 31, 2011 were made to 32 customers in 16 countries. Approximately 42% of Xstrata Copper's sales of copper metal for the year ended December 31, 2011 were made in North America, with the balance made in Europe and Asia.

Xstrata Copper's Chilean copper smelter, Altonorte, produced 311,014 tonnes of copper anodes that were sold in Canada, Chile, Europe, Australia and Asia.

Copper concentrates produced at Xstrata Copper's operations (including joint ventures) are either processed at Xstrata Copper's smelters or sold to custom smelter operations and traders. Concentrates are produced in Australia at the Mount Isa and Ernest Henry mines; in Canada at the Kidd Creek mine; in Argentina at the Alumbrera mine; in Peru at the Tintaya and Antamina mines; and in Chile at the Collahuasi mine.

Copper production is dependent on mine supply from integrated and third party sources as well as secondary recycled materials sourced globally from third parties. For the year ended December 31, 2011, 45% of the Horne smelter's and 42% of the Altonorte smelter's primary feed stocks came from non-related third parties. In addition, approximately 15% of the Horne smelter's feed tonnage came from recycled electronics and other copper and precious metal bearing secondary materials, which were sourced from third parties.

Xstrata Coal

Introduction

Through Xstrata Coal, the Xstrata Group is the world's largest exporter of bituminous thermal coal on a managed basis and a significant producer of premium quality hard coking coal and semi-soft coking coal. Xstrata Coal has interests in over 30 operating coal mines in Australia, South Africa and Colombia. Xstrata Coal has development projects in Australia, South Africa, Colombia and Nova Scotia and British Columbia in Canada. Xstrata Coal also manages the Xstrata Group's growing iron ore business, with development projects in Mauritania and the Republic of Congo. Xstrata Coal's significant export thermal coal competitors are Anglo American, BHP Billiton, Rio Tinto, Bumi and other coal producers operating in Australia, Indonesia, Canada, the United States, South Africa, Mozambique, China, Russia and Colombia. Xstrata Coal's significant competitors in the managed export coking coal sector include the BHP Billiton-Mitsubishi Alliance, Teck, Anglo American, Peabody, Rio Tinto and other producers in the United States, Indonesia and Mozambique.

Xstrata Coal's portfolio comprises interests in 20 operating coal mines in Australia, 10 operating coal mines in South Africa and one coal mine in Colombia. The Xstrata Group focuses on the cost-effective production of thermal and coking coal for export and domestic use in electricity generation, coke making, steel production and industrial applications.

The purchasing power of the Australian and South African operations has enabled Xstrata Coal to negotiate a number of longer-term agreements for the purchase of goods and services that are required by the operations in those jurisdictions. The supplier base continues to be stable, and Xstrata believes that Xstrata Coal has strong relationships with key suppliers in both Australia and South Africa, which should enable Xstrata to manage the on-going challenge of accessing scarce supplies.

The Xstrata Group holds most of its Xstrata Coal interests in mines through joint ventures, in which it generally holds a majority interest. Given the relationships between most of its joint venture partners and its customers, Xstrata believes that these joint ventures provide Xstrata Coal with a valuable link to its customer base.

Xstrata Coal also manages Xstrata Iron Ore, the Xstrata Group's growing iron ore business. Xstrata Iron Ore has recently acquired several interests in various iron ore projects. In November 2010, Xstrata took control of Sphere, which has interests in three iron ore projects in Mauritania in West Africa. Further to its participation in Sphere's equity raising in July 2011, in which Xstrata took up its full entitlements, Xstrata owns 87.8% in Sphere. In February 2011, Xstrata elected to exercise its option to acquire 50% plus one share in Jumelles with respect to the Zanaga iron ore project in the Republic of Congo (Brazzaville). Xstrata Iron Ore is undertaking feasibility studies for this project.

Financial information

The following table sets forth consolidated financial information for Xstrata Coal for the year ended December 31, 2011 and the six months ended June 30, 2012:

	Year ended December 31, 2011		Six months ended June 30, 2012	
	US$m	**As a % of the Xstrata Group(2)**	**US$m**	**As a % of the Xstrata Group(2)**
Revenue	9,981	29.5%	5,221	33.6%
Operating profit(1)	2,810	33.3%	1,110	45.2%

Notes:

(1) This figure, which is before exceptional items, includes non-controlling interests but excludes share of results from associates.

(2) As a percentage of the Xstrata Group's revenue and operating profit, respectively.

Reserves and resource base

For details of Xstrata Coal's attributable coal reserve and resource base, broken down between the Australian, South African and Americas operations, as of December 31, 2011, please refer to the Mineral Resources & Ore Reserves Report incorporated by reference herein and included in the special purpose website at http://www.xstrata.com/restricted/2012_us_bond/.

Production

The table below sets out the total consolidated mine production of Xstrata Coal broken down between the Australian, South African and Americas operations for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012:

	Year ended December 31,			Six months ended June 30,	
	2009	**2010**	**2011**	**2011**	**2012**
	million tonnes	*million tonnes*	*million tonnes*	*million tonnes*	*million tonnes*
Total thermal coal	72.1	65.6	72.4	32.4	37.9
Australian thermal	*41.1*	*37.8*	*44.5*	*18.9*	*22.4*
South African thermal[(1)]	*20.8*	*17.7*	*17.1*	*8.4*	*9.4*
Americas thermal[(2)]	*10.2*	*10.1*	*10.8*	*5.1*	*6.1*
Total coking coal (Australia)	6.4	7.7	7.6	3.1	3.3
Total semi-soft coking (Australia)	6.2	6.6	5.3	3.0	2.2
Total consolidated production	**84.7**	**79.9**	**85.3**	**38.5**	**43.4**

Notes:

(1) Includes the Douglas Tavistock joint venture for the year ended December 31, 2009 and includes the Mpumalanga division for the years ended December 31, 2010 and 2011 and for the six months ended June 30, 2011.

(2) Includes Prodeco for the year ended December 31, 2009, but excludes Prodeco for subsequent years and periods.

For selected production data for the three months ended September 30, 2011 and 2012 and for the nine months ended September 30, 2011 and 2012, see "Operating and Financial Review — Current trading and prospects."

Industrial assets

The table below shows the principal investments of Xstrata Coal in industrial assets as of June 30, 2012:

Operation	Location	Commodity	Xstrata's interest	Remaining interest
Mines:				
Bulga complex	New South Wales, Australia	Thermal coal	68.3%	13.3% JX Nippon Oil 4.4% Toyota 1.6% JFE Shoji 12.5% Nippon Steel Corporation
Baal Bone[(1)]	New South Wales, Australia	Thermal coal	74.1%	5% Sumitomo 14.4% JX Nippon Oil 4.8% Toyota 1.7% JFE Shoji
Macquarie Coal Joint Venture	New South Wales, Australia	Thermal coal	80%	17% Marubeni 3% JFE Minerals
Liddell	New South Wales, Australia	Thermal coal	67.5%	32.5% Mitsui Matsushima
Mount Own complex	New South Wales, Australia	Thermal coal	100%	N/A
Ulan	New South Wales, Australia	Thermal coal	90%	10% Mitsubishi
Ravensworth operations	New South Wales, Australia	Thermal coal	100%	N/A
Mangoola	New South Wales, Australia	Thermal coal	100%	N/A
Tahmoor complex	New South Wales, Australia	Coking coal	100%	N/A

Operation	Location	Commodity	Xstrata's interest	Remaining interest
Ravensworth UG	New South Wales, Australia	Thermal coal	70.2%	19.8% Marubeni 10% Posco
Oaky Creek	Queensland, Australia	Coking coal	55%	25% Sumitomo 20% Itochu
Newlands	Queensland, Australia	Thermal coal	55%	35% Itochu 10% Sumitomo
Collinsville	Queensland, Australia	Thermal coal	55%	35% Itochu 10% Sumitomo
Rolleston	Queensland, Australia	Thermal coal	75%	12.5% Itochu 12.5% Sumitomo
Tweefontein division	South Africa	Thermal coal	79.8%	20.2% African Rainbow Minerals
Goedgevonden division	South Africa	Thermal coal	74%	26% African Rainbow Minerals
iMpunzi division	South Africa	Thermal coal	79.8%	20.2% African Rainbow Minerals
Carbones del Cerrejón	Colombia	Thermal coal	33.3%	33.3% BHP Billiton 33.3% Anglo American
Development projects:				
Ravensworth North	New South Wales, Australia	Thermal coal	90%	10% Itochu
Ulan West	New South Wales, Australia	Thermal coal	90%	10% Mitsubishi
United	New South Wales, Australia	Thermal coal	95%	5% CMFEU
Togara North	Queensland, Australia	Thermal coal	70%	5% MM Resources 8.3% KORES 8.3% Dongbu 8.3% Hyosung
Wandoan	Queensland, Australia	Thermal coal	75%	12.5% Itochu 12.5% Sumitomo
Zonnebloem	South Africa	Thermal coal	79.8%	20.2% African Rainbow Minerals
Donkin	Canada	Coking coal Thermal coal	75%	25% Erdene
First Coal	Canada	Coking coal	75%	25% Nippon Oil
Lossan	Canada	Coking coal	75%	25% Nippon Oil
Sukunka	Canada	Coking coal	75%	25% Nippon Oil
El Aouj	Mauritania	Iron ore	43.9%	50% Société Nationale Industrielle et Minière de Mauritanie (plus non-controlling shareholders in Sphere Minerals Limited)
Askaf	Mauritania	Iron ore	87.8%	12.2% Non-controlling shareholders in Sphere Minerals Limited
Lebtheinia	Mauritania	Iron ore	87.8%	12.2% Non-controlling shareholders in Sphere Minerals Limited
Zanaga	Republic of Congo	Iron ore	50% (plus one share)	50% (less one share) Zanaga Iron Ore Company

Note:

(1) The Baal Bone mine has ceased production and is now a training mine.

Mining operations

Australia operations

Overview

For the six months ended June 30, 2012 and the year ended December 31, 2011, Xstrata Coal's production in Australia, on a managed tonnage basis, was 34.2 million tonnes of coal (of which consolidated production was 27.9 million tonnes) and 71.3 million tonnes of coal (of which consolidated production was 57.4 million tonnes), respectively. For the six months ended June 30, 2012 and the year ended December 31, 2011, managed export sales amounted to 32.7 million tonnes (26.7 million tonnes consolidated) and 60.7 million tonnes (47.9 million tonnes consolidated), respectively. Xstrata believes that this represented approximately 22% and 24% (on a managed exports basis) of all coal exported from Australia for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively. For these same periods, approximately 74% of Xstrata Coal's managed export sales from Australia (78% on a consolidated tonnage basis) and 71% of Xstrata Coal's managed export sales from Australia (74% on a consolidated tonnage basis), respectively, were thermal coal.

New South Wales operations

The Xstrata Group owns interests in 15 operating coal mines and a number of development projects, most of which are located in or close to the Hunter Valley of New South Wales. Of these 15 mines, 12 are predominantly export mines, while the remaining three service domestic power generators. Expansions currently underway at a number of these mines will increase managed production beyond 50 million tonnes per annum. The Xstrata Group has an attributable interest of 14% in the operator of the Port Waratah Coal Terminal, located at the port of Newcastle in New South Wales and a consolidated interest of 33.3% in the Port Kembla Coal Terminal, located at the port of Wollongong in New South Wales.

The Xstrata Group's principal operating coal mines in New South Wales are:

- the Bulga complex comprising the Bulga open cut mine and the Blakefield South underground mine, where operations ceased in January 2011 following an underground fire and resumed at the end of May 2012;
- the Baal Bone mine, which has ceased production and is being converted into a training mine;
- the Macquarie coal joint venture comprising the West Wallsend underground mine and the Westside mine, which closed in 2012;
- the Liddell open cut mine;
- the Mount Owen complex, comprising the North and West pits and the Glendell mine;
- the Ulan underground mine and the recently commenced Ulan West;
- the Ulan open cut mine;
- the Ravensworth operations;
- the Mangoola open cut mine;
- the Tahmoor complex; and
- the Ravensworth underground mine.

As of December 31, 2011, the total mineral resource for the New South Wales division was 13,147 million tonnes of coal.

Queensland operations

Xstrata Coal manages the Oaky Creek, Newlands-Collinsville-Abbot Point and Rolleston joint ventures and the Wandoan coal project. All of the operating coal mines and projects of material value are located in the Bowen Basin in Queensland with the exception of the Wandoan coal project, which is located in the Surat Basin. Xstrata Coal operates through the Abbott Point, Dalrymple Bay and Gladstone ports in Queensland.

The Xstrata Group's principal operating coal mines in Queensland are:

- Oaky Creek, comprising the Oaky Creek No. 1 and Oaky North underground mines;
- Newlands, being both an open cut and underground mine;
- the Collinsville open cut mine; and
- the Rolleston open cut mine.

As of December 31, 2011, the total mineral resource for the Queensland division was 11,653 million tonnes of coal.

South African operations

The Xstrata Group is South Africa's third largest exporter of thermal coal. For the six months ended June 30, 2012 and the year ended December 31, 2011, the Xstrata Group's consolidated production of coal from its South African mines was 9.4 million tonnes and 17.1 million tonnes, respectively, and consolidated sales were 8.5 millions tonnes (of which approximately 67% was exported) and 18.3 million tonnes (of which approximately 62% was exported), respectively. Xstrata believes that during the year ended December 31, 2011 Xstrata Coal produced approximately 16% of all thermal coal exported from South Africa and approximately 4% of all coal supplied to the South African market. The Xstrata Group has an interest in 10 operating coal mines in South Africa.

The Xstrata Group also has a 20.2% interest in the Richards Bay Coal Terminal, which has an annual throughput capacity of 91 million tonnes. Xstrata believes the Xstrata Group's economic interest in the Richards Bay Coal Terminal provides its South African operations with a strategic advantage due to the associated rights it has to use the coal loading facility.

The 10 mines the Xstrata Group manages in South Africa fall into three operating divisions:

- the Tweefontein Division, consisting of opencast and underground operations and four coal-handling preparation plants at Boschmans, South Witbank, Tavistock and Witcons;
- the Goedgevonden Division, consisting of the Goedgevonden mine; and
- the iMpunzi Division, consisting of the iMpunzi North and East opencast operations, a coal handling and preparation plant at the ATCOM mines, and the iMpunzi mine pit opencast and dump reclamation operations feeding to the ATCOM coal handling and preparation plant.

On January 16, 2012, Xstrata Coal South Africa completed the sale of its Mpumalanga division comprising the Spitzkop and Tselentis mines and supporting coal assets, to the Imbawula Group. See "Operating and Financial Review — Principal factors affecting the Xstrata Group's business — Acquisitions and disposals — Spitzkop and Tselentis."

The Xstrata Group's major holdings are located within two of the major coalfields of South Africa — the Witbank and Ermelo Coalfields. All of the mines that Xstrata Coal operates fall within the Witbank Coalfield. Production and planning across all of Xstrata Coal's mines are coordinated to maximize exports while also supplying coal for domestic use in suitable market conditions.

The South African operations have demonstrated significant productivity improvements at a number of mines over the last three years through introducing additional modern mining equipment technology, improving mine operating procedures and training employees. The South African operations are progressively transitioning to larger scale mechanized open cut operations.

The Xstrata Group owns surface rights in freehold in respect of most of the mines falling within the Tweefontein and iMpunzi Divisions (see "Statutory Authorizations, Licenses and Concessions").

XCSA, the coal division of Xstrata South Africa (Pty) Limited ("Xstrata South Africa"), has converted seven old order mining rights and has been granted 12 new order mining rights and 8 prospecting rights. The prospecting rights are valid and in force until December 2012, by which time XCSA has to apply for mining rights in respect of the said rights. All 12 new order mining rights are currently subject to internal appeal procedures following challenges by third parties, and XCSA has objected to the grant of overlapping prospecting rights over one of its prospecting rights.

XCSA has implemented processes to address, and is making real progress in, the transformational issues required by the legislation and associated black charter for the mining industry, including human resource development and employment equity issues, housing and nutrition, migrant labor and procurement from HDSAs. To satisfy the requirement that 15% of the industry be owned by HDSAs by 2009 and 26% of the industry be owned by HDSAs by 2014, XCSA entered into an agreement with African Rainbow Materials Limited (''ARM'') in February 2006, which completed on August 24, 2006. See ''Risk Factors — Legislative risk factors relating to the Xstrata Group — Australian native title, South African and Canadian land claims and Peruvian consultation rights'' and ''Risk Factors — Legislative risk factors relating to the Xstrata Group — South African Mineral and Petroleum Resources Development Act, Mining Charter and Royalty Act.''

As of December 31, 2011, the total mineral resource for the South Africa division was 3,597 million tonnes of coal.

Americas operations (Cerrejón)

The Cerrejón mining operation is a privately-owned, independently-managed joint venture, in which each of BHP Billiton, Anglo American and Xstrata has a one-third indirect interest.

Cerrejón is one of the largest open pit coal mining operations in the world, with a saleable reserve base in excess of 780 million tonnes as of December 31, 2011. The business is involved in the exploration, production, transportation and shipment of high-grade thermal coal, mined at Cerrejón's deposits, to markets principally in Europe and the Americas.

Located in northeastern Colombia adjacent to the Venezuelan border, Cerrejón is well-positioned to supply the import markets of Europe and the Eastern and Gulf Coasts of the United States. Total current infrastructure capacity is estimated to be approximately 32 million tonnes per annum and, for the six months ended June 30, 2012 and the year ended December 31, 2011, Cerrejón, on a managed tonnage basis, produced approximately 18.3 million tonnes and 32.3 million tonnes of export thermal coal, respectively, predominantly for the European and American power generation markets.

Coal produced at Cerrejón benefits from relatively low ash content (approximately 8.2%), a low sulfur dioxide emissions profile and high calorific value, making it ideal for power generation.

As of December 31, 2011, the total mineral resource for Cerrejón was 5,150 million tonnes of coal.

Development projects

Australia operations

New South Wales operations

Development consent for the Ravensworth North open cut mine was obtained in February 2011. Construction commenced, and first coal was achieved in May 2012, thereafter ramping up to saleable production of 8 million tonnes per annum. Ulan West construction commenced in 2011, and first development coal was achieved in March 2012. Longwall production is expected to commence in 2014, ramping up to full production of seven million tonnes per annum of export thermal coal. The Ulan open cut mine commenced production in 2012 and is forecast to produce one million tonnes per annum.

Queensland operations

Further development of the Surat Basin in Queensland has focused on the Wandoan Coal project, which is currently advancing through the feasibility stage. Over one billion tonnes of reserves have now been identified to underpin thermal coal exports from the initial stage of up to 30 million tonnes per annum. In March 2012, the Queensland land court, following objections from a number of affected landholders and Friends of the Earth Australia, a federation of independent environmental activist groups, recommended that the Queensland Government approve Xstrata's mining lease application. The granting of the mining lease by the Queensland Minister for Mining is expected to follow soon.

Xstrata Coal (and its Rolleston joint venture partners) has also secured 10.9 million tonnes per annum (out of 27 million tonnes per annum) port capacity in stage 1 of the Wiggins Island Coal Export terminal, which is expected to be completed by mid-2014, and will source coal from the Rolleston open cut mine. Xstrata Coal has a further 22 million tonnes per annum of reserve capacity in the development of stage 2. This reserve capacity right will provide capacity for the first stage of the Wandoan coal project's development.

Given the long-term demand for thermal coal from the southern Bowen Basin and the potential of the Surat Basin, Xstrata has also progressed pre-feasibility studies under its exclusive right to develop a new coal export terminal in the vicinity of Port Alma, approximately 40 kilometers north of Gladstone.

South Africa operations

The iMpunzi (ATCOM) East operation is expected to reach full capacity in the third quarter of 2012.

Americas operations

Cerrejón

The US$1.3 billion Cerrejón P500 Project — Phase 1, which is designed to increase saleable production and export capacity from 32 million tonnes per annum to 40 million tonnes per annum, was approved by the three Cerrejón shareholders in August 2011.

Canada

Xstrata Coal Donkin Management Limited announced on April 26, 2012 that it was seeking an operating coal company to assume its 75% interest in the Donkin project. It is anticipated that the sale process will be concluded during 2013. Erdene Resource Development Corporation has a 60-day right of first refusal on the sale by Xstrata Coal Donkin Management Limited of its interest in the project which has not yet been exercised.

On July 28, 2011, Xstrata Coal made an all-cash proposal for First Coal. The offer valued First Coal at C$141 million (US$144 million). Following First Coal shareholder approval and court ratification, control of First Coal was obtained by Xstrata Coal on August 4, 2011. The purchase of First Coal provides Xstrata Coal with access to coking coal exploration leases in British Columbia, Canada.

In October 2011, Xstrata Coal agreed to acquire 100% of Lossan from Cline Mining Corporation for C$45 million, subject to customary conditions. Lossan is located in the Peace River Coalfield of northeastern British Columbia and is surrounded by a group of licenses acquired by the Xstrata Group through the acquisition of First Coal. Lossan has an NI 43-101 compliant resource of 240 million tonnes, with 186 million tonnes being in the "measured" and "indicated" categories. Lossan covers an area of approximately 3,800 hectares and increased Xstrata Coal's total tenure in the Peace River Coalfield to almost 100,000 hectares. The acquisition of Lossan was completed on October 13, 2011.

In March 2012, Xstrata Coal agreed to acquire the Sukunka hard coking coal deposit from Talisman Energy Inc. for US$500 million in cash, subject to customary conditions. Sukunka is located in the Peace River Coalfield of northern British Columbia, contiguous with the First Coal and Lossan tenements acquired by Xstrata Coal in August and October 2011, respectively. Sukunka has an NI 43-101 compliant resource of 236 million tonnes in the "measured" and "indicated" categories. Norwest Corporation has completed a pre-feasibility study for a longwall mine producing hard coking coal. Xstrata Coal's technical studies indicate the potential to realize further value from the resource.

Following the Sukunka acquisition, Xstrata Coal and JX announced the creation of a joint venture comprising the First Coal, Lossan and Sukunka assets in Western Canada (collectively, "Xstrata Coal British Columbia"). JX's contribution to the joint venture was a capital injection of US$435 million, by way of a subscription for a 25% interest in Xstrata Coal British Columbia.

Sales and marketing

Australia operations

The marketing of coal production from Australia is progressively being transitioned to Xstrata Coal's new marketing office in Singapore, which was established in the second quarter of 2011. The marketing function has been relocated to Singapore due to its proximity to the existing customer bases of Japan, Korea and Taiwan and also the growth markets of China and India. Singapore is rapidly developing as a coal trading hub with many coal miners, traders and banks dealing in coal derivatives, relocating to Singapore in recent years.

New South Wales operations

For the year ended December 31, 2011, approximately 81% of the New South Wales attributable sales were to the export market. The New South Wales coal sales are diversified among most of the major power companies and steel mills in Japan, Korea, Taiwan and Malaysia, with sales also to China and Europe when demand and prices support such sales. Xstrata Coal is currently one of Australia's largest suppliers of semi-soft coking coal and thermal coal to Japan, on a managed basis. Of all the New South Wales operations' coal sales in 2011, both domestic and export, on a managed tonnage basis, approximately 60% was sold for use in electric power generation, approximately 18% for use in steel mill applications and approximately 22% to general industry (which includes third parties that on-sell to various users).

In 2011, the New South Wales operations' six largest thermal coal customers represented, on a managed tonnage basis, approximately 39% of the New South Wales operations' total exported thermal coal sales while its six largest semi-soft coal customers purchased, on a managed tonnage basis, approximately 90% of the New South Wales operations' total exported semi-soft coal. The New South Wales operations are a key supplier to domestic power stations.

In 2011, the New South Wales operations sold, on a managed tonnage basis, approximately 66% of their total sales volume under coal supply agreements with terms extending beyond one year, either at fixed prices or on quarterly or annually renewable terms. Japan and Taiwan remained the dominant markets in 2011.

Xstrata Coal expects to continue to sell a significant portion of its Australian coal under annually renewable and long-term supply agreements, particularly in Asia. However, a proportion of the global thermal coal trade will continue to be conducted in the short-term or spot market. Owing to the New South Wales operations' current product and market sales mix, and its planned increase in production over the medium term, Xstrata believes that it is well positioned to secure sales opportunities as they emerge.

All coal exported by the New South Wales operations is transported to port by rail. Pacific National Limited and Xstrata Rail currently provide the New South Wales mines with all freight services. Rail freight contracts are negotiated by producers individually, rather than on an industry basis. Xstrata Rail is a recent initiative of Xstrata Coal developed to ensure sufficient rail transportation to accommodate planned expansion in production. Currently, Xstrata Coal owns six train sets (soon to be expanded to nine) and operates in an alliance with a major rail service provider. The Xstrata Rail trains supplement the service provided by Pacific National Limited, the major rail service provider in New South Wales.

Coal from Xstrata's Hunter Valley operations is exported through the Port Waratah Coal Terminal. The terminal facility is owned and operated by Port Waratah Coal Services Limited. Coal from Tahmoor is exported through the Port Kembla Coal Terminal, which is operated by Port Kembla Coal Terminal Ltd. Domestic coal is transported to power stations by a combination of rail, truck and conveyor.

Queensland operations

For the year ended December 31, 2011, Xstrata Coal's sales in Queensland, on a managed tonnage basis, were approximately 26 million tonnes of coal, approximately 90% of which was exported. Approximately 38% of the Queensland operations' production was coking coal, approximately 52% was export thermal coal and the remaining 10% was supplied to the domestic market.

The Oaky Creek Coal Joint Venture undertakes mining operations at Oaky Creek in Queensland's Bowen Basin and produces premium quality coking coals for supply to major steel makers in Japan, Korea, Taiwan, China, Europe, North Africa, South Africa and South America. These markets are predominantly serviced under term contract arrangements.

The Newlands-Collinsville and Rolleston operations primarily produce thermal coal for export as well as the domestic market.

Treated coal is transported by rail to the ports of Dalrymple Bay, Gladstone and Abbot Point. The Oaky Creek Coal Joint Venture exports most of its product through the multi-user coal facility at Dalrymple Bay. The Oaky Creek Coal Joint Venture production can also be shipped through Gladstone, which has similar loading capabilities to the Dalrymple Bay facility.

Coal from the Newlands and Collinsville coal mines is transported by rail to various domestic customers and to the port of Abbot Point for export. Abbot Point is Australia's most northerly coal-shipping port. Abbot Point Bulkcoal Pty Ltd, a wholly owned subsidiary of Xstrata, operates the port of Abbot Point on behalf of the Ports Corporation of Queensland. Coal from the Rolleston joint venture is unwashed and transported by rail to the port of Gladstone.

South Africa operations

The marketing of the South African operations' coal is managed through Xstrata Coal Marketing AG, with the exception of domestic sales and sales to certain African countries, which are managed directly by the South African operations. Xstrata Coal Marketing AG and Xstrata AG entered into a market advisory agreement with the Glencore Group in respect of the South African coal exports that it manages. For further information, see "— Relationship with the Glencore Group — Commercial relationship — Xstrata Coal."

On an air-dried basis, the export coals produced by the South African operations have a relatively low sulfur content and low moisture levels. The South African operations' coal produced for domestic customers generally has a higher sulfur and ash content and a comparatively lower calorific value than the South African operations' typical export product.

The South African operations' principal marketing strategy is to maximize sales of high margin export coal, using all of its Richards Bay Coal Terminal entitlement. The South African operations sell their incremental tonnage into the domestic market.

Of the South African operations' attributable sales of 15.5 million tonnes in 2011, approximately 61% was exported. The major markets for exports are China, India, Spain, and Italy, with the balance of sales being predominately made to other Asian markets. Of the thermal coal exported by the South African operations in 2011, approximately 70% was sold for use in the power industry and the remainder mainly for use in industrial applications such as the cement industry. The South African operations' eight largest export thermal coal customers represented approximately 80% of its total South African exports in 2011. Xstrata does not believe the South African operations are overly dependent upon any one customer. In 2011, there was an increase in sales to Asian markets, which offset reduced demand in Europe.

Of Xstrata Coal's South African attributable domestic sales of 6.1 million tonnes in 2011, approximately 69% was sold to Eskom, the South African state-owned electricity utility, either directly or indirectly through third parties. The major domestic industrial consumers are the paper, sugar, chemical and metallurgical industries and municipal power stations, to which Xstrata supplied 31% of its domestic sales.

In 2011, approximately 75% of Xstrata Coal's South African export sales were made under spot contracts, with the remaining sales being made under term coal supply agreements of one year or longer. In 2011, approximately 98% of Xstrata Coal's domestic sales were made under term contracts.

In 2011, all of the coal exported by Xstrata Coal's South African operations was loaded through the Richards Bay Coal Terminal. The terminal is capable of loading vessels of various sizes and is the only port facility in South Africa with capacity for substantial coal export volumes. For the year ended December 31, 2011, the throughput was approximately 65.4 million tonnes. All coal that Xstrata Coal's South African operations export through the Richards Bay Coal Terminal is transported to the terminal by Transnet Freight Rail, the State-owned railway operator.

The Xstrata Group has a 20.2% interest in the Richards Bay Coal Terminal, which is owned by seven coal-producing companies in South Africa including BHP Energy Coal South Africa (pty) Ltd. ("BECSA") (a subsidiary of BHP Billiton) and Anglo Operations Limited (a subsidiary of Anglo American). It has a nominal capacity of 91 million tonnes per annum; for the year ended December 31, 2011, the throughput was approximately 65.4 million tonnes. The South African operations of Xstrata are entitled to approximately 12.1 million tonnes per annum, after deducting capacity allocated to non-shareholders who are primarily black empowered junior miners, and net entitlement transferred to the South African operations' two joint ventures.

Americas operations (Cerrejón)

Coal produced at Cerrejón is exported to markets principally in Europe and the Americas. Competition in these markets is largely on the basis of price. Cerrejón competes with numerous suppliers of thermal coal. In addition, increased production capacity from competitors in other countries may increase competition in the markets in which Cerrejón operates.

CMC Coal Marketing Company Limited markets coal from Cerrejón and operates independently of the three Cerrejón shareholders in accordance with agreed protocols designed to ensure compliance with anti-trust legislation.

The Cerrejón mine is linked by rail to the export ocean terminal at Puerto Bolívar on the Caribbean coast. Puerto Bolívar is one of the largest export coal ocean terminals in Latin America.

Xstrata Nickel

Introduction

Through Xstrata Nickel, the Xstrata Group is the fourth largest global nickel producer and one of the world's largest producers of cobalt. Xstrata Nickel's operations include mines and processing facilities in Australia, Canada and the Dominican Republic, and a refinery in Norway. Xstrata Nickel has world-class development projects in Canada, Tanzania and New Caledonia. Significant competitors in this sector include RAO Norilsk Nickel, Vale Limited, BHP Billiton, Eramet S.A., Jinchuan Group Limited, Anglo American and Sumitomo Metal Mining Co. Limited.

Pursuant to sole distributorship agreements entered into in March 2007, all of Xstrata Nickel's production of nickel, cobalt and ferronickel is sold to members of the Glencore Group. For more information, see "— Relationship with the Glencore Group — Commercial relationship — Xstrata Nickel."

Financial information

The following table sets forth consolidated financial information for Xstrata Nickel for the year ended December 31, 2011 and the six months ended June 30, 2012:

	Year ended December 31, 2011		Six months ended June 30, 2012	
	US$m	As a % of the Xstrata Group(2)	US$m	As a % of the Xstrata Group(2)
Revenue	3,192	9.4%	1,361	8.8%
Operating profit(1)	611	7.3%	65	2.7%

Notes:

(1) This figure, which is before exceptional items, excludes non-controlling interests and share of results from associates.

(2) As a percentage of the Xstrata Group's revenue and operating profit, respectively.

Reserves and resource base

For details of Xstrata Nickel's attributable nickel and copper reserve and resource base as of December 31, 2011, please refer to the Mineral Resources & Ore Reserves Report incorporated by reference herein and included in the special purpose website at http://www.xstrata.com/restricted/2012_us_bond/.

Production

The following table sets forth the total mine production of Xstrata Nickel for the years ended December 31, 2009, 2010, and 2011 and the six months ended June 30, 2011 and 2012:

	Year ended December 31,			Six months ended June 30,	
Total production[(1)]	**2009**	**2010**	**2011**	**2011**	**2012**
	Tonnes	*Tonnes*	*Tonnes*	*Tonnes*	*Tonnes*
Mined nickel[(2)]	57,052	60,670	77,601	36,709	38,446
Nickel production[(3)]	88,577	92,185	105,925	51,436	52,783
Mined copper	25,428	42,697	55,629	26,673	28,395

Notes:

(1) See "Presentation of Information — Ore reserve and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of the production amounts and of the production amounts themselves.

(2) Includes contained metal in concentrates and ferronickel from the Falcondo Operation.

(3) Includes refined nickel production from the Nikkelverk refinery and nickel in ferronickel production from the Falcondo Operation.

For selected production data for the three months ended September 30, 2011 and 2012 and for the nine months ended September 30, 2011 and 2012, see "Operating and Financial Review — Current trading and prospects."

Industrial assets

The following table sets forth the principal investments of Xstrata Nickel in industrial assets as of June 30, 2012, unless indicated otherwise:

Operation	Location	Commodity	Xstrata's interest	Remaining interest
Mines:				
Cosmos	Western Australia, Australia	Nickel in concentrate	100%	N/A
Sinclair	Western Australia, Australia	Nickel in concentrate	100%	N/A
Sudbury	Ontario, Canada	Nickel in concentrate Copper in concentrate	100%	N/A
Raglan	Quebec, Canada	Nickel in concentrate Copper in concentrate	100%	N/A
Falcondo	Dominican Republic	Ferronickel	85.3%	10% Government of Dominican Republic 4.1% Franco-Nevada Corporation 0.6% Others
Smelters & refineries:				
Sudbury smelter	Ontario, Canada	Nickel in matte Copper in matte	100%	N/A
Nikkelverk refinery	Norway	Nickel Copper Cobalt Sulfuric acid	100%	N/A

Operation	Location	Commodity	Xstrata's interest	Remaining interest
Development projects:				
Koniambo	New Caledonia	Ferronickel	49%	51% Société Minière du Sud Pacifique (SMSP)
Araguaia	Brazil	Ferronickel	100%	N/A
Kabanga	Tanzania	Nickel in concentrate	50%	50% Barrick Gold

Mining operations

Australia

In Australia, the Xstrata Group owns and operates the Cosmos Nickel mine in the Mt Keith-Leinster region of Western Australia and the Sinclair Nickel Mine located 100 kilometers to the south. To date, six nickel sulfide deposits have been discovered within the vicinity of the Cosmos operation: the Cosmos, Cosmos Deeps, Alec Mairs, Prospero, Tapinos and Odysseus deposits. Underground production at Cosmos is sourced from the Alec Mairs (AM-5) deposit, migrating to the newly discovered Odysseus and AM-6 deposits as the related scoping and feasibility studies are contemplated and evaluated in 2012-2014. In response to adverse market conditions, the Xstrata Group recently decided to temporarily suspend operations at Cosmos and the site will undergo a care and maintenance program. At the Sinclair operation, production is sourced exclusively from one underground mine.

For the six months ended June 30, 2012 and the year ended December 31, 2011, metal in concentrates produced from Australia totaled 7,079 tonnes and 17,034 tonnes of nickel, 311 tonnes and 881 tonnes of copper and 182 and 396 tonnes of cobalt, respectively.

As of December 31, 2011, the total mineral resource was 61.4 million tonnes at a grade of 0.8% nickel.

Canada

In Canada, the Xstrata Group owns and operates the Sudbury mines and milling operations (including Nickel Rim South (commissioned in April 2010), the Fraser Mine Complex (restarted in 2010), and the Strathcona mill) and the Raglan mine and milling operations.

For the six months ended June 30, 2012 and the year ended December 31, 2011, metals in concentrates produced at the Sudbury operations totaled 13,636 tonnes and 22,716 tonnes of nickel (including feed from third parties), 26,780 tonnes and 49,887 tonnes of copper (including feed from third parties), and 296 tonnes and 473 tonnes of cobalt (including feed from third parties), respectively.

As of December 31, 2011, the total Mineral Resource for the Sudbury mines was 50.8 million tonnes at a grade of 2.0% nickel.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the Raglan mine and milling operations, located in the far north region of Quebec, produced 13,957 tonnes and 27,274 tonnes of nickel in concentrate, 3,438 tonnes and 7,215 tonnes of copper in concentrate, and 290 tonnes and 561 tonnes of cobalt in concentrate, respectively.

As of December 31, 2011, the total mineral resource was 32.5 million tonnes at a grade of 3.0% nickel.

Dominican Republic

In the Dominican Republic, the Xstrata Group owns 85.3% of Falcondo, which holds a mining concession and owns mining and mineral processing facilities for the production of ferronickel. The other shareholders of Falcondo are the Government of the Dominican Republic (10%), Franco-Nevada Corporation (approximately 4.1%) and various individuals (approximately 0.6%).

The Falcondo operation was restored from care and maintenance at 50% of installed capacity in February 2011 and, for the six months ended June 30, 2012 and the year ended December 31, 2011, produced 7,304 tonnes and 13,498 tonnes of nickel in ferronickel, respectively. Falcondo has traditionally been a swing producer as oil prices comprised the majority of the operation's costs for self-generation of power but recently converted to procured electricity, allowing more sustainable production.

As of December 31, 2011, the total mineral resource was 79.5 million tonnes at a grade of 1.5% nickel.

Smelting and refining operations

Canada

In Canada, nickel/copper concentrate from the Strathcona mill is treated at the Sudbury smelter along with Raglan and Australian concentrates and custom feed from other sources. The Sudbury smelter has the capacity to produce approximately 130,000 tonnes per annum of matte. The matte produced is transported to the Nikkelverk refinery in Norway for further processing.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the Sudbury smelter produced 32,795 tonnes and 69,459 tonnes of nickel in matte (own mines and other sources) and 9,867 tonnes and 20,041 tonnes of copper in matte (own mines and other sources), respectively.

Norway

In Norway, the Xstrata Group's operations center on the wholly owned Nikkelverk refinery and a sulfuric acid plant. The facilities process mattes from the Sudbury smelter and custom feed from third party smelters. The refinery has an annual capacity of approximately 92,000 tonnes of nickel, 39,000 tonnes of copper and 5,200 tonnes of cobalt. The sulfuric acid plant's capacity is approximately 115,000 tonnes per annum of sulfuric acid.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the refinery produced 45,479 tonnes and 92,427 tonnes of nickel, 18,595 tonnes and 36,292 tonnes of copper, 1,388 tonnes and 3,067 tonnes of cobalt, 52,184 tonnes and 100,029 tonnes of sulfuric acid and 237,421 ounces and 427,192 ounces of precious metals, respectively. Debottlenecking of nickel production from 87,000 tonnes to 92,000 tonnes was achieved through a series of process and productivity improvements, which enabled increased capacity in the leach and purification sections and in the tankhouse.

Other operations

Xstrata Nickel International Limited (''XNIL'') has entered into long-term agreements with Bamangwato Concessions Limited (''BCL'') and Centametall AG to treat complex nickel/copper matte from BCL's smelter in Botswana. Under the agreements, XNIL receives approximately 10,000-15,000 tonnes of nickel in matte per year. Mattes from the Sudbury smelter and from BCL were the main sources of nickel/copper feed materials for the Nikkelverk refinery during the year.

In addition to these smelting operations, XNIL is responsible for managing the Integrated Nickel Operations custom feed business outside Canada. Custom feed, or third party mine production (concentrate), primary smelter production (matte) and secondary raw materials, provides a significant source of feed to the Sudbury smelter and the Nikkelverk refinery.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the Sudbury smelter's output from all third party feeds included 9,781 tonnes and 12,393 tonnes of nickel in matte, 2,768 tonnes and 5,005 tonnes of copper in matte and 679 tonnes and 1,425 tonnes of cobalt in matte, respectively.

For the six months ended June 30, 2012 and the year ended December 31, 2011, custom feed represented approximately 44% and 36% of the nickel, 59% and 62% of the copper, and 73% and 69% of the cobalt output at the Nikkelverk refinery, respectively.

Development projects

New Caledonia

As of July 31, 2012, the Koniambo Nickel project in New Caledonia was 88% complete and on track for construction of the Line 1 Met plant to be completed by the end of October 2012. Operations are targeting first ore to Furnace 1 by the end of 2012 and to the Line 2 Furnace by

June 2013, with ramp-up to full production by the end of 2014. The initial mine life of 25 years with an annual production of 60,000 tonnes of nickel in ferronickel can be extended to more than 50 years of economic operation, with the potential for brownfield limonite and saprolite expansions concurrent to or beyond the current 25-year plan. The operation is expected to reach full production by the end of 2014, delivering a world class nickel operation with low second quartile costs into the Xstrata Group's portfolio.

All engineering work is complete, the main site infrastructure has been completed and the port is already under operating management control. Handover of the ore preparation plant is complete, and ore from the mine is being delivered along the 12 kilometer conveyor to the ore stockpile area close to the smelter facilities. Bricking of the Line 1 Furnace has now commenced. Leading up to the completion of construction for Line 1, the project will be focused on delivering additional project milestones by year-end. The project remains on budget.

As of December 31, 2011, the total mineral resource was 158.6 million tonnes at a grade of 2.5% nickel.

Canada

A partnership to extend Xstrata Nickel's Fraser Mine to enable mining of Vale-owned, mainly copper ore bodies was recently announced. The Xstrata Group has also approved the US$119 million Fraser Morgan project in Sudbury to add 6,000 tonnes and 2,000 tonnes per year of nickel and copper, respectively, while extending the life-of-mine of the Fraser Complex by five years to 2025. The Fraser Morgan project is scheduled to deliver first ore in the second quarter of 2013, and mine development began two weeks ahead of schedule in the first half of 2012.

An incremental expansion at Raglan mine in northern Canada was successfully commissioned during 2011. The Xstrata Group has further approved a significant expansion to mining operations and infrastructure to increase Raglan's capacity by more than 50% to 40,000 tonnes per annum at a capital cost of C$552 million (US$530 million). The project entails the development of two, high-grade ore zones and an associated upgrade of Raglan's concentrator. Production is expected to commence from the new mining zones in 2014.

Brazil

The Araguaia nickel project is located in northwestern Brazil in the State of Pará. This nickel laterite project is currently on care and maintenance.

As of December 31, 2011, the total mineral resource of the Araguaia nickel project was 123.1 million tonnes at a grade of 1.3% nickel.

Tanzania

The Kabanga nickel project is located in northwestern Tanzania and is a 50-50 joint venture with Barrick Gold. The nickel sulfide project is currently completing the feasibility phase.

As of December 31, 2011, the total mineral resource of the Kabanga project was 58.2 million tonnes at a grade of 2.6% nickel.

Sales and marketing

In March 2007, Xstrata Nickel entered into sole distributorship agreements with the Glencore Group for its nickel, cobalt and ferronickel production. In addition, Xstrata Nickel, in its capacity as exclusive distribution agent for Koniambo, in August 2011 concluded a ferronickel sub-distribution agreement with the Glencore Group with an initial period ending December 31, 2017. For more information, see "— Relationship with the Glencore Group — Commercial relationship — Xstrata Nickel."

Xstrata Zinc

Introduction

Through Xstrata Zinc, the Xstrata Group is one of the world's largest miners and producers of zinc and one of the world's largest producers of lead, with zinc smelting operations in Spain and

Germany; four operating mines, a mine project and a lead smelter in Australia; a lead refining plant in the United Kingdom; interests in the Antamina copper and zinc mine in Peru; two zinc mines, a lead smelter and refinery and a non-controlling interest in a zinc smelter in Canada; and exploration properties in Canada and Ireland. Significant zinc-smelting competitors are Korea Zinc Company, Hindustan Zinc Limited, Nyrstar N.V. ("Nyrstar"), Boliden Limited, the Glencore Group, Votorantim Participações S.A. and various zinc-smelting operations in China. Substantial lead-producing competitors include BHP Billiton, Doe Run Resources Corporation, Hindustan Zinc Limited, China Minemetal Corp, Nyrstar and Korea Zinc Company, as well as various lead mining operations in China.

Financial information

The following table sets forth consolidated financial information for Xstrata Zinc for the year ended December 31, 2011 and the six months ended June 30, 2012:

	Year ended December 31, 2011		Six months ended June 30, 2012	
	US$m	As a % of the Xstrata Group[2]	US$m	As a % of the Xstrata Group[2]
Revenue	3,756	11.1%	1,781	11.5%
Operating profit[1]	814	9.7%	240	9.8%

Notes:

(1) This figure, which is before exceptional items, includes non-controlling interests but excludes share of results from associates.

(2) As a percentage of the Xstrata Group's revenue and operating profit, respectively.

Reserves and resource base

For details of Xstrata Zinc's attributable zinc reserve and resource base as of December 31, 2011, please refer to the Mineral Resources & Ore Reserves Report incorporated by reference herein and included in the special purpose website at http://www.xstrata.com/restricted/2012_us_bond/.

Production

The following table sets forth the attributable mine, smelter and refinery production of Xstrata Zinc broken down between the Xstrata Group's operations for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	tonnes	tonnes	tonnes	tonnes	tonnes
Zinc concentrate	1,032,755	1,022,252	974,517	500,137	496,094
Zinc production	825,208	765,867	737,758	366,339	364,833
Lead concentrate	229,782	235,616	225,743	115,874	125,629
Lead production	241,485	238,735	206,579	107,997	119,785

For selected production data for the three months ended September 30, 2011 and 2012 and for the nine months ended September 30, 2011 and 2012, see "Operating and Financial Review — Current trading and prospects."

Industrial assets

The following table sets forth the principal investments of Xstrata Zinc in industrial assets as of June 30, 2012:

Operation	Location	Commodity	Xstrata's interest	Remaining interest
Mines:				
Mount Isa	Queensland, Australia	Zinc Lead Silver	100%	N/A
McArthur River	Northern Territory, Australia	Zinc Lead Silver	100%	N/A
Brunswick	New Brunswick, Canada	Zinc Lead Copper Silver	100%	N/A
Persévérance	Quebec, Canada	Zinc Copper Silver Gold	100%	N/A
Antamina(1)	Peru	Zinc Silver	33.75%	33.75% BHP Billiton 22.5% Teck Resources Ltd 10% Mitsubishi Corporation
Smelters & refineries:				
Mount Isa lead smelter	Queensland, Australia	Lead in bullion Silver in bullion	100%	N/A
Northfleet	United Kingdom	Refined lead Lead in alloys	100%	N/A
Brunswick smelter	New Brunswick, Canada	Refined lead Silver in doré Sulfuric acid Copper speiss	100%	N/A
San Juan de Nieva smelter	Spain	Zinc Sulfuric acid	100%	N/A
Nordenham	Germany	Zinc Sulfuric acid	100%	N/A
Canadian Electrolyte Zinc Limited	Quebec, Canada	Zinc	25%	75% non-controlling shareholders in Noranda Income Fund
General Smelting of Canada	Quebec, Canada	Zinc Lead	100%	N/A
Development projects:				
Lady Loretta	Queensland, Australia	Zinc Lead Silver	100%	N/A
Bracemac-McLeod	Quebec, Canada	Zinc Copper Silver Gold	65%	35% Donner Metals Ltd.
Pallas Green	Ireland	Zinc Lead	100%	N/A
Hackett River and Wishbone	Nunavut Canada	Zinc Lead Silver Copper Gold	100%	N/A

Operation	Location	Commodity	Xstrata's interest	Remaining interest
Errington-Vermillion	Ontario, Canada	Zinc Lead Copper Silver	100%	N/A

Note:

(1) Joint with Xstrata Copper.

