



# Xstrata Copper Analyst Presentation

London

October 2005



# Agenda



- 
- |                                 |  |
|---------------------------------|--|
| • Introduction                  | Charlie Sartain, Chief Executive Officer |
| • Markets                       | Andrew Greville, GM Commercial           |
| • Operations                    |  |
| • North Queensland              | Barry Grant, COO North Queensland        |
| • Minera Alumbrera              | Jon Evans, GM Minera Alumbrera           |
| • Projects                      | Peter Forrestal, GM Project Development  |
| • Finance, Business Development | Louis Irvine, Chief Financial Officer    |
| • Closing                       | Charlie Sartain, Chief Executive Officer |



# Introduction

---

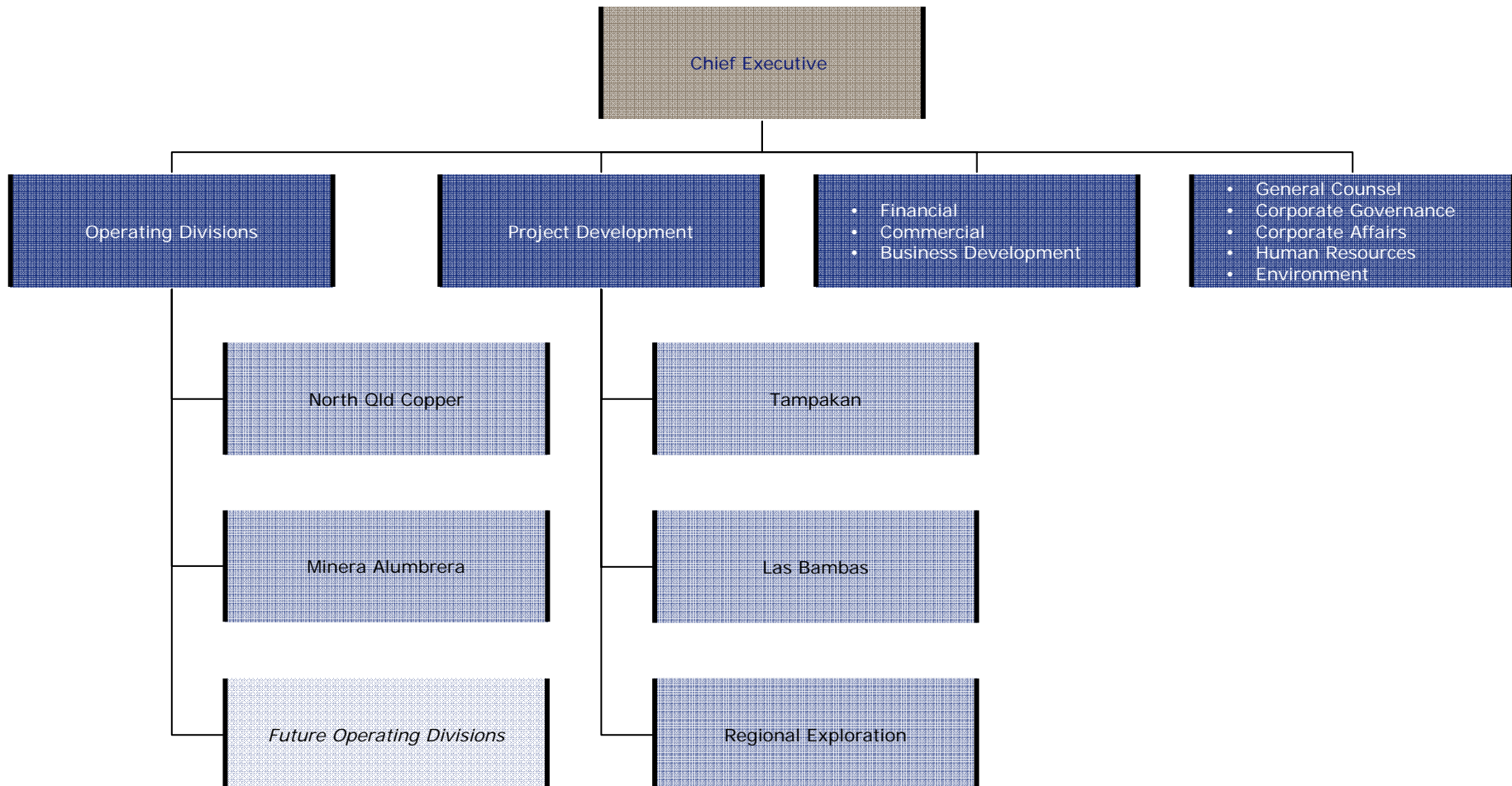
Leadership

Strategy

Delivering on Performance

Dynamic Growth

# Structured for performance and growth



# Xstrata Copper overview

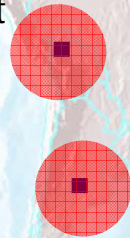
## Copper assets

- Headquartered in Brisbane, Australia
- Top 10 global copper producer
- Assets include:
  - Mount Isa mining and processing operations
  - Ernest Henry open pit copper-gold mine
  - Townsville copper refinery and port facilities
  - Alumbreira mining and processing operations
  - Alumbreira filter plant and port facilities
  - Las Bambas project
  - Tampakan project