Mining, smelting and refining operations

For the six months ended June 30, 2012 and the year ended December 31, 2011, Xstrata Zinc's production, on a consolidated basis, was 496,094 tonnes and 974,517 tonnes of zinc in concentrate, 364,833 tonnes and 737,758 tonnes of zinc metal, 125,629 tonnes 225,743 tonnes of lead in concentrate and 119,785 tonnes 206,579 tonnes of lead metal, respectively. For the six months ended June 30, 2012 and the year ended December 31, 2011, Xstrata Zinc's mines produced significant by-products including 7,116,754 ounces and 13,374,650 ounces of silver in concentrate, respectively, and the metallurgical facilities produced 9,349,768 ounces and 18,814,964 ounces of silver, respectively, and 568,261 tonnes and 1,141,002 tonnes of sulfuric acid (534,150 tonnes and 1,071,881 tonnes of saleable sulfuric acid), respectively.

Australia

Mount Isa

The Mount Isa operations are located in northwest Queensland and consist of the Black Star and Handlebar Hill open cut zinc/lead/silver mines and the George Fisher underground mine; a zinc/lead concentrator and a lead smelter. Ore from the Black Star, Handlebar Hill and George Fisher mines is concentrated at Mount Isa, producing separate zinc and lead concentrates. The zinc concentrate produced at Mount Isa is either transported to Xstrata Zinc's zinc smelters for further processing or sold to third parties, while the lead concentrate is smelted on site at the Mount Isa lead smelter, with the lead bullion being shipped to Xstrata Zinc's Northfleet lead refinery in the United Kingdom for processing.

For the six months ended June 30, 2012 and the year ended December 31, 2011, Mount Isa produced 181,412 tonnes and 357,011 tonnes of zinc in concentrate, 74,962 tonnes and 130,697 tonnes of lead in concentrate, 71,894 tonnes and 138,629 tonnes of lead in lead bullion, and 3,731 thousand ounces and 6,546 thousand ounces of silver in lead bullion, respectively.

As of December 31, 2011, the total estimated mineral resource at Mount Isa was 638.4 million tonnes at an average grade of 5.7% of zinc, 3.5% of lead and 71 g/t of silver.

McArthur River

The McArthur River mine is located in the Northern Territory and produces a bulk zinc/lead/silver concentrate and separate zinc concentrate. These concentrates are predominantly sold to third parties; some minor volumes are also sold to Xstrata Zinc's own smelters in Europe. The McArthur River operation consists of an open pit mine using conventional drilling, blasting, loading and hauling methods; processing using crushing, grinding and flotation to produce a bulk zinc and lead concentrate; and a loading facility at Bing Bong, where the concentrate is transferred to barges and then loaded onto ships offshore.

In August 2012, Xstrata plc approved a US$360 million investment to more than double capacity at the McArthur River Mine beginning in 2014. This expansion is subject to final Australian government approval.

For the six months ended June 30, 2012 and the year ended December 31, 2011, McArthur River produced 98,680 tonnes and 194,058 tonnes of zinc concentrate, 19,997 tonnes and 38,284 tonnes of lead in concentrate, and 848 thousand ounces and 1,594 thousand ounces of silver in concentrate, respectively.

As of December 31, 2011, the total estimated mineral resource at McArthur River was 170.5 million tonnes at an average grade of 10.8% of zinc, 4.8% of lead and 48 g/t of silver.

United Kingdom

Northfleet

The Northfleet lead refinery is located at Gravesend in the United Kingdom. It processes lead bullion from Xstrata Zinc's Mount Isa operation to produce 99.99 grade refined lead and lead alloys together with 99.9 grade silver.

For the six months ended June 30, 2012 and for the year ended December 31, 2011, Northfleet produced 80,841 tonnes and 130,055 tonnes of refined lead and 3,606 thousand ounces and 5,381 thousand ounces of refined silver, which were sold to third party customers, respectively.

Germany

Nordenham

The Nordenham electrolytic zinc smelter, designed in 1972 with a capacity of 90,000 tonnes, is located on the northwest coast of Germany. It receives zinc concentrates from Australia, Canada, Peru and Europe to produce refined zinc that is sold to third party customers.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the Nordenham smelter produced 75,096 tonnes and 154,241 tonnes of zinc metal, respectively. A new direct leach plant contributed 15,000 tonnes.

Approximately 75% of the products are sold in Germany (with a total market demand of 550,000 tonnes), and 25% is sold in neighboring countries.

Spain

San Juan de Nieva smelter, Arnao and Hinojedo

The San Juan de Nieva smelter is located in Asturias on the northern coast of Spain adjacent to the port of Avilés and is one of the largest and most efficient electrolytic zinc smelters in the world. The smelter produces SHG zinc and a range of casting and galvanizing alloys as well as sulfuric acid, copper cements and lead-silver concentrates. The Arnao plant is located five kilometers from the San Juan de Nieva smelter and produces zinc oxide by distillation, using as raw material the melting and casting drosses produced at the San Juan de Nieva smelter. The Arnao plant also manufactures lead anodes for the San Juan smelter. The Hinojedo plant is located in Cantabria on the northern coast of Spain, 180 kilometers from the San Juan de Nieva smelter. The Hinojedo plant is a roasting plant that produces liquid sulfur dioxide and impure zinc oxide so-called calcine that is either transported to the San Juan de Nieva smelter or the Nordenham smelter in Germany.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the San Juan de Nieva smelter produced 254,226 tonnes and 511,092 of zinc metal, respectively. For the six months ended June 30, 2012 and the year ended December 31, 2011, these facilities produced 254,226 tonnes and 511,092 tonnes of refined zinc, 7,490 tonnes and 15,575 tonnes of zinc oxide and 9,967 tonnes and 22,075 tonnes of liquid sulfur dioxide, respectively.

Peru

Antamina

Antamina is the world's fifth largest zinc and eighth largest copper mine and is located in the Andes in northern Peru's Ancash region at an elevation of 4,300 meters. It is operated by a joint venture company, Compañía Minera Antamina S.A., and the joint venture partners are Xstrata (33.75%), BHP Billiton (33.75%), Teck Resources Limited (22.5%) and Mitsubishi Corporation (10%). Xstrata Copper and Xstrata Zinc are represented on the board of directors and advisory committee of the Compañía Minera Antamina S.A. The operation's concentrator is considered to be the world's largest polymetallic processing plant, treating ores containing copper, zinc, molybdenum, silver and lead. These concentrates are transported via a 300 kilometer slurry pipeline to port facilities at Huarmey.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the operation produced, on an attributable basis, 41,677 tonnes and 79,444 tonnes of zinc in concentrate, respectively.

As of December 31, 2011, the total estimated mineral resource was 1,896 million tonnes at an average grade of 0.8% of copper, 0.5% of zinc and 9.8 g/t of silver.

Canada

Persévérance

The Persévérance zinc-copper mine is located in Quebec and produces both zinc and copper concentrates with substantial gold and silver credits.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the operation produced 64,414 tonnes and 135,008 tonnes of zinc in concentrate and 4,828 tonnes and 9,752 tonnes of copper in concentrate, respectively.

As of December 31, 2011, the total estimated mineral resource at Persévérance was 1.3 million tonnes at an average grade of 12.3% of zinc, 1.07% of copper and 28.6 g/t of silver.

Eighty-six percent of the operation's zinc concentrate was shipped to the Canadian Electrolyte Zinc Limited ("CEZ") refinery, which is owned by the Noranda Income Fund ("NIF") and the remaining 14% was sold to third parties. Xstrata in turn holds a 25% interest in NIF. Copper concentrate was sold to the Horne smelter, a Xstrata Copper subsidiary.

Xstrata expects the Persévérance deposit to become depleted and to cease operations in the first quarter of 2013, although Xstrata Zinc will continue operating the concentrator with the nearby developing Bracemac-McLeod project (a 65% joint venture), which is scheduled to commence operations during the first quarter of 2013.

Brunswick

The Brunswick operations are located in New Brunswick and comprise the Brunswick zinc-lead mine and the Brunswick lead smelter-refinery. Xstrata Zinc produces lead concentrates at the Brunswick mine and procures and processes lead/silver concentrates, residues and recycled materials at the Brunswick smelter.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the mine operation produced 109,911 tonnes and 208,995 tonnes of zinc in concentrate (including zinc in bulk concentrate), 3,977 tonnes and 8,798 tonnes of copper in concentrate, and 30,670 tonnes and 56,762 tonnes of lead in concentrate (including lead in bulk concentrate), respectively, with substantial credits in silver and gold.

Zinc concentrates were mainly shipped to the CEZ refinery (40%) and to Xstrata Zinc's smelters in Europe (41%), with the balance being shipped to third party European smelters.

As of December 31, 2011, the total estimated mineral resource at Brunswick was 3.2 million tonnes at an average grade of 7.5% of zinc, 2.9% lead, 0.5% copper and 94.8 g/t of silver.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the smelter-refinery operation produced 38,944 tonnes 76,524 tonnes of refined lead and 5,743 thousand ounces and 13,434 thousand ounces of silver doré, respectively.

The Brunswick mine will cease operations in the first quarter of 2013 after almost 50 years of operation, and different scenarios are being evaluated to keep the Brunswick smelter-refinery open beyond the closure of the Brunswick mine.

CEZ refinery

The CEZ electrolytic zinc refinery, located in Quebec, is owned by the NIF. Xstrata owns a 25% interest in NIF. Xstrata Zinc procures and processes zinc concentrate at the CEZ refinery. The raw material feed stream for the CEZ refinery is managed through a combination of third party purchases and the integrated mine production of the Xstrata Group. This allows Xstrata Zinc to take advantage of transport cost differentials and the treatment capabilities of its refineries. Concentrate purchases originate from local mines and, subject to market conditions, offshore mines.

Xstrata has an agreement to supply NIF between 520,000 and 550,000 dry tonnes of zinc concentrates per annum until May 2017. For the year ended December 31, 2011, 94% of the zinc concentrate supplied to NIF came from Xstrata's Brunswick, Persévérance, Kidd and Antamina mines, with the balance coming from third parties.

For the year ended December 31, 2011, the operation produced, on an attributable basis, 35,511 tonnes and 72,425 tonnes of zinc metal.

NorFalco

Xstrata Zinc also operates NorFalco LLC, which markets, transports and distributes the sulfuric acid produced by all of the Xstrata Group's copper, zinc and nickel operations located in Canada to customers in North America. For the six months ended June 30, 2012 and the year ended December 31, 2011, it sold 835,717 short tonnes and 1,624,078 short tonnes of sulfuric acid, respectively, mainly in the North American market.

Development projects

Australia

Mount Isa

Final approvals were received in September 2010 for a AUD274 million expansion of the George Fisher underground mine to increase production by 28% by 2013. Since Xstrata acquired the asset in 2003, George Fisher zinc reserves have increased by 99% to become one of the largest known zinc reserves in the world. In addition, AUD35.5 million was approved for secondary and tertiary surface crushers to be constructed at George Fisher North. This will reduce operating costs and ensure there is crushing capacity available for the increase in production in 2013 from George Fisher.

The AUD130 million Black Star Open Cut Deeps development announced in March 2010 will extend the life of the open cut by four years to 2015 at current production rates. The project is expected to add 15 million tonnes of ore to the production profile at a rate of 4.5 million tonnes per annum.

McArthur River

In August 2012, Xstrata approved a US$360 million investment to more than double capacity at the McArthur River mine in the Northern Territory from 2.5 million tonnes of ore to 5.5 million tonnes per annum from 2014. The McArthur River mine Phase 3 Development Project will increase annual zinc production to 380,000 tonnes and lead production to 93,000 tonnes. Advanced processing technology on site will enable McArthur River mine to produce a separate zinc concentrate acceptable to all smelters from its bulk zinc-lead concentrate. This expansion is subject to final Australian Government approval.

Lady Loretta

In February 2011, Xstrata Zinc announced it had acquired the remaining 25% interest held by Cape Lambert Lady Loretta Pty Ltd in the Lady Loretta joint venture for AUD30 million. The acquisition increased Xstrata Zinc's ownership in Lady Loretta to 100%. In 2011, Xstrata approved the construction of the greenfield Lady Loretta zinc-lead-silver mine in northwest Queensland at a capital cost of AUD246 million to produce an annual average of 126,000 tonnes of zinc in concentrate and 40,000 tonnes of lead in concentrate over 10 years. In 2012, Xstrata Zinc revised Lady Loretta's mining plan to commence extracting ore one year earlier than planned, in late 2012, and increased planned annual ore production from one million to 1.2 million tonnes from 2015.

Spain

San Juan de Nieva

An industrial scale demonstration plant at San Juan de Nieva using Xstrata's proprietary hydrometallurgy technology was commissioned in 2010 to treat McArthur River mine bulk concentrates, currently processed predominantly by imperial smelters. This demonstration plant should also allow further optimization of the process for the treatment of other low grade zinc concentrates through this technology.

Germany

Nordenham

At Nordenham, the construction of Xstrata's Proprietary Hydrometallurgy Technology Demo Plant was completed in early January 2011. The plant is an alternative route for processing bulk concentrate from McArthur River. This development enables Xstrata Zinc to substitute zinc calcine feed from Spain with McArthur River bulk concentrate.

Ireland

Pallas Green

Exploration efforts in Ireland have identified significant zinc mineralization at the Pallas Green property near Limerick. A €7 million exploration program, carried out in 2010 in conjunction with a 23.6% joint venture partner to define and increase economic reserves and initiate baseline studies, confirmed the potential of this project. A €13.5 million exploration and delineation program associated with a pre-feasibility study was carried out in 2011.

In July 2011, Xstrata Zinc entered into an agreement to purchase the 23.6% interest in Pallas Green that it did not already own from its joint venture partner, Minco plc, for US$19.4 million. The transaction was completed in October 2011. Under the agreement, Xstrata Zinc acquired all 10 prospecting licenses related to the Pallas Green project, covering an area of 294 square kilometers.

Canada

Bracemac-McLeod

Building on the success of the Persévérance mine, work is progressing on the Bracemac-McLeod project, five kilometers east of the Matagami concentrator. This joint venture, in which Xstrata Zinc holds an interest of 65%, was approved in July 2010 at a capital cost of C$159 million after completing the feasibility study in the second quarter of 2010. Development started immediately and progressed as the necessary permits were received. The mine is expected to commence production in the first quarter of 2013.

The C$5 million program to discover new resources and potentially extend the life of the Matagami camp is still on-going. Two new exploration programs were initiated in 2010, one on the Mattabi-Sturgeon Lake property in northwestern Ontario and one on the Puisseaux-Selbaie property west of Matagami.

Hackett River and Wishbone

On October 4, 2011, the Xstrata Group closed the acquisition of the Hackett River and Wishbone properties, Canadian prospects in northern Canada in the province of Nunavut, from Sabina for cash consideration of C$50 million. Exploration drilling in Hackett River is underway and has confirmed an NI 43-101 compliant resource of approximately 60 million tonnes of ore containing zinc, silver, copper, lead and gold, with approximately 5.2 million tonnes of zinc equivalent, housed within four proximal near-surface deposits amenable to open pit mining. Both properties contain significant additional exploration potential. The Hackett River property comprises nine mineral leases totaling 12,250 hectares. The Wishbone property comprises 132 mineral claims covering 107,227 hectares.

Errington-Vermillion

The wholly owned Errington-Vermilion property located in Sudbury in Ontario covers an area of approximately 45 square kilometers, including portions with mining and surface rights, mining rights only, and licenses of occupation. A drilling program of 5,100 meters that was designed to validate the resources by compiling historical data collected between 1900 and 1996 was initiated in late 2011. Eight holes drilled at Vermillion and thirteen holes drilled at Errington positively confirmed both the location and morphology of the mineralized bodies. Furthermore, the sulfides intersected in the drilling corroborated the historical copper, zinc and lead grades and demonstrated increased precious metal content in several intersections. Follow-up definition drilling to further confirm the resource and to explore areas highlighted for additional potential is planned for the autumn of 2012.

Sales and marketing

Around half of all zinc currently consumed is used for galvanizing steel, which is an environmentally friendly method of protecting steel against corrosion. Zinc also finds application in the manufacture of die-cast alloys, brass and the production of zinc oxides and chemicals.

For the six months ended June 30, 2012 and the year ended December 31, 2011, zinc metal sales represented about 38% and 39% of Xstrata Zinc's revenue, respectively, while zinc concentrate sales represented approximately 21% and 27%, respectively, and refined lead and silver approximately 21% and 19%, respectively. The remainder consists of sales of by-products such as cadmium, sulfuric acid and sulfur dioxide.

Practically all of the zinc metal produced by Xstrata Zinc is sold in EU countries, Canada and the United States. European markets in order of importance are Germany, Spain, Austria, France, Portugal, the Netherlands and the United Kingdom. In the European markets, Xstrata Zinc's smelters principally supply the galvanizing sector. The Glencore Group was Xstrata Zinc's largest customer for the year ended December 31, 2011, accounting for approximately 40% of its global zinc metal sales.

For the year ended December 31, 2011, approximately 88% of Xstrata Zinc's zinc metal sales were made under term contracts, while approximately 12% of such sales were on a spot basis.

Zinc concentrates are sold mainly to Japan, South Korea, China, Australia and Europe. The Glencore Group was Xstrata Zinc's largest customer for the year ended December 31, 2011, accounting for approximately 41% of total zinc concentrate sales.

Xstrata Zinc sells to the CEZ processing facility up to 550,000 tonnes per annum of zinc concentrate from its own mines and from third party suppliers, under a supply and processing agreement to support 100% of planned production rates to May 2017. Xstrata Zinc markets zinc and bulk concentrates to third party smelters and traders in the global market. In addition, it acts as sales agent in Europe on behalf of Compañía Minera Antamina S.A.'s frame sales agreements.

Xstrata Zinc acts as a marketing agent for CEZ. Marketing of the CEZ refinery and related alloys, as well as Xstrata Zinc's lead metal and related alloys, is carried out through its head office in Toronto, Ontario and affiliated marketing offices in Cleveland, Ohio. The head office in Toronto also manages the sales of sulfuric acid produced by all operations comprising Xstrata Canada.

Xstrata Zinc procures its own and third party lead concentrate and secondary feeds for the Belledune Lead Smelter and manages the sale of approximately 75,000 tonnes per annum of refined lead.

Concentrate suppliers

Following the expansion of the San Juan de Nieva plant's design production capacity, the acquisition of the Nordenham smelter and the acquisition of Falconbridge, approximately 1.7 million tonnes per annum of zinc concentrate is required as feedstock to the Xstrata Zinc electrolytic zinc plants for them to operate at current capacity.

San Juan de Nieva and Nordenham typically purchase zinc concentrates from more than 10 third party sources, of which five accounted for approximately 50% of their total concentrate requirements in 2011. San Juan de Nieva and Nordenham have contracted for almost all of their total zinc concentrate requirements for 2012. Approximately 227,000 tonnes of zinc concentrate are expected to be sourced from Mount Isa in 2012. Over the course of 2011, the Glencore Group supplied approximately 36% of zinc concentrates sourced by Xstrata Zinc from third parties and is the principal supplier of Xstrata Zinc, in addition to being its largest customer. These purchases and sales were all made under contracts on arm's length terms. In addition, in 2011, Teck's Red Dog mine in Alaska accounted for approximately 16% of Xstrata Zinc's total zinc concentrate requirements.

Xstrata Alloys

Introduction

Through Xstrata Alloys, the Xstrata Group is one of the world's largest and among the world's lowest cost integrated ferrochrome producers (via the Xstrata-Merafe chrome venture), one of the world's largest producers of primary vanadium and a growing producer of PGMs. Xstrata Alloys, which manages the Xstrata Group's chrome and vanadium operations and its PGM operations, also owns carbon operations supplying key raw materials to its ferrochrome production operations. All of Xstrata Alloys' operations are based in South Africa. Xstrata Alloys' operations are located across the mineral-rich Bushveld complex in South Africa's North West, Limpopo and Mpumalanga provinces.

In line with South Africa's MPRDA and associated Mining Charter (amended in September 2010), Xstrata Alloys has substantively fulfilled its Black Economic Empowerment (''BEE'') obligations in respect of transfer of ownership, required for security of tenure (15% of the industry to be owned by historically disadvantaged South Africans by 2009 and 26% by 2014). Merafe Resources Limited (''Merafe''), however, has not exercised its option to increase its ownership from 20.5% to 26% in the Xstrata-Merafe chrome venture.

Xstrata Alloys has, to date, submitted all of its applications for new order prospecting and mining rights under the MPRDA. All of these applications have been granted to Xstrata Alloys by the DMR. For example, in 2007 the DMR granted to the Rhovan vanadium operation a new order mining right for the mining of vanadium ore, which is valid for a period of 20 years.

With regards to the conversion of existing old order prospecting and mining rights, all of its applications to date have been submitted to the DMR and have been granted. For example, in respect of the Mototolo operations, the conversion has been granted for the Thorncliffe/Helena application. Xstrata has notarially executed the mining right, and an application is planned to be made to the DMR for the relevant converted platinum group metal rights to be ceded to the Mototolo Joint Venture or for the DMR's approval of a similar structure. With regards to the Eland Platinum Holdings Limited (''Eland'') operations, twelve prospecting rights and two new order mining rights, which are valid for periods of thirty years each, have been granted and notarially executed by the DMR.

All the Mining Charter requirements of the MPRDA, such as employment equity and procurement requirements are fully on track. The other requirements of the MPRDA, including the social and labor plans and human resources development plans, have been approved by the DMR. See ''Risk Factors — Legislative risk factors relating to the Xstrata Group — Australian native title, South African and Canadian land claims and Peruvian constitutional rights'' and ''Risk Factors — Legislative risk factors relating to the Xstrata Group — South African Mineral and Petroleum Resources Development Act, Mining Charter and Royalty Act.''

Financial information

The following table sets forth consolidated financial information for Xstrata Alloys for the year ended December 31, 2011 and the six months ended June 30, 2012:

	Year ended December 31, 2011		Six months ended June 30, 2012	
	US$m	As a % of the Xstrata Group[2]	US$m	As a % of the Xstrata Group[2]
Revenue	1,689	5.0%	753	4.8%
Operating profit[1]	153	1.8%	52	2.1%

Notes:

(1) This figure, which is before exceptional items includes non-controlling interests but excludes share of results from associates.

(2) As a percentage of the Xstrata Group's revenue and operating profit, respectively.

Chrome and vanadium

Introduction

Xstrata Alloys, together with its Pooling and Sharing Venture ("PSV") partner, Merafe, have a combined capacity of approximately 1.98 million tonnes of ferrochrome per annum, representing approximately 16% of disclosed global capacity. The Xstrata Group is currently one of the largest ferrochrome producers in the world and among the lowest cost integrated ferrochrome producers in the world. Significant chrome competitors are Eurasian Natural Resources Corporation and Samancor Chrome.

Xstrata Alloys believes it is well placed to maintain and continue to grow its ability to offer a wide range of ferrochrome products and to produce large volumes at low cost. The chrome business has the ability to pursue continued growth in its chrome operations while at the same time seeking to maintain its position as one of the lowest cost producers of ferrochrome in the world.

The vanadium business's operations comprise the mining of magnetite ore, the production of vanadium pentoxide and the conversion of vanadium tri-oxide to ferrovanadium. Capacity for the vanadium operations is approximately 22 million pounds of vanadium pentoxide equivalent per annum, which Xstrata Alloys estimates represents approximately 5.6% of global production. Significant vanadium competitors are Russia-based Evraz Steel, with operations in Russia and South Africa, as well as Chinese producers Panzhihua Iron and Steel (Group) Co., Ltd. and Chengde Iron and Steel Group Co., a subsidiary of Hebei Iron and Steel Group.

Reserves and resource base

For details of Xstrata Alloys's attributable chrome and vanadium reserve and resource base as of December 31, 2011, please refer to the Mineral Resources & Ore Reserves Report incorporated by reference herein and included in the special purpose website at http://www.xstrata.com/restricted/2012_us_bond/.

Production

The following table sets forth the attributable ferrochrome, ferrovanadium and vanadium pentoxide production of Xstrata Alloys for the years ended December 31, 2009, 2010, and 2011 and the six months ended June 30, 2011 and 2012:

	Year ended December 31,			Six months ended June 30,	
Total production(1)	**2009**	**2010**	**2011**	**2011**	**2012**
Ferrochrome (thousand tonnes)(2)	786	1,165	1,021	581	459
Vanadium(3)					
Ferrovanadium (thousand kilograms)	2,284	4,311	3,953	1,977	1,838
V_2O_5 (thousand pounds)	11,492	21,874	21,039	10,093	9,946

Notes:

(1) Production of ferrochrome and vanadium is in South Africa. See "Presentation of Information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of the production amounts and of the production amounts themselves. Production figures have been extracted without material amendment from Xstrata's management records.

(2) Reflects Xstrata's 79.5% share of the Xstrata-Merafe chrome venture.

(3) 100% consolidated.

For selected production data for the three months ended September 30, 2011 and 2012 and for the nine months ended September 30, 2011 and 2012, see "Operating and Financial Review — Current trading and prospects."

Industrial assets

The table below shows the principal investments of Xstrata Alloys in industrial assets as of June 30, 2012:

Operation	Location	Commodity	Xstrata's interest	Remaining interest
Mines:				
Xstrata-Merafe chrome venture . . .	South Africa	Chrome	79.5%	20.5% Merafe Resources Limited[(1)]
Rhovan	South Africa	V_2O_5	74%	26% Bakwena-Ba-Magopa Community Trust
		Ferrovanadium	74%	26% Bakwena-Ba-Magopa Community Trust
Smelters & refineries:				
Lion	South Africa	Ferrochrome	79.5%	20.5% Merafe Resources Limited[(1)]
Rustenburg	South Africa	Ferrochrome	79.5%	20.5% Merafe Resources Limited[(1)]
Wonderkop	South Africa	Ferrochrome	79.5%	20.5% Merafe Resources Limited[(1)]
Lydenburg	South Africa	Ferrochrome	69.6%[(2)]	20.5% Merafe Resources Limited[(1)] 12.5% Mitsui Minerals Development South Africa
Boshoek	South Africa	Ferrochrome	79.5%	20.5% Merafe Resources Limited[(1)]
Development projects:				
Lion II	South Africa	Ferrochrome	79.5%	20.5% Merafe Resources Limited[(1)]
Tswelopele	South Africa	Ferrochrome	79.5%	20.5% Merafe Resources Limited[(1)]

Note:

(1) Merafe Resources Limited has an option to increase its participation interest to 26%, including through the disproportionate funding of future expansion projects.

(2) The ownership interests of Xstrata Alloys and Merafe in the Lydenburg plant reflect the contribution of an 87.5% interest in such plant to the PSV.

Mining, smelting and refining operations

Chrome

Xstrata Alloys' chrome operations consist of seven operating chrome mines and 20 ferrochrome furnaces, all of which are managed through a combined PSV with Merafe. The assets are managed along with all of the other PSV assets by the joint board of the PSV. The Xstrata Group's attributable interest in the PSV is 79.5%. In line with the BEE requirements of the MPRDA, Merafe has the option to increase its participation interest in the PSV to 26%, including through the disproportionate funding of future expansion projects.

Xstrata Alloys is currently reducing its electricity usage across both the ferrochrome and vanadium operations due to power supply restrictions applied by South Africa's electricity utility Eskom. While Xstrata Alloys anticipates that power shortages will continue to limit ferrochrome supply in South Africa over the next five years until new generating capacity comes on line, it believes it is relatively well positioned with its energy efficient and proprietary Premus smelter technology (which is a substantial modification of the highly efficient closed furnace and pelletizing technology) and the flexibility afforded through its 20 furnace operations spanning five sites. Xstrata Alloys is also investigating alternative sources of electricity other than Eskom.

For the six months ended June 30, 2012 and the year ended December 31, 2011, Xstrata Alloys' share of the Xstrata-Merafe chrome venture's ferrochrome production was 459,000 tonnes and 1,021,000 tonnes of ferrochrome, respectively.

As of December 31, 2011, Xstrata Alloys' total ferrochrome mineral resource was 165 million tonnes at 42% chromium oxide.

The marketing of the Xstrata Group's ferrochrome production is mainly supported by the Glencore Group under marketing, agency and distribution agreements. For further information see ''— Relationship with the Glencore Group — Commercial relationship — Xstrata Alloys — Chrome operations.'' However, up to a maximum of 105,000 tonnes of ferrochrome attributable to the Lydenburg plant may be marketed into Asia annually by Mitsui & Co. Historically, Mitsui & Co. have only exercised their marketing right in respect of 30,000 tonnes of ferrochrome.

Vanadium

Xstrata Alloys' vanadium operations consist of its Rhovan plant, which is an integrated mining and vanadium processing plant that produces vanadium pentoxide (V_2O_5) and ferrovanadium (FeV). In 2009, transaction agreements were concluded with the Bakwena-Ba-Mogopa traditional community giving them a 26% participation in the vanadium business through a PSV, similar to the Xstrata-Merafe chrome venture. The transaction has become unconditional.

For the six months ended June 30, 2012 and the year ended December 31, 2011, the Rhovan plant produced 1,838 thousand kilograms and 3,953 thousand kilograms of ferrovanadium, respectively, and 9,946 thousand pounds and 21,039 thousand pounds of vanadium pentoxide, respectively.

As of December 31, 2011, Xstrata Alloys' total vanadium mineral resource was 156 million tonnes at 0.5% vanadium oxide.

All of the vanadium pentoxide and ferrovanadium produced by the Vanadium business is marketed or distributed by the Glencore Group under marketing, agency and distribution agreements. For further information, see ''— Relationship with the Glencore Group — Commercial relationship — Xstrata Alloys — Vanadium operations.''

Development projects

In 2010, Xstrata's board of directors approved the second phase of the Lion smelter complex expansion and the associated Magareng mine development. The expansion will involve the construction and commissioning of a smelter with a capacity of 360,000 tonnes per annum and will increase the Xstrata-Merafe chrome venture's total ferrochrome capacity to over 2.3 million tonnes per annum at a capital cost of R4.9 billion (US$710 million). Bulk earthworks have commenced, and commissioning is planned for the first half of 2013.

An agreement was concluded with Lonmin to increase and extend the current UG2 off-take agreement from tailings at Lonmin's Marikana operations. In accordance with this agreement, chromite recovery plants have been built and are operated by the Xstrata-Merafe chrome venture at the Marikana operations of Lonmin. Total UG2 supply sourced through this transaction amounts to approximately 1.5 million tonnes per annum.

The Xstrata-Merafe chrome venture also approved the construction of a new 600,000 tonne per annum pelletizing and sintering plant at its Rustenburg operations. Construction of Project Tswelopele is now well advanced and will be completed on time and within its capital budget of US$114 million and is expected to be fully operational in 2013. The plant will agglomerate some of the additional UG2 from the Lonmin operations, significantly improving operational efficiencies and costs and delivering environmental improvements.

The Horizon mine development remains on schedule to reach a production capacity of 40,000 tonnes per month by the end of 2012.

Sales and marketing

The marketing of the Xstrata Group's ferrochrome production (other than certain tonnage sold into Asia) accounting for approximately 98% of the Xstrata Group's ferrochrome sales for the year ended

December 31, 2011, is supported by the Glencore Group under marketing agency and distribution agreements.

All of the vanadium pentoxide and ferrovanadium produced by the Vanadium business is marketed or distributed by the Glencore Group under marketing, agency and distribution agreements.

All of the Xstrata Group's chrome ore production (other than certain tonnage sold in South Africa) is supported by a Glencore Group marketing agency agreement.

Platinum Group Metals

Introduction

Xstrata Alloys successfully established a foothold in the platinum group metals market in 2006 through its participation in the Mototolo joint venture with Anglo American Platinum Limited, through the acquisition of Eland Platinum in 2007 and through the subsequent rapid development of the Eland mine and concentrator.

Xstrata Alloys' chrome operations operate mines in the same geological complex as the South African platinum industry. The industry leading cost profile for chrome also confers competitive advantages in platinum group metals production. Xstrata Alloys believes that it is well positioned to build a platinum group metals business of scale through the delivery of its project pipeline and more acquisitions. Significant platinum group metals competitors are Anglo American Platinum Limited, Impala Platinum, Lonmin and Aquarius Platinum.

Between August and October 2008 the Xstrata Group acquired a stake of 24.9% in platinum producer Lonmin, for a total cash consideration of US$1,878 million. For further information, see "Operating and Financial Review — Principal factors affecting the Xstrata Group's business — Acquisitions and disposals."

For the six months ended June 30, 2012 and the year ended December 31, 2011, Xstrata Alloys' attributable production was approximately 65,742 ounces and 154,428 ounces of platinum group metals, respectively, with the capacity for operations to reach a total steady state production of approximately 570,000 ounces of platinum group metals in concentrate per annum.

Reserves and resource base

For details of Xstrata Alloys's platinum group metals reserve and resource base as of December 31, 2011, please refer to the Mineral Resources & Ore Reserves Report incorporated by reference herein and included in the special purpose website at http://www.xstrata.com/restricted/2012_us_bond/.

Production

The following table sets out the total and attributable mine, smelter and refinery production of Xstrata Alloys for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012:

Platinum group metals production(1)	Year ended December 31, 2009	2010	2011	Six months ended June 30, 2011	2012
			ounces		
Total production(2)					
Platinum	132,969	117,659	92,411	50,677	37,866
Palladium	67,435	59,584	46,968	25,237	21,442
Rhodium	21,182	19,602	15,049	8,178	6,434
Attributable production					
Platinum	98,389	87,061	68,380	37,499	28,020
Palladium	49,898	44,090	34,755	18,674	15,867
Rhodium	15,674	14,504	11,136	6,051	4,761

Notes:

(1) Production is in South Africa. See "Presentation of Information — Ore reserves and mineral resource reporting — Basis of preparation" and "Presentation of Information — Ore reserves and mineral resource reporting — Production and sales" for an explanation of the basis of preparation of production amounts and of the production amounts themselves. Production figures have been extracted without material amendment from Xstrata's management records.

(2) Consolidated 100% of Eland and 50% of Mototolo.

For selected production data for the three months ended September 30, 2011 and 2012 and for the nine months ended September 30, 2011 and 2012, see "Operating and Financial Review — Current trading and prospects."

Industrial assets

The table below shows the principal investments of Xstrata Alloys in platinum group metals industrial assets as of June 30, 2012:

Operation	Location	Commodity(1)	Xstrata's interest	Remaining interest
Mines:				
Mototolo joint venture	South Africa	Platinum group metals	37%	50% Anglo American Platinum Limited 13% Kagiso Platinum Venture Pty Ltd
Eland Platinum	South Africa	Platinum group metals	74%	26% Ngazana consortium
Development projects:				
Beestkraal	South Africa	Platinum group metals	74%	26% Abrina 1998 (Pty) Ltd

Note:

(1) Platinum group metals consist of platinum, palladium, rhodium and gold.

Mining operations

Mototolo

The Mototolo platinum mine is a 50:50 joint venture between Anglo American Platinum Limited and XK Platinum Partnership (74% of which is held by Xstrata South Africa (Alloys Division) and 26% of which is held by Kagiso Platinum Venture Pty Ltd), and is situated both within and adjacent to Xstrata Alloys' Thorncliffe Chrome Mine on the Eastern Limb of the Bushveld Complex. Xstrata Alloys manages the mining operations, while Anglo American Platinum Limited manages the concentrator operations. The mine produces approximately 200,000 ounces of platinum group metals in concentrate per annum, of which the Xstrata Group's attributable production is 37%.

For the six months ended June 30, 2012 and the year ended December 31, 2011, total production was 110,006 ounces and 198,168 ounces of platinum group metals (platinum, palladium, rhodium and gold), respectively.

As of December 31, 2011, the total mineral resource of the Mototolo platinum mine was 42.5 million tonnes at an average grade of 4.3 g/t of platinum group metals.

Eland Platinum

Through its ownership of Eland, Xstrata Alloys owns a 74% interest in the Eland platinum mine and concentrator (with the remaining 26% interest held by its BEE partner, the Ngazana consortium). At steady state it is anticipated that the mine will produce approximately 410,000 ounces of platinum group metals in concentrate per annum. The Eland platinum mine also holds further exploration rights in close proximity to the current operations, namely Zilkaatsnek and Schietfontein and two additional exploration properties (the first property is contiguous to Elandsfontein (Madibeng) and the second property is located near Anglo American Platinum Limited's Rustenburg Mine (Beestkraal)). Both properties provide future platinum group metals project development potential.

For the six months ended June 30, 2012 and the year ended December 31, 2011, total production was 20,704 ounces and 56,661 ounces of platinum group metals (platinum, palladium, rhodium and gold), respectively.

As of December 31, 2011, the total mineral resource of the Eland platinum mine was 152.9 million tonnes at an average grade of 4.3 g/t of platinum group metals.

Development projects

At Eland, the development of the western decline, the Kukama Shaft, is progressing well, although some challenges have been experienced due to poorer than expected ground conditions. Development also commenced in June 2010 at the Nyala Shaft, the US$201 million eastern decline development at Eland. Initial production as a result of the development activities from both shafts commenced in early 2012.

The underground operations are expected to produce 250,000 tonnes of ore per month by the end of 2015, and steady state production of 450,000 tonnes of ore per month is expected to be reached during the last quarter of 2019, increasing production levels to approximately 250,000 platinum ounces per annum in concentrate. Eland is expected to have an estimated mine life of approximately 25 years (excluding the Madibeng reserves).

Xstrata Alloys continues to assess its medium- to long-term PGM growth options through the development of its exploration portfolio with junior companies.

Exploration drilling at Beestkraal, scaled back during 2009 to preserve cash, resumed during 2011, with one borehole of 2,000 meters planned for the year. To date, 10 boreholes and an aeromagnetic survey of the area have been completed.

The bankable feasibility study for the five farms comprising the northern and southern Garatau portion of the Nkwe Platinum Ltd (''Nkwe'') and Genorah Resources (Pty) Ltd (''Genorah'') project area, located on the Eastern Limb of the Bushveld Complex, has been completed. Xstrata Alloys decided not to exercise the 50% participation option it had acquired in respect of the five properties comprising the Nkwe and Genorah project area.

Sales and marketing

All PGM concentrate and associated by products produced by the Mototolo Platinum Mine (excluding the XK Platinum Partnership's attributable share of iridium and ruthenium) and all PGM concentrate and associated by products at Eland platinum mine are sold to Anglo American Platinum Limited under concentrate off-take agreements.

Technology

The devolved management structure of the Xstrata Group means that most technology research and development activity is directed from within commodity units. The intent is to keep research focused and closely engaged with the needs of the business. Commodity groups use a variety of methods to conduct research, including directly on sites; through external contractors, institutions and consultants; through direct relationships and projects with universities; and through collaborative industry bodies and research projects.

In addition to the commodity unit directed research, Xstrata operates two stand-alone technical groups: Xstrata Process Support (''XPS'') and Xstrata Technology.

XPS provides expert technical services to the minerals sector through four specialist departments — Extractive Metallurgy, Process Mineralogy, Materials Technology and Process Control. Based in Sudbury, Ontario, it has metallurgical facilities including quantitative mineralogy, laboratory and pilot facilities to conduct investigations in grinding, flotation, leaching, smelting, refining, and ore body evaluation techniques. It develops new methods for treating ores and custom feeds, improved flowsheets for new and existing operations, and methods to improve environmental performance and efficiency of operations.

It provides ''arm's length'' support to Xstrata business units and third-party customers. Xstrata businesses seek technical support from many suppliers, but may choose XPS for highly specialized or competitive-advantage work. Further specialist facilities are dedicated to provide internal support at various sites.

The Xstrata Group participates in a number of focused exploration research projects designed to reduce the cost and increase the likelihood of success of mineral exploration. Projects include the areas of geophysics, geology, geochemistry and remote sensing. The Xstrata Group is also involved in the development, acquisition and application of technologies to improve the performance of its mining and metallurgical businesses and to create opportunities for business growth.

Xstrata Technology develops and markets processing, smelting and refining technologies to third parties through licensing arrangements and the supply of key equipment components and technical services. This assists the further development of technologies that are core to the Xstrata Group's operations, by the development of wide user groups to work together on improvements for mutual benefit.

Operational hazards and insurance

The Xstrata Group's operations are subject to numerous operating risks, which include geological conditions such as unexpected geological features or seismic activity; climatic conditions such as flooding or drought; interruptions to power supplies; environmental hazards; technical failures; fires; explosions; and other accidents at a mine, processing plant, cargo terminal or related facilities. These risks and hazards could also result in damage to, or destruction of, properties or production facilities, personal injury, environmental damage, business interruption and possible legal liability.

The Xstrata Group maintains insurance through a number of international insurers prepared to provide cost effective insurance cover to the metals and mining industry. The insurances are arranged via international brokers, who provide an assurance that the types of insurance are customary for the metals and mining industry and limits and coverages are appropriate for the Xstrata Group. The Xstrata Group has placed part of its property and business interruption insurance directly with a wholly owned insurance subsidiary.

For substantially all of the Xstrata Group's operations, the Xstrata Group maintains:

- property and business interruption insurance, which protects against losses relating to the Xstrata Group's assets;
- public and products liability insurance, which protects against claims by third parties for bodily injury or damage to property; and
- freight insurance, which protects against losses relating to the transport of the Xstrata Group's equipment, product inventory and concentrates.

The Xstrata Group's insurance does not cover every potential risk associated with its operations. In particular, meaningful coverage at reasonable rates is not obtainable by the Xstrata Group or other companies within the industry for certain types of environmental hazards, such as gradual pollution or other hazards as a result of the disposal of waste products. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on the Xstrata Group's financial condition or results of operations. Moreover, no assurance can be given that the Xstrata Group will be able to maintain adequate insurance in the future at rates it considers reasonable. See ''Risk Factors — Risk factors relating to the business of the Xstrata Group — Operational considerations.''

Environment and communities and other regulatory matters

The operations of the Xstrata Group are extensively regulated. National, state and local authorities in the countries in which the Xstrata Group has operations regulate the industries in which the Xstrata Group operates with respect to matters including, but not limited to, employee health and safety, royalties, permitting and licensing requirements, planning and development and environmental compliance (including, for example, compliance with waste and waste water treatment and disposal; emissions and discharge requirements; plant and wildlife protection; reclamation and rehabilitation of mining properties before, during and after mining is complete; surface subsidence from underground mining; and the effects that mining has on surface and/or groundwater quality and availability). In addition to mandated environmental safeguards, the Xstrata Group has many initiatives to improve both the internal and external environment, such as health research, auditing and risk management programs. These aspects are aligned with and support the Xstrata Group's commitment to sustainable development, where the Xstrata Group balances social, environmental and economic considerations to manage its business. The Xstrata Group believes that operating to leading standards of health and safety and environmental management, contributing to the development of sustainable communities and engaging with its stakeholders in two-way, open dialogue, regardless of its location, enhances its corporate reputation and is a source of competitive advantage. This enables the Xstrata Group to gain access to new resources, maintain licenses to operate, attract and retain the best people, access diverse and low-cost sources of capital, identify and act upon business opportunities and optimize its management of risks.

The Xstrata Group has in place a comprehensive environmental management system consisting of a sustainable development policy, guidelines, standards, procedures, environmental management plans, audit frameworks, job descriptions and procedures, roles and responsibilities, employee and contractor training, public and employee reporting, emergency prevention and response, risk management, community awareness, assurance and governance systems.

In common with other diversified natural resources and mineral processing companies, the Xstrata Group's operations generate hazardous and non-hazardous waste, and discharge effluent and emissions into the environment. There are many national (including certain provisions of the South African Constitution), regional and local environmental laws, regulations and policies which apply to the Xstrata Group's operations, the scope of which varies according to the jurisdiction concerned. Examples include those relating to waste and waste water treatment, disposal of waste, air emissions or discharges. If any of the Xstrata Group's operations fail to comply with the applicable laws and regulations, the relevant authorities could require additional equipment to be installed at substantial cost or that the whole or part of the operation be closed down or scaled back. In addition, if a member of the Xstrata Group is found to have committed a breach of the relevant law or regulation, it may be liable to pay a fine to the relevant authority or, in some cases, compensation to individuals affected by the breach; alternatively, directors of members of the Xstrata Group may be held liable for any breach.

In some jurisdictions, members of the public can initiate private proceedings to enforce compliance with permits and applicable environmental, health and safety laws and regulations.

Proceedings commenced by members of the public have not to-date had a material adverse effect on the results of operations or financial condition of the Xstrata Group, although actions of this type have occurred in relation to other corporations. No assurance can be given that these types of private actions will not occur in the future and have a material adverse effect on the results of operations or financial condition of the Xstrata Group.

Numerous governmental permissions, approvals and leases are required for each of the Xstrata Group's operations. These permissions, approvals and leases are subject, in certain circumstances or on the occurrence of certain events, to modification, renewal or revocation. The Xstrata Group is required to prepare and present to national, state or local authorities data pertaining to the anticipated effect or impact that any proposed exploration, mining or production activities may have upon the environment. For example, in Australia the National Greenhouse and Energy Reporting Act 2007 was passed on September 29, 2007 and established a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. The costs, liabilities and other obligations associated with complying with such requirements or arising from the manner in which the obligations are met, or, as may be necessary, the cost of rehabilitation of sites which have been closed down, may be substantial and time-consuming and may delay the commencement or continuation of exploration, mining or production activities.

In certain jurisdictions, third parties or members of the public can challenge or otherwise initiate proceedings against the award of a permission, approval or lease. For example, in December 2008 an Australian federal appeals court ruled that the Federal Environment Minister had not followed due process in approving the development of an open pit mine at the Xstrata Group's McArthur River operations. Although the court noted that the Xstrata Group was not in error, the Xstrata Group was required to suspend mining operations at McArthur River as a result of the decision. Although the Xstrata Group initially continued processing stockpiled ore, as a result of the consultation period that was required between the minister deciding to recommend that approval be granted and approval actually being granted, it was necessary to place the mine on care and maintenance in the interim.

In December 2011, the state environmental regulator issued a new environmental authority for Xstrata Group's Mount Isa operations under the Environmental Protection Act 1994 in connection with the transition of environmental regulation of the Mount Isa operations from the Mount Isa Mines Limited Agreement Act 1985. A number of transitional plans have also been approved. The conditions of this environmental authority may require substantial changes to the Mount Isa operations, in which case significant expenditures, relating to investing in new environmental technologies and practices, could be required to maintain current production levels, which would have an adverse effect on the results of operations or financial condition of the Xstrata Group.

Each of the Xstrata Group's businesses is subject to various laws and regulations relating to their ability to carry out operations, as well as environmental and health and safety issues. The requirements of these laws vary from operation to operation, and are also dependent on the jurisdiction in which the Xstrata Group's businesses operate. The Xstrata Group's objective is to meet or surpass environmental standards set by relevant legislation, through the application of innovative and technically-proven economic measures in advance of prescribed deadlines. In addition, the Xstrata Group incurs substantial waste removal and site rehabilitation/restoration costs on an on-going basis, which it believes will minimize future liabilities for site closure. The board of directors of Xstrata, as a matter of policy, requires each of the Xstrata Group's businesses and operations, as a minimum, to comply with all relevant environmental laws and regulations in the jurisdiction in which such business or operation operates.

Compliance with relevant environmental laws is the responsibility of respective managers at the operating companies who are directly responsible to the Xstrata Group's senior management. Xstrata believes that each of the Xstrata Group's businesses and operations are substantially in compliance with all material applicable environmental laws and regulations.

In most jurisdictions, businesses are required to rehabilitate site operations which have been closed down. For example, in South Africa, Section 43 of the MPRDA imposes liability on the mining operator for some time after the relevant mining operations have ceased. Accordingly, the Xstrata Group, to the extent it has not already done so, will have to make provision for the costs involved in closure and other rehabilitation of any of its site operations in the future. This may involve substantial costs. In the event that pollution of the environment surrounding or adjacent to any of the Xstrata Group's operations occurs, or has already occurred, the Xstrata Group may be required to remediate pollution and incur substantial costs. In particular, the Xstrata Group's operations are generally required either to lodge security bonds or make on-going cash contributions for the purpose of rehabilitation at the end of a mine's life. The Xstrata Group has an established environmental audit program at each of its mines and will continue to review its compliance with environmental requirements, including rehabilitation requirements. The Xstrata Group will comply with the provisions of the South African MPRDA to ensure that it will continue to be able to operate within the legislative regime introduced by the MPRDA and the Xstrata Group complies with similar obligations in other jurisdictions in which it has operations.

In the United Kingdom, any cessation of operations requires the decommissioning of plants and rehabilitation of the environment in order to surrender various environmental permits. The standard and extent of remediation required will vary according to the approach of the regulator and it is not possible to accurately estimate such closure and rehabilitation costs in advance. As environmental regulation becomes more stringent, there can be no assurance that future costs of closure and rehabilitation will not be materially higher than currently anticipated.

Members of the Xstrata Group are also members of various environmental forums which aim to develop, through the use of best available technologies, environmental management practices to ensure that, among other impacts, water used in connection with the Xstrata Group's operations will, when re-introduced into the water system, meet end user requirements and legal requirements.

The Xstrata Group's operations require various environmental permits covering, among other things, air pollution control, water use and discharges, stream diversions and solid waste disposal. The Xstrata Group has applied for the necessary permits and in doing so has complied with all the requisite statutory obligations required to make application for the permits. Not all permits have been issued, however, due to administrative delay. Xstrata does not anticipate that any environmental issues or liabilities in connection with environmental permits will be material to the Xstrata Group's operations. Further information on the licensing and permits of the Xstrata Group's businesses can be found in "Statutory Authorizations, Licenses and Concessions."

The possibility exists that new environmental and/or health and/or safety legislation or regulations may come into force and/or new information may emerge on existing environmental and/or health and/or safety conditions and/or other events (including legal proceedings based upon such conditions or an inability to obtain necessary permits), which may materially adversely affect the Xstrata Group's operations, its cost structure, its customers' ability to use the commodities produced by the Xstrata Group, demand for its products, the quality of its products and/or its methods of production and distribution. For example, in June 2007, a new EU regulation for the Regulation, Evaluation and Authorisation of Chemicals ("REACH") came into force across the European Union. REACH is intended to place the burden of ensuring the safety of all substances in terms of both human health and environmental exposures onto the shoulders of the industry instead of authorities. Many of the commodities produced by the Xstrata Group, and the chemicals used by it for production or other purposes, fall within the scope of REACH, which requires EU- and EEA-based legal entities to pre-register and subsequently register (and, in certain cases, to seek authorization for the use or placing on the market of) materials that they import into or manufacture within the European Union and the European Economic Area by certain deadlines as a pre-condition to market access. Although the Xstrata Group has completed all pre-registrations and registrations required to ensure that its members and customers may continue to manufacture and/or import affected commodities or other product materials by the relevant deadlines, the Xstrata Group may be denied market access for some or all of these materials in the future if full registrations and, where applicable, authorizations are not obtained. REACH's impact on the global supply chain for materials, including those used by the Xstrata Group for production or other purposes, is also unpredictable. A further example is EU regulatory reform in the context of classifications of nickel substances under the Dangerous Substances Directive and the import of those classifications into the REACH framework through new regulations. These regulations, in particular the EU 30th and 31st Adaptations to Technical Progress to the Dangerous Substances Directive (adopted in August 2008 and January 2009, respectively) and the 1st Adaptation to Technical Progress to the Classification, Labeling and Packaging Regulation (adopted in August 2009), introduce new classifications for nickel containing substances, which would result in additional labeling and packaging requirements for reclassified substances within the European Union. The International Maritime Organisation is currently reviewing requirements for the transport of solid bulk cargoes via the International Convention for the Prevention of Pollution from Ships, 1973, as modified in 1978 (MARPOL) Annex V and the International Maritime Solid Bulk Cargoes Code (IMSBC). This review may affect the regulation and requirements by which the Xstrata Group must abide for its products to be transported and, in particular, environmental and/or health and/or safety requirements. These reforms may require the Xstrata Group to change packaging and other transport and logistical arrangements associated with the affected substances and products, which may result in significant increased costs and which could have an adverse effect on the results of operations or financial condition of the Xstrata Group.

In 2010, two glacier protection acts were passed in Argentina. The first such act was passed by the San Juan province, the province in which the El Pachón project is located. This act stipulates that any possible impact to a glacier will be subject to the prior approval of an environmental impact statement to be filed by the company that is to consider the relevance of such glacier to the corresponding water basin. Shortly after this act was passed, the National Congress passed the NGPA, which, by prohibiting mining activities (and other activities) not only in glacier but also in peri-glacier areas, is more restrictive than the San Juan law. Since the NGPA was passed, two separate legal cases seeking to have the NGPA declared unconstitutional have been initiated by third parties. In both cases the claimants sought and were granted by the presiding federal judge in San Juan an injunction suspending the applicability of certain sections of the NGPA. Following the grant of these injunctions, the San Juan province became a party to both cases, supporting and sustaining the claimants' stance that the NGPA is unconstitutional. Under Argentine law any dispute between a province and the National State must be heard by the National Supreme Court. In July 2012, the National Supreme Court revoked the previously granted injunctions, and, consequently the NGPA is now in force in San Juan. Nevertheless, in September 2011, Xstrata initiated a proceeding in San Juan seeking to have NGPA declared unconstitutional and also seeking a specific injunction suspending the applicability of certain sections of the NGPA, for the benefit of the El Pachón project. This injunction was granted by the federal judge. The San Juan province became a party to this case, and, consequently, the case is now being heard by the National Supreme Court. The National Supreme Court has not yet issued a decision in connection with the appeal filed by the National State against the injunction. As of August 31, 2012, the injunction suspending the applicability of certain sections of the NGPA with respect to the El Pachón project remains in effect.

Xstrata expects that further environmental laws and/or regulations will likely be implemented to protect the environment and quality of life, given sustainable development and other similar goals which governmental and supra-governmental organizations and other bodies have been pursuing. For example, state and territory governments in Australia are considering a range of effective policy responses to ensure a flexible way of achieving greenhouse gas abatement in the transition to a carbon constrained future. In particular, in November 2011, Australia passed the Clean Energy Bill 2011, which contains a tax on carbon emissions (see ''Risk Factors — Risk factors relating to the business of the Xstrata Group — Taxation''). Some of the issues which are relevant to the Xstrata Group that are currently under review by environmental regulatory agencies include reducing or stabilizing various emissions, including sulfur dioxide and greenhouse gas emissions; geochemical and geotechnical stability of mine works; mine reclamation and rehabilitation; water, air and soil quality; and absolute liability for spills or for exceeding prescribed limits. Such matters may, among other things, require the Xstrata Group, or its customers, to change operations significantly or incur increased costs (including compliance expenditures) or could require the Xstrata Group to increase financial reserves, which could have an adverse effect on the results of operations or financial condition of the Xstrata Group.

In December 1997, in Kyoto, Japan, the signatories to the United Nations Convention on Climate Change established individual, legally binding targets to limit or reduce greenhouse gas emissions by developed nations. This international agreement, known as the Kyoto Protocol, came into force on February 16, 2005. As of October 2010, 191 states and one regional economic integration organization (the European Economic Community) had deposited instruments of ratification, accessions, approvals or acceptances in respect of the Kyoto Protocol.

Those jurisdictions in which the Xstrata Group has operations can be split, with regard to the laws, regulations and policies aimed at limiting or reducing greenhouse gas emissions, into four categories. The first is those jurisdictions within the EU (such as Belgium, Germany, Spain and the United Kingdom) which are subject to the EU emissions trading scheme (the ''EU ETS''). The EU ETS originally focused on carbon dioxide emissions from certain energy intensive industries (such as power generation and the production and processing of ferrous metals), but then expanded to cover other greenhouse gases, such as methane, and other industries, such as the chemical and aluminum production industries. The second category comprises non-EU jurisdictions that have ratified the Kyoto Protocol and that have in place, or will shortly have in place, a formalized system of greenhouse gas emission allowances trading and emission levels regulation (such as Canada, Australia and Norway). The third category consists of those jurisdictions that have not ratified the Kyoto Protocol and that presently have no jurisdiction-wide system for emission allowances trading. The final category is those jurisdictions that have ratified the Kyoto Protocol but have no obligations under it to reduce greenhouse gas emissions (the so called non-Annex 1 countries such as South Africa, Chile, Argentina, Peru, Colombia and the Dominican Republic).

Canada, Norway and Australia have ratified the Kyoto Protocol and are committed to meeting their obligations thereunder in respect of greenhouse gas emission levels. Various levels of government in Canada (including in particular the Province of Quebec) are considering a number of policy measures in order to meet Canada's emission reduction obligations under the Kyoto Protocol and other measures to address greenhouse gas emissions. From January 1, 2005, an emissions trading system was introduced in Norway (covering in the region of 10% to 15% of Norway's greenhouse gas emissions). The Norwegian system is very similar in structure and in form to the EU ETS. Australia's ratification of the Kyoto Protocol came into effect on March 11, 2008. Australia has committed to meeting its Kyoto Protocol target and has set a target to reduce greenhouse gas emissions by 60% from 2000 levels by 2050.

The Xstrata Group has operations in various developing world jurisdictions, such as South Africa, Chile, Argentina, Peru, Colombia and the Dominican Republic, that are non-Annex 1 countries. Despite having no obligations under the Kyoto Protocol in respect of their levels of greenhouse gas emissions, these countries may host Clean Development Mechanism (''CDM'') projects that allow Annex 1 country companies, whether operators of an emissions constrained installation or not, to procure additional emission rights.

In July 2005, Australia, China, India, Japan, South Korea and the United States formed the Asia-Pacific Partnership on Clean Development and Climate. Members of the partnership intend to co-operate on the development and transfer of technology which enables the reduction of greenhouse gas emissions. It is uncertain what, if any, impact this partnership will have on the Xstrata Group as its implementation plans are being developed.

See ''Risk Factors — Legislative risk factors relating to the Xstrata Group — Risks related to climate change legislation'' for a discussion of certain potential impacts on the Xstrata Group relating to the Kyoto Protocol.

The Xstrata Group has a number of mining tenements, licenses and concessions with various terms (including durations) under which the Xstrata Group carries out mining and natural resources activities. Licenses are in place in respect of all reserves which the Xstrata Group is currently exploiting. Members of the Xstrata Group may from time to time breach the terms of their mining tenements, licenses and concessions. Xstrata does not believe that any such breaches of which it is aware would have a material adverse effect on the Xstrata Group.

South African Mineral and Petroleum Resources Development Act, Mining Charter and Royalty Act

The MPRDA came into operation on May 1, 2004. The Empowerment Charter (now called the Mining Charter), together with the ''scorecard'' for measuring black empowerment in the mining industry, which monitors and assesses compliance with the Mining Charter, was promulgated in 2004 by the Minister of the Department of Minerals and Energy (now called the DMR) in terms of the MPRDA and was subsequently amended in 2010. The Royalty Act pertaining to royalties became effective on March 1, 2010 and provides for a variable royalty determined by a set formula calculated in part according to the ratio of EBIT to gross sales with a minimum royalty rate of 0.5% and a maximum of 5% (for refined material) and 7% (for unrefined material) of gross sales in respect of the transfer of mineral resources.

A key outcome of the MPRDA is that the government of South Africa became the custodian of the mineral resources in South Africa and that prospecting and mining require prospecting and mining rights respectively which can only be granted by the government once certain criteria are met, including empowerment criteria for HDSAs. These criteria need to be satisfied before the grant to an applicant of either a new order mining or prospecting right.

A key objective of the MPRDA legislation is to ensure that 26% of the South African mining industry is controlled by HDSAs by April 30, 2014. In addition, mining companies need to achieve certain goals aimed at the advancement of HDSAs both in the workplace and the communities in which they operate.

The transitional provisions of the MPRDA facilitated the conversion or replacement of prospecting and mining rights previously held at common law and/or under the repealed Minerals Act 50 of 1991 (termed ''old order rights'' in the MPRDA) to or with the new forms of prospecting and mining rights contemplated by the MPRDA (''new order rights''). Holders of old order rights had a maximum of one year (in the case of unused rights), two years (in the case of prospecting) and five years (in the case of mining) to lodge their rights for conversion or replacement. For successful conversion of prospecting and mining rights, applicants were required to hold a valid prospecting permit or mining authorization and to have been physically prospecting or mining (as the case may be) as of April 30, 2004 on the area to which their conversions related. This legislation impacts the Xstrata Group's resource holdings and consequently its development programs.

In addition, in 2009 the Minister of the then Department of Minerals and Energy (now the DMR) published a Code of Good Practice for the Mining Industry in South Africa as well as a Housing and Living Conditions Standard. The purpose of the Code of Good Practice is to set out administrative principles in order to facilitate the implementation of the Mining Charter. However, the interpretation and applicability of the Code of Good Practice are unclear. The Housing and Living Conditions Standard seeks to impose obligations in relation to housing and living conditions, and the interpretation and applicability of the Housing and Living Conditions Standard is similarly unclear.

The Xstrata Group developed and implemented a strategy to address the tenure risks associated with the above described legislation, and the transformation to align itself with the intent of the MPRDA and associated legislation has largely occurred. In this regard, Xstrata Alloys has entered into a combined Pooling and Sharing Venture with Merafe, its black empowerment partner in the ferrochrome business, and a partnership agreement with Kagiso Trust Investment (Proprietary) Limited to give effect to black economic empowerment obligations in respect of the Mototolo Joint Venture. Xstrata Coal in South Africa has entered into an agreement with ARM to establish a new black controlled coal mining company, ARM Coal. In addition, in 2009, Xstrata Alloys' vanadium division entered into a combined Pooling and Sharing Venture with the Bakwena-Ba-Mogopa tribe, a traditional community and owner of the surface rights where Xstrata Alloys' vanadium production facility is situated and which is, for these reasons, Xstrata Alloys' empowerment partner. In addition, as part of the Eland Acquisition, Xstrata Alloys concluded a restructuring agreement under which the Ngazana Consortium will participate as Xstrata's black economic empowerment partner in the project. On the basis of the aforementioned empowerment credentials, Xstrata Alloys has been granted conversion of all of its old order mining rights and has been granted all of its initial applications for new order mining and prospecting rights. Certain more recent applications for new order mining and prospecting rights, however, remain outstanding. Xstrata Coal has been granted conversions of almost all of its old order mining rights and almost all of its new applications for mining and prospecting rights by the DMR in South Africa. Some of these grants are however subject to administrative appeals by land owners and environmental interest groups.

Native title, land claims and consultation rights

Land in Australia, South Africa and Canada owned or used by the Xstrata Group may be the subject of land claims.

In Australia, the Native Title Act 1993 (Cth) recognizes native title and established processes relating to mining and exploration rights. Native title represents the traditional rights and interests that the Aboriginal people have in relation to land. Once extinguished, native title cannot be revived although compensation is payable, generally by the State. Claims are decided on a factual basis and determined ultimately by the Federal Court of Australia. Where existing mining leases and exploration tenements have been held since January 1994, those rights are not affected if a native title claim is lodged. If native title has been extinguished over a particular area of land, future mining leases within that area can be granted without reference to native title. If it has not been extinguished, the Native Title Act provides procedural rights for registered native title claimants, including the "right to negotiate" with respect to the grant of mining rights. While the right to negotiate procedure does not include a veto on the grant of a mining right, it may require financial payments to be made. Native title claims have been made over areas where the Xstrata Group has mining operations. Xstrata believes, however, that such claims will not have a material impact on the Xstrata Group's existing operations. In addition, all mining operations in Australia must meet a duty of care in relation to Aboriginal Cultural Heritage (as defined in the Aboriginal Cultural Heritage Act 2003 (Qld)).

In South Africa, the government's Restitution of Land Rights Act 22 of 1994 (the "Restitution Act") provides remedies for persons who have been dispossessed of rights in land as a result of past racially discriminatory laws or practices. Claims under the Restitution Act had to be lodged by December 31, 1998. The Land Claims Court is empowered to make orders concerning the restoration of a right in land or any portion of land, the payment of compensation by the State, the inclusion of a claimant as a beneficiary in the State support program for housing, the granting of an appropriate right in alternatively designated State land to the claimant or any alternative and appropriate relief. Furthermore, the Minister of Rural Development and Land Affairs is empowered to expropriate land for purposes of restoration to claimants, against payment of compensation to the expropriated owner. Certain of the claims are in respect of land comprising the Xstrata Group's mines and operations, and the Xstrata Group has received unofficial reports that a number of land claims have been lodged in relation to the surface rights of the Xstrata Group's various South African properties. In respect of those claims over the Xstrata Group's mines and operations, it is understood that it would not be feasible for the State to restore the land in question to the claimants and that the State should grant the claimants alternative relief in terms of the provisions of the Restitution Act. At present the Xstrata Group is actively engaged with the relevant authorities with respect to these claims.

Xstrata has limited information about these land claims and, although unlikely, can give no assurance that they, or any other land claims of which it is not aware, will not have an adverse effect on the Xstrata Group's rights to the properties that are the subject of claims.

The emphasis of the restitution of land rights process in South Africa is to provide an appropriate remedy to claimants in terms of a statutory process. The landowner is not required to provide the land seeker with a remedy. Existing legislation regulating the land restitution process in South Africa places this burden on the State. It is therefore unlikely that the Xstrata Group will be the party that will be required to address the remedies sought by land seekers unless the State expropriates a landowner's land, in terms of the abovementioned Restitution Act read with the appropriate expropriation legislation and the Constitution of South Africa, 1996, in order to comply with a decision by a competent authority or court to restore land to a claimant. The person expropriated is entitled to payment of compensation.

XCSA and Xstrata Alloys have been informed of certain land claims pertaining to their respective properties and are meeting with the Department of Land Reform on a regular basis in an effort to finalize all outstanding claims.

In Canada, the Xstrata Group's properties may, in the future, be the subject of Native Americans' land claims which are generally addressed by the courts in Canada. The legal basis of such a land claim is a matter of considerable legal complexity and the impact of the assertion of a land claim, or the possible effect of a settlement of such claim upon the property interest in question, cannot be predicted with any degree of certainty at this time. In addition, no assurance can be given that any recognition of Native American rights whether by way of a negotiated settlement or by judicial pronouncement (or through the grant of an injunction prohibiting mining activity pending resolution of any such claim) would not delay or even prevent the Xstrata Group's resource development or mining activities in Canada.

In addition, a significant portion of the land that would be required for development and operation of the Tampakan Project is the subject of Certificates of Ancestral Domain Title under the Philippines' Indigenous Peoples' Rights Act of 1997. Accordingly, a key approval requirement for the development of the Tampakan Project would be the free and prior informed consent of the affected indigenous communities. SMI has not yet obtained this consent for the conduct of mining activities although indigenous consent has been received for exploration activities already undertaken. Any consent from indigenous communities must be sought in accordance with the guidelines of the National Commission on Indigenous People.

In September 2011, the Peruvian Government approved the Right to Prior Consultation of Indigenous and Tribal Peoples Law, which took effect in December 2011. This law, which updates Peru's domestic legislation to comply with the International Labor Organization's Convention 169, requires prior and informed consultation with the indigenous communities and tribal peoples that could be directly affected by a particular piece of legislation or administrative action, such as the grant of a concession or the approval of an environmental impact statement. The purpose of requiring such consultation is to obtain an agreement between the federal, regional or local authorities, on the one hand, and the affected indigenous communities and tribal peoples, on the other, regarding a given piece of legislation or administrative action. The regulations state that federal, regional or local authorities will be required to finance the consultation process, which should be completed in a maximum of 120 days. Although the final decision regarding a piece of legislation or administrative action is made by the relevant federal, regional or local authority, there can be no assurance that such consultations will neither delay nor impede a piece of legislation or an administrative action, the absence of which could delay or impede a development project or projects, which could in turn have a material adverse effect on the Xstrata Group's results of operations and financial condition.

Health and safety

The Xstrata Group's health and safety standards are reviewed by the Xstrata Group on an on-going basis. In addition, the Xstrata Group's operations are subject to government authority inspections throughout the year, as well as health and safety audits at all of its operations. These inspections and audits have not resulted in any significant capital expenditure by the Xstrata Group. However, certain of the Xstrata Group's activities are inherently dangerous and the authorities responsible for administering health and safety standards have considerable inspection, injunction and penalty powers that, if exercised against the Xstrata Group, could have an adverse impact on the Xstrata Group's financial condition or results of operations.

Xstrata recognizes that the health and safety of its employees, contractors and other key stakeholders and the maintenance of high environmental performance standards are significant responsibilities involved in the conduct of its operations. The Xstrata Group's aim is to be recognized as a leader in health, safety and environmental management.

The elimination of work-related fatalities and the maintenance of a fatality free workplace remains the Xstrata Group's key safety priority. Although the Xstrata Group's fatality frequency rate is almost half the Australian Minerals Industry 10 year average, this goal has not yet been achieved. For the year ended December 31, 2011, six fatalities occurred at the Xstrata Group's managed operations, while one fatality occurred at the Xstrata Group's operations in the six months ended June 30, 2012. The Xstrata Group has implemented a number of targeted responses, together with broad-based safety improvement strategies.

There is a serious problem with HIV/AIDS infections in South Africa generally. Xstrata Alloys and Xstrata Coal are addressing HIV/AIDS in the workforce at their operations in South Africa through awareness, employee wellness training, voluntary counseling and testing programs (including innovative public-private partnerships) and aggressive antiretroviral intervention programs, both for new employees and contractors, and on an on-going basis for all employees and contractors.

The Xstrata Group participates in a regional initiative known as the Power Belt AIDS Project, a mining community-based program which targets AIDS awareness and safe sex practices by providing information to schools and clinics and through the use of peer trainers in the community. The project is managed by the Council for Scientific and Industrial Research and is funded by affiliated businesses, government and international organizations.

Xstrata believes that these intervention and health programs, the Xstrata Group's contingency plans (which involve teaching multiple skills to the workforce and improving training and recruiting capacities) and the large number of unemployed skilled persons available in the region could mitigate the financial impact on the Xstrata Group's South African operations of the HIV/AIDS crisis in South Africa.

Labor and employee relations

During the year ended December 31, 2011, the average number of Xstrata Group employees, including executive directors and contractors, was approximately 77,140 in aggregate. The majority of the Xstrata Group's employees are unionized.

The majority of the workforce of the Xstrata Group is engaged pursuant to collective employment agreements. These collective agreements are negotiated with unions and other employee representative organizations from time to time. The collective agreements establish and set the terms and conditions of employment of the employees covered by the collective agreements. The Xstrata Group's collective agreements have differing terms of operation and expiry dates. Prior to the expiry of a collective agreement, negotiation of conditions for renewal occurs between the relevant employing entities within the Xstrata Group and the relevant unions or other employee representative organizations.

Despite certain operations within the Xstrata Group experiencing work stoppages and other forms of industrial action in recent years, such work stoppages and industrial action have not had any material effect on the operating results of the Xstrata Group. Xstrata believes that all of the Xstrata Group's operations have, in general, good relations with their employees and unions.

Metals marketing

The Xstrata Group's marketing and sales strategy is to sell its products at prices that are equal to or greater than the average cash price reported on the LME or other relevant terminal markets. Premiums above the LME settlement price are negotiated based on product form and quality, packaging, delivery terms, supply commitments, delivery location and availability of product. For any intermediate zinc and lead products or by-products sold by Xstrata Zinc (such as copper cake and copper matte), discounts are negotiated periodically from LME prices, which largely reflect inherent third party processing charges.

The Xstrata Group procures custom feed materials for processing in the metallurgical facilities. In order to minimize metal price risk exposure on purchased metals and fluctuations in inventory levels and to obtain the average COMEX/LME prices or better, the Xstrata Group employs derivatives in the form of forward or options contracts to hedge these risks. Generally, the Xstrata Group does not hedge the prices it realizes on the sale of the Xstrata Group's own production, and accepts prices based on the market price prevailing around the time of delivery of these metals. From time to time, however, the Xstrata Group may fix the metal price associated with its own future production to lock-in certain profits or cash flows.

Litigation and indemnities

Sulfuric acid class action lawsuits

Class action lawsuits have been filed in various jurisdictions in the United States with respect to alleged sulfuric acid marketing and sales antitrust violations by the Falconbridge operations. These lawsuits were precipitated by a criminal investigation conducted by US antitrust authorities into alleged anti-competitive conduct, which concluded with no finding of any wrong doing. The Xstrata Group is vigorously defending these actions and has asserted that they are without merit. The plaintiffs claim actual damages in the amount of approximately US$160 million, plus attorney fees and costs. Under the relevant US antitrust law, if the plaintiffs were to be successful then the actual damages assessed by the jury would be automatically trebled. The plaintiffs lost the trial in late 2011, but have appealed. Based on the trial ruling, the strength of the available defenses, the weakness of the plaintiffs' claims, the amount of a previously negotiated settlement with another defendant and legal advice obtained, Xstrata believes that it is unlikely that the plaintiffs will recover the damages sought. The appeal will be heard in late 2012 and Xstrata expects a ruling sometime in early to mid 2013.

Cerrejón litigation

Cerrejón is engaged in the following litigation which may have a significant effect on Cerrejón and/ or on Cerrejón's financial position or profitability:

- *Unpaid Privatization of Cerrejón Zona Norte.* A class action (Popular Action 1032) has been filed in Colombia against Cerrejón Zona Norte S.A. ("CZN S.A.") and others in relation to the privatization sale of the Colombian State's interest in Cerrejón Zona Norte. Initially, there were three popular actions (1032, 1029 and 1048) that made similar arguments (e.g., asserting that the privatization was null and void) and that claimed damages. The amount of damages sought pursuant to Popular Action 1032 is approximately US$2.3 billion. A favorable first instance decision concluded that all authorities acted in conformity with law and no damage was caused to collective rights. The plaintiff appealed the first instance decision, and a second instance decision is pending. Popular Action 242 was filed by an individual, Martín Nicolás Barros Choles, against Carbones del Cerrejón Limited and others and arises out of the privatization of the Cerrejón Zona Norte mining complex in Colombia in 2000. The plaintiff asserts that the association contract with the government was terminated in advance due to the dissolution of Intercor Limited and Carbocol Inc. ("Carbocol"), which were sold to third parties. Intercor Limited was the Anguillan limited liability company purchased from ExxonMobil, which now exists as Carbones del Cerrejón Limited, an Anguillan international business company. Carbocol was a governmental entity that held, in part, 50% rights to the Cerrejón Zona Norte. Carbocol privatized and transferred such rights to CZN S.A. The plaintiff also claims Carbocol's sale was made with irregularities that violated the legal provisions in force, because Carbocol did not include its 50% rights in the properties and assets used in the Cerrejón Zona Norte operation. Rather, Carbocol only included shares in the privatization. Consequently, the plaintiff is requesting that the court order Carbones del Cerrejón Limited to pay for the use and lease of the 50% of the properties and assets belonging to the Republic of Colombia until November 2009, at which date all of the properties and assets of the Cerrejón project reverted to the Republic of Colombia. Carbones del Cerrejón Limited filed an appeal requesting a change of jurisdiction from Riohacha to Bogota and dismissal of the action on the basis that there is currently another popular action relating to the same issues and with the same purpose (Popular Action 1032, discussed above). Carbones del Cerrejón Limited's motion was unsuccessful, and it has now filed a formal reply to the lawsuit. The Riohacha judge denied Carbones del Cerrejón Limited's motion but opined that Barranquilla is the competent jurisdiction, despite the fact that the Barranquilla judge previously rejected the case. Consequently, the Riohacha judge requested a ruling from the Council of State on jurisdiction. The plaintiff filed an appeal against the judge's ruling alleging that the Riohacha judge was the competent authority to decide the case. Carbones del Cerrejón Limited, in turn, did not appeal. The Council of State has ruled that the competent judge was that of Riohacha. A hearing between the parties was held without settlement. A hearing regarding the compliance agreement was held without settlement, due to the absence of the plaintiff, Martin Barros. Discovery is currently on-going.

- *Analtracarbocol vs. Carbocol and CZN S.A.* The plaintiff, Analtracarbocol (Union of Carbocol), is requesting the annulment of the mining exploitation and transfer contract entered into between Carbocol and CZN S.A. and alleges that its award did not comply with the law, as the offer filed by the Union was not duly considered, in violation of Article 60 of the Colombian Constitution. CZN S.A. and Carbocol argued that the bidding process, as well as the award of the contract, met all the necessary legal requirements. The first instance decision rejected the demands included in the lawsuit. The plaintiff appealed and a final decision from the Council of State is pending. Total amount claimed is estimated to be approximately US$367 million.

- *Barrancas Explosives Tax Assessment.* The municipality of Barrancas applies the industry and commerce tax to explosives, as it believes that the production of the explosive agents by Cerrejón needs to be recorded as income, subject to, and accordingly chargeable with, the industry and commerce tax. The municipality of Barrancas imposed a sanction of approximately US$147 million, equivalent to 20% of a presumptive marketing price of explosives, but subsequently reduced the sanction to approximately US$76.4 million. Cerrejón has alleged that the sanction was illegally calculated because the applied tariff was not established under Colombian legislation. Cerrejón filed a lawsuit seeking to have the reduced sanction set aside at the same that it appealed the municipality's sanction. On appeal the sanction was confirmed, at which point another lawsuit was filed. A request has been made for both lawsuits to be joined.

- *IGAC Land Tax Assessment.* The Colombian Instituto Geográfico Agustin Codazzi ("IGAC") determines the value of land and construction for the purposes of tax assessment. Since 1993, IGAC has determined the taxable value of railway and road land belonging Cerrejón and CZN S.A. in three municipalities: Uribia, Manaure, and Maicao. The municipalities are allowed to issue retrospective land tax assessments of approximately US$95 million from 1993. Cerrejón appealed, and IGAC repealed the retroactive valuation. However, despite this repeal, some municipalities issued property tax liquidations and charged default interest. Appeals against these municipal decisions are pending.

- *Sintrambiente Compliance.* Sintraambiente, a Colombian trade union representing employees of the national environmental institution, filed a compliance action in which it requested the immediate registration of the railroad, road and the land on which they are constructed, on behalf of CZN S.A. and Carbones del Cerrejón Limited. CZN S.A. was included as an interested third party, and as such it replied by explaining that the land on which the railroad and road were constructed is a vacant lot, is handled as a mining reserve, and belongs to the Republic of Colombia in whose name it was registered. CZN S.A. also explained that the railroad and road are mining investments that cannot be registered in the land registry since they are not part of the land on which they are constructed until contractual reversion occurs, and they do not rise to a right of indemnification. A first instance decision is pending.

Based on its external legal advice, Cerrejón considers that it is not likely that any liability will result from the above claims (other than as indicated), which are being and will continue to be vigorously defended by Cerrejón.

Los Azules

TNR Gold Corp (''TNR'') filed a claim against MIM Argentina Exploraciones S.A. (''MIMEXA'') in connection with a 2004 option agreement in which MIMEXA, formerly part of the MIM group (acquired by the Xstrata Group in 2003), was granted an option to acquire a 100% interest in the Los Azules property from TNR. MIMEXA exercised this option, and the Los Azules property was subsequently transferred by MIMEXA to a third party, Minera Andes Inc. Pursuant to the terms of the 2004 option agreement, TNR retained a back-in right for up to 25% of the Los Azules property if MIMEXA completed a feasibility study within three years. No such feasibility study was completed. TNR nevertheless commenced proceedings against MIMEXA in 2008 and sought to assert its back-in rights. TNR also now claims MIMEXA invalidly exercised the option pursuant to the 2004 option agreement. A mediation has been agreed to take place in October 2012. These proceedings remain on-going, but alleged damages have not as yet been quantified or specified by TNR.

If no mediated outcome is achieved, the trial is scheduled to last for six weeks and is expected to commence in November 2012.

Sulfur trioxide class action lawsuits

A motion was filed in the Quebec Superior Court by a plaintiff alleging damages caused by sulfur trioxide accidentally released in 2004 from the zinc refinery, owned by the NIF, in Salaberry-de-Valleyfield, Quebec. The Xstrata Group has a 25% interest in the NIF, and manages the refinery through its wholly-owned subsidiary, CEZ, the defendant to the action. The motion claims damages of up to C$10,000 per class member but the number of claimants has not yet been determined. In March 2012, the Quebec Superior Court granted authorization to the plaintiff to commence a class action and prepare for formal trial proceedings, although at this stage there has been no finding on liability or on the quantum of any damages if damages were found to be payable. The Xstrata Group is vigorously defending the claim. Environment Canada conducted a full investigation into the incident and found no wrongdoing on the part of CEZ. No charges or fines were laid against CEZ following the Environment Canada investigation of the incident. The matter is expected to proceed to trial in 2014 or 2015.

Real estate

No material portion of the Xstrata Group's business is dependent on a single or connected group of properties or interests in real estate.

Public takeovers

On October 1, 2012, the independent non-executive members of Xstrata's Board of Directors announced an intention to recommend the revised final terms of the Proposed Merger. Shareholder meetings to consider the final terms of the Proposed Merger are expected to take place by the end of the year. For details of the Proposed Merger see ''— Current trading and prospects — Merger with Glencore.''

Relationship with the Glencore Group

Overview

Glencore has been a public limited company listed since May 2011 on the London and Hong Kong stock exchanges. It is a diversified natural resources company with worldwide activities in the smelting, refining, mining, processing, purchasing, selling and marketing of metals and minerals, energy products and agricultural products. Operating on a global scale, the Glencore Group markets physical commodities which it produces at its own industrial assets or purchases from third parties for sale to industrial consumers, such as those in the automotive, steel, power generation, oil and food processing industries. The Glencore Group also provides financing, logistics and other services to producers and consumers of commodities. These activities are supported by investments in industrial assets relating to its core commodities. The Glencore Group's headquarters are located in Baar, Switzerland, and it has a network of some 50 field offices in over 40 countries throughout the world.

In 1990, Glencore International AG, a wholly owned subsidiary of Glencore since the latter's ordinary shares were admitted to the Official List and to trading on the London Stock Exchange on May 24, 2011, became a substantial shareholder in Xstrata AG (which merged with Xstrata in 2002 when Xstrata plc became the ultimate holding company of the Xstrata Group), following which Xstrata AG built a portfolio of businesses operating in the natural resources sector.

So far as Xstrata is aware, as of October 17, 2012 Glencore, through its wholly owned subsidiary Finges Investment BV ("Finges"), beneficially owns 1,010,403,999 ordinary shares of Xstrata, representing approximately 33.65% of the current issued ordinary share capital of Xstrata. On January 8, 2007, Glencore International AG notified Xstrata that these ordinary shares are registered in the name of HSBC Global Custodian Nominee (UK) Limited.

As described above and in "Operating and Financial Review — Current trading and prospects — Merger with Glencore," on October 1, 2012, the independent non-executive members of Xstrata's Board of Directors announced an intention to recommend the revised final terms of the Proposed Merger. If the Proposed Merger is approved by the requisite majorities of Xstrata's shareholders, Glencore (to be renamed Glencore Xstrata plc) will acquire the entire issued share capital of Xstrata plc which Glencore does not already own.

Commercial relationship

The Xstrata Group and the Glencore Group are parties to a variety of commercial agreements as described below. If the Proposed Merger completes, the Combined Group's marketing business will be responsible for marketing all of the Combined Group's output. Production from the Combined Group's operations are planned to be transferred to the marketing business at market-related prices.

General

The Xstrata Group's chrome and vanadium businesses have entered into long-term arm's length agency agreements with the Glencore Group, under which the Glencore Group provides marketing services in exchange for agency fees. These fees are negotiated on arm's length terms and range from 3.5% to 5% of the FOB sales revenue. In a number of instances, the Glencore Group acts as collecting agent and also assumes 60% of the non-payment risk of the chrome business's ferrochrome trade receivables and 100% of the non-payment risk of the chrome business's vanadium trade receivables.

The nickel distribution agreement is a performance arrangement under which the performance floor for Xstrata Nickel leverages past performance prior to the Glencore Group, with upside achievement in premiums being shared.

Xstrata Copper

Xstrata Copper has entered into an 'evergreen' service agreement with the Glencore Group with a 12 month cancellation notice for the supply of advice, support and assistance with regards to its marketing and operational hedging activities.

Copper cathode sales agreements for 287,000 tonnes (compared to 334,000 tonnes in 2010) were entered into between Xstrata Copper Canada, Xstrata Copper North Chile, Xstrata Commodities Middle East and the Glencore Group for the period January 1 to December 31, 2011. All sales are based on either spot or benchmark terms in accordance with prevailing market conditions.

In 2011, Xstrata Copper (Minera Alumbrera Limited) has entered into frame contracts for 140,000 tonnes (compared to 257,000 tonnes in 2010) with the Glencore Group on an 'evergreen' basis. The sales terms are negotiated annually on arm's length terms and conditions. Minera Alumbrera Limited on occasions sells concentrate to the Glencore Group at prevailing spot market prices.

In 2011, copper concentrate sales agreements for 52,000 tonnes (compared to 74,000 tonnes in 2010) were entered into between Xstrata Copper Tintaya and the Glencore Group based on benchmark terms.

A spot copper concentrate sales agreement for 25,000 tonnes (compared to nil in 2010) was entered into between Xstrata Copper Canada and the Glencore Group during 2011.

In 2011, copper concentrate sales agreements were entered into between Xstrata Commodities Middle East and the Glencore Group for 132,000 tonnes (compared to 126,000 tonnes in 2010) on an 'evergreen' basis at benchmark terms. Xstrata Commodities Middle East has sold 30,000 tonnes (compared to 145,000 tonnes in 2010) of concentrate to the Glencore Group on a spot basis on occasions throughout 2011 at prevailing market terms.

In 2011, a copper concentrate sales agreement for 76,000 tonnes (compared to nil in 2010) was entered into between Xstrata Commodities Middle East and PASAR, in which the Glencore Group holds a 78% interest, for a three year period effective from January 1, 2011 and 'evergreen' thereafter at benchmark terms.

In 2011, Xstrata Copper North Queensland entered into a sales agreement for 62,000 tonnes (compared to 30,000 tonnes in 2010) with the Glencore Group for copper concentrate for a three year period effective from June 1, 2008 and 'evergreen' thereafter. This agreement is based on annual benchmark terms.

In 2011, copper concentrate purchase agreements were entered into between Xstrata Copper North Chile, Xstrata Commodities Middle East and the Glencore Group for 12,000 tonnes (compared to 47,500 tonnes in 2010) for an 'evergreen' frame contract at benchmark terms in accordance with prevailing market conditions. In 2011, spot copper concentrate purchase agreements were entered into between Copper North Chile, Xstrata Commodities Middle East and the Glencore Group for 91,000 tonnes (compared to 12,000 tonnes in 2010) at spot terms.

Copper blister and anode sales agreements for 23,830 tonnes (compared to 27,090 tonnes in 2010) were entered into between Xstrata Commodities Middle East and the Glencore Group for the period from January 1 to December 31, 2011 at benchmark terms.

A sulfuric acid sale agreement for 20,000 tonnes (compared to 50,000 tonnes in 2010) was entered into between Xstrata Copper North Chile and the Glencore Group for the period from January 1 to December 31, 2011 at benchmark terms.

Molybdenum concentrate sales contracts for 4,476 tonnes (compared to 832 tonnes in 2010) were entered into between Xstrata Copper (Minera Alumbrera Limited/Xstrata Norte Exploraciones y Servicios Limitada) and the Glencore Group for the period from January 1 to December 31, 2011 at market related terms.

Spot magnetite sales contracts for 450,000 tonnes (nil in 2010) were entered into between Xstrata Commodities Middle East and the Glencore Group between July and December 2011 at market related terms.

All sales transactions with the Glencore Group are on arm's length terms and conditions.

Xstrata Coal

Xstrata Coal Marketing AG and Xstrata Schweiz entered into a market advisory agreement with the Glencore Group on March 2, 2002 (the ''Market Advisory Agreement''). Pursuant to the Market Advisory Agreement, the Glencore Group, for a fee of US$0.50 per attributable tonne of coal exported by the Xstrata Group from Australia or South Africa, acts as the Xstrata Group's market adviser with respect to its export production of coal (other than Xstrata Coal's share of production from the Cerrejón mine). The Glencore Group advises the Xstrata Group regarding the placement of its Australian and South African export coal in the world market, the future planning for that placement and market opportunities available for the future sale of export coal. See ''— Relationship with the Glencore Group — Relationship Agreement with the Glencore Group.''

Xstrata (Schweiz) AG has agreed to guarantee the performance by Xstrata Coal Marketing AG of its obligations under the Market Advisory Agreement.

In 2011, the Xstrata Group entered into market standard forward commodity price derivatives for 2,825,000 tonnes (compared to 1,070,000 tonnes in 2010) and bought market standard forward commodity price derivatives for nil tonnes (compared to 385,000 tonnes in 2010) with the Glencore Group as counterparty. During the year ended December 31, 2011, 1,845,000 sold tonnes and nil bought tonnes were delivered at an average FOB price of US$112.31 and US$nil per tonne, respectively (compared to 3,360,000 sold tonnes and 385,000 bought tonnes at an average FOB price of US$76.73 and US$86.54 per tonne, respectively). As of December 31, 2011, 2,050,000 tonnes (compared to 965,000 tonnes as of December 31, 2010) were contracted with the Glencore Group for delivery in 2012 and 2013. These derivatives are on arm's length terms and conditions.

In 2010, the Xstrata Group entered into a five-year fuel supply agreement with the Glencore Group to supply diesel fuels to the Xstrata Group's coal mines and cattle stations in New South Wales and Queensland. Under this supply agreement, US$313 million worth of fuel was delivered during the year ended December 31, 2011 (compared to US$147 million during the year ended December 31, 2010). The supply agreement is on arm's length terms, and prices change monthly according to the world market price per barrel.

In February 2010, Cerrejón entered into a five-year fuel supply agreement, which expires in February 2015, with the Glencore Group to supply diesel fuels. The Xstrata Group's share of the fuel purchases for the year ended December 31, 2011 was US$97 million (compared to US$65 million for the year ended December 31, 2010). The supply agreement is on arm's length terms, and prices change for each shipment according to the world market price per barrel.

All coal purchases and sales with the Glencore Group are on arm's length terms and conditions.

Xstrata Nickel

In March 2007, Xstrata Nickel entered into sole distributorship agreements with the Glencore Group for its nickel, cobalt and Falcondo ferronickel production. These agreements were to be effective until December 31, 2012 and were to be automatically renewed for successive three-year periods unless terminated by either party with not less than 12 months' notice prior to the end of the original term or any renewal terms, or unless Xstrata Nickel permanently ceased production of such metals. In August 2011, Xstrata Nickel and the Glencore Group agreed to extend the term of the nickel and cobalt distribution agreements (in respect of nickel) until December 31, 2017 with a significantly higher performance floor becoming effective January 1, 2013. The cobalt and ferronickel distribution agreements were extended until June 30, 2013, when they will terminate. The extended contract in respect of nickel is to be automatically renewed for successive three-year periods, unless terminated by either party with not less than 12 months' notice prior to the end of the original term or any renewal terms, or unless Xstrata Nickel permanently ceases production of these metals.

Xstrata Nickel, at its sole discretion, may cease, suspend or reduce production at any time. The Glencore Group is obliged to distribute the products with all due care and diligence and to cultivate and maintain good relations with purchasers and potential purchasers in accordance with sound commercial principles and taking into account Xstrata Nickel's business principles. All sales terms and conditions are on an arm's length basis.

For nickel and cobalt sales, the price basis is the month following the month of delivery to the Glencore Group with reference to, in the case of nickel, the monthly average LME cash ''sellers'' settlement price and, in the case of cobalt, Metal Bulletin low grade. For ferronickel, the price basis is with reference to the nickel price quoted on the LME at a time linked to the sale to the end customer. Accordingly, provisionally priced nickel, cobalt and ferronickel revenues are subject to final price adjustments due to future price changes.

During the year ended December 31, 2011, Xstrata Nickel sold to the Glencore Group 92,647 tonnes of nickel, 2,915 tonnes of cobalt, and 12,880 tonnes of nickel in ferronickel (compared with 92,139 tonnes of nickel, 3,104 tonnes of cobalt, and nil tonnes of nickel in ferronickel for the year ended December 31, 2010). In addition, the Glencore Group pre-pays to Xstrata Nickel in two equal installments each month 100% of the value of that month's planned production. The pre-payment balance as of December 31, 2011, amounted to US$44 million, compared to US$36 million as of December 31, 2010, in favor of the Glencore Group.