## Copper—financial summary (US\$ millions)

	2004	1H 2005
Total turnover	1,598	778
EBITDA	857	409
Depreciation and amortisation	(212)	(100)
EBIT from operations	644	309
CAPEX	99	49

<sup>1</sup> Pro forma includes MIM Group acquisition from January 1, 2003

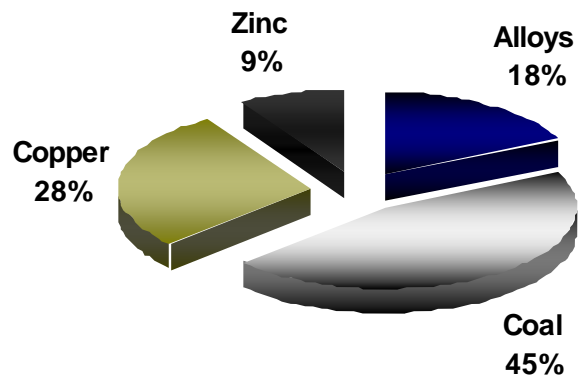


# Xstrata Copper contribution

---

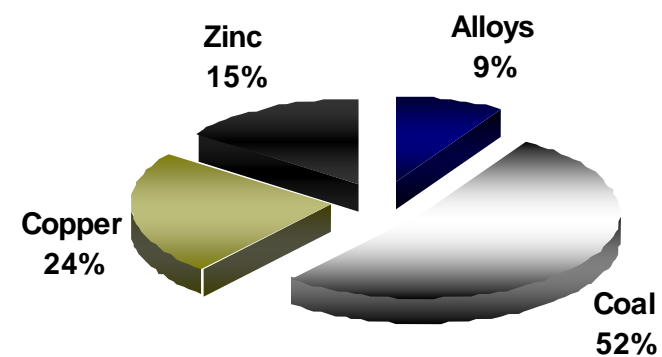
Xstrata plc

Operating Profit (H1 2005)



Xstrata plc

Net Assets 30 June 2005



Consolidated – includes 100% Alumbraera



## Highlights since January 2004

---

- Transformation of Mount Isa's ailing assets and organisation
- Establishment of clearly defined copper and zinc divisions and profit centres in North Queensland
- Substantial Ore Reserve/mine life extensions
  - Alumbraera (3.5 years)
  - Progressively at Isa (2 years) and Ernest Henry (1 year)
- Capital efficient, value-enhancing projects at Alumbraera and North Queensland
- Significant improvements in divisional safety performances
- Successful acquisition of the Las Bambas project
- Establishment of separate Project Development and Business Development departments
- CSI commitments and outcomes
- Strong operating and financial performances across business unit