Xstrata Nickel has entered into purchase agreements with the Glencore Group for raw material feeds to the Sudbury smelter in Canada and Nikkelverk refinery in Norway. Contracts may include both a metal purchase and a metal return component for cobalt. Pricing terms and treatment charges are based on prevailing market rates. During 2011, Xstrata Nickel purchased from the Glencore Group 140 tonnes of nickel, 141 tonnes of copper, 52 tonnes of cobalt, and 2 kilograms of platinum group metals (compared to 102 tonnes, 109 tonnes, 15 tonnes, and 66 kilograms, respectively, in 2010). In addition, during 2011, Xstrata Nickel returned to the Glencore Group 92 tonnes of cobalt (compared to 64 tonnes in 2010).

Xstrata Nickel also sold refined copper to the Glencore Group on arm's length terms and conditions under a contract covering the period January 1 to December 31, 2011, in which the Glencore Group agreed to purchase all copper production not otherwise sold by Xstrata Nickel under its long-term contracts. The term of this contract has been extended to December 31, 2012. During 2011, Xstrata Nickel sold to the Glencore Group 5,903 tonnes of copper pursuant to this contract, compared to 3,698 tonnes under spot arrangements during 2010.

Xstrata Nickel is the exclusive distribution agent for Koniambo and, in August 2011, concluded a ferronickel sub-distribution agreement with the Glencore Group for an initial period ending December 31, 2017 and to cover all of the ferronickel produced at Koniambo.

Xstrata Zinc

On January 1, 2007, Xstrata Zinc renewed a service agreement for an initial period of three years (which shall continue in effect thereafter unless terminated by any of the parties giving the other prior written notice of no less than 12 calendar months) with the Glencore Group, under the terms of which the Glencore Group provides advice and assistance with respect to pricing and structural issues regarding hedging and the optimization of internal flows of raw materials. The fees payable by Asturiana de Zinc S.A. under the Asturiana service agreement are US$2 million per annum.

In 2011, Xstrata Zinc (San Juan de Nieva and Nordenham) agreed to supply the Glencore Group with 257,639 tonnes (compared to 255,000 tonnes in 2010) of special high grade ("SHG") zinc slabs or continuous galvanizing grade (CGG) ingots based on market prices, plus the respective FOB/CPT market premium.

In 2011, Britannia Refined Metals agreed to supply the Glencore Group with 2,946 tonnes (compared to 22,960 tonnes in 2010) of 99.9% refined lead based on market prices, plus the respective Ex works market premium. This agreement was made on an arm's length basis and at terms prevailing in the then-current market.

In 2011, Xstrata Zinc Canada made agreements to supply the Glencore Group with 6,241 tonnes (compared to 18,300 tonnes in 2010) of lead metal ingots and jumbos. All agreements are based on market prices plus the respective DDP premium.

In 2011, Xstrata Zinc (Mount Isa) had an evergreen contract to supply 80,000 tonnes to the Glencore Group (compared to 80,000 tonnes in 2010). During the period from January to December 2011, 83,545 tonnes were shipped (compared to 80,000 tonnes in 2010).

In 2011, Xstrata Zinc contracted to sell 300,000 tonnes of zinc concentrate to the Glencore Group under an evergreen swap contract. In return, Xstrata Zinc contracted to purchase 300,000 tonnes of various zinc concentrate qualities delivered to Xstrata Zinc smelters (compared to 300,000 tonnes in 2010).

In 2011, Xstrata Zinc sold 123,000 tonnes of zinc concentrate under various spot sales contracts. The spot contracts were supplied from Mount Isa, Antamina, and McArthur River (compared to 158,400 tonnes in 2010).

In 2011, Xstrata Zinc (McArthur River) had an agreement to supply the Glencore Group 247,800 tonnes (compared to 247,800 tonnes in 2010) of bulk concentrate on an evergreen basis. In 2011, 247,800 tonnes were shipped under this agreement (compared to 245,700 tonnes in 2010). Further to the aforementioned agreement, an additional 40,000 tonnes of BMS bulk concentrate were sold under an annual contract (compared to 60,000 tonnes BMS bulk in 2010) and 21,650 tonnes of McArthur River Mine bulk concentrate were sold under spot contracts (compared to 28,500 tonnes in 2010).

In 2011, Xstrata Zinc Canada purchased 36,800 tonnes of lead concentrates from the Glencore Group for delivery to the Belledune lead smelter under various spot contracts (compared to 26,708 tonnes in 2010).

All evergreen and annual zinc concentrate and bulk concentrate contracts are based on recognized annual industry benchmark treatment charges and related terms for price participation and silver payables. Spot contracts are negotiated at prevailing market terms.

There have been no new long-term contracts, cancelation of long-term contracts or significant changes to the terms of the long term contracts with the Glencore Group since December 31, 2011.

Xstrata Alloys

Chrome operations

Xstrata South Africa and Merafe have a ferrochrome marketing agreement with the Glencore Group under which the Glencore Group acts as the exclusive worldwide marketing agent for the sale of the PSV's entire production of ferrochrome, other than ferrochrome sold into the United States, Canada and certain Asian countries.

The agreement continues as long as Xstrata Alloys and Merafe produce ferrochrome. The Glencore Group is obliged to use its best endeavors to arrange sales of ferrochrome at prevailing market rates, subject to initial agreement and approval by Xstrata Alloys and Merafe. The Glencore Group is entitled to receive an agency fee of 3.5% on FOB sales revenues and an additional fee of 0.75% on FOB sales revenues for assuming the risk of non-payment by customers on this material. The Glencore Group assumes 60% of the risk of non-payment by customers in relation to ferrochrome sales.

If at any time the Glencore Group notifies the PSV that it is unable to find purchasers for its production at prices higher than those generally obtainable by the Glencore Group, Xstrata Alloys may, unless the Glencore Group is able to obtain similar prices, sell its products in the market. The Glencore Group is nevertheless entitled to an agency fee of 3.5% of FOB sales revenue in respect of such sales. The Glencore Group is also entitled to receive a US$50,000 monthly fee in connection with market analysis and certain administrative tasks it performs for Xstrata Alloys. Interest is charged by Xstrata Alloys on single monthly settlements made by the Glencore Group, and the Glencore Group charges interest on any selling expenses incurred on behalf of Xstrata Alloys at LIBOR plus 150 basis points.

Ferrochrome sold into the United States and Canada is distributed by the Glencore Group under two distribution agreements. These agreements continue indefinitely, with both parties having the right to terminate the agreement on 12 months' notice. The percentage of distribution fees payable by the Xstrata Group in respect of ferrochrome sold under the distribution agreement is substantially the same as the commission paid in respect of ferrochrome sold under the ferrochrome marketing agreement.

Mitsui & Co. is the appointed distribution agent of the Xstrata Group for ferrochrome sales into China, Japan and South Korea up to a maximum of 105,000 tonnes per annum. A change in distribution agent for sales into these countries must be undertaken with the consent of the Glencore Group. Mitsui & Co. is entitled to receive a 2.5% sales commission on sales revenue FOB value for tonnages above 30,000 and up to 75,000 and 3.5% of the sales revenue FOB value for tonnages exceeding 75,000 but not exceeding 105,000 per annum. The distribution agreement with Mitsui & Co. is co-terminous with the operating agreement between Xstrata South Africa and Mitsui Minerals Development South Africa ("MMDSA") in relation to Xstrata's Lydenburg ferrochrome plant situated in South Africa. MMDSA owns a 12.5% undivided share in the fixed assets of the Xstrata Lydenburg plant, of which Xstrata South Africa acts as independent contractor. This ownership entitles MMDSA to 12.5% of the rated capacity (capped at 240,000 tonnes) of ferrochrome produced at an amount equal to FOB cost per tonne plus 3.5% of the FOB export price for the products taken. Upon termination of the operating agreement and the distribution agreement, Xstrata South Africa will be obliged to purchase the 12.5% undivided share of the fixed assets of the plant from MMDSA at the prevailing market price.

Xstrata Alloys entered into a chrome ore marketing agreement with the Glencore Group in July 2010, appointing the Glencore Group as its exclusive worldwide marketing agent for the sale of Xstrata Alloys' and Merafe's entire production of chrome ore. The agreement is for a fixed term extended to May 20, 2013. The Glencore Group is entitled to receive an agency fee of 2% on FOB sales revenues loading port value. The Glencore Group assumes 100% of the risk of non-payment by customers in relation to chrome ore sales. Interest is charged by Xstrata Alloys on single monthly settlements by the Glencore Group at LIBOR plus 150 basis points.

Vanadium operations

In January 2005, the Xstrata Group entered into a 13-year marketing agreement with the Glencore Group in respect of Rhovan and Vantech's (closed in 2004) entire production of vanadium, other than vanadium sold into the United States and Canada.

The Glencore Group is obliged to use its best endeavors to arrange sales of vanadium pentoxide, ferrovanadium, ammonium meta-vanadate and vanadium trioxide to customers at prevailing market rates, subject to initial agreement and approval by Xstrata Alloys. Xstrata Alloys is obliged to pay to the Glencore Group an agency fee of 3.5% on FOB sales revenues and an additional fee of 1.5% on FOB sales revenues for assuming the risk of non-payment by customers on this material. The Glencore Group assumes 100% of the risk of non-payment by customers in relation to vanadium sales.

If at any time Xstrata Alloys notifies the Glencore Group that it is able to find purchasers for its productions at prices higher than those generally obtainable by the Glencore Group, Xstrata Alloys may, unless the Glencore Group is able to obtain similar prices, sell its own products in the market. The Glencore Group is nevertheless entitled to the 3.5% agency fees described above in respect of such sales. Interest is charged by Xstrata Alloys on single monthly settlements made by the Glencore Group, and the Glencore Group charges interest on any selling expenses incurred on behalf of Xstrata Alloys at LIBOR and a margin of 150 basis points.

Vanadium pentoxide and ferrovanadium sold into the United States and Canada are distributed by the Glencore Group under two distribution agreements. The distribution agreements have the same terms as the marketing agreement and consequently, the percentage of distribution fees payable by the Xstrata Group in respect of vanadium pentoxide and ferrovanadium is substantially the same as the commission paid in respect of vanadium pentoxide and ferrovanadium sold under the marketing agreement.

Relationship Agreement with the Glencore Group

On March 20, 2002, the Glencore Group and Xstrata entered into an agreement (the "Relationship Agreement") which regulates the on-going relationship between them. The principal purpose of the Relationship Agreement is to ensure that Xstrata is capable of carrying on the Xstrata Group's business independently of the Glencore Group and that transactions and relationships between the Glencore Group and the Xstrata Group are at arm's length and on normal commercial terms. The Relationship Agreement will continue for so long as Xstrata's ordinary shares are listed on the Official List and traded on the London Stock Exchange and Glencore International AG is Xstrata's controlling shareholder (as such term is defined in the Relationship Agreement). If the Proposed Merger is approved by the requisite majorities of Xstrata's shareholders, Glencore (to be renamed Glencore Xstrata plc) will acquire the entire issued share capital of Xstrata plc which Glencore does not already own and Xstrata's ordinary shares are expected to be delisted and the Relationship Agreement will terminate in accordance with its terms.

Under the Relationship Agreement:

- Xstrata and the Glencore Group agree that transactions and relationships between the Xstrata Group and the Glencore Group will be conducted at arm's length and on a normal commercial basis;
- Xstrata and the Glencore Group agree to ensure that Xstrata is capable, at all times, of carrying on its business independently of any member of the Glencore Group;
- The Glencore Group is only permitted to nominate a maximum of three directors of Xstrata or (if lower or higher) such number of directors of Xstrata nominated by the Glencore Group as is

equal to one less than the number of independent directors (defined in the Relationship Agreement as a director who is free from any business or other relationship with the Glencore Group), subject to the requirement that the Glencore Group shall exercise its powers so that Xstrata is managed in accordance with the principles of good governance set out in the Combined Code and that the provisions of the Code of Best Practice set out in the Combined Code are complied with by Xstrata. The Glencore Group previously nominated three directors to the board of directors of Xstrata. However, following Mr. David Issroff's resignation from the board of directors of Xstrata with effect from May 10, 2006, the Glencore Group only had two nominees on the board of directors of Xstrata, being Messrs. Strothotte and Glasenberg, until Mr Stothotte's resignation as Chairman with effect from May 4, 2011. At the Xstrata annual general meeting on May 4, 2011, Messrs Mistakidis and Peterson were elected to the board of directors of Xstrata (joining Mr Glasenberg who was re-elected) following their nomination by the Glencore Group;

- directors of Xstrata nominated by the Glencore Group are not permitted, unless the independent directors agree otherwise, to vote on any resolutions of Xstrata's board of directors to approve any aspect of the Xstrata Group's involvement in or enforcement of any arrangements, agreements or transactions with any member of the Glencore Group; and
- the Glencore Group undertakes to procure that the Glencore Group shall not exercise its voting rights to procure amendment to the constitutional documents of Xstrata which would be inconsistent with, or undermine, the Relationship Agreement.

The Xstrata Group believes that the terms of the Relationship Agreement as described above enable it to carry on its business independently from the Glencore Group.

STATUTORY AUTHORIZATIONS, LICENSES AND CONCESSIONS

Xstrata Copper

Copper and gold assets

Mineral rights at Xstrata Copper's various operations are held through mining tenements. A summary of the mining tenements directly involved in actual operations is shown in the table below (noting that some other mining tenements also are held but not listed below).

Status of Xstrata Copper's copper and gold asset mining tenements

Mount Isa mine tenements

Tenement	Tenement Name	Original Granted	Expires	Comments
ML8058	Mount Isa Consolidated	December 1, 1986	November 30, 2036	As granted under the Mount Isa Mines Limited Agreement Act

Ernest Henry mine tenements

Tenement	Tenement Name	Original Granted	Expires	Comments
ML2671	Savage 33	November 28, 1974	November 30, 2025	Active mining area
ML90041	EHM 1	December 1, 1995	November 30, 2016	Active mining area
ML90072	EHM A	December 1, 1995	November 30, 2025	Active mining area
ML90075	EHM B	December 1, 1995	November 30, 2025	Active mining area
ML90085	EHM C	April 1, 1996	March 31, 2026	Active mining area
ML90100	EHM D	June 1, 1996	May 31, 2026	Active mining area
ML90107	EHM E	September 1, 1996	August 30, 2026	Active mining area
ML90116	EHM F	October 1, 1996	September 30, 2026	Active mining area
TL203701		August 18, 1995	August 17, 2045	7,000 ha surrounding active mining leases
TL207781		September 21, 1996	September 20, 2046	EHM accommodation village

Mount Margaret tenements

Tenement	Tenement Name	Original Granted	Expires	Comments
ML7122	Monakoff	October 15, 1992	October 31, 2012	Renewal submitted
ML 90157	E1 North	May 11, 2006	May 30, 2021	
ML 90198	Monakoff Extended	July 26, 2012	July 31, 2033	
ML 90199	E1 Mining Lease	December 9, 2011	December 31, 2032	
ML 90200	E1 Camp	December 9, 2011	December 31, 2032	
ML 90228	E1 Horizontal Haul Road	February 17, 2012	February 28, 2033	
ML 90229	Monakoff Vertical Haul Road	July 26, 2012	July 31, 2033	

The Mount Isa, Ernest Henry and Mount Margaret tenements are located in Queensland, Australia.

Principal terms and conditions for Queensland mining concessions include the requirement to have an "Environmental Authority" issued by the Department of Environment and Heritage Protection ("DEHP") and a Plan of Operation ("POO") lodged with DEHP. The POO specifies proposed mining and rehabilitation activities for a term of up to five years. As discussed elsewhere, the Mount Isa operations in Queensland have transitioned their environmental regulation from the Mount Isa Mines Limited Agreement Act 1985 to the Environmental Protection Act 1994. DEHP issued a new draft Environmental Authority in December 2011 under the Environmental Protection Act. A new

POO is now also in effect in Mount Isa. The Mount Isa operations have been granted Transitional Environmental Programs for air and water conditions until December 31, 2016.

The POO also includes an estimate of the maximum mine rehabilitation liability for the term of the POO and calculation of the corresponding financial assurance required to be lodged with DEHP. The level of financial assurance required to be lodged with the government is a percentage of the total rehabilitation liability. The percentage required is dependent on the environmental performance category of the mine, which is determined in accordance with DEHP guidelines.

The North Queensland operations for the Xstrata Group calculate the total rehabilitation liability, and DEHP may require this figure to be increased (resulting in an increase in the financial assurance). DEHP is not bound by previous estimates and has in the case of mines of third parties outside of the Xstrata Group, significantly altered and increased agreed calculations for total rehabilitation cost. There can be no assurance that DEHP will not alter the calculation for the total rehabilitation cost of the Ernest Henry and Mount Isa sites.

An annual return is required to be lodged with DEHP for each Environmental Authority. The annual return reports on compliance with Environmental Authority conditions. The Xstrata Group has submitted all required POOs and annual returns for Environmental Authorities and has lodged the current assessed financial assurances with DEHP.

Alumbrera mine

The Alumbrera mine is located in the Catamarca province in Argentina.

Tenement	Tenement Name	Original Granted	Expires	Comments
Yacimientos Mineros de Agua de Dionisio ("YMAD")	YMAD Lease	April 27, 1994	Q1 2019 (mine life)	600 ha area lease

Alumbrera is required to submit environmental management reports every two years to the Provinces of Catamarca and Tucuman, Argentina. The reports present the results of environmental monitoring conducted at the mine and set out any specific changes or issues. The report that is provided to the Catamarca Province addresses the mine and mineral processing operations and the concentrator pipeline operation within the Catamarca Province. The report that is provided to the Province of Tucuman addresses the pipeline and filter plant operations. The Xstrata Group has submitted all required reports.

In order to retain the mining concession an annual payment of ARS 4800 must be made to the Catamarca mining authority. Alumbrera has made all such required payments.

Altonorte smelter

The Altonorte copper smelter is located in northern Chile.

Summary of property holdings

The following table sets out the mining development concessions for the Xstrata Group's installations at the Altonorte site. All of the concessions have been granted and are maintained by the payment of annual taxes.

Mining development concession	Record number	Area (ha)	Date of filing of mining development claim	Regulatory Ruling
OLGA 1 AL 50	7.720	500	September 5, 1991	December 30, 1992
NORTE UNO 1 AL 36	17.274	180	February 26, 1999	November 22, 2000
NORTE DOS 1 AL 10	17.272	50	February 26, 1999	November 22, 2000
AMANDITA 1 AL 2	17.273	10	February 26, 1999	November 22, 2000
ALTO 1 AL 52	17.275	260	February 26, 1999	November 22, 2002
ANDREITA 1 AL 28	32.665	132	May 12, 2000	March 27, 2002
LORENITA 1-54	725-2007	216	October 5, 2007	July 1, 2010
Total area		**1,348**		

Antamina

The Antamina operation is located in the Andes mountains in Peru, approximately 270 kilometers north of Lima at an elevation of 4,300 meters.

Summary of property holdings

In Peru, mining concessions are organized in Administrative Economic Units (UEA), as set forth below:

UEA Antamina

The property consists of 69 concessions covering 7,747.25 hectares located in the San Marcos and Huachis Districts, in the Province of Huari, in the Ancash Department.

UEA Antamina Nº 1

The property consists of six concessions covering 4,214 hectares located in the San Marcos and San Pedro de Chana Districts, in the Province of Huari, in the Ancash Department.

UEA Antamina Nº 2 — Huarmey

The property consists of two concessions covering 1,500 hectares located in the Huarmey District, in the Province of Huarmey, in the Ancash Department.

UEA Antamina 3

The property consists of six concessions covering 5,900 hectares located in the Huallanca, San Marcos, Pachas and Llata Districts, in the Provinces of Bolognesi, Huari, Dos de Mayo and Huamalies, in the Departments of Ancash and Huanuco.

UEA Antamina 4

The property consists of four concessions covering 4,000 hectares located in the Llata District, in the Province of Huamalies, in the Departments of Huanuco.

UEA Antamina 5

The property consists of five concessions covering 4,100 hectares located in the San Marcos, San Pedro de Chana, Llata and Puños Districts, in the Provinces of Huari and Huamalies, in the Departments of Ancash and Huanuco.

UEA Antamina 6

The property consists of four concessions covering 4,000 hectares located in the Huachis, San Marcos and San Pedro de Chana Districts, in the Province of Huari and in the Department of Ancash.

UEA Antamina 7

The property consists of four concessions covering 2,808 hectares located in the San Marcos and Huachis Districts, in the Province of Huari and in the Department of Ancash.

UEA Antamina 8

The property consists of three concessions covering 2,500 hectares located in the San Pedro de Chana, Miraflores and Puños Districts, in the Provinces of Huari and Huamalies and in the Departments of Ancash and Huanuco.

UEA Antamina 9

The property consists of six concessions covering 5,500 hectares located in the Huachis, Ponto and San Pedro de Chana Districts, in the Province of Huari and in the Department of Ancash.

UEA Antamina 10

The property consists of five concessions covering 5,000 hectares located in the Huachis, Ponto, Rahuapampa and San Pedro de Chana Districts, in the Province of Huari and in the Department of Ancash.

UEA Antamina 11

The property consists of six concessions covering 5,600 hectares located in the Huachis and San Marcos Districts, in the Province of Huari and in the Department of Ancash.

UEA Antamina 12

The property consists of six concessions covering 5,100 hectares located in the Cajay, Huari, Huachis, Masin and Rahuapampa Districts, in the Province of Huari and in the Department of Ancash.

UEA Antamina 13

The property consists of five concessions covering 2,400 hectares located in the Huarmey District, in the Province of Huarmey and in the Department of Ancash.

Not included in Administrative Economic Units (UEA):

ANTA 46

This mining concession covers 1,000 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 47

This mining concession covers 700 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 48

This mining concession covers 400 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash. This procedure is still being processed by the Instituto Geológico Minero y Metalúrgico ("INGEMMET") and shall be finalized once the resolution granting the mining concession ownership is issued.

ANTA 49

This mining concession covers 400 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash. This procedure is still being processed by INGEMMET and shall be finalized once the resolution granting the mining concession ownership is issued.

ANTA 51

This mining concession covers 800 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 52

This mining concession covers 500 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 53

This mining concession covers 1000 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 54

This mining concession covers 400 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 55

This mining concession covers 200 hectares located in the San Marcos District, Province of Huari, in the Department of Ancash.

ANTA 56

This mining concession covers 400 hectares located in the Districts of San Marcos and Huachis, Province of Huari, in the Department of Ancash.

ANTA 57

This mining concession covers 1,000 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 58

This mining concession covers 100 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 59

This mining concession covers 100 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash.

ANTA 60

This mining concession covers 700 hectares located in the Huachis District, in the Province of Huari, in the Department of Ancash.

ANTA 61

This mining concession covers 100 hectares located in the Districts of San Marcos and Huántar, in the Province of Huari, in the Department of Ancash.

ANTA 62

This mining concession covers 100 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash. This procedure is still being processed by INGEMMET and shall be finalized once the resolution granting the mining concession ownership is issued.

ANTA 63

This concession request covers 300 hectares located in the Districts of San Marcos and Chavin de Huantar, in the province of Huari, in the Department of Ancash. This procedure is still being processed by INGEMMET.

ANTA 64

This concession request covers 200 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash. This procedure is still being processed by INGEMMET and shall be finalized once the resolutions granting the mining concession ownership is issued.

ANTA 65

This concession request covers 1000 hectares located in the Puños District, in the Province of Huamalies, in the Department of Huánuco. This procedure is still being processed by INGEMMET and shall be finalized once the resolution granting the mining concession ownership is issued.

ANTA 66

This concession request covers 900 hectares located in the Llata District, in the Province of Huamalies, in the Department of Huánuco. This procedure is still being processed by INGEMMET and shall be finalized once the resolution granting the mining concession ownership is issued.

ANTA 67

This concession request covers 600 hectares located in the Districts of Huallanca, Pachas and Llata, in the Provinces of Bolognesi, Dos de Mayo and Huamalies, in the Departments of Ancash and Huánuco. This procedure is still being processed by INGEMMET and shall be finalized once the resolution granting the mining concession ownership is issued.

ANTA 68

This concession request covers 800 hectares located in the San Marcos District, in the Province of Huari, in the Department of Ancash. This procedures is still being processed by INGEMMET and shall be finalized once the resolution granting the mining concession ownership is issued.

ANTA 69

This concession request covers 400 hectares, located in the Districts of Llata and Puños, in the Province of Huamalies, in the Department of Huánuco. This procedure is still being analyzed by INGEMMET and shall be finalized once the resolution granting the mining concession ownership is issued.

Collahuasi

The Collahuasi property consists of 507 exploitation concessions covering 147,768 hectares and 368 exploration concessions covering 142,700 hectares. The property is located in northern Chile, about 180 kilometers southeast of the port of Iquique, at an elevation of 4,300 meters. It contains two separate porphyry copper deposits, known as Ujina and Rosario. The Ujina high grade secondary enrichment has been mined already but an important reserve of primary copper ore remains. Rosario has large tonnages of high grade primary ore and important secondary enrichment zones. The Huinquintipa oxide copper deposit is located downstream from the Rosario deposit. In addition, the property contains high-grade copper mineralization at the adjacent Rosario West deposit.

Summary of property holdings

The following table sets out the exploitation concessions covered by the Collahuasi property:

Property	Number of exploitation concessions	Area (ha)
Sector Yacimiento	205	35,399
Sociedad Contractual Minera Michincha	39	22,920
Comuna de Iquique	18	2,127
Comuna de Pica	71	40,784
Comuna de Pozo Almonte	66	8,361
Sector Huasco	61	16,550
Pertenencias Zona de Interes	119	38,587
Sector Calama	6	1,200
Total	**585**	**165,928**

Tintaya

Summary of property holdings

The property consists of 18 concessions covering 3,598.115 hectares, as well as two production concessions consisting of two treatment plants (one oxide, the other sulfide). All of these concessions are located in the Espinar District in the Province of Espinar in the Cusco region of Peru.

Xstrata Tintaya S.A. holds a total of 123 mining concessions (including 18 relating to the Tintaya Project and the two production concessions). The following chart includes a brief summary of them:

Group of Concessions	Number	Area (ha)
UEA Tintaya	18	3,598.1150
Ore processing claim	2	—
Antapaccay	13	7,944.4767
Corrocohuayco	1	10,665.5487
Concessions without activity	89	72,282.6366
Total	**123**	**96,490.7770**

The Tintaya project also holds the following main licenses and permits:

Name of License/Permit	Issue Date
Sulfide EIA Approval	April 1997
Oxide EIA Approval	December 1996, July 2004
Huinipampa Tailings Dam EIA Approval	July 2001
Sulfide Beneficiation Concession (19,400 TM/day)	April 1991
Oxide Beneficiation Concession (10,000 TM/Day)	July 2004, August 2005
Mining Operation Certificate	Annual Renewal
Global Explosive Authorization	Semester Renewal
Water Rights	January 1991, January 2001, January 2009

Frieda River Project — Papua New Guinea

Xstrata Frieda River Limited is the manager of the project and holds 72% of the following tenements/exploration licenses and, subject to certain conditions, is entitled to an additional 9.82% (being 81.82% in total) share in each of them:

Tenement type	Registered number	Status	Grant date
EL	EL 58	Granted	November 15, 1991
EL	EL 1212	Granted	May 30, 1997
EL	EL 1743	Granted	June 21, 2010
EL	EL 1744	Granted	June 21, 2010
EL	EL 1745	Granted	June 21, 2010
EL	EL 1746	Granted	June 21, 2010
EL	EL 1895	Granted	May 15, 2012
EL	EL 1896	Granted	May 15, 2012
EL	EL 1956	Granted	May 15, 2012
EL	EL 1957	Granted	May 15, 2012

Las Bambas

Summary of property holdings

Xstrata excised the option contract between it and the Peruvian Government for the Las Bambas project in August 2010. There are 41 mining concessions covering 34,328.5171 hectares.

Regional exploration Xstrata Peru S.A. ("XPSA")

Summary of property holdings

Xstrata has undertaken regional exploration in Southern Peru. Excluding the Las Bambas project concessions, there are 16 mining concessions held by Xstrata Peru S.A., covering 10,500 hectares. One of these concessions is situated where the Chalhuahuacho damn will be built, and, consequently, there will be no regional exploration on that concession. The remaining 15 concessions cover 9,900 hectares.

Kidd Creek mining division, Ontario, Canada

The Kidd Creek mining operation's principal copper/zinc properties in the Timmins area are located in Kidd Township, Porcupine mining division, Province of Ontario. The properties owned by the Xstrata Group comprise 17 patented and leasehold half lots.

Summary of property holdings

Parcel	Location	Lease number	Acres	Expiry
Leased land				
377 LC	S 1/ 2 N 1/2 Lot 3 Con 3	108580 (formerly 105419)	80.00	October 1, 2013
300 LC	N 1/2 N 1/2 Lot 3 Con 3	108287 (formerly 104924)	80.00	September 1, 2013
301 LC	S 1/ 2 N 1/2 Lot 4 Con 4	108286 (formerly 104925)	161.00	September 1, 2013
302 LC	S 1/ 2 Lot 1 Con 4	108288 (formerly 104926)	160.00	September 1, 2013
Total leased land			**481.00**	**(or 195 hectares)**
Patented land				
14985 SEC	N 1/2 Lot 1 Con 3		160.00	Mining and Surface
11471 SEC	N 1/2 Lot 2 Con 4		160.00	Mining and Surface
13569 SEC	N 1/2 Lot 3 Con 4		160.00	Mining and Surface
13571 SEC	Pt. N 1/2 Lot 4 Con 4		160.00	Mining and Surface
15114 SEC	S 1/ 2 Lot 3 Con 5		159.00	Mining and Surface
14980 SEC	N 1/2 Lot 3 Con 5		159.00	Mining and Surface
12757 SEC	N 1/2 Lot 4 Con 5		160.50	Mining and Surface
13574 SEC	S Pt. Lot 4 Con 4		160.50	Mining and Surface
11998 SEC	N 1/2 Lot 1 Con 4		160.50	Mining and Surface
14117 SEC	N 1/2 Lot 5 Con 5		159.50	Mining and Surface
14118 SEC	N 1/2 Lot 6 Con 5		159.50	Mining and Surface
Total patented land			**1,758.50**	**(or 712 hectares)**
Total leased land and patented land			**2,239.50**	**(or 907 hectares)**
Surface leases				
16186 SEC	Pt. Lot 2 Con 4	266303	3.00	(or 1 hectare)
Surface patent				
19299 SEC	S 1/ 2 Lot 5 Con 5		159.50	(or 65 hectares)
Total			**2,402.00**	**(or 973 hectares)**

Kidd Creek metallurgical division, Ontario

The ore from Kidd Creek Mining Division is transported by a railway owned by the Xstrata Group to the Kidd Creek Metallurgical Division's mineral processing facilities, located 27 kilometers southeast of the Kidd Mine. As described above, the copper and zinc metallurgical facilities at the Kidd Creek Metallurgical Site closed in May 2010.

Summary of property holdings

Parcel	Location	Lease number	Acres
Leased land[(1)]			
1813 LC	S 1/2 Lot 1 Con 2	108220 (formerly 106985)	160.00
Patented land[(2)]			
14342 SEC	N 1/2 Lot 1 Con 1		160.00
15468 SEC	S Pt. N Lot 1 Con 1		160.00
Total patented land			**320.00**
Total leased land and patented land			**480.00**
Surface rights (leased land)			
8654 SEC	NE Pt. S 1/2 Lot 3 Con 1	Private Lease	29.70
17302 SEC	S Pt. N 1/2 Lot 3 Con 1	Private Lease	3.80
1815 LC	N 1/2 Lot 1 Con 2	108221 (formerly 106987)	160.00
1815 LC	S 1/2 Lot 2 Con 2	108221 (formerly 106987)	159.00
1819 LC	N 1/2 Lot 4 Con 2	106982	159.52
1830 LC	N 1/2 Lot 5 Con 2	107061	231.60
1830 LC	S 1/4 Lot 5 Con 2	107061	72.08
1815 LC	S 1/2 Lot 1 Con 3	108221 (formerly 106987)	160.00
1815 LC	S 1/2 Lot 2 Con 3	108221 (formerly 106987)	158.50
1817 LC	All Lot 2 Con 4	106983	315.00
Total surface rights (leased land)			**1,449.20**
Surface rights (patented land)			
14830 SEC	N 1/2 Lot 2 Con 2		159.00
14579 SEC	N 1/2 Lot 3 Con 2		159.50
22881 SEC	S 1/2 Lot 3 Con 2		159.52
17165 SEC	N 1/2 Lot 1 Con 3		160.00
17164 SEC	N 1/2 Lot 2 Con 3		158.50
15608 SEC	S 1/2 Lot 3 Con 3		160.50
15512 SEC	N 1/2 Lot 4 Con 3		161.00
15514 SEC	S 1/2 Lot 4 Con 3		161.00
17152 SEC	N 1/2 Lot 3 Con 4		158.50
17151 SEC	S 1/2 Lot 3 Con 4		158.50
17154 SEC	N 1/2 Lot 4 Con 4		152.50
17153 SEC	S 1/2 Lot 4 Con 4		152.50
Total surface rights (patented land)			**1,901.02**
Total surface rights			**3,350.22**

Notes:

(1) Mineral rights (but not surface rights) sold to Goldcorp Canada Ltd. under agreement dated January 1, 2011, subject to retained interests including royalty, back-in rights and rights of first refusal.

(2) Mineral rights (but not surface rights) optioned to Goldcorp Canada Ltd. under agreement dated January 1, 2011, subject to retained interests including royalty, back-in rights and rights of first refusal.

Horne smelter, Quebec, Canada

The Horne smelter is located in Rouyn-Noranda, Quebec.

Summary of property holdings

Mining Concession	Area (ha)	Renewal date
156 Pt. A	26.71	January 31, 2013
247 Pt. A	97.93	January 31, 2013
156 Pt. B	191.96	January 31, 2013
243	224.90	January 31, 2013
372	24.11	January 31, 2013
171	27.92	January 31, 2013
148	183.73	January 31, 2013
163 Pt. A	208.41	January 31, 2013
235	202.34	January 31, 2012

Tampakan Project, Philippines

SMI is a party to a Financial and Technical Assistance Agreement (''FTAA'') with the Philippine Government which covers an area of approximately 24,000 hectares and includes the Tampakan copper-gold deposit. Additionally, SMI is the holder of various rights that are adjacent to the FTAA contract area, some of which cover land that would be required to host Project infrastructure or facilities. SMI's mineral rights are summarized as follows:

Rights	Number	Date granted
Financial & Technical Assistance Agreement (''FTAA'')	02-95-XI	March 22, 1995
Exploration Permit (''EP'')	001-08-XI	January 2, 2008
Application for an Exploration Permit (''EP II'')	No 067-B-XII-06	Pending
Application for an Exploration Permit (''EP III'')	No. 092-XI	Pending
Application for an Exploration Permit (''EP IV'')	No. 124-96-XII	Pending

Lomas Bayas, Chile

The Lomas Bayas mine is located in the Second Region of Chile, approximately 110 kilometers northeast of the port city of Antofagasta. The mine is situated at an altitude of 1,500 meters in the Atacama Desert. The Fortuna de Cobre deposit is situated 3 kilometers to the south of the Lomas Bayas mine.

The Lomas Bayas mine comprises eight exploitation concessions covering approximately 2,322 hectares. The Fortuna de Cobre mine comprises 11 exploitation concessions covering approximately 1,216.5 hectares. In addition, covering an area around Lomas Bayas and Fortuna de Cobre, the Xstrata Group also holds 91 mining concessions, comprising: 34 exploitation mining concessions; and 57 exploration concessions in process. The total surface of mining concessions owned by the Xstrata Group in the Lomas Bayas district amounts to 22,655.47 hectares.

Summary of property holdings

The following table sets out the mining exploitation concessions for the Xstrata Group's Lomas Bayas operations. All of the concessions have been granted.

Mining development concession	Record number	Area (ha)	Date of filing	Date of regulatory ruling
ABUSIMBEL 1 AL 23	5.298	230	February 24, 1992	March 15, 1993
AYQUINA 1 AL 30	8.839	300	September 2, 1992	October 7, 1993
LAS PENAS 1 AL 30	8.837	300	September 2, 1992	October 7, 1993
LO VASQUEZ 1 AL 30	8.838	300	September 2, 1992	October 7, 1993
GIZEH 1 AL 30	5.299	300	February 24, 1992	March 15, 1993
NAZCA 1 AL 30	5.300	292	February 24, 1992	March 15, 1993
PELEQUEN 1 AL 30	8.836	300	September 2, 1992	October 7, 1993
MIRTHA 1 AL 30	23841	300	August 13, 1992	September 17, 1993
Total area		**2,322**		

The Fortuna de Cobre deposit is adjacent to the Lomas Bayas mine. The following table sets out the mining exploitation concessions for the Xstrata Group's Fortuna de Cobre operations. All of the concessions have been granted.

Mining development concession	Record number	Area (ha)	Date of filing	Date of regulatory ruling
BALI 1 AL 20	10.003	200	April 22, 1996	October 6, 1997
BANGKOK 1 AL 20	10.002	200	April 22, 1996	October 6, 1997
CAPADOCIA 1 AL 14	10.004	125	April 22, 1996	October 6, 1997
CAPADOCIA 15 AL 29	10.004	150	April 22, 1996	October 6, 1997
CONSTANZA 1 AL 30	26.531	120	November 5, 1994	May 9, 1998
PETRONILA 21-29	24.363	40.5	April 5, 1948	November 13, 1958
ELVIRA 1 AL 10	8.185	50	March 29, 1955	October 25, 1956
FORTUNA 1 AL 10	22.636	50	February 9, 1950	November 12, 1951
MAX 1 AL 4 Y 11 AL 14	5.960	33	January 6, 1993	March 7, 1995
MAX 5 AL 10 Y 15 AL 20	5.960	48	January 6, 1993	March 7, 1995
LAOS 1 AL 20	10.005	200	April 22, 1996	October 6, 1997
Total area		**1,216.5**		

El Pachón, Argentina

The El Pachón property is located in the province of San Juan, Argentina at an elevation of 3,600 meters to 4,100 meters, about three kilometers from the Chilean border and seven kilometers from the Los Pelambres mine.

Summary of property holdings

The property (Grupo Minero Pachón) consists of 48 concessions covering 2,001.90 hectares.

Other mining properties:

- Demasías (portion of land between two claims not large enough to admit a separate claim) Pachón 13 and Chorlo (7,466 m2 each)
- Mondaquita mine (1,546.56 hectares)
- Pachón 23 mine (136.12 hectares)
- Valentina I mine (1,332.25 hectares)

In addition, the Xstrata Group has exploration rights over an area covering approximately 19,974 hectares.

West Wall, Chile

The West Wall property is located in Region V, about 100 kilometers north of Santiago, Chile at an elevation of 3,000 meters to 3,700 meters. A low grade porphyry resource was identified on the property in the 1980s by Minera Anglo American Chile and Noranda Inc. discovered a new porphyry system, referred to as the Lagunillas zone, located three kilometers to the southwest. Diamond drilling in 2002 and 2005 outlined a secondary enriched blanket of copper mineralization, underlain by significant primary mineralization. The zone extends over an area of 1,200 meters north-south and ranges from 350 to 450 meters in width. Economic evaluation of the mineralization revealed the zone to be breakeven to moderate grade and significant thickness of barren leach cap.

Summary of property holdings

The property consists of 12 exploitation concessions covering 9,619 hectares and four exploitation mining concessions in progress covering 3,096 hectares, 58 exploration mining concessions covering 17,100 hectares, and 47 exploration mining concessions in process covering 13,600 hectares.

Xstrata Coal

Canada coal assets

Donkin, Nova Scotia

The Donkin project operates pursuant to two agreements, the "Coal Gas Exploration Agreement No. 07-31-01-01," which expires on January 31, 2017, and the "Special Lease No. 09-02," which expires on May 1, 2042.

British Columbia

The Xstrata Group's licenses in the province of British Columbia are valid for a period of one year and are automatically renewed provided the tenure renewal fee is paid. Such fee is charged on a per hectare basis, and its magnitude depends on the age of the tenures. As part of its application for an exploration license, the Xstrata Group pays the first year's license fee, following which the provincial government of British Columbia, in consultation with indigenous communities, decides whether to convert the license into an exploration license. No other applications relating to such land can be made until the exploration license application has been accepted or denied.

Suska

A summary of the Xstrata Group's mining leases, licenses and authorizations in Suska is detailed below.

License Number	Area (ha)	Standing	Expiry Date
327215	294	License	July 15, 2013
327217	294	License	July 15, 2013
327280	294	License	July 15, 2013
343892	294	License	March 1, 2013
401629	294	License	April 16, 2013
401630	294	License	April 16, 2013
405841	294	License	October 17, 2012
413996	294	License	September 13, 2013
416937	1,466	License	June 27, 2013
417069	294	License	October 14, 2012
417070	294	License	October 14, 2012
417071	294	License	October 14, 2012
417072	294	License	October 14, 2012
417073	294	License	October 14, 2012
417104	294	License	November 23, 2012
417117	1,324	License	November 23, 2012
417118	1,396	License	November 23, 2012
417121	1,470	License	November 23, 2012
417122	733	License	November 23, 2012
417123	806	License	November 23, 2012
417266	1,248	License	February 17, 2013
417267	1,175	License	February 17, 2013
417567	661	License	January 26, 2013
417879	1,425	Application Lodged	

Sukunka

A summary of the Xstrata Group's mining leases, licenses and authorizations in Sukunka is detailed below:

License Number	Area (ha)	Standing	Expiry Date
327206	148	License	December 31, 2012
327207	296	License	December 31, 2012
327208	148	License	December 31, 2012
327211	296	License	December 31, 2012
327213	296	License	December 31, 2012
327216	296	License	December 31, 2012
327218	296	License	December 31, 2012
327241	296	License	December 31, 2012
327242	296	License	December 31, 2012
327243	296	License	December 31, 2012
327244	296	License	December 31, 2012
327245	296	License	December 31, 2012
327254	296	License	December 31, 2012
327255	296	License	December 31, 2012
327256	296	License	December 31, 2012
327257	296	License	December 31, 2012
327258	296	License	December 31, 2012
327282	296	License	December 31, 2012
327284	296	License	December 31, 2012
327285	296	License	December 31, 2012
327288	296	License	December 31, 2012
327309	296	License	December 31, 2012
327380	296	License	December 31, 2012
327383	296	License	December 31, 2012
327390	296	License	December 31, 2012
327402	296	License	December 31, 2012
327407	296	License	December 31, 2012
327421	148	License	December 31, 2012
327453	296	License	December 31, 2012
327454	296	License	December 31, 2012
327455	296	License	December 31, 2012
327456	296	License	December 31, 2012
327464	148	License	December 31, 2012
327468	148	License	December 31, 2012
327469	148	License	December 31, 2012
327470	148	License	December 31, 2012

Other coal exploration licenses and permits

A summary of the Xstrata Group's other coal exploration licenses and permits in British Columbia is detailed below:

License Number	Area (ha)	Standing	Expiry Date
416938	440	License	June 27, 2013
416939	147	License	June 27, 2013
416940	147	License	June 27, 2013
416941	74	License	June 27, 2013
417105	147	License	November 23, 2012
417106	147	License	November 23, 2012
417107	220	License	November 23, 2012
417108	147	License	November 23, 2012
417109	1,391	License	November 23, 2012
417110	74	License	November 23, 2012

License Number	Area (ha)	Standing	Expiry Date
417111	442	License	November 23, 2012
417112	664	License	November 23, 2012
417113	1,105	License	November 23, 2012
417114	1,472	License	November 23, 2012
417115	1,178	License	November 23, 2012
417116	1,471	License	November 23, 2012
417119	368	License	November 23, 2012
417120	1,471	License	November 23, 2012
417124	295	License	November 25, 2012
417263	1,464	License	February 17, 2013
417264	1,463	License	February 17, 2013
417265	1,463	License	February 17, 2013
417268	74	License	February 17, 2013
417269	952	License	February 17, 2013
417270	1,320	License	February 17, 2013
417271	733	License	February 17, 2013
417272	1,024	License	February 17, 2013
417273	1,471	License	February 17, 2013
417274	1,471	License	February 17, 2013
417275	1,325	License	February 17, 2013
417276	1,326	License	February 17, 2013
417277	589	License	February 17, 2013
417278	959	License	February 17, 2013
417279	1,471	License	February 17, 2013
417280	1,473	License	February 17, 2013
417281	1,474	License	February 17, 2013
417282	1,474	License	February 17, 2013
417283	1,475	License	February 17, 2013
417284	1,477	License	February 17, 2013
417285	1,478	License	February 17, 2013
417286	1,030	License	February 17, 2013
417287	737	License	February 17, 2013
417556	517	License	December 14, 2012
417557	1,403	License	December 14, 2012
417558	1,036	License	December 14, 2012
417559	444	License	December 14, 2012
416810	2,475	Application Lodged	
416832	2,400	Application Lodged	
417065	12,600	Application Lodged	
417326	7,275	Application Lodged	
417328	625	Application Lodged	
417606	10,650	Application Lodged	
417625	591	Application Lodged	
417626	738	Application Lodged	
417627	591	Application Lodged	
417628	1,181	Application Lodged	
417629	295	Application Lodged	
417630	1,179	Application Lodged	
417631	590	Application Lodged	
417877	7,200	Application Lodged	
417878	10,725	Application Lodged	
417879	1,425	Application Lodged	
417880	2,250	Application Lodged	

New South Wales coal assets

The Xstrata Group is currently preparing mining lease applications for areas of the Ravensworth North and Ravensworth Underground Mines which currently do not hold title. A mining lease application (MLA406) has been submitted for the area beneath Commonwealth Land at the Bulga Complex. A mining lease application will need to be submitted for an area at Ulan where surface title is not currently held. The Xstrata Group currently holds all other necessary leases, licenses and authorizations to cover exploration and mining activities of Xstrata Coal in New South Wales. All subleases shown below are in the Xstrata Group's favor and will require a full lease transfer within two to five years as a result of recent amendments to the Mining Act. A summary of the status of the mining leases, licenses and authorizations for the Xstrata Group's New South Wales coal assets is set out in the table below.

Summary of the Xstrata Group's mining leases, licenses and authorizations in New South Wales

Colliery holding	Lease/license/ authorization	Expiry date	Status
Baal Bone	CCL749	2030	Current
	CCL770	2024	Current
	CL391	2013	Current
	ML1389	2017	Current
	ML1302	2013	Current
	MPL261	2011	Renewal Lodged
	ML1607	2018	Current
Bulga Complex[(1)]	ML1494	2027	Current
	ML1547	2025	Current
	A447	2011	Renewal in Preparation
	A450	2013	Current
	EL5277	2010	Renewal Lodged
	EL5461	2013	Current
	CL224	2023	Current
	Part CL219 (sublease)	2023	Current
Cumnock	CL378	2027	Current
	ML1325	2014	Current
	ML1327	2013	Current
	ML1421	2018	Current
	ML1526	2023	Current
	MPL311	2014	Current
	ML1373	2014	Current
	ML1393	2027	Current
	A385	2011	Renewal Lodged
	ML1502	2023	Current
	ML1640	2030	Current
Glendell	CL358	2011	Renewal Lodged
	MPL343	2011	Renewal Lodged
	ML1410	2020	Current
	ML1476	2021	Current
	Pt CL382 (sublease)	2012	Current
Liddell	CL708	2023	Current
	ML1313	2023	Current
	ML1552	2008	Renewal lodged
	ML1597	2028	Current
Ravensworth Underground	ML1398	2027	Current
	ML1416	2018	Current
	ML1477	2021	Current
	ML1484	2024	Current
	ML1485	2015	Current
	ML1495	2022	Current
	ML1506	2023	Current
	ML1564	2026	Current

Colliery holding	Lease/license/ authorization	Expiry date	Status
	ML1581	2027	Current
	ML1591	2028	Current
	ML159	2028	Current
	ML1625	2029	Current
	ML1348	2012	Current
	ML1349	2023	Current
	ML1580	2023	Current
Glendell	CL358	2011	Renewal Lodged
	MPL343	2011	Renewal Lodged
	ML1410	2020	Current
	ML1476	2021	Current
	Pt CL382 (sublease)	2012	Current
Liddell	CL708	2023	Current
	ML1313	2023	Current
	ML1552	2008	Renewal lodged
	ML1597	2028	Current
Ravensworth Underground	ML1398	2027	Current
	ML1416	2018	Current
	ML1477	2021	Current
	ML1484	2024	Current
	ML1485	2015	Current
	ML1495	2022	Current
Mount Owen	A423	2012	Current
	A429	2012	Current
	CL383	2012	Current
	CCL715	2019	Current
	EL6254	2014	Current
	ML1355	2015	Current
	ML1419	2012	Current
	ML1453	2020	Current
	ML1561	2026	Current
	ML1608	2028	Current
	ML1629	2030	Current
Running Stream	AL12	2011	Renewal Lodged
Ulan	CCL741	2027	Current
	MPL315	2014	Current
	ML1341	2015	Current
	ML1365	2014	Current
	ML1366	2014	Current
	ML1467	2021	Current
	ML1468	2021	Current
	ML1554	2025	Current
	ML1511	2023	Current
United	CCL775	2012	Current
	A444	2011	Renewal Lodged
	Part CCL743 (sublease)		
	Part ML1402 (sublease)	2022	Current
Macquarie Coal Joint Venture (West Wallsend/Westside/Teralba/Cardiff Borehole/Mitchells Flats)	ML1451	2020	Current
	ML1438	2020	Current
	ML1336	2014	Current

Colliery holding	Lease/license/ authorization	Expiry date	Status
	ML1532	2024	Current
	CCL760	2021	Current
	CCL718	2010	Renewal Lodged
	CCL725	2010	Renewal Lodged
	CL532	2018	Current
	MPL323	2015	Current
	ML1459	2017	Current
	Part CCL774 (sublease)	2023	Current
	Part CCL727 (sublease)	2027	Current
	Part CCL764 (sublease)	2021	Current
	Part ML1380 (sublease)	2016	Current
	ML1567	2026	Current
	ML1309	2014	Current
	CCL729	2007	Renewal lodged
	PLL153	2024	Current
	CL371	2012	Current
	ML1342	2015	Current
	ML1399	2017	Current
Narama	CL580	2023	Current
	CL380	2012	Current
	CCL723	2024	Current
	CCL739	2029	Current
	ML1357	2015	Current
	EL7490	2015	Current
Ravensworth East	ML1415	2020	Current
	ML1475	2021	Current
	A268	2011	Renewal in Preparation
	AL8	2013	Current
	EL5297	2014	Current
	ML1393	2027	Current
	ML1576	2027	Current
Mangoola Project	ML1626	2029	Current
	AL9	2014	Current
	EL5552	2014	Current
Tahmoor	CCL 716	2021	Current
	CCL 747	2025	Current
	ML 1308	2014	Current
	ML 1376	2016	Current
	ML 1539	2024	Current
	A206	2010	Renewal Lodged
	A410	2010	Renewal Lodged
	ML1642	2031	Current

Note:

(1) Bulga Complex includes Beltana and Blakefield South.

Terms

A	Authorization	ML	Mining Lease
AL	Assessment Lease	MLA	Mining Lease Application
ALA	Assessment Lease Application	MPL	Mining Purposes Lease
CCL	Consolidated Coal Lease	MPLA	Mining Purposes Lease Application
CL	Coal Lease	PLL	Private Lands Lease
EL	Exploration License		

New South Wales mining companies are required by law to submit Mining Operations Plans (''MOPs'') and Annual Environmental Management Reports (''AEMRs'') to the Department of Trade and Investment, Regional Infrastructure and Services (''DTIRIS''). The MOPs outline plans for mining and rehabilitation over a period of between three and seven years and identify the costs associated with the rehabilitation of the site. The AEMRs report the annual progress in relation to the MOPs.

The Xstrata Group has submitted all the required MOPs and AEMRs and has lodged the necessary securities with the relevant DMR. Additional securities are in the process of being negotiated as part of the regular review of the rehabilitation costs undertaken during the MOP process.

Individual mines establish provision for rehabilitation liabilities by accruing a rehabilitation provision per tonne, by obtaining bank guarantees or by a combination of these methods. Rehabilitation provisions are referred to as securities and are specified in the mining leases or during the MOP process.

Queensland coal assets

The Xstrata Group currently holds all necessary leases and licenses to cover exploration and mining activities of Xstrata Coal in Queensland. A summary of the status of these mining leases, licenses and exploration permits for Queensland coal assets is set out in the table below. These leases and licenses relate to coal mines, projects and longer term prospects. The Xstrata Group has several Mineral Development Licenses with renewals pending approval. This status has no effect on the operation of the mines or security of title.

Summary of the Xstrata Group's mining leases, licenses and exploration permits in Queensland

Mine	Lease/license/ permit	Expiry date	Status
Oaky Creek	ML1832	2020	Current
	ML2004	2014	Current
	ML70241	2020	Current
	MDL163	2011	Renewal lodged
	ML70327	2020	Current
	PL237	2032	Current
	PL324	2020	Current
	MLA70424		Application
Red Rock	EPC839	2008	Not current
	EPC841	2014	Current
	EPC713	2013	Current
	EPC1413	2014	Current
	EPC2040	2016	Current
Newlands	ML4748	2018	Current
	ML4754	2021	Current
	ML4755	2021	Current
	ML4761	2011	Renewal lodged
	ML4771	2026	Current
	ML4774	2008	Renewal lodged
	ML10176	2016	Current
	ML10316	2026	Current
	ML10317	2026	Current
	ML10322	2026	Current
	MDL368	2013	Current
	EPC588	2012	Current
	EPC727	2013	Current
	EPC734	2011	Renewal lodged
	EPC773	2013	Current
	EPC774	2011	Renewal lodged
	PC964	2013	Current
	PC976	2011	Renewal lodged

Mine	Lease/license/ permit	Expiry date	Status
	PC977	2012	Renewal lodged
	ML10348		Application
	ML10352		Application
	ML10361		Application
	ML10362		Application
Collinsville/Sarum	ML1005	2024	Current
	ML1006	2025	Current
	ML1007	2026	Current
	ML1008	2026	Current
	ML1009	2026	Current
	ML1015	2024	Current
	ML1037	2026	Current
	ML1064	2018	Current
	ML10333	2032	Current
	ML10111	2014	Current
	ML10250	2012	Current
	MLA10336		Application
	EPC1914		Competing application
	MLA10365		Application
Wandoan Project	MDL221	2011	Renewal lodged
	MDL222	2011	Renewal lodged
	MDL223	2011	Renewal lodged
	MDL224	2011	Renewal lodged
	EPC787	2016	Current
	EPC788	2016	Current
	EPC789	2016	Current
	EPC790	2016	Current
	EPC791	2016	Current
	EPC792	2016	Current
	EPC838	2015	Current
	EPC859	2014	Current
	EPC996	2015	Current
	EPC1028	2011	Renewal lodged
	EPC1143	2011	Renewal lodged
	MLA50229		Application
	MLA50230		Application
	MLA50231		Application
	MLA50277		Application
	MLA50279		Application
	MLA55002		Application
	EPC1559	2014	Current
	EPC1615	2014	Current
Rolleston Project	ML70307	2033	Current
	MDL227	2010	Renewal lodged
	EPC538	2011	Renewal lodged
	EPC595	2012	Renewal lodged
	EPC737	2011	Renewal lodged
	EPC885	2011	Renewal lodged
	EPC1463	2015	Current
Pentland	MDL356	2011	Current
	EPC771	2013	Current
	EPC1588	2014	Current
Cook	ML1779	2021	Current
	ML1799	2021	Current

Mine	Lease/license/ permit	Expiry date	Status
	ML1768	2012	Current
	ML1769	2012	Current
	ML7357	2021	Current
Togara North	MDL316	2010	Renewal lodged
	MDL317	2013	Current
	MLA70149		Application
	MLA70162		Application
	EPC550	2008	Renewal lodged
	EPC1968		Competing application (still to be assessed)
Bluff (Oceanic Coal)	ML1744	2011	Current

Terms

ML	Mining Lease	EPC	Exploration Permit Coal
MLA	Mining Lease Application	EPCA PL	Petroleum Lease Coal
MDL	Mineral Development License		

Principal terms and conditions for mining concessions relevant to the Queensland mining operations include the requirement to have an Environmental Authority issued by Queensland's Environmental Protection Agency ("EPA") and a POO lodged with the EPA.

The POO specifies proposed mining and rehabilitation activities for a term of up to five years. The POO also includes an estimate of the maximum mine rehabilitation liability for the term of the POO and a calculation of the corresponding financial assurance required to be lodged with the Department of Natural Resources and Mines ("DNRM"). The level of financial assurance required to be lodged with the government is a percentage of the total rehabilitation liability. The percentage required is dependent on the environmental performance category of the mine which is determined in accordance with EPA guidelines.

The miner calculates the total rehabilitation liability and the EPA may require this figure to be increased (resulting in an increase in the financial assurance). The EPA is not bound by previous estimates and has, in the case of third parties outside the Xstrata Group, significantly altered and increased agreed calculations for total rehabilitation cost of sites operated by the Xstrata Group, but no assurance can be given that this will not occur in the future.

An annual return is required to be lodged with the EPA for each Environmental Authority. The annual return reports on compliance with Environmental Authority conditions. The Xstrata Group has submitted all required POOs and annual returns for Environmental Authorities and has lodged the necessary assurances with the DNRM.

Xstrata Group's South African coal assets

Summary of the Xstrata Group's mining licenses and authorizations

Mining license number	Project	Status	Expiry
MP30/5/1/2/2/169MR	Goedgevonden	Granted	May 28, 2038
MP30/5/1/2/2/273MR	Spitzkop	Granted	August 23, 2030
MP30/5/1/2/2/289MR	Tweefontein	Granted	August 18, 2020
MP30/5/1/2/2/288MR	Klippoortjie	Granted	July 28, 2024
MP30/5/1/2/2/319MR	Tselentis- Witbank	Granted	August 23, 2019
MP30/5/1/2/2/360MR	Zaaiwater East (TWF)	Granted	August 23, 2029
MP30/5/1/2/2/375MR	iMpunzi	Granted	August 18, 2040
MP30/5/1/2/2/272MR	Mooifontein	Granted	May 8, 2042
MP30/5/1/2/2/269MR	Sara Buffels "A"	Granted	May 8, 2042
MP30/5/1/2/2/271MR	Sterkfontein	Granted	May 8, 2042
MP30/5/1/2/2/270MR	Sara Buffels "B"	Granted	May 8, 2042
MP30/5/1/2/2/290MR	Bloemfontein	Granted	May 8, 2042
MP30/5/1/2/2/313MR	Verkeerdepan	Granted	October 27, 2040
MP30/5/1/2/2/311MR	Verkeerdepan(1)	Granted	October 27, 2040
MP30/5/1/2/2/312MR	Jagtlust	Granted	October 27, 2040
MP30/5/1/2/2/343MR	Oogiesfontein	Granted	October 27, 2018
MP30/5/1/2/2/350MR	Zonnebloem	Granted	August 9, 2039
MP30/5/1/2/2/351MR	Elandspruit	Granted	October 27, 2026
MP30/5/1/2/2/168MR	Zaaiwater West (GGV)	Granted	February 27, 2038
MP30/5/1/1/2/166PR	Consbrey A	Granted	December 2, 2012
MP30/5/1/1/2/820PR	Consbrey	Granted	December 2, 2012
MP30/5/1/1/2/180PR	Trichardsfontein	Granted	December 2, 2012
MP30/5/1/1/2/158PR	Amersfoort	Granted	December 2, 2012
MP30/5/1/1/2/122PR	Boschmanspoort	Granted	December 2, 2012
MP30/5/1/1/2/220PR	Zandbaken	Granted	December 2, 2012
MP30/5/1/1/2/78PR	Harwar	Granted	December 2, 2012
MP30/5/1/1/2/818PR	Paardekop	Granted	December 2, 2012

Under the terms of the MPRDA, which came into force on May 1, 2004, South Africa's mineral resources are the common heritage of all people of South Africa, and the state is custodian thereof for the benefit of all South Africans. Xstrata Coal South Africa, either directly or through subsidiaries or through co-arrangements with BECSA, holds mining rights, as defined in the MPRDA, over all of the areas covered in its current life of business plan. Xstrata Coal South Africa and BECSA concluded a series of agreements on February 29, 2008, under which the Douglas/Tavistock joint venture would be amended in order for the parties to each become a 100% holder of defined discrete portions of the Old Order Mining Rights. The relevant applications under the MPRDA have been lodged.

Xstrata South Africa has a number of initiatives in place to ensure that it complies with the requirements of the MPRDA and has converted all its old order mining rights into new order rights within the maximum five-year transitional period provided by the legislation. These old order mining rights continue to remain in force until the date of registration of the converted mining rights in the Mineral and Petroleum Titles Registration Office.

Xstrata South Africa has an on-going freehold acquisition program to secure surface rights ahead of mining where required. For undeveloped resources, only surface freehold is owned. In most instances, however, title to the mineral rights confers the right to use or acquire the surface freehold as necessary for mining purposes. Xstrata South Africa manages the necessary "old order rights" and freehold properties for its current and projected mining operations.

Xstrata Nickel

Falcondo

Falcondo holds a mining concession and owns mining and mineral processing facilities for the production of ferronickel located near the town of Bonao, approximately 80 kilometers northwest of Santo Domingo, Dominican Republic.

Falcondo has been mining and processing nickel laterite ore in the Dominican Republic since 1971. Falcondo's Quisqueya No. 1 mining concession covers approximately 22,000 hectares. The Quisqueya No. 1 Concession is located principally within the Provinces of Monseñor Nouel and La Vega, Dominican Republic. Falcondo owns 4,751 hectares (not including Loma Miranda's 1,373 hectares), 4,707 of which are inside the mining concession and include the mining areas and the mineral processing facilities, and 44 of which are outside the mining concession and include the townsite of Bonao and the Haina facilities. The term of the mining concession is for an unlimited period.

Raglan

The Raglan property is located 105 kilometers south of the northern tip of the Ungava (Nunavik) Peninsula in the Province of Quebec, approximately 1,800 kilometers north of Montreal. The property comprises 1,234 map-designated claims covering 48,624 hectares and eleven 20-year mining leases covering 995 hectares. The first of the leases expires in June 2016. All are renewable for three 10-year terms, provided that mining has taken place for at least two of the preceding ten years. Additionally, applications have been submitted for three additional mining leases covering portions of Katinniq West, Quakimajurq and Zone 2.

Summary of property holdings

Lease No.	MNR File No.	Mineral Area (ha)	Surface Area (ha)	Expiry Date	Area
	20980000000	0.00	10.50	July 31, 2013	Donaldson
	8272700007	0.00	172.50	May 31, 2013	Donaldson
BM836		92.07	0.00	June 11, 2016	Donaldson
BM837		44.04	0.00	June 11, 2016	Zone 3
9697-54		0.00	25.80	February 1, 2013	Katinniq
	8272700011	0.00	20.63	February 1, 2013	Katinniq
BM839		234.45	0.00	June 11, 2016	Katinniq
BM838		30.03	0.00	June 11, 2016	Zone 2
	8272700010	0.00	68.20	March 1, 2013	Katinniq
BM853		28.03	0.00	October 9, 2020	Zone 3
	8272700012	0.00	40.04	March 31, 2013	Zone 3
BM844		12.00	0.00	February 15, 2018	Zone 2
	8272700008	0.00	139.12	May 31, 2013	Zone 3
	8272700009	0.00	166.49	June 1, 2013	Katinniq
37312	8272700002	0.00	30.56	December 31, 2012	Deception Bay
	8272700004	0.00	2.07	July 1, 2013	Deception Bay
35 J/2-1-5	Nunavut	0.00	10.50	February 1, 2013	Deception Bay
	8272700006	0.00	3.13	May 1, 2013	Deception Bay
9697-2		0.00	6.47	April 1, 2013	Deception Bay
	8272700005	0.00	11.20	July 1, 2013	Deception Bay
17289		0.00	44.76		Deception Bay
	8272700003	0.00	35.08	May 1, 2013	Purtaniq
BM867		16.10	0.00	April 27, 2025	Zone 3
BM859		219.02	0.00	May 2, 2024	Zone 5/8 West
BM860		197.20	0.00	May 2, 2024	Boundary
BM861		89.90	0.00	May 2, 2024	East Lake
BM866		31.97	0.00	August 17, 2026	Zone 2
	8272700013	0.00	4.00	June 30, 2013	Katinniq
	Total area	**994.81**	**787.75**		

In addition to the above noted operating assets, there are 1,237 map-designated claims that make up the surrounding Raglan property.

Sudbury

The Xstrata Group and its predecessors have been mining nickel/copper ores in the Sudbury area of northern Ontario since 1929. The Sudbury Mines/Mill principal nickel/copper producing properties in the Sudbury area are located in the townships of Falconbridge, Levack, Garson, Dowling and Blezard. The properties comprise patented land and licenses of occupation.

Summary of property holdings

Lindsley Mine

The property comprises six patents covering 919.50 acres of Mineral Rights and 553.79 acres of Surface Rights located in Blezard Township in the Sudbury Mining Division.

Falconbridge and East Mine Area

The property comprises 53 patented mining claims, covering 2115.09 acres of mineral and surface rights located in Falconbridge and Garson Townships in the Sudbury Mining Division. A portion of this property covers the area where the smelter and related infrastructure are located.

Fecunis, North, Stratcona, Longvack South and Fraser Mines

The property comprises 38 patented mining claims covering 1614.91 acres of mineral and surface rights as well as three Licenses of Occupation covering 31.10 acres all of which are located in Levack Township in the Sudbury Mining Division. A portion of this property covers the area where the Fraser Mine is located.

Hardy, Onaping and Craig Mines

The property comprises 18 patented mining claims, covering 746.77 acres of mineral and surface rights, as well as one (1) License of Occupation covering 3.75 acres, all of which are located in Levack and Dowling Townships in the Sudbury Mining Division. A portion of this property covers the area where the Onaping Mine is located.

Hardy, Onaping and Craig Mines

The property comprises 17 patented mining claims, covering 716.88 acres of mineral and surface rights located in Levack and Dowling Townships in the Sudbury Mining Division. A portion of this property covers the area where Craig Mine is located.

Nickel Rim South Deposit

The property comprises two patented mining claims, covering 89.68 acres of Mineral and Surface Rights located in MacLenan Township in the Sudbury Mining Division.

Lindsley Mine

Parcel[1]	Township	Mining (ha)	Surface (ha)
7 NWS, N ½ Lot 5, Con 2	Blezard	160.00	156.03
2243 SES, 7/8 of Lot 6, Con 2	Blezard	280.00	0.00
6055 SES, 7/8 of Lot 6, Con 2	Blezard	0.00	265.91
9070 SES, Lot 5, Con 3	Blezard	319.50	0.00
Deed 107, S ½ Lot 5, Con 2	Blezard	160.00	130.39
Deed 110 Pt. Abandoned Road	Blezard	0.00	1.46
Total		**919.50**	**553.79**

Note:

(1) Parcels 2243 and 6055 cover the same geographical area.

Falconbridge and East Mine Area

Parcel	Claims	Township	Acreage
3009 SES	S-4071	Falconbridge	40.00
3010 SES	S-3936	Falconbridge	39.88
3011 SES	S-3937	Falconbridge	40.00
3028 SES	S-4104	Falconbridge	40.00
3029 SES	S-4078	Falconbridge	37.75
3030 SES	S-4103	Falconbridge	40.00
3031 SES	S-4075	Falconbridge	40.00
3032 SES	S-3939	Falconbridge	40.00
3034 SES	S-3606	Falconbridge	39.88
3035 SES	S-4136	Falconbridge	39.00
3036 SES	S-3607	Falconbridge	39.88
3037 SES	S-3608	Falconbridge	39.88
3038 SES**	S-4009	Falconbridge	40.00
3039 SES**	S-4076	Falconbridge	40.00
3040 SES	S-4008	Falconbridge	40.00
3046 SES**	S-4007	Falconbridge	40.00
3047 SES	S-3938	Falconbridge	40.00
3048 SES	S-4087	Falconbridge	40.00
3049 SES	S-4157	Falconbridge	40.00
3050 SES	S-4156	Falconbridge	39.00
3085 SES	S-4149	Falconbridge	39.85
3086 SES	S-4147	Falconbridge	39.00
3104 SES	S-4120	Falconbridge	39.00
3134 SES	S-4191	Falconbridge	40.00
3135 SES	S-4192	Falconbridge	39.99
3139 SES	S-4226	Falconbridge	40.00
3141 SES	S-4193	Falconbridge	40.00
5968 SES	S-17185	Falconbridge	40.00
5970 SES	S-17186	Falconbridge	40.00
5972 SES	S-17170	Falconbridge	40.00
5973 SES	S-17180	Falconbridge	40.00
5974 SES	S-17187	Falconbridge	40.00
5975 SES	S-17184	Falconbridge	40.00
5976 SES	S-17181	Falconbridge	39.00
5977 SES	S-17402	Falconbridge	39.88
5978 SES	S-17403	Falconbridge	39.88
5979 SES	S-17401	Falconbridge	40.00
5981 SES	S-17182	Falconbridge	39.00
6332 SES	S-17176	Falconbridge	40.00
6333 SES	S-17369	Falconbridge	40.00
6334 SES	S-17373	Falconbridge	39.00
6335 SES	S-17375	Falconbridge	39.88
6341 SES	S-17371	Falconbridge	40.00
6342 SES	S-17370	Falconbridge	40.00
6343 SES	S-17372	Falconbridge	39.00
8120 SES	S-27352	Falconbridge	39.88
32527 SES**	S-4231	Falconbridge	40.00
Total			**1,868.59**

Parcel	Claims	Township	Acreage
3133 SES	S-4148	Garson	40.00
3165 SES	S-4144	Garson	40.00
3166 SES	S-4146	Garson	40.00
3167 SES	S-4218	Garson	43.25
3168 SES	S-4217	Garson	43.25
3202 SES	S-4145	Garson	40.00
Total			**246.50**
Grand Total			**2,115.09**

** Smelter and smelter related infrastructure

Fecunis, North, Strathcona, Longvack South and Fraser Mines

Parcel	Claims	Township	Acreage
574 SES	P	Levack	148.50
1613 SES	P	Levack	146.00
5649 SES	S-3899	Levack	40.00
5650 SES	S-3900	Levack	40.00
5653 SES	S-3898	Levack	37.13
5654 SES	S-3897	Levack	37.13
7395 SES	S-3429	Levack	40.00
7503 SES	S-3426	Levack	40.00
8149 SES	S-18072	Levack	40.00
8150 SES	S-18071	Levack	40.00
8151 SES**	S-18097	Levack	40.00
8152 SES**	S-18096	Levack	40.00
8154 SES	S-18073	Levack	40.00
8894 SES	S-28474	Levack	40.00
8897 SES	S-28485	Levack	40.00
8898 SES	S-28486	Levack	40.00
9164 SES	S-28503	Levack	40.00
9178 SES	S-28501	Levack	40.00
9179 SES	S-28502	Levack	40.00
9302 SES	S-28481	Levack	22.30
9303 SES	S-28480	Levack	22.06
13689 SES	S-2514	Levack	1.04
LO 10551	S-28481	Levack	10.50
5655 SES	S-3901	Levack	40.00
7388 SES	S-2514	Levack	14.15
8163 SES	S-17985	Levack	40.00
8164 SES	S-17986	Levack	40.00
8892 SES	S-28470	Levack	40.00
8893 SES	S-28471	Levack	40.00
8895 SES	S-28272	Levack	40.00
8895A SES	S-28475	Levack	40.00
9176 SES	S-28498	Levack	40.00
9177 SES	S-28499	Levack	40.00
9185 SES	S-28494	Levack	40.00
9271 SES	S-28482	Levack	48.00
9279 SES	S-28484	Levack	44.00
9281 SES	S-28479	Levack	25.00
9282 SES	S-28483	Levack	47.40
9411 SES	S-28476	Levack	22.21
LO 10544	S-28479	Levack	20.00
LO 10546	S-28483	Levack	0.60
Total			**1,646.01**

** Fraser Mine

Hardy, Onaping and Craig Mines

Parcel	Claims	Township	Acreage
5821 SES	S-2666	Levack	36.25
5822 SES	S-2665	Levack	40.00
8157 SES**	S-18291	Levack	40.88
8158 SES	S-18292	Levack	40.88
8541 SES	S-27814	Levack	39.48
8542 SES	S-31472	Levack	39.48
LO10178	S-2666	Levack	3.75
Total			**240.70**
5820 SES	S-2657	Dowling	44.00
5823 SES	S-2656	Dowling	43.63
5830 SES	S-2667	Dowling	35.86
8220 SES	S-18263	Dowling	41.00
8490 SES	S-27947	Dowling	36.49
8491 SES	S-27946	Dowling	44.46
8501 SES	S-27845	Dowling	44.00
8586 SES	S-31688	Dowling	44.60
8923 SES	S-28325	Dowling	43.59
8924 SES	S-28329	Dowling	44.40
8936 SES	S-28330	Dowling	44.00
12130 SES	S50254	Dowling	43.79
Total			**509.81**
Grand Total			**750.52**

** Onaping Mine

Hardy, Onaping and Craig Mines

Parcel	Claims	Township	Acreage
8144 SES	S-3417	Levack	43.00
8145 SES	S-3416	Levack	43.00
8153 SES	S-18252	Levack	40.88
8155 SES	S-3418	Levack	40.88
8156 SES	S-18191	Levack	40.88
8511 SES**	S-28346	Levack	43.00
8513 SES	S-28344	Levack	43.00
8514 SES	S-28334	Levack	43.00
8515 SES	S-28333	Levack	43.00
8516 SES	S-28337	Levack	40.88
8517 SES	S-28336	Levack	40.88
8518 SES	S-28335	Levack	40.88
8519 SES	S-28332	Levack	40.88
Total			**544.13**
8694 SES	S-28326	Dowling	43.25
8880 SES	S-28328	Dowling	43.25
8881 SES	S-28331	Dowling	43.25
9340 SES	S-31292	Dowling	43.00
Total			**172.75**
Grand Total			**716.88**

** Craig Mine

Nickel Rim South Deposit

Parcel	Claims	Township	Acreage
51180 SES (formerly 3200 SES)	S-3458	MacLenan	36.18
51180 SES (formerly 9094 SES)	S-29278	MacLenan	53.50
Total			**89.68**

Note:

All cover Mining and Surface Rights, except for LO 10551, which is for Mining Rights only.

Certain parcels in Falconbridge and Garson Township are subject to a joint venture agreement. The Xstrata Group holds a 40% interest in the mining rights and a 100% interest in the surface rights of the joint venture.

Montcalm

The Montcalm nickel mine was brought into production in 2004 and was suspended in 2009 due to unstable ground conditions. It is located 100 kilometers east of the Kidd Metallurgical Site in Montcalm Township in the Province of Ontario and comprises four 21-year leases, covering mining and surface rights over 831 hectares.

Summary of property holdings

Parcel	Claims	Township	Acreage
1847 LC	P437998 et. al.	Montcalm	830.12
1848 LC	P480122 et. al.	Montcalm	375.66
1845 LC	P458302 et. al.	Montcalm	375.66
1846 LC	P393400 et. al.	Montcalm	833.28

Australia

Xstrata Nickel Australasia is based in Perth, Western Australia. It owns and operates the Cosmos and Sinclair Nickel Operations, located in Western Australia.

Cosmos Nickel Operation

Summary of property holdings

Tenement	Grant date	Expire date	Area (ha)	Project
M36/371	March 4, 1999	March 3, 2020	771.50	Kathleen Valley
M36/127	April 20, 1989	April 19, 2031	606.30	Cosmos South
M36/24	January 17, 1986	January 16, 2028	884.60	Kathleen Valley
M36/632	March 7, 2006	March 6, 2027	364.00	Cosmos South
M36/25	January 17, 1986	January 16, 2028	997.75	Bellevue
M36/349	March 4, 1999	March 3, 2020	796.00	Kathleen Valley
M36/441	May 4, 1999	May 3, 2020	679.15	Kathleen Valley JV(1)
M36/375	March 4, 1999	March 3, 2020	685.00	Kathleen Valley
M36/376	May 4, 1999	May 3, 2020	121.30	Kathleen Valley JV(2)
L36/172	March 24, 2003	March 23, 2024	43.60	Kathleen Valley
L36/119	March 11, 1999	March 10, 2014	28.00	Kathleen Valley
L36/189	August 16, 2006	August 15, 2027	100.00	Kathleen Valley

Notes:

(1) 70% owned by Xstrata Nickel Australasia Operations Pty Ltd.

(2) 75% owned by Xstrata Nickel Australasia Operations Pty Ltd.

Sinclair Nickel Operation

Summary of property holdings

Tenement	Grant date	Expire date	Area (ha)	Project
M37/1275	July 30, 2007	July 29, 2028	1,961.00	Bannockburn
L37/175	April 20, 2007	April 19, 2028	83.90	Bannockburn
L36/198	April 20, 2007	April 19, 2028	103.10	Bannockburn

Koniambo

In 1998, Falconbridge entered into a joint venture agreement with Société Minière du Sud Pacifique and its controlling shareholder, Société de Financement et d'Investissement de la Province Nord, for the evaluation and development of the 60,000 tpa nickel through a ferronickel mining and smelting complex.

Concession name	Concession number	Area (ha)	Expiry date
ADVANCE CALDEONIA	556	184.5	—
AS	533	1037.5	—
BALACLAVA	526	392.6	—
BILBOQUET	736	1192	—
BILBOQUET EXT	1797	44.62	April 10, 2031
BILBOQUET EXT. 2	2527	35.97	December 7, 2017
BOUM EXT	2568	34.42	December 7, 2017
BOUM RED PT. A AND B	527	100	—
CAPONET	559	74.49	—
CF	558	576	—
COCO	1538	30.12	—
COINDOU	560	100	—
CONFIANCE 3	2616	83.85	December 16, 2018
CONFIANCE 4	2617	30	December 16, 2018
CONFIANCE RED	528	616.8	—
FREDERIC	631	49.82	—
GUERIOUM	601	2002	—
GUERIOUM EXT	1795	43.83	April 10, 2031
GUERIOUM EST	602	80	—
HORTENSIA	2239	30.13	January 30, 2014
KAFEATE 1	2618	35.81	December 16, 2018
KATAVITI	535	275.36	—
KNOCK	2021	14	January 6, 2036
LA FAUR	2506	16.48	December 7, 2017
LOUISE	742	192.87	—
MANGUEN	676	217.7	—
MARGUERITE CONSOLATION R	990	62.9	—
MEFIANCE PT. 1 AND 2	187	732.6	—
MONT KATEPAHIE	186	200	—
NAMOUNA	1794	322.99	April 10, 2031
REVELATION 1 RED PT. A AND B	563	253.96	—
REVELATION 2	564	546.37	—
REVELATION 3	530	556.3	—
REVELATION 4	2619	7.5	December 16, 2018
REVELATION 5	2620	5.4	December 16, 2018
REVELATION 6	2621	19.5	December 16, 2018
REVELATION 7	2622	32.5	December 16, 2018
SEPTEMBRE	1852	45.02	October 22, 2031
S.M.M.O. 42	1933	407.27	December 27, 2033
S.M.M.O. 82**	2104	45.04	November 25, 2011
THERMIDOR	1572	5	—
TIETA	565	96.87	—
TIETA 4	2623	22.62	December 16, 2018
TIPOUET	566	165.9	—
TIVOLI	537	20	—
TRAZY	991	81.5	—
TRAZY EXT	2240	31.21	January 30, 2014
TRAZY EXT. 2	2635	25	December 16, 2018
VIOLETTE PT. A AND B	2321	86.61	December 11, 2015

Note:

** Renewal applied for on May 31, 2011

All concessions without expiry dates are issued in perpetuity.

Kabanga Project, Tanzania

Kabanga Licenses

License number	Acquisition date	Current status	Next renewal date	Expiry date
RL 0001/2009 (Kabanga)	May 2, 2009	Granted	May 1, 2014	May 1, 2014
PL 2554/2004 (Kihinga)	June 3, 2004	Renewal Pending	n/a	June 2, 2013
PL 2691/2004 (Kivago)	October 2, 2004	Renewal Pending	n/a	October 1, 2013
PL 2693/2004 (Luhuma)	October 2, 2004	Renewal Pending	n/a	October 1, 2013
PL 2893/2004 (Mururama)	November 30, 2004	Renewal Pending	n/a	November 29, 2013
PL 4258/2006 (Mururama)	November 24, 2006	Renewal Pending	n/a	November 23, 2013
PL 4259/2006 (Nyanzali)	November 20, 2006	Renewal Pending	n/a	November 19, 2013
PL 4260/2006 (Mabawe)	December 14, 2006	Granted	n/a	December 13, 2013
PL 4261/2006 (Kalinzi)	September 15, 2006	Renewal Pending	n/a	September 14, 2013
PL 4262/2006 (Kivango)	September 15, 2006	Renewal Pending	n/a	September 14, 2013
PL 4263/2006 (Luhuma)	April 2, 2007	Renewal Pending	April 1, 2012	April 1, 2014
Application No. HQ-P21714 (Kalinzi)	Application submitted May 10, 2010	Pending	—	—

Kagera Licenses

License number	Acquisition date	Current status	Next renewal date	Expiry date
PL 4316/2007 (Kalinzi)	May 9, 2007	Granted	May 8, 2013	May 8, 2015
PL 5820/2009 (Rulenge)	June 12, 2009	Granted	June 11, 2015	June 11, 2017
PL 6875/2011 (Luhuma)	July 13, 2011	Granted	July 12, 2015	July 12, 2020
PL 6170/2009 (Kalinzi)	December 31, 2009	Granted	December 30, 2012	December 30, 2016
PL 7069/2011 (Mururama)	May 11, 2011	Granted	May 10, 2015	May 10, 2020
PL 6173/2009 (Luhuma)	December 31, 2009	Granted	December 31, 2012	December 31, 2016
Application No. HQ-P20475 (Kihinga)	Application submitted June 3, 2009	Pending	—	—
Application No. HQ-P20755 (Kivango)	Application submitted September 15, 2009	Pending	—	—
Application No. HQ-P21005 (Nyanzali)	Application submitted November 19, 2009	Pending	—	—
Application No. HQ-P21102 (Mabawe)	Application submitted December 14, 2009	Pending	—	—
Application No. HQ-P21512 (Luhuma)	Application submitted April 6, 2010	Pending	—	—
Application No. HQ-P21551 (Kivango)	Application submitted April 12, 2010	Pending	—	—
Application No. HQ-P21636 (Luhuma)	Application submitted April 28, 2010	Pending	—	—
Application No. HQ-P21637 (Nyanzali)	Application submitted April 28, 2010	Pending	—	—
Application No. HQ-P22760 (Mururama)	Application submitted November 1, 2010	Pending	—	—

Araguaia, Brazil

In 2005, Xstrata Nickel discovered two new significant nickel laterite deposits on its Araguaia properties in the State of Pará in northern Brazil. These are grassroots discoveries in an area where the first recorded drilling for base metals was completed by Falconbridge's exploration area in October 2004.

The deposits occur on properties owned by the Xstrata Group or where the Xstrata Group has the right to earn a 100% interest through a series of cash payments. The final payment of US$2 million was completed on February 10, 2012.

The Xstrata Group has consolidated its ground position over the core property such that it now controls mineral rights over three exploration licenses, namely Vale De Sonhos, Pau Preto and Serro do Tapa, covering 114 square kilometers (11,486 hectares).

Xstrata Zinc

Mineral rights at the various operations are held through mining licenses. No separate surface rights exist in relation to the properties.

Status of Xstrata Zinc's asset mining licenses:

Mount Isa Mine tenements

The Mount Isa Mine tenements are located in Queensland, Australia.

Tenement	Name	Granted	Expires	Comments	Area (sq km)
ML8058	Mount Isa Consolidated	1/12/1986	30/11/2036	As grant under the Mount Isa Mines Limited Agreement Act	313.4

Lady Loretta Project tenements

The Lady Loretta Project tenements are located north of Mount Isa in Queensland, Australia.

Tenement	Name	Granted	Expires	Comments	Area (sq km)
ML5568	Lady Loretta	26/01/1984	31/01/2026		32.7

Lady Loretta exploration tenements

The Lady Loretta exploration tenements are located in the vicinity of the Lady Loretta Project in Queensland, Australia.

Tenement	Name	Granted	Expires	Comments	Area (sq km)
Lot 1 on Plan UN6	Lady Loretta			Leasehold Property	220.0

Queensland exploration tenements

Xstrata owns in joint venture with Exco Minerals other exploration tenements located north of Cannington in Queensland, Australia.

Tenement	Name	Granted	Expires	Comments	Area (sq km)
EPM15027	Black Rock	10/03/2006	9/03/2013	65% Xstrata, 35% Exco	386.6

McArthur River Mine tenements

The McArthur River mining tenements are located in Northern Territory, Australia.

Tenement	Name	Granted	Expires	Comments	Area (sq km)
MLN1121	HYC	05/01/1993	04/01/2043	Active mining area	3.7
MLN1122	HYC	05/01/1993	04/01/2043	Active mining area	33.5
MLN1123	HYC	05/01/1993	04/01/2043	Active mining area	38.8
MLN1124	HYC	05/01/1993	04/01/2043	Active mining area	32.8
MLN1125	HYC	05/01/1993	04/01/2043	Active mining area	6.6
MLN1126	Bing Bong	05/01/1993	04/01/2043	Load facility	9.0
MLN582	Reward	01/09/1958	31/12/2019	Historic lease over Reward Pb prospect	0.2
Total mining lease area					**124.6**

The terms and conditions for mining concessions relevant to Northern Territory mining operations include the requirement to have a Mine Management Plan ("MMP") submitted and accepted by the

Department of Business, Industry and Resource Development. The MMP specifies the proposed mining and rehabilitation activities for the McArthur River mine. The Xstrata Group has submitted the required MMP and has lodged the necessary financial assurance.

McArthur River exploration tenements

The McArthur River exploration tenements are located in the vicinity of the McArthur River Mine in Northern Territory, Australia.

Tenement	Name	Granted	Expires	Comments	Area (sq km)
AN366	Emu Fault	04/06/1992	04/06/2012	X2 areas. Amelia(s) and Coxco (n)	29.6
AN455	Coxco Valley	21/08/2006	20/08/2012	Authorization northern (expl. License)	19.8
AN456	Amelia South	21/08/2006	20/08/2012	Authorization northern (expl. License)	6.6
Total exploration lease area					**56.0**

Brunswick mine

The Brunswick mine is located near Bathurst in New Brunswick, Canada.

Mining Concession	Name	Area (sq km)
Crown Grant No 34300	Brunswick Nº 12 mine	3.7
Crown Grant No 35097	Brunswick Nº 12 mine	6.6
Crown Grant No 35098	Brunswick Nº 6 mine	2.3
Mineral Grant Nº 12		33.5
Mineral Grant Nº 6		13.5
Total mineral rights area		**59.6**

The mineral rights to Brunswick Mine No. 12 & 6 have been granted in fee simple under Orders in Council Nos. 62-422 and 70-693, since Xstrata owns the land there is no expiry date.

Matagami Division

The Bell Allard zinc/copper mine commenced commercial production in January 2000, with an anticipated life of approximately five years. As planned, mineral reserves at the Bell Allard mine were depleted in 2004. As a result, the Falconbridge Group ceased operations at the mine during the fourth quarter of 2004.

The Matagami concentrator and other support facilities were placed on care and maintenance to support other potential mining projects such as Persévérance and Bracemac-McLeod in this favorable geological area. The facilities are located 10 kilometers southwest of the town of Matagami in north western Quebec.

Tenement	Type	Zone	Granted	Expires	Area (sq km)
458	Mining Concession	Matagami Mill	13/10/1959	31/01/2013	3.8
460	Mining Concession	Matagami Mill	9/11/1959	31/01/2013	2.5
504	Mining Concession	Matagami Mill	2/12/1963	31/01/2013	0.8
875	Mining Lease	Persévérance	26/06/2008	25/06/2028	1.0
5132505	Mining Claim	Persévérance	8/11/1994	19/10/2012	0.25
5132506	Mining Claim	Persévérance	8/11/1994	19/10/2012	0.07
5132531	Mining Claim	Persévérance	8/11/1994	19/10/2012	0.14
5132532	Mining Claim	Persévérance	8/11/1994	19/10/2012	0.19
5132538	Mining Claim	Persévérance	8/11/1994	19/10/2012	0.10
5132539	Mining Claim	Persévérance	8/11/1994	19/10/2012	0.07
5132546	Mining Claim	Persévérance	8/11/1994	19/11/2012	0.14
5132551	Mining Claim	Persévérance	8/11/1994	7/11/2012	0.16
5132552	Mining Claim	Persévérance	8/11/1994	19/11/2012	0.07
5132554	Mining Claim	Persévérance	8/11/1994	19/11/2012	0.01
5132555	Mining Claim	Persévérance	8/11/1994	19/11/2012	0.06
5132556	Mining Claim	Persévérance	8/11/1994	7/11/2012	0.16
5132560	Mining Claim	Persévérance	8/11/1994	7/11/2012	0.16
5132561	Mining Claim	Persévérance	8/11/1994	7/11/2012	0.16
5132562	Mining Claim	Persévérance	8/11/1994	19/11/2012	0.13
1278154	Mining Claim	Bracemac-McLeod	18/7/1957	25/12/2012	0.13
1278164	Mining Claim	Bracemac-McLeod	18/7/1957	25/12/2012	0.15
1278165	Mining Claim	Bracemac-McLeod	18/7/1957	25/12/2012	0.22
1278171	Mining Claim	Bracemac-McLeod	18/7/1957	25/12/2012	0.21
1278172	Mining Claim	Bracemac-McLeod	18/7/1957	25/12/2012	0.20
1278192	Mining Claim	Bracemac-McLeod	18/7/1957	25/12/2012	0.17
4645181	Mining Claim	Bracemac-McLeod	10/11/1987	25/12/2012	0.16
5244046	Mining Claim	Bracemac-McLeod	11/9/2002	25/12/2012	0.16
5244047	Mining Claim	Bracemac-McLeod	10/9/1999	25/12/2012	0.16
5244048	Mining Claim	Bracemac-McLeod	10/9/1999	25/12/2012	0.16
5244067	Mining Claim	Bracemac-McLeod	6/2/2001	25/12/2012	0.16
5264221	Mining Claim	Bracemac-McLeod	17/1/2003	25/12/2012	0.14
5264334	Mining Claim	Bracemac-McLeod	5/11/2002	25/12/2012	0.16
5264335	Mining Claim	Bracemac-McLeod	5/11/2002	25/12/2012	0.16
5264336	Mining Claim	Bracemac-McLeod	5/11/2002	25/12/2012	0.11
5264337	Mining Claim	Bracemac-McLeod	5/11/2002	25/12/2012	0.16
5244054	Mining Claim	Bracemac-McLeod	11/9/2002	25/12/2012	0.16
5245966	Mining Claim	Bracemac-McLeod	11/9/2002	25/12/2012	0.16
several	Mining Claim	Phelps Dodge 1	14/3/1973	17/2/2013	0.80
several	Mining Claim	Phelps Dodge 1	14/3/1973	18/2/2013	0.48
3318484	Mining Claim	Phelps Dodge 1	14/3/1973	22/3/2013	0.16
3360482	Mining Claim	Phelps Dodge 1	27/4/1973	31/3/2013	0.16
3360491	Mining Claim	Phelps Dodge 1	27/4/1973	1/4/2013	0.16

Tenement	Type	Zone	Granted	Expires	Area (sq km)
several	Mining Claim	Phelps Dodge 1	27/4/1973	25/3/2013	0.32
several	Mining Claim	Phelps Dodge 1	27/4/1973	28/3/2013	0.64
several	Mining Claim	Phelps Dodge 1	27/4/1973	31/3/2013	0.32
several	Mining Claim	Phelps Dodge 1	3/7/1973	25/6/2013	3.52
several	Mining Claim	Phelps Dodge 1	18/7/1973	8/7/2013	2.08
several	Mining Claim	Phelps Dodge 1	9/8/1988	4/7/2013	0.80
several	Mining Claim	Phelps Dodge 1	31/8/1988	27/7/2013	0.48
several	Mining Claim	Phelps Dodge 1	31/8/1988	28/7/2013	1.12
several	Mining Claim	Phelps Dodge 1	12/12/1988	11/12/2012	0.32
4586493	Mining Claim	Phelps Dodge 1	13/3/1989	12/3/2012	0.14
4609131	Mining Claim	Phelps Dodge 1	26/8/1991	25/8/2013	0.16
several	Mining Claim	Phelps Dodge 1	17/9/1991	16/9/2013	0.32
several	Mining Claim	Phelps Dodge 1	22/10/1991	21/10/2013	0.24
several	Mining Claim	Phelps Dodge 1	18/2/2000	17/2/2012	0.29
several	Mining Claim	Puiseaux	1/8/2002	31/7/2012	5.92
several	Mining Claim	Puiseaux	9/8/2005	8/8/2013	3.95

Mining concession validities were extended for one year after making the application and receiving approval from the Ministry.