# Definition of purpose

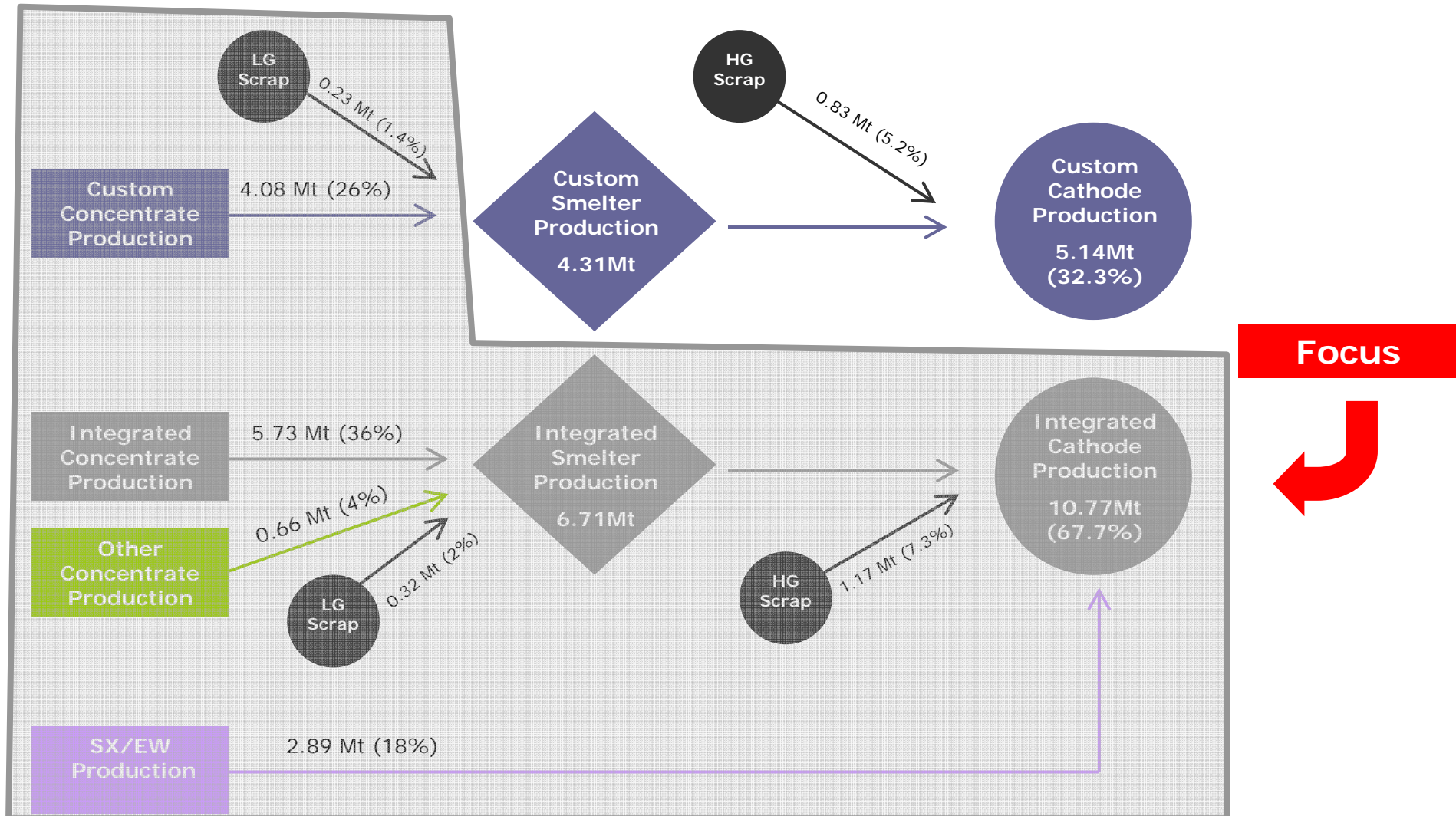
---

**We will maximise value for shareholders by successfully growing and managing an industry-leading portfolio of copper assets that deliver superior returns.**

**We will achieve this in a safe, environmentally and socially responsible way, in open partnerships between our people and with communities, governments and other stakeholders.**



# Copper industry: Our area of focus



# Strategic objectives

---

- Injury-free, safe work environments
- Continual improvements in environmental performance
- Reputation for social responsibility
- Leadership in the copper industry
- Realisation of the full potential of our people
- Achievement of the full capacity of our physical assets
- Cost competitiveness through the cycles
- Value creation through dynamic growth and continuous improvement
- Effective implementation of common key systems and strategies

# Elements of business strategy

---



Maximise NPV of existing operations

Create and consolidate regional leverage

Acquire and develop new quality growth



Project development



Business development

# Existing businesses: key strategic issues



- Maintain H1 unit costs at all operations
- Fully utilise processing infrastructure at Mount Isa
- Extend mine lives of current operations
- Focus on capital productivities
- Re-establish contingencies in underground operating system at Mount Isa
- Compensate for declining grade profiles and deepening pits
  - Mount Isa, Ernest Henry, Alumbrera



# Project development: key strategic issues

---



- Confirm value of Tampakan, Las Bambas and Roseby
- Enhance capability to operate in Philippines and Peru
- Develop robust solutions for tailings/waste rock disposal and process route for high arsenic ores at Tampakan
- Establish district mineral resources at Las Bambas
- Understand/respond to community concerns and expectations in new projects

# Business development: key strategic issues

---



- Acquisitions more difficult at this point in the cycle
  - **Timing of reversion to long run prices**
  - **Targets and competitors “cashed up”**
    - Gearing ratios low
    - Juniors with cash
    - New entrants
- Matching opportunities with our capabilities and skills
  - **Leveraging existing relationships**
    - North Queensland
    - Philippines
    - Latin America
- Ongoing accurate assessments of political risk
  - **Existing and potential areas of operations/interest**
  - **Potential competitive advantage**