A mining lease covering the Persévérance deposits was granted in June 2008. The deposits are covered by unpatented mining claims.

Ontario Division

Tenement	Type	Zone	Granted	Expires	Area (sq km)
several	Mining Lease	Sturgeon Lake		31/10/2013	1.47
several	Mining Lease	Sturgeon Lake		28/2/2014	0.20
several	Mining Lease	Sturgeon Lake		30/4/2014	0.27
several	Mining Lease	Sturgeon Lake		30/9/2015	1.03
several	Mining Lease	Sturgeon Lake		30/11/2016	1.46
several	Mining Lease	Sturgeon Lake		31/3/2019	3.05
several	Mining Lease	Sturgeon Lake		30/4/2021	2.09
several	Mining Lease	Sturgeon Lake		31/5/2023	5.00
several	Mining Lease	Sturgeon Lake		30/6/2023	4.99
several	Mining Lease	Sturgeon Lake		30/9/2024	5.74
several	Mining Lease	Sturgeon Lake		1/9/2029	5.58
PA1145072	Mining Claim	Sturgeon Lake	22/5/1991	22/5/2015	0.16
PA1195743	Mining Claim	Sturgeon Lake	25/6/1992	25/6/2013	0.64
PA1195858	Mining Claim	Sturgeon Lake	10/8/1992	10/8/2013	0.16
several	Mining Claim	Sturgeon Lake	23/7/2010	23/7/2012	0.56
several	Mining Claim	Sturgeon Lake	24/9/2010	24/9/2012	2.02
S45897		Errington-Vermilion	4/7/1989	1/1/2099	3.21

Hackett River Project

Tenement	Type	Zone	Granted	Expires	Area (sq km)
3017	Mining Lease	Musk	15/9/1980	15/9/2022	2.5
several	Mining Claim	Wishbone area	18/5/2011	18/5/2013	919.2

Furthermore, on October 4, 2011, the Xstrata Group closed the acquisition of the Hackett River and Wishbone properties in Nunavut, Canada from Sabina for cash consideration of C$50 million. The Hackett River property comprises nine mineral leases totaling 12,250 hectares. The Wishbone property comprises 132 mineral claims covering 107,227 hectares.

Pallas Green exploration project

The Pallas Green License Block consists of ten contiguous Prospecting Licenses (PL) located in northeastern County Limerick, with one license (PL 3467) located partially in southern County Tipperary.

Total surface of the License Block is 279.8 square kilometers (including 3908 License).

Renewals have been lodged for all the expired tenements and are pending approval. This status has no effect on the exploration being carried out in the project.

Until recently the Pallas Green License Block was operated under a joint venture agreement between Xstrata and Minco Plc, with the joint venture split being 76.4% Xstrata and 23.6% Minco Plc. In July 2011, Xstrata Zinc entered into a conditional agreement to purchase Minco Plc's 23.6% interest for a purchase price of US$19.4 million. This transaction closed on October 28, 2011. Under the agreement, Xstrata Zinc acquired all ten prospecting licenses related to the Pallas Green project.

Xstrata Alloys

An approved prospecting or mining right is required to all prospecting and mining operations in South Africa under Section 5 of the MPRDA. Holders of prospecting and/or mining rights which were in effect prior to the MPRDA coming into effect ("old order rights") are required in terms of the MPRDA to convert such rights into new order prospecting or mining rights, as the case may be. A number of Xstrata Alloys' old order prospecting and mining rights have been converted into new order mining or prospecting rights under the provisions of the MPRDA and applications for conversion have been made in respect of the remaining old order prospecting and mining rights. New order prospecting rights are granted for a maximum period of 5 years and new order mining rights are granted for a maximum period of 30 years.

Chrome and Vanadium

Wonderkop	Converted Mining Right	MR 274	2038	New Order
Kroondal	Converted Mining Right No:	MR 250	2037	New Order
Kroondal	Converted Mining Right No:	MR254	2039	New Order
Kroondal	Converted Mining Right No:	MR 251	2037	New Order
Kroondal (JV)	Converted Mining Right	MR 273	2038	New Order
Waterval East	Converted Mining Right No: 244MR	MR 244	2037	New Order
Waterval East	Converted Mining Right No: 246MR	MR246	2037	New Order
Waterval West	Converted Mining Right No: 157MR	MR 157	2037	New Order
Spoornet Area	New Order Mining Right No: 196MR	MR 192 applied to be included into Waterval MR	2013(1)	New Order
Thorncliffe	New Order Mining Right No	MR 216	2039	New Order
Thorncliffe De Groote Boom	New order Mining Right No	MR 200	2039	New Order
Rietvly	Converted Mining Right No: 23/2007	MR 248	2037	New Order
Rietvly	New Order Mining Right No: 26/2007	MR 25	2037	New Order
Rietvly	New Order Mining Right 16/2010	MR 255	2039	New Order
Rustenburg (Ext)	Converted Prospecting Right No: 278/2007	MR 916	2012	New Order
Anglo Purchase Area	New Order Prospecting Right No: 48/2010	264PR apply to be included with 254MR	2011	New Order
coRhovan	New Order Mining Right No:	MR 87	2027	New Order

Platinum Group Metals

Eland	New Order Prospecting Right No:	250 PR	23 September 2010	New Order Renewed
Eland	New Order Prospecting Right No: NW 30/5/1/1/2/1050 PR	MR 341	2011	New Order Renewed
Eland	New Order Prospecting Right No:	MR 341	2039	New Order
Eland	New Order Prospecting Right No:	702/2007 PR NW 30/5/1/1/2/1048 PR	February 2012	New Order
Eland	New Order Prospecting Right No:	703/2007 PR NW 30/5/1/1/2/1046 PR	February 2012	Retention Permit applied for
Eland	New Order Prospecting Right No:	NW30/5/1/1/2/1562 PR	1 August 2012	New Order
Eland	New Order Prospecting Right No:	1674 PR NW 30/5/1/1/2/1674 PR NW 30/5/1/1/2/1563 PR	31 January 2013	New Order
Eland	New Order Prospecting Right No:	24/2008PR NW 30/5/1/1/2/1564 PR	1 August 2012	New Order
Eland	New Order Prospecting Right No:	633/2007 PR NW 30/5/1/1/2/869 PR	17 June 2012	New Order Renewed
Eland	New Order Prospecting Right No:	NW30/5/1/1/2/800 PR	10 June 2012	New Order
Eland	New Order Prospecting Right No:	NW30/5/1/1/2/800 PR	10 June 2012	New Order
Eland	New Order Prospecting Right No:	38/2007/MR	20 December 2036	New Order
Eland	New Order Prospecting Right No:	NW30/5/1/1/2/803 PR	20 August 2012	New Order
Eland	New Order Prospecting Right No:	NW 30/5/1/1/2/107	10 June 2013	New Order

Note:

(1) Due to the size of the ore body, the DMR granted this right for a period of six years.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The members of Xstrata's Board of Directors are as follows:

Name	Age	Position
Sir John Bond	71	Chairman
Mick Davis	54	Chief Executive
Trevor Reid	51	Chief Financial Officer
Santiago Zaldumbide	70	Executive Director, Chief Executive of Xstrata Zinc
David Rough	61	Deputy Chairman, Senior Independent Director
Dr. Con Fauconnier	64	Non-executive Director
Ivan Glasenberg†	55	Non-executive Director
Peter Hooley	66	Non-executive Director
Claude Lamoureux	69	Non-executive Director
Aristotelis Mistakidis†	51	Non-executive Director
Tor Peterson†	48	Non-executive Director
Sir Steve Robson CB	68	Non-executive Director
Ian Strachan	69	Non-executive Director
Richard Elliston		Secretary

† Glencore Group Nominee: see "Business — Relationship with the Glencore Group — Relationship with major shareholder"

The business address for the Directors is Bahnhofstrasse 2, 6301 Zug, Switzerland.

Sir John Bond is Chairman of Xstrata plc, and was appointed in May 2011. He was most recently chairman and non executive director of Vodafone Group Plc from 2006 to 2011. He retired as Group Chairman of HSBC Holdings plc in 2006, having also been its Group Chief Executive from 1993 to 1998. Sir John is a director of A.P. Moller-Maersk A/S (Denmark), the international shipping and investment company and Shui On Land Ltd, a Hong Kong quoted property development company specializing in China. He also holds advisory roles with Northern Trust Corp, USA, and with KKR Asia. He is also a member of various advisory bodies in China: China Development Forum; China Banking Regulatory Commission International Advisory Board, and Tsinghua School of Economics and Management at Tsinghua University. Sir John is also chairman of the Nominations Committee and a member of the Remuneration Committee.

Mick Davis is the Chief Executive of Xstrata and was appointed to the Board of Xstrata in February 2002. Mr. Davis was appointed as Chief Executive of Xstrata AG in October 2001. Previously, Mr. Davis was Chief Financial Officer and an executive director of Billiton Plc, appointed in July 1997, and served as Executive Chairman of Ingwe Coal Corporation Limited from 1995 to 1999. He joined Gencor Limited in early 1994 from Eskom, the South African state-owned electricity utility, where he was an executive director. Mr Davis is also a member of the Health, Safety, Environment and Community Committee.

Trevor Reid is the Chief Financial Officer of Xstrata and was appointed to the Board of Xstrata in February 2002. Mr. Reid joined Xstrata AG in January 2002. Prior to joining Xstrata, he was Global Head of Resource Banking at the Standard Bank Group. He joined the Standard Bank Group in 1997 from Warrior International Limited, a corporate finance boutique specializing in the minerals sector.

Santiago Zaldumbide is an Executive Director of Xstrata, Chief Executive of the Zinc Business and Executive Chairman of Asturiana de Zinc S.A. and was appointed to the Board of Xstrata in February 2002. He is a previous Chief Executive Officer and Director of Union Explosivos Rio Tinto and of Petroleos del Norte. In 1990, Petroleos del Norte became part of the Repsol Oil Group where Mr. Zaldumbide was responsible for establishing the international structure of the enlarged Repsol Oil Group. From 1994 until 1997 he was Chief Executive Officer of Corporación Industrial de Banesto. In December 1997, he was appointed Chairman and Chief Executive Officer of Asturiana de Zinc S.A.

David Rough was appointed to the Board of Xstrata in April 2002, is Deputy Chairman, the Senior Independent Director and chairman of the Remuneration Committee. He was a director of Legal & General Group Plc ("Legal & General") before retiring from Legal & General in June 2002. As Group Director (Investments), Mr. Rough headed all aspects of fund group management within Legal & General Investments. Mr. Rough is currently a director of Land Securities Group plc, Brown, Shipley & Co Ltd and LME Holdings Ltd. Mr. Rough is also a member of the Audit Committee, the Nominations Committee and the Health, Safety, Environment and Community Committee.

Dr Con Fauconnier was appointed to the Board of Xstrata in May 2010. Dr Fauconnier worked for Anglo American Corporation, Gencor and JCI Limited prior to joining Iscor in 1995. He was appointed Managing Director of Iscor Mining in 1999, before being appointed as Chief Executive of Kumba Resources Limited in 2001. From 2006 until his retirement in August 2007, he served as Chief Executive Officer of Exxaro Resources Limited, a company formed from the merger of Eyesizwe Mining and the non-iron ore assets of Kamba Resources. He is an Honorary Professor in the Faculty of Engineering, Built Environment and Information Technology of the University of Pretoria and a Fellow of the Gordon Institute of Business Science. Dr Fauconnier is a member of the Remuneration Committee and the Health, Safety, Environment and Community Committee.

Ivan Glasenberg was appointed to the Board of Xstrata in February 2002. He is Chief Executive Officer of the Glencore Group, which he joined in 1984, and has been Chief Executive Officer since January 2002. Mr. Glasenberg initially spent three years working in the coal/coke commodity department of the Glencore Group as a marketer, before spending two years in Australia as head of the Asian coal/coke commodity division. Between 1989 and 1990, he was based in Hong Kong as manager and head of the Glencore Group's Hong Kong and Beijing offices, as well as head of coal marketing in Asia. In January 1990, he was made responsible for the worldwide coal business of the Glencore Group for both marketing and industrial assets and remained in this role until he became Chief Executive Officer of Glencore International AG in January 2002. Before joining the Glencore Group, he worked for five years at Levitt Kirson Chartered Accountants in South Africa. He is also currently a director of United Company Rusal plc and JSC Zarubezhneft.

Peter Hooley was appointed to the Board of Xstrata in May 2009 and is chairman of the Audit Committee. Mr. Hooley held the position of Group Finance Director of Smith & Nephew plc, a global medical devices business listed on the FTSE 100, until 2006. He was previously Group Financial Controller of BICC plc. He is a director and Chairman of BSN medical Luxembourg Holdings S.à.r.l.

Claude Lamoureux was appointed to the Board of Xstrata in May 2008. Until December 1, 2007, he was President and Chief Executive Officer of the Ontario Teachers' Pension Plan Board. Previously he spent 25 years as a financial executive with Metropolitan Life in Canada and the US. He is a director of Maple Leaf Foods Inc., Cordiant Capital, Atrium Innovations Inc., the Canadian Institute for Advanced Research, The Learning Partnership and the York University Foundation. Mr. Lamoureux is a member of the Audit Committee and the Health, Safety, Environment and Community Committee.

Aristotelis Mistakidis was appointed to the Board of Xstrata in May 2011. He joined the Glencore Group in March 1993 and since 2000 has been the co-director of the Glencore Group's zinc/copper/lead commodity department. He is jointly responsible for overseeing the marketing business and industrial assets of the department, including strategy and operations. Before the Glencore Group, Mr. Mistakidis worked at Cargill for six years, where he worked in and gained experience in the non-ferrous metals industry. He is also a director of Katanga Mining Limited and Recylex S.A. and chairman of Mopani Copper Mines Plc.

Tor Peterson was appointed to the Board of Xstrata in May 2011. Mr. Peterson joined the Glencore Group in January 1992 as a marketer and has worked in the coal/coke commodity department since that time. In January 2002, he was appointed director of the Glencore Group's coal/coke commodity department. He is responsible for overseeing the global marketing business and industrial assets of the department, including strategy and operations. Before the Glencore Group, Mr. Peterson worked for five years for Phibro-Salomon Inc. as a marketer and was based in New York, London and the Ivory Coast.

Sir Steve Robson CB was appointed to the Board of Xstrata in February 2002. He retired as Second Permanent Secretary at HM Treasury in January 2001. He had joined HM Treasury after leaving university. His early career included a period as Private Secretary to the Chancellor of the Exchequer and a two-year secondment to Investors in Industry plc (3i). From 1997 until his retirement, his responsibilities included the legal framework for regulation of the UK financial services industry, public private partnerships, procurement policy including the private finance initiative and the Treasury's enterprises and growth unit. He is a member of the Financial Reporting Council and of KMPG's Chairman's Advisory Board and chairman of KPMG's Public Interest Committee. He is also a member of the Remuneration Committee and the Nominations Committee.

Ian Strachan was appointed to the Board of Xstrata in May 2003. Mr. Strachan was Chairman of Instinet Group Inc from 2003 to 2005 and Chief Executive of BTR plc from 1996 to 1999. Mr. Strachan joined Rio Tinto plc (formerly RTZ plc) as Chief Financial Officer in 1987, and was Deputy Chief Executive from 1991 to 1995. He is a director of Rolls Royce Group plc, Transocean Inc. and Caithness Petroleum Ltd. Mr. Strachan is the Chairman of the Health, Safety, Environment and Community Committee and a member of the Audit Committee.

Board composition

Xstrata's Board of Directors consists of 13 Directors. Pursuant to the Relationship Agreement, the Glencore Group is permitted to nominate a maximum of three directors of Xstrata or (if lower or higher) such number of directors of Xstrata nominated by the Glencore Group as is equal to one less than the number of independent directors, provided that there is at all times a majority of independent directors (defined in the Relationship Agreement as a director who is free from any business or other relationship with the Glencore Group) on the Board. As of the date of this Offering Memorandum, the Glencore Group has three nominees to the Board, being Messrs. Glasenberg, Mistakidis and Peterson. See further ''Business — Relationship with the Glencore Group — Relationship with major shareholder.''

Dr Fauconnier, Mr. Hooley, Mr. Lamoureux, Sir Steve Robson, Mr. Rough and Mr. Strachan are the independent Non-Executive Directors. Mr. Rough is the Senior Independent Director.

At Xstrata's AGM on May 4, 2011, Sir John Bond, Mr. Aristotelis Mistakidis and Mr. Tor Peterson were elected to the Board of Directors. In addition, in accordance with the UK Corporate Governance Code, each of the other Executive and Non-executive Directors of Xstrata in office retired, and each such Executive or Non-Executive Director then in office, save for Willy Strothotte, sought re-election, and each such Executive and Non-executive Director was duly re-elected.

Senior management

In addition to the Executive Directors, Messrs. Davis, Reid and Zaldumbide, Xstrata's senior management consists of the following executive officers who are responsible for the business and administrative departments indicated below:

Name	Age	Position
Peter Freyberg	53	Chief Executive, Xstrata Coal
Benny Levene	48	Chief Legal Counsel of Xstrata
Thras Moraitis	49	Executive General Manager, Group Strategy and Corporate Affairs
Peet Nienaber	62	Chief Executive, Xstrata Alloys
Ian Pearce	55	Chief Executive, Xstrata Nickel
Charlie Sartain	51	Chief Executive, Xstrata Copper

The business address for the Senior Executives is Bahnhofstrasse 2, 6301 Zug, Switzerland.

Peter Freyberg, born in 1959, is Chief Executive of Xstrata Coal. Mr. Freyberg began his career as a trainee official with Anglo American Corporation in South Africa in 1978 and completed his B.Sc. Mining Engineering degree in 1983. He gained his experience working in both underground and open pit coal operations in a variety of roles, including operations management and technical support. After leaving Anglo American in 1991, he embarked on an international career, including working with Kaltim Prima Coal in Indonesia; Hamersley Iron in Perth, Copelmi Mineração in Brazil; and Carbones del Cerrejón in Colombia. He joined the Glencore Group following the acquisition of the Duiker assets in South Africa and was subsequently appointed Chief Operating Officer for Xstrata Coal South Africa after Xstrata's purchase of the Glencore Group's assets in 2002.

Mr. Freyberg became the Director of Operations for Xstrata Coal in April 2006. On January 1, 2008, Mr. Freyberg was appointed Chief Executive of the Coal Business.

Benny Levene, born in 1964, is the Chief Legal Counsel of Xstrata. Mr. Levene holds the degrees of Bachelor of Commerce, Bachelor of Laws and Master of Laws. Mr. Levene began his career at Werksmans Attorneys in South Africa in 1989, where he became a partner in 1993 specializing in local and international mergers and acquisitions and equity and debt capital raising. While at Werksmans Attorneys Mr. Levene assisted with the initial acquisitions by Xstrata of its ferroalloys assets, and subsequently joined Xstrata AG in Switzerland in 1997. Mr. Levene was involved in the structuring of the cross-border merger of Xstrata AG into Xstrata simultaneously with the listing of Xstrata on the London and Swiss Stock Exchanges in March 2002.

Thras Moraitis, born in 1963, is Executive General Manager, Xstrata Group Strategy and Corporate Affairs. Mr. Moraitis joined Xstrata in 2003 and is responsible for the Xstrata Group's strategic development, post-acquisition integration, external affairs and investor relations as well as the Xstrata Group's technology businesses. Mr. Moraitis began his career as an engineer on the Winkelhaak Gold Mine, Gencor. He then became a Global Partner in the strategy and merchant banking firm, Monitor, where he was responsible for their European, Middle East and African operations, advising governments and corporations around the world and was involved in Monitor's private equity and venture capital activities.

Peet Nienaber, born in 1950, is the Chief Executive of Xstrata Alloys. Mr. Nienaber holds both a Bachelor and Honours degree in Engineering. Mr. Nienaber started his career as an Iscor bursary holder at Iscor Steelworks in Newcastle and worked for 15 years in the ferroalloy industry at both Samancor Limited and CMI until 1988, when he became one of the founder members of what is now the Chrome Business. In 1997, Mr. Nienaber was appointed Chief Executive of Xstrata's South African alloys operations.

Ian W. Pearce, born in 1957, is the Chief Executive of Xstrata Nickel. Mr. Pearce joined Falconbridge in August 2003 as Senior Vice-President, Projects & Engineering, leading the advancement and completion of major projects such as Koniambo and Nickel Rim, and holds a bachelor degree in Science from University of Witwatersrand in South Africa. He also attended the Management Advancement Programme at the same institution. Mr. Pearce has over 26 years of professional experience in metallurgy and mining. Prior to joining Falconbridge, Mr. Pearce acquired project management experience in the United States, Indonesia, Chile and South Africa. Among numerous assignments, he worked as the Executive Project Director of Muskeg River Oil Sands Project in Alberta for Fluor Daniel Canada Inc.

Charlie Sartain, born in 1961, is the Chief Executive of Xstrata Copper and was appointed in January 2004. He holds an Honours degree in Mining Engineering. Mr. Sartain worked with MIM for more than 20 years in a range of engineering then senior management roles in both Australia and Latin America prior to taking up his current position. Mr. Sartain is also a director of the Australian Government's Council on Australian-Latin American Relations, the Sustainable Minerals Institute at the University of Queensland and the International Copper Association.

There is no family relationship between any of Xstrata's directors or senior management.

SIGNIFICANT SHAREHOLDERS

Interests of significant shareholders

As of October 17, 2012 (being the latest practicable date prior to the publication of this Offering Memorandum), notifications had been received of the following interests in 3% or more of Xstrata's issued ordinary share capital:

Shareholder	Percentage of issued ordinary share capital
Glencore International plc[1]	33.65%
Qatar Holding LLC	11.64%
BlackRock, Inc.	4.38%

Note:

(1) The voting rights comprised in this interest are directly controlled by Finges Investment BV, a wholly owned subsidiary of Glencore. Xstrata understands that a substantial portion of this holding is subject to collateral or similar arrangements related to the provision of finance to the Glencore Group.

Save as disclosed above, the Xstrata Directors are not aware of any person who as of October 17, 2012 (being the latest practicable date prior to the publication of this Offering Memorandum), directly or indirectly, has a holding which exceeds the threshold of 3% of the total voting rights attaching to the issued ordinary share capital of Xstrata.

Save as disclosed above, as of October 17, 2012 (being the latest practicable date prior to the publication of this Offering Memorandum), Xstrata was not aware of any person or persons who directly, indirectly, jointly or severally, exercise or could exercise control over Xstrata nor is it aware of any arrangements the operation of which may, at a subsequent date, result in a change in control of Xstrata.

None of Xstrata's major shareholders has, or will have, different voting rights attached to the ordinary shares they hold.

Relationship with controlling shareholder

On October 1, 2012, the independent non-executive members of Xstrata's Board of Directors announced an intention to recommend the revised final terms of the Proposed Merger. Shareholder meetings to consider the final terms of the Proposed Merger are expected to take place by the end of the year. For details of the Proposed Merger see "— Current trading and prospects — Merger with Glencore."

On March 20, 2002, the Glencore Group and Xstrata entered into the Relationship Agreement, which regulates the on-going relationship between them. See "Business — Relationship with the Glencore Group — Relationship with major shareholder" for further information.

DESCRIPTION OF OTHER INDEBTEDNESS

General

As of June 30, 2012, the total gross indebtedness of the Xstrata Group was US$13,198 million, of which US$189 million was secured indebtedness and therefore effectively ranks senior to the Notes.

As of June 30, 2012, the Xstrata Group's net indebtedness excluding derivative financial instruments used to provide an economic hedge of capital markets notes was US$11,552 million and its net indebtedness including such financial instruments was US$11,361 million.

Principal indebtedness

As of June 30, 2012, the Xstrata Group's principal indebtedness comprised:

- US$2,000 million under the Syndicated Facility; and
- US$10,596 million outstanding under unsecured private placements of capital markets notes with maturities between November 2014 and November 2041,

in each case as described in "Operating and Financial Review — Liquidity and capital resources — Liquidity reserves."

DESCRIPTION OF THE ISSUER AND THE GUARANTORS

The Issuer

The Issuer was incorporated on October 10, 2006 as a private company in Ontario, Canada under the Business Corporations Act (Ontario), with Ontario corporation number 1712237.

The Issuer has no subsidiaries other than Xstrata Canada Financial.

The Issuer was incorporated, among other things, to facilitate the financing activities of the Xstrata Group. The objects and powers of the Issuer, which are set out in its articles of incorporation, are unrestricted. As of the date of this Offering Memorandum, the only issued capital of the Issuer is the one common share owned by 1184760 Alberta Limited, a wholly owned indirect subsidiary of Xstrata.

The registered office of the Issuer (and its principal place of business) is 100 King Street West, Suite 6900 Toronto, Canada M5X 1E3 and the telephone number of the registered office is +1 416 775 1500.

As of June 30, 2012, the Issuer had outstanding: (i) the US dollar denominated 2.85% fixed rate notes due November 2014 with a nominal value (as of June 30, 2012) of US$800 million; (ii) the US dollar denominated 5.80% fixed rate notes due November 2016 with a nominal value (as of June 30, 2012) of US$1,000 million; (iii) the US dollar denominated 3.60% fixed rate notes due January 2017 with a nominal value (as of June 30, 2012) of US$700 million; (iv) the US dollar denominated 4.95% fixed rate notes due November 2021 with a nominal value (as of June 30, 2012) of US$1,000 million; (v) the US dollar denominated 6.90% fixed rate notes due November 2037 with a nominal value (as of June 30, 2012) of US$500 million; (vi) the US dollar denominated 6.00% fixed rate notes due November 2041 with a nominal value (as of June 30, 2012) of US$500 million; (vii) the euro denominated 5.25% fixed rate notes due June 2017 with a nominal value (as of June 30, 2012) of US$675 million; (viii) US dollar denominated commercial paper with a nominal value (as of June 30,2012) of US$1,975 million; and (ix) US$2,000 million (as of June 30, 2012) under the Syndicated Facility.

Additionally, as of June 30, 2012, the Issuer was a guarantor of (i) the euro denominated 6.25% fixed rate notes due May 2015 with a nominal value (as of June 30, 2012) of US$939 million issued by Xstrata Canada Financial; (ii) the sterling denominated 7.375% fixed rate notes due May 2020 with a nominal value (as of June 30, 2012) of US$985 million issued by Xstrata Canada Financial; and (iii) the 2012 Club Facility.

Xstrata

For information on Xstrata, see ''Summary — Overview of the Xstrata Group'' and ''Business.'' Xstrata is a guarantor of all of the Xstrata Group's outstanding capital markets notes.

Xstrata Schweiz

Xstrata Schweiz was incorporated on December 27, 2001 as a private company limited by shares in Switzerland under the laws of Switzerland with registered number CH-170.3.025.302-8.

Xstrata Schweiz is the holding company for each member of the Xstrata Group (other than Xstrata Coal Sales PTE Limited, Xstrata (Nederland) BV, Xstrata Dubai, Xstrata Finance (Luxembourg) S.a.r.l and Xstrata Commodities Middle East DMCC) and is a wholly owned subsidiary of Xstrata.

Xstrata Schweiz was incorporated, among other things, to facilitate the financing activities of the Xstrata Group. The purpose of Xstrata Schweiz, which is set out in its articles of association, is to acquire and administer equity interests. In this regard, Xstrata Schweiz may:

- conduct financial, investment, trading and fiduciary transactions and any services pertaining to those transactions;
- exploit, utilize and administer all forms of proprietary rights;
- set up branch establishments;
- acquire, sell and administer real property; and

- provide to its direct or indirect parent companies, as well as to the latter's or Xstrata's direct or indirect sister companies, loans and other financing and grant security for obligations of such other companies, including by means of pledges or fiduciary transfers of Xstrata's assets, or by means of guarantees of any kind.

Xstrata Schweiz has engaged in certain trading and financing activities in pursuit of the above objects.

The registered office of Xstrata Schweiz (and its principal place of business) is Bahnhofstrasse 2, P.O. Box 102, 6301 Zug, Switzerland and the telephone number of the registered office is +41 41 726 6070.

As of June 30, 2012, Xstrata Schweiz had no outstanding issued notes or bonds, although, as of June 30, 2012, it is a guarantor of (i) the US dollar denominated 2.85% fixed rate notes due November 2014 with a nominal value (as of June 30, 2012) of US$800 million issued by the Issuer; (ii) the euro denominated 6.25% fixed rate notes due May 2015 with a nominal value (as of June 30, 2012) of US$939 million issued by Xstrata Canada Financial; (iii) the US dollar denominated 5.80% fixed rate notes due November 2016 with a nominal value (as of June 30, 2012) of US$1,000 million issued by the Issuer; (iv) the US dollar denominated 3.60% fixed rate notes due January 2017 with a nominal value (as of June 30, 2012) of US$700 million issued by the Issuer; (v) the US dollar denominated 5.50% fixed rate notes due June 2017 with a nominal value (as of June 30, 2012) of US$250 million issued by the Issuer; (vi) the sterling denominated 7.375% fixed rate notes due May 2020 with a nominal value (as of June 30, 2012) of US$985 million issued by Xstrata Canada Financial; (vii) the US dollar denominated 4.95% fixed rate notes due November 2021 with a nominal value (as of June 30, 2012) of US$1,000 million issued by the Issuer; (viii) the US dollar denominated 6.90% fixed rate notes due November 2037 with a nominal value (as of June 30, 2012) of US$500 million issued by the Issuer; (ix) the US dollar denominated 6.00% fixed rate notes due November 2041 with a nominal value (as of June 30, 2012) of US$500 million issued by the Issuer; (x) the Syndicated Facility; and (xi) the 2012 Club Facility.

Xstrata Canada Financial

Xstrata Canada Financial was incorporated on April 23, 2008 as a private company in Ontario, Canada under the Business Corporations Act (Ontario), with Ontario corporation number 2170552.

Xstrata Canada Financial was incorporated, among other things, to facilitate the financing activities of the Xstrata Group. The objects and powers of Xstrata Canada Financial, which are set out in its articles of incorporation, are unrestricted. As of the date of this Offering Memorandum, the only issued capital of Xstrata Canada Financial is the 1,000 common shares owned by the Issuer.

The registered office of Xstrata Canada Financial (and its principal place of business) is 100 King Street West, Suite 6900, Toronto, Canada M5X 1E3 and the telephone number of the registered office is +1 416 775 1500.

As of June 30, 2012, Xstrata Canada Financial had outstanding (i) the euro denominated 6.25% fixed rate notes due May 2015 with a nominal value (as of June 30, 2012) of US$939 million; and (ii) the sterling denominated 7.375% fixed rate notes due May 2020 with a nominal value (as of June 30, 2012) of US$985 million.

Additionally, it is a guarantor of (i) the US dollar denominated 2.85% fixed rate notes due November 2014 with a nominal value (as of June 30, 2012) of US$800 million issued by the Issuer; (ii) the US dollar denominated 3.60% fixed rate notes due January 2017 with a nominal value (as of June 30, 2012) of US$700 million issued by the Issuer; (iii) the US dollar denominated 4.95% fixed rate notes due November 2021 with a nominal value (as of June 30, 2012) of US$1,000 million issued by the Issuer; (iv) the US dollar denominated 6.00% fixed rate notes due November 2041 with a nominal value (as of June 30, 2012) of US$500 million issued by the Issuer; (v) the Syndicated Facility and (vi) the 2012 Club Facility.

Xstrata Dubai

Xstrata Dubai was incorporated on January 15, 2006 as a company limited by shares in Dubai under the Companies Law, DIFC Law No. 3 of 2006, with registered number 127.

Xstrata Dubai was incorporated to facilitate the financing activities of the Xstrata Group. The objects of Xstrata Dubai, which are set out in its articles of association, are to:

- act as a finance company, and to finance directly or indirectly, or to act as an intermediary in respect of, or otherwise to facilitate the financing of the activities of Xstrata, Xstrata Schweiz and the Xstrata Group; and
- do all other lawful acts and activities.

Xstrata Dubai is a majority-owned subsidiary of Xstrata with 90% of Xstrata Dubai's shares directly held by Xstrata and the remaining 10% held by Xstrata Schweiz.

The registered office of Xstrata Dubai (and its principal place of business) is P.O. Box 506721, Unit 9, Level 2, Gate Village 1, DIFC, Dubai, United Arab Emirates and the telephone number of the registered office is +971 4 423 1741.

As of June 30, 2012, Xstrata Dubai had no outstanding issued notes or bonds, although it is a guarantor of (i) the US dollar denominated 2.85% fixed rate notes due November 2014 with a nominal value (as of June 30, 2012) of US$800 million issued by the Issuer; (ii) the euro denominated 6.25% fixed rate notes due May 2015 with a nominal value (as of June 30, 2012) of US$939 million issued by Xstrata Canada Financial; (iii) the US dollar denominated 5.80% fixed rate notes due November 2016 with a nominal value (as of June 30, 2012) of US$1,000 million issued by the Issuer; (iv) the US dollar denominated 3.60% fixed rate notes due January 2017 with a nominal value (as of June 30, 2012) of US$700 million issued by the Issuer; (v) the US dollar denominated 5.50% fixed rate notes due June 2017 with a nominal value (as of June 30, 2012) of US$250 million issued by the Issuer; (vi) the sterling denominated 7.375% fixed rate notes due May 2020 with a nominal value (as of June 30, 2012) of US$985 million issued by Xstrata Canada Financial; (vii) the US dollar denominated 4.95% fixed rate notes due November 2021 with a nominal value (as of June 30, 2012) of US$1,000 million issued by the Issuer; (vii) the US dollar denominated 6.90% fixed rate notes due November 2037 with a nominal value (as of June 30, 2012) of US$500 million issued by the Issuer; (viii) the US dollar denominated 6.00% due November 2041 with a nominal value (as of June 30, 2012) of US$500 million issued by the Issuer; (ix) the Syndicated Facility; and (x) the 2012 Club Facility.

DESCRIPTION OF THE NOTES AND GUARANTEES

The following is a summary of the material provisions of the Notes, the Guarantees and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Notes, the Guarantees and the Indenture. Copies of the Indenture will be available for inspection during normal business hours at any time after October 25, 2012 (the "Closing Date") at the offices of the Trustee currently located at 101 Barclay Street, Floor 4E New York, NY 10286. Any capitalized term used herein but not defined shall have the meaning assigned to such term in the Notes, the Guarantees or the Indenture.

General

The Notes and the Guarantees will be issued pursuant to the Indenture to be dated as of the Closing Date, among the Issuer, Xstrata, Xstrata Schweiz, Xstrata Canada Financial and Xstrata Dubai, as guarantors, and The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent.

The Notes will not be registered under the Securities Act and may not be sold or otherwise transferred except pursuant to registration under the Securities Act or in accordance with Rule 144A or Rule 904 of Regulation S thereunder or in a resale transaction that is otherwise exempt from such registration requirements and will bear a legend to this effect.

The Indenture is not required to be nor will it be qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and will not incorporate by reference all of the provisions of the Trust Indenture Act.

References to the "Notes" include the Guarantees. References to the "Noteholders" are to the registered holders of the Notes.

The Notes will be in registered form in denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. The Notes will be issued in the form of Global Notes in registered form and may be exchanged into Definitive Notes only in the circumstances described in the Indenture and Global Notes.

Principal, maturity and interest

The Notes will be unsecured and unsubordinated obligations of the Issuer and will be unconditionally guaranteed on a senior, unsecured and joint and several basis by the Guarantors. The 2015 Notes are initially issuable in an aggregate principal amount not to exceed US$1,250,000,000 and will mature on October 23, 2015. The 2017 Notes are initially issuable in an aggregate principal amount not to exceed US$1,750,000,000 and will mature on October 25, 2017. The 2022 Notes are initially issuable in an aggregate principal amount not to exceed US$1,000,000,000 and will mature on October 25, 2022. The 2042 Notes are initially issuable in an aggregate principal amount not to exceed US$500,000,000 and will mature on October 25, 2042.

The 2015 Notes will bear interest at 1.800% per annum, the 2017 Notes will bear interest at 2.450% per annum, the 2022 Notes will bear interest at 4.000% per annum and the 2042 Notes will bear interest at 5.300% per annum, each from the date of the initial issue of the Notes or from the most recent interest payment date to which interest has been paid or provided for, payable semi-annually in arrears on April 23 and October 23 commencing on April 23, 2013 for the 2015 Notes, and on April 25 and October 25 commencing on April 25, 2013 for the 2017 Notes, the 2022 Notes and the 2042 Notes, to the Person in whose name the relevant Note is registered at the close of business on the day 15 calendar days prior to each respective interest payment date (whether or not a Business Day) immediately preceding such interest payment date, notwithstanding any transfer or exchange of such Notes subsequent to the record date and prior to such interest payment date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. If the date on which any interest payment or principal payment is to be made is not a Business Day, such payment will be made on the next day which is a Business Day in New York City and the place of payment of such interest or principal without any further interest or other amounts being paid or payable in connection therewith.

Notwithstanding the foregoing, if and to the extent the Issuer shall default in the payment of the interest due on an interest payment date and the applicable grace period shall have expired, such defaulted interest may at the option of the Issuer be paid to the Persons in whose names the Notes are registered at the close of business on a subsequent record date (which shall not be less than five days which are Business Days in New York City prior to the date of payment of such defaulted interest) established by notice given as provided in the Notes by or on behalf of the Issuer to the Noteholders not less than 15 days preceding such subsequent record date.

Interest rate adjustment

The interest rate payable on each series of Notes will be subject to adjustment during the period referred to below if either Moody's Investors Service, Inc. (''Moody's'') or Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc., (''S&P'') downgrades (or subsequently upgrades) the debt rating applicable to such series of Notes (a ''rating'') as set forth below.

If the rating from Moody's for a series of Notes is decreased to a rating set forth in the immediately following table, the interest rate on the Notes of such series will increase from the interest rate for such notes set forth on the cover page of this offering memorandum by the percentage set forth opposite that rating:

Rating	Percentage
Baa3	0.25%
Ba1	0.50%
Ba2	0.75%
Ba3	1.00%
B1	1.25%
B2	1.50%
B3	1.75%
Caa1	2.00%

If the rating from S&P for a series of Notes is decreased to a rating set forth in the immediately following table, the interest rate on the Notes of such series will increase from the interest rate for such Notes set forth on the cover page of this offering memorandum by the percentage set forth opposite that rating:

Rating	Percentage
BBB	0.25%
BBB−	0.50%
BB+	0.75%
BB	1.00%
BB−	1.25%
B+	1.50%
B	1.75%
B−	2.00%

If, following a downgrade, Moody's or S&P subsequently increases its rating of a series of Notes to any of the threshold ratings set forth above, the interest rate on such series of Notes will be decreased such that the interest rate for such Notes equals the interest rate set forth on the cover page of this offering memorandum plus the percentages set forth opposite the ratings in the tables above in effect immediately following the increase. Each adjustment required by any decrease or increase in a rating set forth above, whether occasioned by the action of Moody's or S&P, will be made independent of any and all other adjustments. In no event will (1) the interest rate for any series of the Notes be reduced to below the interest rate set forth for such series of Notes on the cover page of this offering memorandum or (2) the total increase in the interest rate on such series of Notes exceed 2.00% above the interest rate set forth on the cover page of this offering memorandum.

If either Moody's or S&P ceases to provide a rating for a series of the Notes, any subsequent increase or decrease in the interest rate of such series of Notes necessitated by a reduction or increase in the rating by the agency continuing to provide the rating will be twice the percentage set forth in the applicable table above. No adjustments in the interest rate of a series of Notes will be made solely as a result of either Moody's or S&P ceasing to provide a rating for such series of Notes. If both Moody's and S&P cease to provide a rating for a series of Notes, the interest rate on the Notes of such series will increase to, or remain at, as the case may be, 2.00% above the interest rate for Notes of such series set forth on the cover page of this offering memorandum.

Any interest rate increase or decrease, as described above, will take retroactive effect from the first day of the interest period during which a rating change requires an adjustment in the interest rate. If Moody's or S&P changes its ratings of the notes of a series more than once during any particular interest period, the last change by such agency during such period will control for purposes of any interest rate increase or decrease with respect to the Notes of such series.

The interest rate on each series of Notes will permanently cease to be subject to any further adjustment described above (notwithstanding any subsequent increase or decrease in the ratings by either or both rating agencies) upon the earlier of (1) date which is 12 months after the Closing Date and (2) 90 days after the effective date of the Proposed Merger (being (a) the date on which the court order confirming the reduction of capital to be made in relation to the Proposed Merger is delivered to and registered by the Registrar of Companies in England and Wales, following the prior delivery to the Registrar of Companies in England and Wales of the court order sanctioning the scheme of arrangement between Xstrata and its eligible shareholders under Part 26 of the Companies Act 2006 relating to the Proposed Merger or (b) in the event the Proposed Merger is implemented by means of a merger offer, on the completion date thereof); provided, however, that the interest rate on a series of Notes will not cease to be subject to adjustment described above so long as such Notes are on "negative watch" (or equivalent) by Moody's or S&P at the time the interest rate on the Notes would otherwise cease to be subject to adjustment, and if such series of Notes is downgraded at the same time as such series is removed from "negative watch" (or equivalent) by Moody's or S&P, the interest rate on such Notes will be increased accordingly.

Further Issuances

The Issuer may from time to time without the consent of the Noteholders issue further securities having identical terms and conditions as any of the Notes, in all respects except for the first payment of interest on such further securities so that any further issue is consolidated and forms a single series of securities with such Notes. Notwithstanding the foregoing, the Issuer shall not issue any further securities intended to be consolidated and form a single series of securities with the Notes unless such issuance would constitute a "qualified reopening" as defined for U.S. federal income tax purposes or otherwise forms part of a single issue with the Notes for U.S. federal income tax purposes.

Status of the Notes and the Guarantees

The Notes will be unsecured and unsubordinated obligations of the Issuer. Upon issue, the Guarantors will unconditionally guarantee, on a senior, unsecured and joint and several basis, the due and punctual payment (and not collectability) of the principal of and interest on the Notes (and the payment of additional amounts described below in the section headed "Payment of Additional Amounts") when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise. The obligations of a Guarantor are limited to the maximum amount that will result in its obligations under the relevant Guarantee not constituting a fraudulent conveyance or fraudulent transfer under applicable law. Each Guarantee will be an unsecured and unsubordinated obligation of the relevant Guarantor and will rank pari passu in right of payment with other unsecured and unsubordinated indebtedness of such Guarantor except that any liability of Xstrata Schweiz with respect to any obligations of Xstrata and Xstrata Dubai under any Guarantee is limited as described below.

Ranking and other indebtedness

As at June 30, 2012, the total gross indebtedness of the Xstrata Group was US$13,198 million.

As at June 30, 2012, the Xstrata Group had approximately US$189 million of secured financial indebtedness which effectively ranks senior to the Notes and the Guarantees. Except as set forth below all remaining financial indebtedness of the Xstrata Group has either been issued or guaranteed by the Issuer and the Guarantors on a senior basis and therefore ranks pari passu with the Notes and the Guarantees except that any liability of Xstrata Schweiz with respect to any obligations of Xstrata and Xstrata Dubai is limited as described below.

As at June 30, 2012, the Xstrata Group had approximately US$1.6 billion of outstanding indebtedness assumed by the Group through the acquisition of the Falconbridge Group. All of the assumed indebtedness is structurally senior to the Notes with respect to the cash flows and assets of the Falconbridge Group.

Any liability of Xstrata Schweiz with respect to any obligations of Xstrata and Xstrata Dubai under any Guarantee as set forth in the Indenture is (to the extent that there still is a limitation requirement of the applicable law in force at the relevant time) limited to a sum equal to the maximum amount of Xstrata Schweiz's profits available for distribution as dividend (being the balance sheet profits and any reserves made for this purpose, in each case in accordance with art. 675(2) and art. 671(1) and (2) no. 3, of the Swiss Code of Obligations), provided that such limitations shall not free Xstrata Schweiz from payment obligations under the Indenture in excess of its distributable profits, but merely postpone the payment date of those obligations until such time as payment is permitted notwithstanding such limitations. Any payment made by Xstrata Schweiz with respect to any obligations of Xstrata and Xstrata Dubai may (i) require certain corporate formalities to be completed prior to payment including but not limited to obtaining an audit report, shareholder resolutions and board resolutions approving payment, and (ii) be subject to Swiss withholding taxes on dividends (the present rate of which is 35%).

For further information in relation to the Xstrata Group's outstanding indebtedness, see "Risk factors — Risks relating to the structure of the Notes", "Business of the Xstrata Group — Recent developments" and "Description of other indebtedness."

Payment of Additional Amounts

All payments by the Issuer in respect of the Notes and by the Guarantors under the Guarantees will be made without withholding or deduction for or on account of any and all present or future tax, levy, impost or other governmental charge whatsoever ("Taxes") imposed, assessed, levied or collected by or for the account of the Relevant Jurisdiction (as defined below) unless such withholding or deduction is required by law. See "Taxation".

If such a withholding or deduction is required by the law of a Relevant Jurisdiction, the Issuer and the Guarantors (pursuant to the terms of the applicable Guarantee) will pay, in respect of any payment on the Notes or any payment pursuant to the applicable Guarantee, to a Noteholder or beneficial owner of a Note such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by such Noteholder or beneficial owner, after deduction or withholding for any Taxes whatsoever imposed, assessed, levied or collected by or for the account of or as a result of such payment by the Relevant Jurisdiction, will not be less than the amount such Noteholder would have received if such Taxes had not been withheld or deducted; provided, however, that none of the Issuer or the Guarantors shall be required to pay any Additional Amounts for or on account of:

(i) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that the registered holder of the Note or Guarantee (or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Noteholder, if such Noteholder is an estate, trust, partnership or corporation) is or has been a domiciliary, national or resident of, or engaging or having been engaged in a trade or business or maintaining or having maintained a permanent establishment or being or having been physically present in the jurisdiction by which such Taxes have been imposed, assessed, levied or collected, or otherwise having or having had some connection with such jurisdiction, other than the mere holding or ownership of, or the collection of principal of, and interest on, an applicable Note or the enforcement of the applicable Guarantee, as the case may be;

(ii) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that the registered holder of the applicable Note or Guarantee at any time did not deal at arm's length with the Issuer or such Guarantor within the meaning of the Income Tax Act (Canada);

(iii) any Taxes, to the extent it would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required in order to receive payment, the applicable

Note or Guarantee was presented more than 30 days after the date on which such payment became due and payable or was provided for, whichever is later;

(iv) any estate, inheritance, gift, transfer, personal property or similar Tax;

(v) any Taxes that are payable otherwise than by deduction or withholding from payments on or in respect of the applicable Note or Guarantee;

(vi) any Taxes that would not have been so imposed, assessed, levied or collected but for the failure by the Noteholder or the beneficial owner of the applicable Note or Guarantee to comply (following a written request addressed to the Noteholders or beneficial owner, as applicable), with any certification, identification or other reporting requirements concerning the nationality, residence or identity of such Noteholder or beneficial owner or its connection with the Relevant Jurisdiction if compliance is required by statute, regulation or administrative practice of the Relevant Jurisdiction, as a condition to relief or exemption from such Tax;

(vii) any withholding or deduction imposed on a payment to an individual that is required to be made pursuant to European Union Directive 2003/48/EC, any law implementing this Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000, on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such directive;

(viii) any withholding or deduction that is imposed on the applicable Note or Guarantee that is presented for payment, where presentation is required, by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the applicable Note or Guarantee to another paying agent; or

(ix) any combination of the Taxes described in (i) through (viii) above,

nor will Additional Amounts be paid in respect of any payment to any Noteholder or beneficial owner of the applicable Notes or Guarantees that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such Noteholder or a beneficial owner and such beneficiary or settlor would not have been entitled to such amounts had such beneficiary or settlor been the holder of such Notes or Guarantees.

"Issuer Jurisdiction" means any of the jurisdictions of incorporation or residence for tax purposes of the Issuer or any successor entity, or any political subdivision or taxing authority thereof or therein.

"Guarantor Jurisdiction" means any of the jurisdictions of incorporation or residence for tax purposes of a Guarantor or any successor entity, or any political subdivision or taxing authority thereof or therein.

"Relevant Jurisdiction" means an Issuer Jurisdiction and/or a Guarantor Jurisdiction.

If the Issuer or a Guarantor becomes subject at any time to any taxing jurisdiction other than an Issuer Jurisdiction or a Guarantor Jurisdiction, as the case may be, references to "Issuer Jurisdiction" or "Guarantor Jurisdiction", as the case may be, shall for these purposes be construed as references to the Issuer Jurisdiction or Guarantor Jurisdiction, as the case may be, and such other jurisdiction.

Optional redemption

The Notes may be redeemed, in whole or in part, at the Issuer's option, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by the Independent Investment Banker, the sum of the present values of the Remaining Scheduled Payments discounted to the date of redemption ("Redemption Date") on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months or in the case of an incomplete month, the number of days elapsed) at the Treasury Rate plus 25 basis points in the case of the 2015 Notes, plus 30 basis points in the case of the 2017 Notes, plus 35 basis points in the case of the 2022 Notes and plus 40 basis points in the case of the 2042 Notes, together with, in each case, accrued and unpaid interest on the principal amount of the Notes to be redeemed to the Redemption Date. In connection with such optional redemption of Notes the following defined terms apply:

- "Treasury Rate" means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as at the third Business Day immediately preceding that Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date;
- "Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes;
- "Comparable Treasury Price" means, with respect to any Redemption Date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding that Redemption Date, as set forth in the daily statistical release designated H.15 (519) (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for US Government Notes" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (B) if the Independent Investment Banker for the Notes obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Quotations;
- "Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer to act as the "Independent Investment Banker";
- "Reference Treasury Dealer" means each of Barclays Capital Inc., J.P. Morgan Securities LLC, Mizuho Securities USA Inc., RBC Capital Markets, LLC, RBS Securities Inc., Scotia Capital (USA) Inc. and other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Issuer; provided, however, that if any of the foregoing shall cease to be a primary US Government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer;
- "Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that Redemption Date; and
- "Remaining Scheduled Payments" means, with respect to the Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption; provided, however, that if that Redemption Date is not an interest payment date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that Redemption Date.

The redemption price of the Notes shall be calculated by the Independent Investment Banker and the Issuer, and the Trustee shall be entitled to rely on such calculation.

Notice of any redemption will be given at least 30 days but not more than 60 days before the Redemption Date to each registered holder of any Notes to be redeemed. On and after any Redemption Date, interest will cease to accrue on the Notes or any portion thereof called for redemption.

Upon presentation of any Note redeemed in part only, the Issuer will execute and the Trustee will authenticate and deliver to or on the order of the Noteholder thereof, at the expense of the Issuer, a new Note or Notes, of authorized denominations, in principal amount equal to the unredeemed portion of the Note so presented.

On or before any Redemption Date, the Issuer shall deposit with the relevant Paying Agent money sufficient to pay the redemption price of and accrued interest and Additional Amounts, if any, on the Notes to be redeemed on such date. If less than all the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Trustee by lot, pro rata, or such other fair and appropriate method as the Trustee shall employ.

Maturity

Unless previously purchased or redeemed by the Issuer or the Guarantors or any of their Subsidiaries, the principal amount of the 2015 Notes will mature and become due and payable on October 23, 2015 with accrued and unpaid interest to such date, the principal amount of the 2017 Notes will mature and become due and payable on October 25, 2017 with accrued and unpaid interest to such date, the principal amount of the 2022 Notes will mature and become due and payable on October 25, 2022 with accrued and unpaid interest to such date and the principal amount of the 2042 Notes will mature and become due and payable on October 25, 2042 with accrued and unpaid interest to such date.

Reacquisition

There is no restriction on the ability of the Issuer or the Guarantors or any of their Subsidiaries to purchase or repurchase Notes.

Redemption for tax reasons

The Notes are also redeemable by the Issuer, in whole but not in part, in an amount equal to their respective principal amounts with accrued and unpaid interest to the applicable Redemption Date without reduction for any applicable withholding taxes imposed by the Relevant Jurisdiction, at the Issuer's option at any time prior to their maturity if due to a Change in Tax Law (as defined below) (i) the Issuer or a Guarantor, in accordance with the terms of the Notes or the Guarantees, respectively, has, or would, become obligated to pay to the Noteholder or beneficial owner of any Note any Additional Amounts; (ii) in the case of a Guarantor, (A) such Guarantor would be unable, for reasons outside its control, to procure payment by the Issuer or (B) the procuring of such payment by the Issuer would be subject to withholding taxes imposed by the Relevant Jurisdiction; and (iii) such obligation otherwise cannot be avoided by the Issuer or such Guarantor taking reasonable measures available to it. In such case the Issuer may redeem the Notes as a whole but not in part, upon not less than 30 nor more than 60 days' notice in accordance with the requirements for notice as set forth in the Indenture, in an amount equal to their respective principal amounts with accrued and unpaid interest to the Redemption Date without reduction for any applicable withholding taxes imposed by the Relevant Jurisdiction; provided that, (a) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or such Guarantor would be obligated to pay any such Additional Amounts were a payment in respect of the Notes or the Guarantees, as applicable, then due and (b) at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. The Issuer's right to redeem the Notes shall continue as long as the Issuer or a Guarantor, as the case may be, is obligated to pay such Additional Amounts, notwithstanding that the Issuer or such Guarantor shall have made payments of Additional Amounts. Prior to the giving of any such notice of redemption, the Issuer must deliver to the Trustee (1) a certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent counsel of recognized standing selected by the Issuer or the Guarantors, as applicable, to the effect that the Issuer or the Guarantors has, or would, become obligated to pay such Additional Amounts as a result of such Change in Tax Law.

For purposes hereof, "Change in Tax Law" shall mean (i) any change in, or amendment to, any law of an Issuer Jurisdiction or a Guarantor Jurisdiction (including any regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment is announced, if applicable, and becomes effective on or after the Closing Date or (ii) if the Issuer or a Guarantor consolidates or merges with, or transfers or leases its assets substantially as an entirety to, any Person that is incorporated or tax resident under the laws of any jurisdiction other than an Issuer Jurisdiction or a Guarantor Jurisdiction, respectively, and as a consequence thereof such

Person becomes the successor obligor to the Issuer or such Guarantor in respect of Additional Amounts that may become payable (in which case, for purposes of this redemption provision, all references to the Issuer or such Guarantor hereunder, as applicable, shall be deemed to be and include references to such Person), any change in, or amendment to, any law of the jurisdiction of incorporation of such Person or any successor entity or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment becomes effective on or after the date of such consolidation, merger or other transaction.

Certain definitions

Set forth below is a summary of certain of the defined terms used in the Notes and the Indenture. You should refer to the Notes and the Indenture for the full definition of all defined terms.

"Attributable Debt" means as to any particular lease under which any Person is liable at the time as lessee, and at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining term thereof (including any period for which such lease has been extended or may, at the option of the lessor, be extended), discounted from the respective due dates thereof to such date at a rate per annum equivalent to the rate inherent in such lease (as determined by the Xstrata Directors) compounded semi-annually, excluding amounts required to be paid on account of or attributable to operating costs and overhead charges and including, in certain circumstances, any termination penalty in the case of a lease terminable by the lessee.

"Business Day" means any day which is not, in London, England, New York City, or the place or payment of such interest or principal, a Saturday, Sunday, a legal holiday or a day on which banking institutions are authorized or obligated by law, regulation or executive order to close.

"Consolidated Net Tangible Assets" means the aggregate amount of assets (less applicable provisions) after deducting therefrom (1) all current liabilities (excluding any portion thereof constituting Funded Debt); and (2) all intangible assets, all as set forth on the most recent consolidated balance sheet of the Xstrata Group and computed in accordance with IFRS.

"Funded Debt" means, as applied to any Person, all Indebtedness created or assumed by such Person maturing after, or renewable or extendable at the option of such Person beyond, 12 months from the date of creation thereof.

"Government Obligations" means money or obligations issued by the United States government.

"IFRS" means International Financial Reporting Standards.

"Indebtedness" means all obligations for borrowed money represented by notes, bonds, debentures or similar evidence of indebtedness and obligations for borrowed money evidenced by credit, loan or other like agreements.

"Mortgage" means any mortgage, deed of trust, pledge, hypothecation, lien, encumbrance, charge or security interest of any kind.

"Nonrecourse Indebtedness" means Indebtedness of a Project Company, none of which retains the benefit of any guarantee, bond, security (other than third party security over shares in or debts or other obligations of a Project Company solely to secure that Indebtedness), indemnity or other commitment from another member of the Xstrata Group to assure the repayment of, or indemnify against loss in respect of non-payment of, that Indebtedness.

"Person" means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Principal Property" means the interest of Xstrata or any Restricted Subsidiary in any (a) mineral property or (b) manufacturing or processing plant, building, structure, dam or other facility, together with the land upon which it is erected and fixtures comprising a part thereof, whether owned as of the date of the Indenture or thereafter acquired or constructed by Xstrata or any Restricted Subsidiary, of which interest the net book value in each case, on the date as of which the determination is being made, is an amount which exceeds 10% of Consolidated Net Tangible

Assets. As of the date of this Offering Memorandum no property of the Xstrata Group is a Principal Property.

"Project Company" means any member of the Xstrata Group (which is not the Issuer or a Guarantor) whose sole activity is or will be the ownership and development and/or operation of a project including without limitation:

(i) the discovery, mining, extraction, transportation or development (in each case whether directly or indirectly) of metals or minerals; or

(ii) the development or operation of processing facilities (in each case whether directly or indirectly) related to natural resources including, without limitation, metals smelting, processing and refining.

"Restricted Subsidiary" means (1) any Subsidiary which owns or leases a Principal Property; and (2) any Subsidiary engaged primarily in the business of owning or holding securities of Restricted Subsidiaries.

"Sale and Leaseback Transactions" mean any arrangement with a bank, insurance company or other lender or investor (other than Xstrata or a Restricted Subsidiary) providing for the leasing by Xstrata or any such Restricted Subsidiary of any Principal Property which has been or is to be sold or transferred, more than 270 days after the later of the acquisition, completion of construction or commencement of full operation thereof by Xstrata or such Restricted Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of that property or asset.

"Shareholders' Equity" means the aggregate amount of shareholders' equity of the Xstrata Group as shown on the most recent audited annual consolidated balance sheet of the Xstrata Group and computed in accordance with IFRS.

"Subsidiary" means, at any relevant time, any Person of which the voting shares or other interests carrying more than 50% of the outstanding voting rights attached to all outstanding voting shares or other interests are owned, directly or indirectly, by or for Xstrata and/or one or more Subsidiaries of Xstrata.

"Significant Subsidiary" means, any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

Repurchase on Change of Control Repurchase Event

Unless the Notes are otherwise subject to redemption as described under "— Optional redemption" above or "— Redemption for tax reasons" above and the Issuer has elected to exercise its right to redeem the Notes, if a Change of Control Repurchase Event occurs, the Issuer will make an offer to each Noteholder to repurchase all or any part of such Noteholder's Notes (in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof) at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus any accrued and unpaid interest on the principal amount of the Notes repurchased to the date of repurchase.

Within:

- 30 days of a Change of Control Repurchase Event; or
- at the Issuer's option, prior to a Change of Control,

but after the public announcement of an impending Change of Control, the Issuer shall give notice to each Noteholder, with a copy to the Trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase Notes on the payment date specified in the notice (the "Repurchase Payment Date"), which date will be no earlier than 30 days and no later than 60 days from the date on which such notice is dispatched. The notice shall, if given prior to the Change of Control, state that the offer to repurchase is conditional on the Change of Control Repurchase Event occurring on or prior to the Repurchase Payment Date.

The Issuer shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with "Repurchase on Change of Control Repurchase Event" provision in the Indenture, the Issuer shall comply with the applicable securities laws and regulations and shall be deemed not to have breached its obligations under the "Change of Control Repurchase Event" provision by virtue of such conflict.

On the Repurchase Payment Date, the Issuer shall, to the extent lawful:

- accept for payment all Notes or portions of Notes (in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof) properly tendered pursuant to its offer;
- deposit with the relevant Paying Agent money sufficient to pay the repurchase price of and accrued interest on the Notes or portions of Notes so properly tendered; and
- deliver or cause to be delivered to the Trustee an officers' certificate stating the aggregate principal amount of Notes being purchased by it.

Upon presentation of any Note repurchased in part only, the Issuer will execute and the Trustee will authenticate and deliver to or on the order of the Noteholder thereof, at the expense of the Issuer, a new Note or Notes, of authorized denominations, in principal amount equal to the unredeemed portion of the Note so presented.

The Issuer shall not be required to make an offer to repurchase the Notes upon the occurrence of a Change of Control Repurchase Event if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Issuer, and such third party purchases all Notes properly tendered, and not withdrawn, under its offer.

In connection with such repurchase of Notes the following defined terms apply:

- a "Below Investment Grade Rating Event" occurs once the Notes are rated below Investment Grade by each Rating Agency on any date from 30 days prior to the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by a Rating Agency);
- each of the following constitutes a "Change of Control":
  - (i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of consolidation, amalgamation or merger), in one or a series of related transactions, of the Xstrata Group's properties or assets as an entirety or substantially as an entirety to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than to a member of the Xstrata Group; or
  - (ii) the consummation of any transaction (including, without limitation, any consolidation, amalgamation or merger) the result of which is that (a) any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Voting Stock; or (b) any of the outstanding Voting Stock is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the aggregate voting power of the voting stock of the surviving Person immediately after giving effect to such transaction; or
  - (iii) the first day on which a majority of the members of the Board of Directors are not Continuing Directors;
- a "Change of Control Repurchase Event" occurs once a Change of Control and a Below Investment Grade Rating Event have both occurred;
- "Continuing Directors" means, as of any date of determination, any member of the Board of Directors:
  - (i) who was a member of such Board of Directors on the date of the issuance of the Notes; or
  - (ii) who was nominated for election or elected to the Board of Directors with the approval of a majority of the Continuing Directors who were members of the Board of Directors at the time of such nomination or election;

- "Investment Grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's) and a rating of BBB− or better by S&P (or its equivalent under any successor rating categories of S&P); or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by the Issuer;
- "Moody's" means Moody's Investors Service Inc.;
- "Rating Agency" means:
  - (i) each of Moody's and S&P; and
  - (ii) if any of Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" (as such term is defined in Section 3(a)(62) of the Exchange Act), selected by the Issuer as a replacement agency for Moody's or S&P, as the case may be;
- "S&P" means Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc.; and
- "Voting Stock" means Xstrata's issued ordinary share capital.

Although the Issuer cannot assure Noteholders that a Change of Control Repurchase Event will not occur as a result of these events, the Issuer does not expect a Below Investment Grade Rating Event to occur in connection with these events and therefore the Issuer does not expect a Change of Control Repurchase Event to occur in connection with these events.

Covenants of the Issuer and the Guarantors

Negative pledge

Each of the Issuer and the Guarantors will covenant under the Indenture that for so long as any of the Notes are outstanding under the Indenture, and subject to the provisions of the Indenture, they will not, and they will not permit any Restricted Subsidiary to, create, incur, issue, assume or otherwise have outstanding any Mortgage on or over any Principal Property now owned or hereafter acquired by Xstrata or a Restricted Subsidiary to secure any Indebtedness, or on shares of stock or Indebtedness of any Restricted Subsidiary now owned or hereafter acquired by Xstrata or a Restricted Subsidiary to secure any Indebtedness, unless at the time thereof or prior thereto the Notes then outstanding under the Indenture (together with, if and to the extent the Issuer and the Guarantors so determine, any other Indebtedness then existing or thereafter created) are secured equally and ratably with (or prior to) any and all such Indebtedness for so long as such Indebtedness is so secured by such Mortgage; provided, however, such negative pledge will not apply to or operate to prevent or restrict the following permitted encumbrances:

(1) any Mortgage on property, shares of stock or Indebtedness of any Person existing at the time such Person becomes a Restricted Subsidiary or created, incurred, issued or assumed in connection with the acquisition of any such Person;

(2) any Mortgage on any Principal Property created, incurred, issued or assumed at or prior to the time such property became a Principal Property or existing at the time of acquisition of such Principal Property by Xstrata or a Restricted Subsidiary, whether or not assumed by Xstrata or such Restricted Subsidiary; provided that no such Mortgage will extend to any other Principal Property of Xstrata or any Restricted Subsidiary;

(3) any Mortgage on all or any part of any Principal Property (including any improvements or additions to improvements on a Principal Property) hereafter acquired, developed, expanded or constructed by Xstrata or any Restricted Subsidiary to secure the payment of all or any part of the purchase price, cost of acquisition or cost of development, expansion or construction of such Principal Property or of improvements or additions to improvements thereon (or to secure any Indebtedness incurred by Xstrata or a Restricted Subsidiary for the purpose of financing all or any part of the purchase price, cost of acquisition or cost of development, expansion or construction thereof or of improvements or additions to improvements thereon) created prior to, at the time of, or within 360 days after the later of, the acquisition, development, expansion or completion of construction (including construction of improvements or additions to improvements thereon), or commencement of full operation of such Principal Property; provided that no such Mortgage will extend to any other Principal Property of Xstrata or a Restricted Subsidiary other than, in the case of any such construction, improvement,

development, expansion or addition to improvement, all or any part of any other Principal Property on which the Principal Property so constructed, developed or expanded, or the improvement or addition to improvement, is located;

(4) any Mortgage on any Principal Property of any Restricted Subsidiary to secure Indebtedness owing by it to Xstrata or to another Restricted Subsidiary;

(5) any Mortgage on any Principal Property of Xstrata to secure Indebtedness owing by it to a Restricted Subsidiary;

(6) any Mortgage on any Principal Property or other assets of Xstrata or any Restricted Subsidiary existing on the date of the Indenture, or arising thereafter pursuant to contractual commitments entered into prior to the date of the Indenture;

(7) any Mortgage on any Principal Property or other assets of Xstrata or any Restricted Subsidiary created for the sole purpose of extending, renewing, altering or refunding any of the foregoing Mortgages, provided that the Indebtedness secured thereby will not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal, alteration or refunding, plus an amount necessary to pay fees and expenses, including premiums, related to such extensions, renewals, alterations or refundings, and that such extension, renewal, alteration or refunding Mortgage will be limited to all or any part of the same Principal Property and improvements and additions to improvements thereon and/or shares of stock and Indebtedness of a Restricted Subsidiary which secured the Mortgage extended, renewed, altered or refunded or either of such property or shares of stock or Indebtedness;

(8) Mortgages on any Principal Property subject to Sale and Leaseback Transactions described below in Clauses (1) or (3) of the section headed ''Limitation on Sale and Leaseback Transactions'';

(9) Mortgages in relation to the financing of long-term industrial projects based upon a non-recourse financial structure where project debt and equity used to finance the project are paid back from the cash flow generated by the project;

(10) Mortgages constituted by rights of set-off or netting in the ordinary course of the Issuer's, any Guarantor's or any Restricted Subsidiary's banking arrangements or for the provision of clearing bank facilities or overdraft facilities for the purpose of netting debt and credit balances (other than cash collateral); or

(11) any Mortgage on any Principal Property or on any shares of stock or Indebtedness of any Restricted Subsidiary created, incurred, issued or assumed to secure Indebtedness of Xstrata or any Restricted Subsidiary, which would otherwise be subject to the foregoing restrictions, in an aggregate amount which, together with the aggregate principal amount of other Indebtedness secured by Mortgages on any Principal Property or on any shares of stock or Indebtedness of any Restricted Subsidiary then outstanding (excluding Indebtedness secured by Mortgages permitted under the foregoing exceptions) and the Attributable Debt in respect of all Sale and Leaseback Transactions entered into after the date of the Indenture (not including Attributable Debt in respect of any such Sale and Leaseback Transactions described below in Clauses (1) or (3) of the section headed ''Limitation on Sale and Leaseback Transactions'') would not then exceed the greater of US$5.3 billion or 10% of Consolidated Net Tangible Assets.

Limitation on Sale and Leaseback Transactions

Sale and Leaseback Transactions by Xstrata or any Restricted Subsidiary of any Principal Property are prohibited by the Indenture unless (1) such transaction involves a lease or right to possession or use for a temporary period not to exceed three years following such transaction, by the end of which it is intended that the use of such property by the lessee will be discontinued; (2) immediately prior to the entering into of such transaction, Xstrata or such Restricted Subsidiary could create a Mortgage on such Principal Property securing Indebtedness in an amount equal to the Attributable Debt with respect to the particular Sale and Leaseback Transaction; or (3) the proceeds of such transaction within 180 days after such transaction, are applied to either the payment of all or any part of the purchase price, cost of acquisition, cost of development, cost of expansion or cost of construction of a Principal Property or cost of improvements or additions to improvements thereon or the prepayment (other than mandatory prepayment) of Funded Debt of

Xstrata or a Restricted Subsidiary (other than Funded Debt held by Xstrata or any Restricted Subsidiary).

Provision of financial information

For so long as the Notes are outstanding, Xstrata shall deliver to the Trustee copies of its annual reports, half year result announcements and other filings it forwards to the United Kingdom Financial Services Authority within 15 days after it forwards such documents to the United Kingdom Financial Services Authority.

Consolidation, amalgamation and merger and sale of assets

Each of the Issuer and the Guarantors may not consolidate or amalgamate with or merge into with any other Person, or, directly or indirectly, convey, transfer or lease their respective properties and assets as an entirety or substantially as an entirety to any Person, unless:

- the Person formed by or continuing from such consolidation or amalgamation or into which the Issuer or such Guarantor is merged or the Person which acquires or leases the Issuer's or such Guarantor's properties and assets as an entirety or substantially as an entirety is organized and existing under the laws of the United States, any state thereof or the District of Columbia, the laws of Canada or any province or territory thereof, the United Kingdom or Switzerland or the United Arab Emirates or any other country that is a member of the Organization for Economic Cooperation and Development or, if such consolidation, amalgamation, merger or other transaction would not impair the rights of the Noteholders under the Indenture, in any other country, provided that, if such successor Person is organized under the laws of a jurisdiction other than the United States, any state thereof or the District of Columbia, or the laws of Canada or any province or territory thereof, the United Kingdom or Switzerland or the United Arab Emirates or any other country that is a member of the Organization for Economic Cooperation and Development the successor Person assumes the Issuer's or such Guarantor's obligations under the Notes and the Indenture to pay Additional Amounts (as defined above under the section headed "Payment of additional amounts");
- the successor Person expressly assumes or assumes by operation of law all of the Issuer's or such Guarantor's obligations under the Notes and under the Indenture;
- immediately before and after giving effect to such transaction, no Event of Default (as defined below) and no event which, after notice or lapse of time or both, would become an Event of Default, will have happened and be continuing; and
- certain other conditions are met.

If, as a result of any such transaction, any of the Issuer's or such Guarantor's Principal Properties become subject to a Mortgage, then, unless such Mortgage could be created pursuant to the Indenture provisions described above in the section headed "Negative pledge" without equally and ratably securing the Notes, the Issuer or such Guarantor, simultaneously with or prior to such transaction, will cause the Notes to be secured equally and ratably with or prior to the Indebtedness secured by such Mortgage.

The Notes will not contain covenants or other provisions to afford protection to Noteholders in the event of a highly leveraged transaction or a change in control of the Issuer or the Guarantors except as provided above.

Upon certain mergers or consolidations involving the Issuer or the Guarantors, or upon certain sales or conveyances of the respective properties of the Issuer or the Guarantors as an entirety or substantially as an entirety, the obligations of the Issuer or the Guarantors, as the case may be, under the Notes or the Guarantees, as the case may be, shall be assumed by the Person formed by such merger or consolidation or which shall have acquired such property and upon such assumptions such Person shall succeed to and be substituted for the Issuer or the Guarantors, as the case may be, and then the Issuer or the Guarantors, as the case may be, will be relieved from all obligations under the Notes and the Guarantees, as the case may be. The terms "Issuer", "Guarantor" and "Guarantors", as used in the Notes and the Indenture, also refer to any such successors or assigns so substituted.

Events of Default

The following will be Events of Default (each an "Event of Default") with respect to any series of Notes:

(i) default in the payment of any installment of interest (excluding Additional Amounts) upon any series of Notes as and when the same shall become due and payable, and continuance of such default for 30 days;

(ii) default in the payment of the Additional Amounts as and when the same shall become due and payable, and continuance of such default for a period of 30 days;

(iii) default in the payment of all or any part of the principal of or premium, if any, on any series of Notes as and when the same shall become due and payable either at maturity, upon any redemption, by declaration or otherwise;

(iv) default in the performance or breach of any covenant or warranty of the Issuer or the Guarantors in respect of any series of Notes or the Indenture (other than those described in paragraphs (i), (ii) and (iii) above), and continuance of such default or breach for a period of 60 days after there has been given written notice to the Issuer, the Guarantors and the Trustee by the registered holders of at least 25% in principal amount of such series of Notes;

(v) any present or future Indebtedness other than Nonrecourse Indebtedness of the Issuer, a Guarantor or any Restricted Subsidiary, other than the Notes, having a then outstanding principal amount in excess of $100,000,000 is accelerated by any holder or holders thereof or any trustee or agent acting on behalf of such holder or holders in accordance with any agreement or instrument evidencing such Indebtedness;

(vi) the Issuer, a Guarantor or any Restricted Subsidiary that is a Significant Subsidiary admits in writing that it is unable to pay its debts generally; or a resolution is passed by the board of directors of the Issuer or a Guarantor to be wound up or dissolved; or

(vii) certain events in bankruptcy, insolvency or reorganization involving the Issuer, a Guarantor or any Restricted Subsidiary that is a Significant Subsidiary ("Bankruptcy Events" as defined therein).

If an Event of Default occurs and is continuing, then and in each and every such case (other than the Events of Default specified in paragraph (vii) above), unless the principal of such series of Notes shall have already become due and payable, the Noteholders of not less than 25% in aggregate principal amount of such series of Notes then outstanding (each such series voting as a separate class), by notice in writing to the Issuer, the Guarantors and the Trustee, may declare the entire principal amount of such series of Notes and interest accrued and unpaid thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If an Event of Default described in paragraph (vii) above occurs and is continuing, the principal amount of and accrued and unpaid interest on all the Notes shall become immediately due and payable, without any declaration or other act on the part of any Noteholder. Under certain circumstances, the Noteholders of a majority in aggregate principal amount of the Notes of a series affected by the default, each series voting as a separate class, by written notice to the Issuer, the Guarantors and the Trustee, may waive defaults and rescind and annul declarations of acceleration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impart any right consequent thereon.

Defeasance

The Issuer will have the option either (a) to be deemed (together with the Guarantors) to have paid and discharged the entire indebtedness represented by, and obligations under, the Notes and the Guarantees and to have satisfied all the obligations under the Indenture, the Notes and the Guarantees (except for certain obligations, including those relating to the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain paying agencies) on the 91st day after the conditions described below have been satisfied or (b) to cease (together with the Guarantors) to be under any obligation to comply with the covenants described above in the section headed "Covenants of the Issuer and the Guarantors — Negative pledge", "Covenants of the Issuer and the Guarantors — Limitation on Sale and Leaseback Transactions" and "Covenants of the Issuer and the Guarantors — Provision of financial information'' and the condition relating to the absence of any events of default above in the section headed ''Consolidation, amalgamation and mergers and sale of assets'' under the Notes, and non-compliance with such covenants and the occurrence of certain events described above in the section headed ''Events of Default'' will not give rise to any Event of Default under the Notes, at any time after the conditions described below have been satisfied.

In order to exercise either defeasance option, the Issuer must (i) deposit with a defeasance agent, irrevocably in trust, money or Government Obligations for the payment of principal and interest on the outstanding Notes to and including the Redemption Date irrevocably designated by the Issuer on or prior to the date of deposit of such money or Government Obligations; (ii) comply with certain other conditions, including delivering to a defeasance agent either an opinion of US counsel or a ruling received from or published by the United States Internal Revenue Service, to the effect that Noteholders will not recognize income, gain or loss for United States federal income tax purposes as a result of the exercise of such option and will be subject to United States federal income tax on the same amount and in the same manner and at the same time as would have been the case if such option had not been exercised and which, in the case of (a) above, is based on a change of law after the Closing Date; and (iii) pay in full all other amounts due and owing under the Indenture.

Modification and waiver

Without consent of Noteholders

The Indenture contains provisions for convening meetings of Noteholders to consider any matters affecting their interests.

The Issuer, the Guarantors and the Trustee may, without the consent of the Noteholders, from time to time and at any time, amend the Indenture or the Notes or enter into an agreement:

- to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Notes any property or assets;
- to evidence the succession of another Person to the Issuer or the Guarantors, as the case may be, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Issuer or the Guarantors, as the case may be, pursuant to the Indenture;
- to evidence and provide for the acceptance of appointment of a successor Trustee, Paying Agent, Registrar or Transfer Agent, as the case may be;
- to add to the covenants of the Issuer and the Guarantors, as the case may be, such further covenants, restrictions, conditions or provisions as the Issuer and the Guarantors, as the case may be, shall certify to be for the protection of the Noteholders, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in the Notes or Guarantees; provided that, in respect of any such additional covenant, restriction, condition or provision, the relevant agreement may provide for a particular period of grace after default (which may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the right of the Noteholders of a majority in aggregate principal amount of the Notes to waive such an Event of Default;
- to modify the restrictions on, and procedures for, resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to cure any ambiguity or to correct or supplement any provision contained in the Notes which may be defective or inconsistent with any other provision contained therein or to make such other provision in regard to matters or questions arising under the Notes as the Issuer or Guarantors may deem necessary or desirable and which will not adversely affect the interests of the Noteholders in any material respect; and
- to issue further securities having identical terms and conditions in all respects (or in all respects except for the first payment of interest on such further securities) as the Notes so that the further

issue is consolidated and forms a single series with the Notes and would be treated as fungible with the Notes for U.S. federal income tax purposes.

With consent of Noteholders

The Issuer, the Guarantors and the Trustee may, with the consent of the Noteholders of not less than a majority in aggregate principal amount of the Notes of each series affected by the amendment or modification at the time outstanding (voting as one class) (including consents obtained in connection with a tender offer or exchange offer for such series of Notes), from time to time and at any time, enter into an agreement to add any provisions to or change in any manner or eliminate any of the provisions of the Notes or the Indenture or to modify in any manner the rights of the Noteholders; provided that, no such amendment of the Notes or the Indenture may, without the consent of the registered holders of each of the Notes so affected:

- change the stated maturity of the principal of or the date for payment of any installment of interest on such series of Notes;
- reduce the principal amount of or interest on such series of Notes or Additional Amounts payable with respect thereto or reduce the amount payable thereon in the event of redemption or default;
- change the currency of payment of principal of or interest on such series of Notes or Additional Amounts payable with respect thereto;
- change the obligation of the Issuer or any Guarantor, as the case may be, to pay Additional Amounts;
- impair the right to institute suit for the enforcement of any such payment on or with respect to such series of Notes; or
- reduce the above-stated percentage of aggregate principal amount of such series of Notes outstanding necessary to modify or amend the Indenture or any such series of Notes or to waive any future compliance or past default or reduce the quorum requirements or the percentage of aggregate principal amount of such series of Notes outstanding required for the adoption of any action at a meeting of registered holders of such series of Notes or reduce the percentage of the aggregate principal amount of such series of Notes outstanding necessary to rescind or annul any declaration of the principal of and all accrued and unpaid interest on such series of Notes to be due and payable;

provided that no consent of any Noteholder shall be necessary to permit the Trustee, the Issuer and the Guarantors to execute a supplemental Indenture described above in the section headed "Modification and waiver — Without consent of Noteholders".

Any modifications, amendments or waivers to the Indenture or to any series of Notes will be conclusive and binding on all Noteholders of such series of Notes, whether or not they have consented to such action or were present at the meeting at which such action was taken, and on all future Noteholders of the affected series, whether or not notation of such modifications, amendments or waivers is made upon such Notes. Any instrument given by or on behalf of any Noteholder of such a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent registered Noteholders.

Consent to service

Each of the Issuer and the Guarantors will accept service of process in any legal suit, action or proceeding arising out of or relating to the performance of its obligations under the Notes or the Guarantees brought in any state or federal court in the Borough of Manhattan, the City of New York, by, among other methods, mail or facsimile, and will irrevocably submit (but for those purposes only) to the non-exclusive jurisdiction of any such court in any such suit, action or proceeding.

Governing law

The Notes, the Guarantees and the Indenture shall be governed by and construed in accordance with the laws of the State of New York.

The Indenture also contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

BOOK-ENTRY, DELIVERY AND FORM

The Notes are being offered and sold within the United States initially to qualified institutional buyers in reliance on Rule 144A under the Securities Act (the "Rule 144A Notes") and outside the United States initially to, or for the account or benefit of, persons other than US persons in reliance on Regulation S under the Securities Act (the "Regulation S Notes"). Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Rule 144A Global Notes"). Regulation S Notes will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Regulation S Global Notes"). The Rule 144A Global Notes and the Regulation S Global Notes will be deposited on or about the Closing Date with The Bank of New York Mellon, as custodian for DTC, and registered in the name of Cede & Co., as nominee of DTC, in each case, for credit to an account of a direct or indirect participant in DTC, as described below.

The Rule 144A Global Notes and the Regulation S Global Notes together comprise the "Global Notes." Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See "— Exchanges Between Regulation S Global Notes and Rule 144A Global Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive registered Notes in certificated form (the "Definitive Registered Notes") except in the limited circumstances described below. See "— Definitive Registered Notes" Except in the limited circumstances described in "— Definitive Registered Notes", owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

Rule 144A Global Notes will be subject to certain restrictions on transfer and will bear a restrictive legend as described in "Transfer Restrictions." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Except as described in "— Definitive Registered Notes," owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments on Global Notes

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the Trustee and any agent of the Issuer or the Trustee will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Xstrata Group, the Trustee nor any of the Xstrata Group's or the Trustee's respective agents has or will have any responsibility or liability for:

- any aspect of the accuracy of DTC's records or any Participant or Indirect Participant's (each, as defined below) records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuer and the Guarantors that its current practice, upon receipt of any payment in respect of securities, such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the Payment Date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or the Xstrata Group. Neither the Xstrata Group nor the Trustee, nor any of their respective agents, will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Notes, and the Xstrata Group and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes. Subject to the procedures and limitations described herein, transfers of beneficial interests within a Global Note may be made without delivery to the Issuer, the Guarantors, the Trustee or any of their respective agents of any written certifications or other documentation by the transferor or transferee.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes in US dollars.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither the Xstrata Group nor the Trustee nor the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Beneficial Interests in the Global Notes

DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for legended Definitive Registered Notes, and to distribute such Definitive Registered Notes to its Participants.

Transfers

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Definitive Registered Notes

Under the terms of the Indenture, owners of beneficial interests in the Global Notes will receive Definitive Registered Notes if:

- DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuer fails to appoint a successor depositary;
- the Issuer, at its option, notifies the Trustee in writing that it elects to cause the issuance of the Definitive Registered Notes; or
- there has occurred and is continuing a default or event of default with respect to the Notes and the Trustee receives a written request for Definitive Registered Notes from a holder of Notes.

In addition, beneficial interests in a Global Note may be exchanged for Definitive Registered Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the

Indenture. In all cases, Definitive Registered Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend set forth in "Transfer Restrictions," unless that legend is not required by applicable law.

Definitive Registered Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Transfer Restrictions."

Exchanges Between Regulation S Global Notes and Rule 144A Global Notes

Prior to the expiration of the Restricted Period, beneficial interests in a Regulation S Global Note may be exchanged for beneficial interests in a Rule 144A Global Note only if:

- such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A under the Securities Act; and
- the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that the Notes are being transferred to a person: (a) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A under the Securities Act; (b) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A under the Securities Act; and (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S under the Securities Act or Rule 144 under the Securities Act (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the trustee through the DTC Deposit/Withdrawal at Custodian System. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

Same Day Settlement

The Issuer will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, and interest) by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. The Issuer will make all payments of principal, interest and premium, if any, with respect to the Definitive Registered Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Definitive Registered Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to be eligible to trade in The PORTAL℠ Market and to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Definitive Registered Notes will also be settled in immediately available funds.

Subject to compliance with the transfer restrictions applicable to the Notes described herein and under ''Transfer Restrictions'' and the other requirements of the Indenture governing the Notes, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and regulations and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue or modify such procedures at any time. Neither the Xstrata Group, the Trustee, the Paying Agent nor any of our or their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Information Concerning DTC, Euroclear and Clearstream

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Neither we nor the Initial Purchasers take any responsibility for these operations and procedures and we urge investors to contact the system or their participants directly to discuss these matters.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a ''clearing corporation'' within the meaning of the New York Uniform Commercial Code and a ''clearing agency'' registered pursuant to the provisions of Section 17A of the Exchange Act. DTC has advised the Xstrata Group that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the ''Participants'') and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of securities certificates. The Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the ''Indirect Participants''). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants. DTC has also advised us that, pursuant to procedures established by it:

- upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the Initial Purchasers with portions of the principal amount of the Global Notes; and
- ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Indirect Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are participants in DTC. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

TAXATION

US taxation

The following discussion is a summary based on present law of certain US federal income tax considerations relevant to the purchase, ownership and disposition of the Notes. This discussion addresses only US Holders who purchase Notes in the original offering at the original offering price, hold the Notes as capital assets and use the US Dollar as their functional currency. This discussion is not a complete description of all US tax considerations relating to the Notes. It does not address the tax treatment of prospective purchasers that will hold the Notes in connection with a permanent establishment or other qualified business unit outside of the United States. It also does not address the tax treatment of prospective purchasers subject to special rules, such as banks, dealers, traders that elect to mark to market, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, US expatriates, tax-exempt entities or persons holding the Notes as part of a hedge, straddle, conversion or other integrated financial transaction.

THE FOLLOWING STATEMENTS ABOUT US FEDERAL TAX ISSUES ARE MADE TO SUPPORT MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE NOTES UNDER THE LAWS OF CANADA, SWITZERLAND, DUBAI, THE UNITED STATES AND THEIR CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, a ''US Holder'' is a beneficial owner that is for US federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation, partnership or other business entity created or organized under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income taxation regardless of its source.

If a partnership acquires or holds the Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership that acquires or holds the Notes should consult its own tax advisors.

Interest

Interest on the Notes, including any Additional Amounts, generally will be includible in the gross income of a US Holder in accordance with its regular method of tax accounting. The interest on the Notes generally will be ordinary income from sources outside the United States. Prospective purchasers should consult their tax advisors concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

A US Holder of a Note issued with original issue discount (''OID'') must accrue the OID into income on a constant yield to maturity basis whether or not it receives cash payments. A Note will have been issued with OID if its stated redemption price exceeds its issue price by as much as 0.25% of the stated redemption price multiplied by the number of complete years to maturity. The OID to be taken into account is the amount by which the Note's stated redemption price at maturity exceeds its issue price. The issue price of the Notes is the initial offering price at which a substantial amount of the Notes are sold to persons other than brokers and others for resale. The stated redemption price at maturity is the sum of all payments due on a Note other than payments of qualified stated interest. The Issuer believes that stated interest on the Notes should be qualified stated interest.

Prospective purchasers of the Notes should consult their own tax advisors about the possibility that the Issuer's optional redemption right could cause the Notes to be treated as contingent payment debt instruments for purposes of making OID accruals.

In tax years beginning after December 31 2012, interest received by certain individuals' estates and trusts generally will be ''net investment income'' subject to the Medicare contribution tax.

Disposition

A US Holder generally will recognize gain or loss on the sale, redemption or other disposition of a Note in an amount equal to the difference between the amount realized (less any accrued but unpaid interest, which will be taxable as ordinary interest income to the extent not previously included in income) and the holder's adjusted tax basis in the Note. A US Holder's adjusted tax basis in a Note generally will be the cost of the Note increased by the amount of any OID included in income with respect to the Note and reduced by any principal payments previously received by the holder.

Gain or loss on disposition of a Note generally will be treated as capital gain or loss from US sources. Capital gain or loss will be long-term capital gain or loss if the US Holder has held the Note for more than one year. The long-term capital gains of non-corporate US Holders may be taxed at lower rates. Deductions for capital losses are subject to limitations.

In tax years beginning after December 31 2012, gain on the disposition of the Notes by certain individuals' estates and trusts generally will be ''net investment income'' subject to the Medicare contribution tax.

Reporting and backup withholding

Payments of interest and proceeds from the sale, redemption or other disposition of a Note may be reported to the US Internal Revenue Service unless the holder establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or fails to report all interest and dividends required to be shown on its US federal income tax returns. A US Holder can claim a credit against its US federal income tax liability for the amount of any backup withholding tax and a refund of any excess. Prospective investors should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

US Holders must report information to the Internal Revenue Service with respect to their investment in Notes not held through an account with a domestic financial. Investors who fail to report required information could become subject to substantial penalties. Potential investors should consult their own tax advisors regarding the possible implications of these reporting requirements for their investment in Notes.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN NOTES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

United Kingdom taxation

The comments below are of a general nature based on current United Kingdom law and HMRC practice (which may not be binding on HMRC). They are not intended to be, nor should they be construed to be, legal or tax advice and are included below solely for information purposes. The comments are not intended to be exhaustive and relate only to the position of persons who are the absolute beneficial owners of their Notes and coupons. The comments may not necessarily apply where the income is deemed for tax purposes to be the income of any other person and they further may not apply to certain classes of persons such as dealers or certain professional investors or persons who are connected with the Issuer. Prospective Noteholders should consult their own professional advisers as to the United Kingdom tax consequences of holding and disposing of Notes and receiving payments of interest or principal under the Notes, as well as if they are in any doubt as to their own technical position.

Xstrata's place of effective management is in Switzerland, and it is accordingly treated as resident in Switzerland, and not in the United Kingdom, for the purposes of Swiss and United Kingdom taxation and for the purposes of the United Kingdom-Switzerland double tax treaty. This position will, however, be reviewed from time to time and it is possible that Xstrata could in the future become resident for the purposes of taxation in the United Kingdom or elsewhere.

This section is written on the basis that Xstrata is and remains resident in Switzerland and, as is the case in respect of the other Guarantors, is a non-United Kingdom resident company and does not carry on a trade through a permanent establishment in the United Kingdom. It will therefore be subject to the Swiss tax regime and not (save in respect of United Kingdom source income) the United Kingdom tax regime. This section is also written on the basis that the Issuer is a non-United Kingdom resident company and does not carry on a trade through a permanent establishment in the United Kingdom.

Interest-withholding and information reporting requirements

Payments of interest on the Notes made by the Issuer may be made without any withholding or deduction for or on account of United Kingdom tax. As it cannot be ruled out that guarantee payments made by Xstrata may be subject to withholding or deduction for or on account of United Kingdom tax, where such payments fall to be made by it, Xstrata may make alternative arrangements for such payments, including where appropriate, arranging for such payments to be made via the Issuer.

Persons in the United Kingdom paying interest to, or receiving interest on behalf of, an individual may be required to provide certain information to HMRC regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. Inherent for this purpose includes amounts due on redemption of Notes that constitute deeply discounted securities (''Deeply Discounted Securities'') as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (''ITTOIA'') (regarding which, please see the third paragraph under the heading ''Other UK taxpayers'' below). However, in relation to amounts payable on redemption of Deeply Discounted Securities HMRC published practice indicated that HMRC will not exercise its power to obtain information where such amounts are paid or received on or before April 5, 2013.

Corporate Noteholders within the charge to United Kingdom corporation tax

The tax treatment of Noteholders within the charge to United Kingdom corporation tax (including non-resident Noteholders whose Notes are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will in most cases depend on their respective statutory accounting treatment so long as such accounting treatment is in accordance with IFRS or UK generally accepted accounting practice. The accounting treatment will affect the tax treatment of holding or disposing of the Notes. Noteholders within the charge to United Kingdom corporation tax should therefore consult their own accounting and tax advisers concerning the tax liabilities that may arise in respect of the Notes.

Other UK taxpayers

On the date of issue of the Notes, it is not expected that the Notes will constitute Deeply Discounted Securities. Noteholders who are for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable (and who are not subject to United Kingdom corporation tax) will generally be liable to the United Kingdom tax on the amount of any interest received in respect of the Notes.

A disposal of a Note by a Noteholder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Note is attributable may give rise to a chargeable gain or allowable loss for the purposes of United Kingdom taxation of capital gains. In calculating any gain or loss on disposal of a Note, sterling values are compared at acquisition and transfer. Accordingly, a taxable profit can arise even where the foreign currency amount received on a disposal is less than or the same as the amount paid for any Note. Any accrued interest at the date of disposal may be taxed under the provisions of Chapter 2 of Part 12 of the Income Tax 2007 (Accrued Income Profits and Losses).

A further issuance of the same series of Notes which do constitute Deeply Discounted Securities and which have the effect of satisfying the condition in Section 436 of ITTOIA will result in all the Notes of such series being treated as Deeply Discounted Securities. In such circumstances, any profit made by a Noteholder resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable (and who is not subject to United Kingdom corporation tax) on the transfer (including redemption) of the Notes may be taxed as income.

Stamp duty and stamp duty reserve tax

No stamp duty, stamp duty reserve tax or similar tax or duty should be imposed in the United Kingdom on the issue, transfer or redemption of the Notes.

Canadian taxation

The following is a summary of the principal Canadian considerations under the Income Tax Act (Canada) (the ''Canadian Tax Act''), as of the date hereof, generally applicable to a Noteholder that purchases Notes pursuant to this Offering Memorandum and who, at all relevant times, for the purposes of the Canadian Tax Act: (i) is not and is not deemed to be a resident of Canada; (ii) deals at arm's length with the Issuer, the Guarantors, the Initial Purchasers and any transferee resident (or deemed resident) in Canada to whom the Noteholder disposes of Notes; (iii) is not a ''specified shareholder'' (as defined in subsection 18(5) of the Canadian Tax Act) of the Issuer or a person that does not deal at arm's length with any such specified shareholder; and (iv) does not use or hold and is not deemed to use or hold the Notes in the course of carrying on business in Canada (a ''Non-Resident Noteholder''). Special rules, which are not discussed in this summary, may apply to a Non-Resident Noteholder that is an insurer that carries on an insurance business in Canada and elsewhere. Such Non-Resident Noteholders are advised to consult with their own tax advisors.

This summary is based on the current provisions of the Canadian Tax Act, the regulations thereunder in force as of the date hereof (the ''Regulations'') and an understanding of the current published administrative policies and practices of the Canada Revenue Agency publicly available prior to the date hereof. This summary also takes into account all specific proposals to amend the Canadian Tax Act and the Regulations which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign income tax considerations which may differ from the Canadian federal income tax considerations described in this summary.

This summary is not exhaustive of all Canadian federal income tax considerations that may be relevant to a particular Non-Resident Noteholder. This summary is not intended to be, and should not be interpreted as, legal or tax advice to any particular Non-Resident Noteholder, and no representation with respect to the income tax consequences to any particular Non-Resident Noteholder is made. Accordingly, prospective Non-Resident Noteholders should consult their own tax advisers with respect to their individual circumstances.

Amounts paid or credited, or deemed to be paid or credited, as, on account or in lieu of payment of, or in satisfaction of the principal of the Notes or premium or interest on the Notes by the Issuer or a Guarantor to a Non-Resident Noteholder, including in respect of a required offer to purchase the Notes, will be exempt from Canadian withholding tax.

No other taxes on income (including taxable capital gains) will be payable under the Canadian Tax Act by a Non-Resident Noteholder in respect of the acquisition, ownership or disposition of the Notes.

Swiss taxation

According to the current practice of the Swiss Federal Tax Administration, payments in respect of the Notes should not be subject to Swiss withholding tax. Any payment made by Xstrata Schweiz pursuant to its Guarantee may be subject to Swiss withholding taxes on dividends (the present rate of which is 35%).

United Arab Emirates (''UAE'') taxation

The following summary of the anticipated tax treatment in the UAE in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this Offering Memorandum, and does not constitute legal or tax advice and prospective Noteholders should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective Noteholders should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of distributions (whether or not on a winding-up) with respect to such Notes under the laws of the jurisdiction in which they may be liable to taxation.

There is legislation currently in force in the Emirates of Abu Dhabi and Dubai establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is however not enforced save in respect of oil and gas producing companies and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Abu Dhabi or Dubai taxation in respect of payments of accrued return or principal on debt securities.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a Federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The Issuer and its employees, in accordance with Article 14 (Tax Relief) of Dubai Law 9 of 2004 (With Respect to the Dubai International Financial Centre) is subject to a zero rate of tax until 2054. Article 14 also provides for zero tax on any transfers of assets, profits or salaries to any person outside the DIFC.

The UAE has entered into double taxation arrangements with approximately 65 countries. Each prospective Noteholder should consult a taxation professional to confirm whether there is a UAE double taxation arrangement applicable to that prospective Noteholder.

European Savings Directive

Under EC Council Directive 2003/48/EC (the "Savings Directive"), on the taxation of savings income, member states are required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to, or for, an individual or certain other persons resident in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The transitional period is to terminate at the end of the first full fiscal year following an agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive, which if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a member state which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

PLAN OF DISTRIBUTION

Pursuant to the Purchase Agreement dated October 18, 2012, the Initial Purchasers (who are named below) have severally agreed with the Issuer, subject to the satisfaction of certain conditions, to purchase the principal amount of Notes set forth opposite their names below:

Initial Purchasers	Principal amount of 2015 Notes	Principal amount of 2017 Notes	Principal amount of 2022 Notes	Principal amount of 2042 Notes
	US$			
Barclays Capital Inc.	187,500,000	262,500,000	150,000,000	75,000,000
J.P. Morgan Securities LLC	187,500,000	262,500,000	150,000,000	75,000,000
Mizuho Securities USA Inc.	187,500,000	262,500,000	150,000,000	75,000,000
RBC Capital Markets, LLC	187,500,000	262,500,000	150,000,000	75,000,000
RBS Securities Inc.	187,500,000	262,500,000	150,000,000	75,000,000
Scotia Capital (USA) Inc.	187,500,000	262,500,000	150,000,000	75,000,000
ANZ Securities, Inc.	25,000,000	35,000,000	20,000,000	10,000,000
CIBC World Markets Corp.	25,000,000	35,000,000	20,000,000	10,000,000
Commonwealth Bank of Australia	25,000,000	35,000,000	20,000,000	10,000,000
nabSecurities, LLC	25,000,000	35,000,000	20,000,000	10,000,000
TD Securities (USA) LLC	25,000,000	35,000,000	20,000,000	10,000,000
Total	1,250,000,000	1,750,000,000	1,000,000,000	500,000,000

Barclays Capital Inc., J.P. Morgan Securities LLC, Mizuho Securities USA Inc., RBC Capital Markets, LLC, RBS Securities Inc. and Scotia Capital (USA) Inc. are acting as joint book-running managers for the Notes Issue. ANZ Securities, Inc., CIBC World Markets Corp., Commonwealth Bank of Australia, nabSecurities, LLC and TD Securities (USA) LLC are acting as co-managers for the Notes Issue.

The Purchase Agreement entitles the Initial Purchasers to terminate the issue of the Notes in certain circumstances prior to payment to the Issuer. The Issuer and the Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities in connection with the Notes Issue and may be required to contribute to payments the Initial Purchasers may be required to make in respect thereof.

The Initial Purchasers initially propose to offer the Notes at the offering price set forth on the cover page hereof. After the initial Notes Issue, the offering price may from time to time be varied by the Initial Purchasers.

Each of the Issuer and the Guarantors has agreed with the Initial Purchasers that neither it nor any person acting on its behalf will, without the prior written consent of the Initial Purchasers, for the period from and including the date of the Purchase Agreement through and including the Closing Date, offer, sell, contract to sell or otherwise dispose of any debt securities (other than the Notes) of, or guaranteed by, the Issuer or the Guarantors and having a tenor of more than one year.

The Notes are new issues of securities with no established trading market.

The Initial Purchasers are not obligated to make a market in the Notes, and, accordingly, no assurance can be given as to the liquidity of, or trading market for, the Notes.

In connection with the Notes Issue, the Initial Purchasers may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the date of issue of the Notes. However, there may be no obligation on the Initial Purchasers to do this. Such stabilization if commenced, may be discontinued at any time.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Notes or the possession, circulation or distribution of any material relating to the Issuer or the Guarantors in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may any offering material or advertisement in connection with the Notes (including this Offering Memorandum and any amendment or supplement hereto) be distributed or published, in or from any country or jurisdiction except under circumstances that would result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Certain of the Initial Purchasers and their affiliates have performed and may continue to perform certain investment and commercial banking or financial advisory services for the Issuer, the Guarantors and their affiliates from time to time, for which they have received customary fees and commissions, and they expect to provide these services to the Issuer, the Guarantors and their affiliates in the future, for which they expect to receive customary fees and commissions. The Xstrata Group will use the net proceeds of the Notes Issue to repay part of the amounts outstanding under certain indebtedness and for general corporate purposes. Some of the Initial Purchasers and/or their affiliates may be lenders under such indebtedness and may accordingly receive a portion of the proceeds from the Notes Issue.

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Initial Purchaser has agreed that, except as permitted by the Purchase Agreement, it will not offer, sell or deliver the Notes and the Guarantees (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, US persons, and it will have sent to each Initial Purchaser to which it sells Notes and the Guarantees during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantees within the United States or to, or for the account or benefit of US persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantees, an offer or sale of Notes or Guarantees within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "Relevant Member State"), each Initial Purchaser has represented and agreed with the Issuer and the Guarantors that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Initial Purchaser has represented and agreed with the Issuer and the Guarantors that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Initial Purchaser has represented and agreed that it has not directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Hong Kong

Each Initial Purchaser has represented and agreed with the Issuer and the Guarantors that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (A) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO or (B) in other circumstances which do not result in this Offering Memorandum being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the "CO") or which do not constitute an offer to the public within the meaning of the CO, and (ii) it has not issued, or had in its possession for the purpose of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "Professional Investors" as defined in the SFO (Cap. 571) and any rules made under the SFO.

South Africa

Each Initial Purchaser has represented and agreed with the Issuer and the Guarantors that (i) this Offering Memorandum will not be registered as a prospectus in terms of the South African Companies Act, 1973 in South Africa and as such, any offer of the Notes in South Africa may only be made if it shall not be capable of being construed as an offer to the public as envisaged by such Act (ii) any offer or sale of the Notes shall be subject to compliance with South African exchange control regulations.

United Arab Emirates

No marketing of any financial products or services has been or will be made within the UAE and no subscription to any securities, financial products or financial services may or will be consummated within the UAE.

Xstrata Dubai is not a licensed broker or dealer or investment advisor under the laws applicable in the UAE, and does not advise individuals resident in the UAE as to the appropriateness of investing or purchasing or selling securities or other financial products.

Where the Notes are either offered by Xstrata Dubai, or offered to customers within the Dubai International Financial Centre, they must be denominated in amounts of at least US$100,000, or an equivalent amount in another currency.

Switzerland

This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

TRANSFER RESTRICTIONS

The following restrictions will apply to the Notes (including the Guarantees). Prospective Noteholders are advised to consult legal counsel prior to making any offer, sale, resale, pledge or transfer of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons, except pursuant to an effective registration statement or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (i) to QIBs in accordance with Rule 144A, and (ii) to persons other than US persons, (''Foreign Purchasers'', which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-US beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S. As used herein, the terms ''offshore transactions,'' ''United States'' and ''US person'' have the respective meanings given to them in Regulation S.

In addition, until 40 days after the later of the commencement of the Notes Issue and the Closing Date an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Notes Issue) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each purchaser of the Notes offered hereunder (other than each of the Initial Purchasers) will be deemed to have represented and agreed as follows (terms used in this section that are defined in Rule 144A or Regulation S are used herein as defined therein):

(a) it is purchasing the Notes (including the Guarantees) for its own account or an account with respect to which it exercises sole investment discretion, and it and any such account (i) is a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (ii) is a Foreign Purchaser and is aware that the sale is being made in accordance with Regulation S;

(b) it understands that the Notes (including the Guarantees) have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States;

(c) it agrees to, and each subsequent Noteholder is required to, notify any purchaser of the Notes from it of the resale restrictions referred to in clause (b) above, if then applicable;

(d) if it is a person other than a Foreign Purchaser, it understands and agrees that Notes initially offered to QIBs in reliance on Rule 144A will be represented by the Rule 144A Global Note;

(e) if it is a Foreign Purchaser, it understands and agrees that the Notes initially offered in offshore transactions under Regulation S will be represented by the Regulation S Global Note;

(f) it understands that the Notes being sold pursuant to Rule 144A will bear a legend to the following effect:

NEITHER THIS NOTE, THE GUARANTEES NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT'') OR WITH ANY REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF XSTRATA FINANCE (CANADA) LIMITED (THE ''ISSUER''), AND XSTRATA PLC, XSTRATA (SCHWEIZ) AG, XSTRATA CANADA FINANCIAL CORP. AND XSTRATA FINANCE (DUBAI) LIMITED (TOGETHER THE ''GUARANTORS''), AND ANY OF THEIR SUCCESSORS IN INTEREST, THAT THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (''RULE 144A''), TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL

BUYER WITHIN THE MEANING OF RULE 144A (A "QIB") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTORS, AND ANY OF THEIR SUCCESSORS IN INTEREST, THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

(g) it understands that the Notes being sold in reliance on Regulation S will bear a legend to the following effect:

NEITHER THIS NOTE, THE GUARANTEES NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF XSTRATA FINANCE (CANADA) LIMITED (THE "ISSUER"), AND XSTRATA PLC, XSTRATA (SCHWEIZ) AG, XSTRATA CANADA FINANCIAL CORP. AND XSTRATA FINANCE (DUBAI) LIMITED (TOGETHER THE "GUARANTORS") AND ANY OF THEIR SUCCESSORS IN INTEREST, THAT PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE LATEST CLOSING DATE ("DISTRIBUTION COMPLIANCE PERIOD"), THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(h) it acknowledges that prior to any proposed transfer of Notes or beneficial interests in Global Notes (in each case other than pursuant to an effective registration statement) the Noteholders or beneficial interests in Global Notes may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Notes; and

(i) it acknowledges that the Issuer, the Guarantors, the Initial Purchasers, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of Notes is no longer accurate, it shall promptly notify the Issuer, the Guarantors, the Initial Purchasers and the Trustee. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

For further information in relation to the requirements (including the presentation of transfer certificates) under the Notes and the Indenture to effect exchanges or transfer of interests in Global Notes, see "Book-Entry, Delivery and Form."

No representation can be made as to the availability of the exemption provided by Rule 144 for resale of the Notes.

VALIDITY OF THE NOTES AND GUARANTEES

The validity of the Notes and the Guarantees and certain other matters governed by Canadian law will be passed upon for the Issuer and Xstrata Canada Financial by Davies Ward Phillips & Vineberg LLP, Canadian counsel to the Issuer and Xstrata Canada Financial. The validity of the Guarantees and certain other matters governed by US federal and New York state law will be passed upon for the Issuer and each of the Guarantors by Freshfields Bruckhaus Deringer LLP, US counsel to the Issuer and the Guarantors. The validity of the Guarantees and certain other matters governed by English law will be passed upon for Xstrata plc by Freshfields Bruckhaus Deringer LLP, English counsel to Xstrata plc. The validity of the Guarantees and certain other matters governed by DIFC law will be passed upon for Xstrata Dubai by Afridi & Angell, DIFC counsel to Xstrata Dubai. The enforceability of the Guarantees and certain other matters governed by Swiss law will be passed upon for Xstrata Schweiz by Bär & Karrer, Swiss counsel to Xstrata Schweiz. Certain matters governed by US federal and New York state law will be passed upon for the Initial Purchasers by Linklaters LLP, US counsel to the Initial Purchasers.

INDEPENDENT AUDITORS

The annual consolidated financial statements of Xstrata as of and for the years ended December 31, 2010 and December 31, 2011 incorporated by reference into this Offering Memorandum have been audited by Ernst & Young LLP, independent auditors. The Xstrata 2012 Interim Financial Information as of and for the six months ended June 30, 2012 has been reviewed by Ernst & Young LLP, independent auditors.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Definitions

"2015 Notes"	US$1,250,000,000 million 1.800% notes due 2015 issued by the Issuer
"2017 Notes"	US$1,750,000,000 million 2.450% notes due 2017 issued by the Issuer
"2022 Notes"	US$1,000,000,000 million 4.000% notes due 2022 issued by the Issuer
"2042 Notes"	US$500,000,000 million 5.300% notes due 2042 issued by the Issuer
"2012 Club Facility"	US$3 billion revolving credit facility entered into on October 4, 2012 by Xstrata Schweiz, the Issuer, Xstrata Canada Financial, and Xstrata Dubai as borrowers and guarantors and Xstrata as guarantor and parent with Barclays Bank plc as facility agent and various other banks as bookrunners and original lenders
"AEMRs"	Annual Environmental Management Reports
"Alloys Business"	the business of the Xstrata Group comprising its chrome, vanadium and platinum operations
"Anglo American"	Anglo American Plc, a public limited company incorporated under the laws of England and Wales
"Antamina"	Compañía Minera Antamina S.A., a company incorporated under the laws of Peru with limited liability
"Anvil Hill"	Anvil Hill (now called Mangoola) Coal Project
"Argentine peso" or "ARS"	the lawful currency of Argentina
"ARM"	African Rainbow Minerals Limited, a company organized under the laws of South Africa with limited liability
"ARM Coal"	ARM Coal (Proprietary) Limited, a company organized under the laws of South Africa with limited liability
"ATP"	Adaptation to Technical Progress
"Australia"	the Commonwealth of Australia
"Australian dollars" or "AUD" or "A$"	the lawful currency of Australia
"Barrick Gold"	Barrick Gold Corporation, a company incorporated under the laws of Canada
"BCL"	Bamangwato Concessions Limited, a company organized under the laws of Botswana with limited liability
"BECSA"	BHP Energy Coal South Africa (pty) Ltd. a company organized under the laws of South Africa with limited liability
"BEE"	Black Economic Empowerment
"BHP Billiton"	BHP Billiton plc and/or BHP Billiton Limited as the context may require, the former being a public limited company incorporated under the laws of England and Wales and the latter being a company organized under the laws of Australia with limited liability
"British pound" or "sterling" or "£" or "GBP" or "pence" or "p"	the lawful currency of the United Kingdom

"Business Day"	''Business Day'' means any day which is not, in London, England, New York City, or the place or payment of such interest or principal, a Saturday, Sunday, a legal holiday or a day on which banking institutions are authorized or obligated by law, regulation or executive order to close.
"Canada"	Canada, its territories and its possessions
"Canada Tax Act"	the Income Tax Act (Canada)
"Canadian dollars" or "C$" or "Cnd$" or "CAD"	the lawful currency of Canada
"Carbocol"	Carbocol Inc.
"CCR refinery"	Canadian Copper Recycling refinery
"CDM"	Clean Development Mechanism
"Cerrejón"	the Cerrejón coal mining operation in Colombia carried on by the Cerrejón Operating Companies
"Cerrejón Business"	the Xstrata Group's one-third interest in Cerrejón held through the Cerrejón Xstrata Group Companies
"Cerrejón Operating Companies"	CMC Coal Marketing Ltd, Cerrejón Zona Norte S.A., Carbones del Cerrejón LLC and Cerrejón Coal (Bermuda) Limited
"Cerrejón Xstrata Group Companies"	Tironimus AG, Xstrata Cerrejón Limited and Perly Ltd.
"CEZ"	Noranda Income Fund's Canadian Electrolyte Zinc Limited, a company incorporated in Canada with limited liability
"CHF" or "Swiss Francs"	the lawful currency of Switzerland
"Chilean pesos or CLP"	the lawful currency of Chile
"Chrome Business"	the business of the Xstrata Group comprising its chrome operations
"Clearstream"	Clearstream Banking, S.A.
"Closing Date"	October 25, 2012
"CMA"	common monetary area consisting of South Africa, Lesotho, Namibia and Swaziland
"CO"	Companies Ordinance (Chapter 32) of Hong Kong
"Coal Business"	the business of the Xstrata Group comprising its coal operations
"Collahuasi SCM"	Compañía Minera Doña Inés de Collahuasi S.C.M., a joint venture company incorporated in Chile with limited liability, the partners of which are Xstrata (44%), Anglo American (44%), and a group of Japanese companies headed by Mitsui & Co. (12%)
"Colombian pesos"	The lawful currency of Colombia
"Combined Code"	the UK Combined Code on Corporate Governance issued by the Financial Reporting Council and dated June 2008, as amended from time to time
"Combined Group"	the combined group of Xstrata (and its consolidated subsidiaries) and Glencore (and its consolidated subsidiaries)
"Competent Persons"	competent persons as defined in and required by both the JORC Code and the SAMREC Code
"Copper Business"	the business of the Xstrata Group comprising its copper operations
"CPI"	consumer price index

"Cumnock"	Cumnock Coal Limited, a company incorporated under the laws of Australia with limited liability
"CZN S.A."	Cerrejón Zona Norte S.A., a company incorporated under the laws of Colombia
"Definitive Registered Notes"	Notes in definitive registered form
"DIFC"	Dubai International Finance Center
"Directors" or "Xstrata Directors" or "Board" or "Board of Directors"	the Executive Directors and Non-Executive Directors of Xstrata as of the date of this Offering Memorandum
"DMR"	Department of Mineral Resources
"DNRM"	Department of Natural Resources
"DTC"	The Depository Trust Company
"Duiker"	Duiker Mining (Proprietary) Limited, a company incorporated in South Africa with limited liability
"EBIT"	earnings before interest and taxation
"EBITDA"	unless otherwise indicated, when used in relation to the Xstrata Group, net profit or loss from continuing operations before interest, tax, depreciation and amortization.
"Eland"	Eland Platinum Holdings Limited, a company organized under the laws of South Africa with limited liability
"Eland Acquisition"	the acquisition of Eland Platinum Holdings Limited
"Enex"	Enex Resources Limited (now known as the Coal Business Investments Australia Pty Limited), a company incorporated in Australia with limited liability
"EPA"	Environmental Protection Agency
"Eskom"	Eskom Holding Limited, the South African State-owned electricity utility
"EU"	the European Union
"EU ETS"	EU emissions trading scheme
"Euroclear"	Euroclear System
"Euro" or "EUR" or "€"	the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended
"Exchange Act"	the United States Securities Exchange Act of 1934, as amended
"Executive Directors"	the executive Directors of Xstrata
"Falconbridge"	Xstrata Canada Corporation (formerly Falconbridge Limited; name change effective October 22, 2007), a corporation amalgamated under the laws of the Province of Ontario, Canada with limited liability
"Falconbridge Acquisition"	the acquisition by Xstrata, through a wholly owned subsidiary, of all of the issued and outstanding common shares in the capital of Falconbridge, completed in November 2006
"Falcondo"	Falconbridge Dominicana, S.A., a company incorporated in the Dominican Republic with limited liability
"Finges"	Finges Investment BV, a wholly owned subsidiary of Glencore

"First Coal"	First Coal Corporation, a company incorporated in Canada
"Foreign Purchaser"	person other than a US person
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Genorah"	Genorah Resources (Pty) Ltd, a company with limited liability organized under the laws of South Africa
"Glencore Group"	Glencore International AG and, with effect from May 24, 2011, Glencore International plc and, in each case, their subsidiaries and affiliates or, as the context requires, any subsidiary or affiliate thereof
"Glencore"	Glencore International plc, a public limited company incorporated in England and Wales
"Global Notes"	the Regulation S Global Notes and the Rule 144A Global Notes
"Goldcorp"	Goldcorp Inc., a company incorporated under the laws of Canada
"Guarantees"	the guarantees relating to the Notes
"Guarantors"	Xstrata, Xstrata Canada Financial, Xstrata Dubai and Xstrata Schweiz
"HDSAs"	historically disadvantaged South Africans
"HMRC"	UK HM Revenue & Customs
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards as adopted by the European Union
"IMSBC"	the International Maritime Solid Bulk Cargoes Code
"Indenture"	the indenture under which the Notes will be issued
"Indirect Participants"	the banks, brokers, dealers, trust companies and other entities that have access to DTC's system that clear through or maintain a custodial relationship with a Participant either directly or indirectly
"Indophil"	Indophil Resources Limited
"INGEMMET"	Instituto Geológico Minero y Metalúrgico
"Initial Purchaser"	each of Barclays Capital Inc., J.P. Morgan Securities LLC, Mizuho Securities USA Inc., RBC Capital Markets, LLC, RBS Securities Inc. and Scotia Capital (USA) Inc.
"Issuer"	Xstrata Finance (Canada) Limited
"IWULA"	Integrated Water Use License Application
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"Jubilee"	Jubilee Mines NL, a no-liability company incorporated in Australia
"Jubilee Acquisition"	the acquisition of Jubilee
"Jumelles"	Jumelles Limited (BVI), a company incorporated in the British Virgin Islands
"JX Australia"	JX Nippon & Energy (Australia) Pty Ltd, a subsidiary of JX incorporated under the laws of Australia
"JX"	JX Nippon Oil & Energy Corporation, a company incorporated under the laws of Japan
"KPV"	Kagiso Platinum Venture (Proprietary) Limited, a company incorporated in South Africa with limited liability

"Kroner"	the lawful currency of Norway
"Legal & General"	Legal & General Group Plc a public limited company organized under the laws of England and Wales
"LIBOR"	London Inter Bank Offering Rate
"LionOre"	LionOre Mining International Ltd a limited liability company organized under the laws of Canada
"London Stock Exchange"	London Stock Exchange plc
"Lonmin"	Lonmin plc a public limited company incorporated under the laws of England and Wales
"Market Advisory Agreement"	the agreement entered into between Xstrata Coal Marketing AG and Xstrata Schweiz, on the one hand, and the Glencore Group, on the other hand, whereby the Glencore Group acts as the Xstrata Group's market advisor with respect to export production of coal, as described in "Business — Relationship with the Glencore Group"
"MARPOL"	International Convention for the Prevention of Pollution from Ships, 1973, as modified in 1978
"Member States"	member states of the European Economic Area
"Merafe"	Merafe Resources Limited, a company incorporated in South Africa with limited liability
"MIM"	MIM Holdings Limited, now known as Xstrata Queensland Limited, a company incorporated in Australia with limited liability which was acquired by the Xstrata Group in 2003
"MIMEXA"	MIM Argentina Exploraciones S.A.
"Mitsui & Co"	Mitsui & Co. Ltd a company incorporated in Japan
"MMDSA"	Mitsui Minerals Development South Africa
"MMP"	Mine Management Plan
"MOPs"	Mining Operations Plans
"Mototolo Joint Venture"	the unincorporated joint venture in respect of platinum group metal resources in Mpumalanga Province in South Africa
"Mount Isa Act"	Mount Isa Mines Limited Agreement Act 1985
"MPRDA"	the South African Mineral and Petroleum Resources Development Act 28 of 2002
"MRM"	McArthur River Mine
"MRRT"	the Minerals Resource Rent Tax
"n/a"	not applicable
"Native Title Act"	the Native Title Act 1933 (Cth) of Australia
"NCA"	Newlands-Collinsville-Abbot Point
"New Gold"	New Gold Inc.
"new order rights"	the new forms of prospecting and mining rights contemplated by the MPRDA
"Nickel Business"	the business of the Xstrata Group comprising its nickel operations
"Nikkelverk"	Xstrata Nikkelverk, AS, (name change from Falconbridge Nickkelverk AS) a company incorporated in Norway with limited liability

"Nkwe"	Nkwe Platinum Ltd, a limited liability company organized under the laws of Australia
"Non-executive Directors"	the non-executive Directors of Xstrata
"Non-Resident Noteholder"	a Noteholder that purchases Notes pursuant to this Offering Memorandum and who, at all relevant times, for the purposes of the Canadian Tax Act: (i) is not and is not deemed to be a resident of Canada; (ii) deals at arm's length with the Issuer, the Guarantors, the Initial Purchasers and any transferee resident (or deemed resident) in Canada to whom the Noteholder disposes of Notes; and (iii) does not use or hold and is not deemed to use or hold the Notes in the course of carrying on business in Canada
"NIF"	the Noranda Income Fund
"Noteholder's Currency"	the currency in which the Noteholder's financial activities are principally denominated
"Noteholders"	prospective holders of Notes (apart from in the ''Description of the Notes and Guarantees'' where the term Noteholders is given a separate and distinct definition)
"Notes"	US$1,250,000,000 million 1.800% Notes due 2015, US$1,750,000,000 million 2.450% Notes due 2017, US$1,000,000,000 million 4.000% Notes due 2022, US$500,000,000 million 5.300% Notes due 2042
"Notes Issue"	the issue of Notes, on the terms and subject to the conditions set out or referred to in Description of the Notes and Guarantees, Book-Entry, Delivery and Form and Plan of Distribution
"NWA"	National Water Act, 1998
"Nyrstar"	Nyrstar N.V.
"Offering Memorandum"	this offering memorandum relating to the Notes offered hereby
"Official List"	the Official List of the Financial Services Authority
"OID"	original issue discount
"Old Act"	the South African Water Act of 1956
"old order rights"	the prospecting and mining rights currently held at common law and under the Minerals Act
"Ordinary Shares"	the ordinary shares of Xstrata
"OECD"	the Organization for Economic Cooperation and Development
"Participants"	the participating organizations of DTC, a limited-purpose trust company that holds securities for the participating organizations
"PASAR"	Philippine Associated Smelting and Refining Corporation, a company incorporated under the laws of the Philippines
"Paying Agent"	The Bank of New York Mellon
"PCI"	pulverized coal injection
"Peruvian nuevo sol"	the lawful currency of Peru
"PGM"	Platinum Group Metals
"Phelps Dodge"	Phelps Dodge Corporation
"POO"	Plan of Operation

"Prodeco"	the Prodeco coal mining operation (and associated infrastructure) in Colombia carried on by the Prodeco Operating Companies and Ferrocarriles del Norte de Colombia S.A.
"Prodeco Acquisition"	the acquisition by the Xstrata Group of Prodeco from Glencore, subject to the option for Glencore to repurchase Prodeco from the Xstrata Group pursuant to the Call Option Agreement
"Prospectus Directive"	Directive 2003/71/EC
"PSV"	Pooling and Sharing Venture
"Purchase Agreement"	agreement between the Initial Purchasers and the Issuer in relation to this Notes Issue
"Qualified Institutional Buyer" or "QIB"	means qualified institutional buyer within the meaning of Rule 144A under the Securities Act
"Qualified Investors"	qualified investors within the meaning of Article 2(1)(E) of the Prospectus Directive (Directive 2003/71/EC) and related implementation measures in member states
"Rand", "R" or "ZAR"	the lawful currency of South Africa
"REACH"	the European Union regulation for the Regulation, Evaluation and Authorization of Chemicals
"Registrar"	The Bank of New York Mellon
"Regulation S"	Regulation S under the Securities Act
"Regulation S Global Notes"	the global notes representing the Notes being sold to, or for the account or benefit of, persons other than US persons in reliance on Regulation S
"Regulations"	the current provisions of the Canada Tax Act, the regulations thereunder in force as of the date hereof
"Relationship Agreement"	the agreement entered into by the Glencore Group and Xstrata on March 20, 2002 which regulates the on-going relationship between them
"Relevant Implementation Date"	date on which the Prospectus Directive was implemented in a relevant member state
"Relevant Member State"	a member state of the European Economic Area which has implemented the Prospectus Directive
"Resource Pacific"	Resource Pacific Holdings Limited, a company organized with limited liability under the laws of Australia
"Restitution Act"	the South African Restitution of Land Rights Act 22 of 1994
"Restricted Period"	through and including the 40th day after the later of the commencement of this offering and the closing of this offering
"Rio Tinto"	Rio Tinto plc, a public limited company organized under the laws of England and Wales
"Royalty Act"	The Mineral and Petroleum Resources Royalty Act 28 of 2008
"RSA 421-B"	Chapter 421-B of the New Hampshire Revised Statutes
"Rule 144A"	Rule 144A under the Securities Act
"Rule 144A Global Notes"	the global notes representing the Notes being sold within the United States to QIBs in reliance on the exemption from registration provided by Rule 144A
"Sabina"	Sabina Gold and Silver Corp, a company incorporated in Canada

"SAMREC Code"	the South African Code for Reporting of Mineral Resources and Mineral Reserves
"Savings Directive"	EC Council Directive 2003/48/EC
"SEC"	the United States Securities and Exchange Commission
"Securities Act"	the US Securities Act of 1933, as amended
"SFO"	Securities and Futures Ordinance (Chapter 571) of Hong Kong
"SMI"	Sagittarius Mines, Inc, a company incorporated in the Philippines
"Sphere"	Sphere Minerals Limited, a company organized under the laws of Australia with limited liability
"South Africa"	the Republic of South Africa
"special purpose website"	the website containing the information incorporated by reference into this Offering Memorandum and having the address http://www.xstrata.com/restricted/2012_us_bond/
"Syndicated Facility"	the US$6,000 million multi-currency revolving syndicated loan facility entered into by Xstrata Schweiz on October 28, 2011 with a number of banks as arrangers and bookrunners, Royal Bank of Scotland plc as facility agent and various other banks as original lenders
"TNR"	TNR Gold Corp
"Transfer Agent"	The Bank of New York Mellon
"Trustee"	The Bank of New York Mellon
"Trust Indenture Act"	The US Trust Indenture Act of 1939, as amended
"United Kingdom Financial Services Authority"	the Financial Services Authority of the UK acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of the FSMA
"UAE"	the United Arab Emirates
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US" or "USA"	the United States of America, its territories and possessions and any state of the United States and the District of Columbia
"US dollars" or "US Dollars" or "US$" or "$US" or "US¢" or "cents"	the lawful currency of the United States
"US Holder"	a beneficial owner that is, for purposes of US federal income taxation, (i) a citizen or individual resident of the United States, (ii) a corporation, partnership or other business entity created or organized under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income taxation regardless of its source
"US person"	has the meaning given in Regulation S under the Securities Act
"US$m"	millions of US Dollars
"Vanadium Business"	the business of the Xstrata Group comprising the mining, production and conversion of vanadium
"XCSA"	Xstrata Coal South Africa
"XNIL"	Xstrata Nickel International Limited

"XPS"	Xstrata Process Support
"Xstrata"	Xstrata plc, a public limited company incorporated in England and Wales
"Xstrata 2010 Annual Financial Information"	the audited consolidated and non-consolidated financial statements of Xstrata as of and for the year ended December 31, 2010 (including comparative financial information as of and for the year ended December 31, 2009), prepared in accordance with IFRS as adopted by the European Union, together with the audit report in respect of such year
"Xstrata 2011 Annual Financial Information"	the audited consolidated and non-consolidated financial statements of Xstrata as of and for the year ended December 31, 2011, prepared in accordance with IFRS as adopted by the European Union, together with the audit report in respect of such year
"Xstrata 2012 Interim Financial Information"	the unaudited consolidated interim financial statements of Xstrata as of and for the six months ended June 30, 2012 (including comparative financial information as of and for the six months ended June 30, 2011), prepared in accordance with IAS 34 "Interim Financial Reporting," together with the review reports in respect of such period
"Xstrata Annual Financial Information"	the Xstrata 2010 Annual Financial Information and the Xstrata 2011 Annual Financial Information
"Xstrata Canada Financial"	Xstrata Canada Financial Corp., a corporation incorporated under the laws of the Province of Ontario, Canada
"Xstrata Dubai"	Xstrata Finance (Dubai) Limited, a corporation incorporated in the Dubai International Financial Centre
"Xstrata Group"	Xstrata and its subsidiaries and subsidiary undertakings, and where the context requires, its associated undertakings, including the Falconbridge Group from the date of the Falconbridge Acquisition
"Xstrata Schweiz"	Xstrata (Schweiz) AG, a company incorporated in Switzerland with limited liability
"Xstrata South Africa"	Xstrata South Africa (Proprietary) Limited, a company incorporated in South Africa with limited liability
"Yamana"	Yamana Gold Inc., a company incorporated in Canada
"yen" or "JPY"	the lawful currency of Japan
"YMAD"	Yacimientos Mineros de Agua de Dionisio, a state-owned corporation in Argentina
"Zinc Business"	the business of the Xstrata Group comprising its zinc operations

GLOSSARY OF TECHNICAL TERMS

"agglomeration"	binding fine particles together to create coarse particles as part of a mineral processing activity
"anode"	a rectangular plate of metal cast in a shape suitable for refining by the electrolytic process. An anode is the finished product of the copper smelting process
"anthracite"	a hard coal containing a high percentage of fixed carbon and a low percentage of volatile material
"attributable production"	that part of mine or operation production in which the relevant person has an economic interest. It therefore excludes production attributable to non-controlling interests in controlled subsidiaries and the interests of joint venture partners
"attributable reserves"	that part of reserves from a mine in which the relevant person has an economic interest. It therefore excludes reserves attributable to non-controlling interests in controlled subsidiaries and the interests of joint venture partners
"attributable resources"	that part of resources from a mine in which the relevant person has an economic interest. It therefore excludes resources attributable to non-controlling interests in the controlled subsidiaries and the interests of joint venture partners
"attributable sales"	that part of sales from a mine or operation in which the relevant person has an economic interest. It therefore excludes sales attributable to non-controlling interests in controlled subsidiaries and the interests of joint venture partners
"bankable feasibility study"	a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as a basis for a financial decision by a financial institution to finance the development of the deposit for mineral production
"bituminous"	a measure of coal rank. It is a measure of the degree of metamorphosis or change from the original plant or vegetative state
"blister copper"	a crude form of copper (assaying about 99%) produced in a smelter, which requires further refining before being used for industrial purposes
"brownfield"	brownfield development projects are expansions to existing operations with proximity to existing infrastructure and known geological composition
"calcine"	zinc oxide produced from the roasting of zinc concentrates
"calorific value"	the heat of combustion of a unit quantity of coal. It is expressed in British Thermal Units per pound (Btu/Lbi), kilocalories per kilogram (kcal/kg) or mega joules per kilogram (MJ/kg). The gross calorific value includes all heat of vaporization of water. Net calorific value assumes that all water is in the vapor phase
"capacity"	the design number of units that can be produced in a given time period based on operations with a normal number of shifts and maintenance interruptions
"cathode"	a rectangular plate of metal, produced by electrolytic refining, which is melted into commercial shapes such as billets, ingots, etc. A cathode is typically the finished product of the copper refining process

"chromite"	FeCr2O4, the principal chromium ore
"chromitite"	a rock composed chiefly of chromite
"CIM Definition Standards on Mineral Resources and Reserves"	standards for the classification of MRMR estimates into various categories. The category to which a resource or reserve estimate is assigned depends on the level of confidence in the geological information available on the mineral deposit; the quality and quantity of data available on the deposit; the level of detail of the technical and economic information which has been generated about the deposit, and the interpretation of the data. The CIM Definition Standards on Mineral Resources and Reserves were approved by the Canadian Institute of Mining, Metallurgy and Petroleum on August 20, 2000, and updated on November 14, 2004, for the reporting of exploration information, mineral resources and mineral reserves in Canada and are incorporated by reference into NI 43-101
"CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines"	guidelines intended to assist a Qualified Person in the planning, supervision, preparation and reporting of MRMR estimates. All MRMR estimation work from which public reporting will ensue must be designed and carried out under the direction of a Qualified Person in accordance with NI 43-101. Disclosure of MRMR estimates is to be made in accordance with industry standard definitions approved by the Canadian Institute of Mining, Metallurgy and Petroleum which have been incorporated by reference into NI 43-101
"coal mine"	an operating mine producing coal
"coke"	bituminous coal from which the volatile components have been removed
"coking coal"	coal used to create coke — which is consumed in the steel reduction process
"COMEX"	The New York Commodity Exchange
"concentrate"	material that has been processed to increase the content of contained material or mineral relative to the contained waste
"continuous miner"	mining machine designed to remove coal from the face with the use of cutting machines and to load that coal into shuttle cars or onto conveyors
"dilution"	the contamination of ore with barren wall rock. The assay of the ore after mining is frequently lower than when sampled in place
"doré"	a gold-silver alloy, an intermediate product from certain gold mines
"ferrochrome"	an alloy of iron and chromium primarily used as an input to stainless steel making
"ferronickel"	an alloy containing nickel and iron (approximately 38% nickel and 62% iron in the case of ferronickel produced by Falcondo). The volumes produced are expressed in terms of the nickel contained
"ferrovanadium"	an alloy of iron and vanadium
"FeV"	Ferrovanadium
"FOB"	free on board
"grade"	the quality of an ore, alloy or metal, usually expressed as a percentage of the primary element

"greenfield"	greenfield development projects are expansions to areas where the Xstrata Group does not currently operate
"IAI"	International Aluminum Institute
"IAS"	International Accounting Standards
"indicated mineral resource"	part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed
"inferred mineral resource"	part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
"inferred resources"	a mineral resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability
"IsaMills"	a high intensity stirred grinding mill developed by Xstrata Technology that significantly increases the efficiency of mineral grinding
"ISAPROCESS"	a permanent cathode technology developed by Xstrata Technology for the copper refining industry
"ISASMELT"	a smelting process developed by Xstrata Technology that has applications for primary and secondary copper and lead smelting, converting, copper/nickel smelting, and treatment of scraps and residues
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"kg"	kilogram
"Kidd Process"	a permanent cathode technology developed by the Falconbridge Group for the copper refining industry
"kt"	Thousand tonnes
"ktpa"	Thousand tonnes per annum
"lb"	English pound equivalent to 0.4536 kilograms
"LME"	London Metal Exchange
"longwall"	mining method in which a coal face is mined using a shearer mounted on an armored chain conveyor that runs along the full length of the coal face. Hydraulic jacks support the roof over the worked-out area. As the longwall face advances, the roof behind the jacks is allowed to cave

"managed", "managed basis" or "managed tonnage basis"	in respect of the Coal Business operations, the commodities managed by the Coal Business on a total mine basis in respect of those mines that the Xstrata Group operates and manages regardless of the Xstrata Group's attributable interest in them, except for the Douglas/Tavistock joint venture managed by Ingwe in respect of which only the Xstrata Group's attributable interest of 16% is included
"matte"	a mixture of metal sulfides enriched with nickel, cobalt, copper, silver, gold and platinum group metals
"measured mineral resource"	part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity
"measured resources"	the resources for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence
"mill"	a plant where ore is ground and undergoes physical or chemical treatment to extract and produce a concentrate of the valuable minerals
"mineral reserve"	economical mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined
"mineral resource"	a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade of quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge
"mineral rights"	the ownership of the minerals on or under a given surface with the right to remove the said minerals
"MRMR"	mineral resource and mineral reserve
"Mt"	million tons
"Mtpa"	million tons per annum
"MW"	mega watt
"MWh"	mega watt hour
"NI 43-101"	Canadian National Instrument 43-101 — Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators
"open-cut" or "open-pit"	method of mining where overlying strata overburden is removed, and ore is extracted directly, without the use of underground workings as the primary means of extraction

"ore"	a mineral or mineral aggregate containing precious or useful minerals in such quantities, grade and chemical combination to make extraction commercially profitable
"oz"	troy ounces
"PCI coals"	pulverized coal injection coals
"PGM" or "platinum group metals"	platinum, palladium, rhodium and related metals present in some nickel/ copper ores
"pillar"	a portion of a metal or coal deposit left in place in an underground mine to provide support for the roof
"plant"	fixed or moveable equipment required in the process of winning or processing the ore
"pound"	Imperial pound, equivalent to 0.4536 kilograms
"probable mineral reserve"	economical mineable part of an indicated, and in some circumstances a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified
"probable reserves"	measured and/or indicated resources which are not yet proven but of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions
"project"	a coal deposit which is in the pre-operating phase of development and, subject to capital investment, feasibility investigations, statutory and management approvals and business considerations, may be commissioned as a coal mine
"prospecting permit"	permission to prospect for minerals from a mineral rights area
"proved reserves"	measured mineral resources of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions
"Qualified Person"	defined in NI 43-101 as an individual who is an engineer or geoscientist with at least five (5) years of experience in mineral exploration, mine development, mine operation, project assessment or any combination of these; has experience relevant to the subject matter of the mineral project and technical report; and is a member in good standing of a professional association
"recoverable reserves" or "recovery"	where relating to coal, the tonnages of in-situ reserves that are expected to be recovered. i.e. that portion of the seam which will be extracted
"reductant"	an additive used specifically to drive off oxygen in a metallurgical conversion process
"reef(s)"	a layer, vein or lode containing economic mineralization
"refinery"	a plant where concentrates or matte are processed into one or more refined metals
"reserves"	those parts of mineral resources for which sufficient information is available to enable detailed or conceptual mine planning and for which such planning has been undertaken. Reserves are classified as either proved or probable

"resources"	all of the potential minerals in a defined area based on points of observation and extrapolations from those points. Potential minerals are defined as minerals which have been or could be beneficiated to give a quality acceptable for commercial usage in the foreseeable future and excludes minor mineral occurrences
"rights" or "surface rights"	the ownership of the surface land under which minerals occur
"roaster"	a furnace which, by applying super-heated air to an ore or concentrate, causes oxidation to take place, allowing the ore or concentrate to be successfully treated
"ROM" or "ROM Reserves" or "run-of-mine"	as mined reserves, taking into account geological losses, mining losses, contamination and as mined moisture adjustments
"royalty"	a share of the product or profit reserved by the owner for permitting another to exploit the property
"SAG-ball grinding"	semi-autogenous grinding and ball milling, a process to reduce rock-sized ore to a suitable size to liberate individual minerals before separation
"saleable reserves"	reserves adjusted for yield losses in the preparation plant (if applicable) and converted to a saleable moisture basis
"SAMREC Code"	South African Code for Reporting of Mineral Resources and Mineral Reserves
"shaft"	a vertical or inclined excavation, commonly from the surface, of limited cross-sectional area compared to its depth. It is used for mining, draining water, ventilation, lowering and hoisting men, product and waste and lowering materials
"SHG"	special high grade, zinc ingot of 99% purity
"skarn"	a mineral deposit at or near a contact between an intrusive body and its host rock
"smelter"	a plant in which concentrates are processed into an upgraded product
"smelting"	thermal processing whereby molten metal is liberated from beneficiated ore or concentrate with impurities speared as lighter slag
"Söderberg"	a type of electrode used for smelting in electric furnaces
"spot price"	the current price of a metal for immediate delivery
"subsidence"	the sinking or settling of material, especially over an underground mining operation
"SX-EW"	solvent extraction-electrowinning is a metallurgical technique, so far applied only to copper ores, in which metal is dissolved from the rock by organic solvents and recovered from solution by electrolysis
"t" or "ton"	1,000 kilograms, equivalent to 2,204.62 pounds
"tailings"	finely ground rock from which valuable minerals have been extracted by milling
"thermal coal"	coal used in generating steam for electricity production
"tonnage"	number of tons
"tpa"	tons per annum
"UG2"	a chromitite layer in the Bushveld Complex in Mpumalanga, South Africa, which contains economically viable concentrations of PGM

"V2O5"	vanadium pentoxide
"waste"	rock lacking sufficient grade and/or other characteristics or ore to be economic
"winze"	a shaft or an inclined passage sunk from one level to another but not rising to the surface
"wmt"	wet metric tons
"zinc concentrate"	product of flotation process typically ranging in zinc content between 45% and 60%

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Confirmation of your Representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers (''QIBs'') (within the meaning of Rule 144A under the Securities Act) or (2) non-US persons (within the meaning of Regulation S under the Securities Act) outside the U.S. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) not U.S. persons and that the electronic mail address that you gave us and to which this Offering Memorandum has been delivered is not located in the U.S., and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person. You will not transmit this

Offering Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the initial purchasers.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

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This Offering Memorandum is not an offer to sell the Notes and is not soliciting an offer to buy the Notes in any jurisdiction where the offer or sale is not permitted.