



# Sustainable, Value-Creating Growth

## Asia Mining Congress 2010

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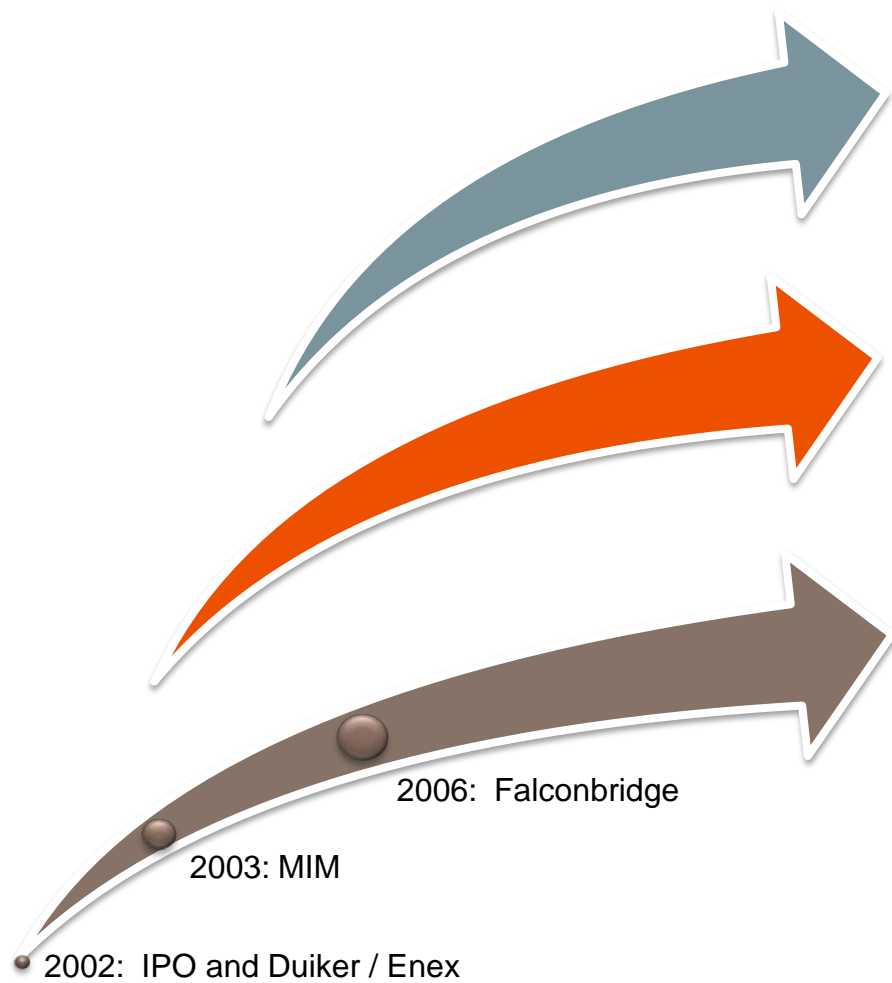
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# Xstrata's strategy evolves to continue delivery of growth and value



## Organic Growth

- \$9bn growth capex since 2002, including successful delivery of 13 major projects

## Operational Excellence

- 8 consecutive years of real cost savings
- Continuous improvement of safety performance

## Mergers and Acquisitions

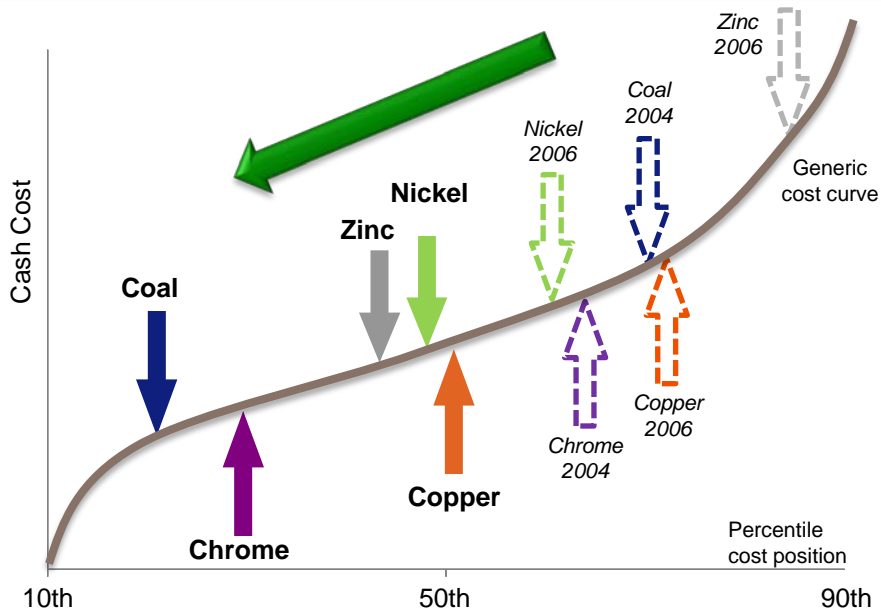
- Delivered commodity and geographic diversification
- Build scale to compete for access to resources, financial and human capital
- Created embedded growth optionality

# Operational excellence delivering ongoing portfolio transformation and improvement

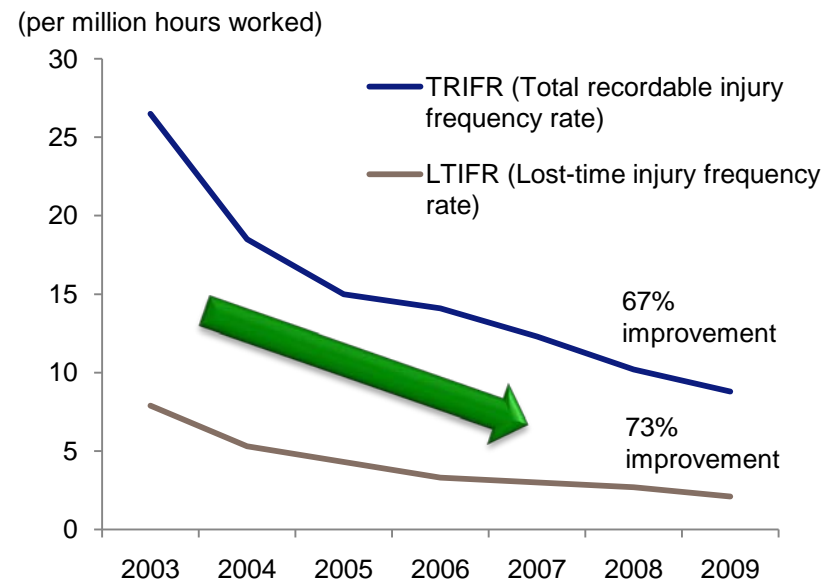


- NPV enhancement, efficiency improvements, mine life extensions and real cost savings
- All business units towards bottom of cost curve with substantial mine life
- Continuous improvement of sustainable development and safety performance

## Ongoing transformation of portfolio\*



## Group safety performance



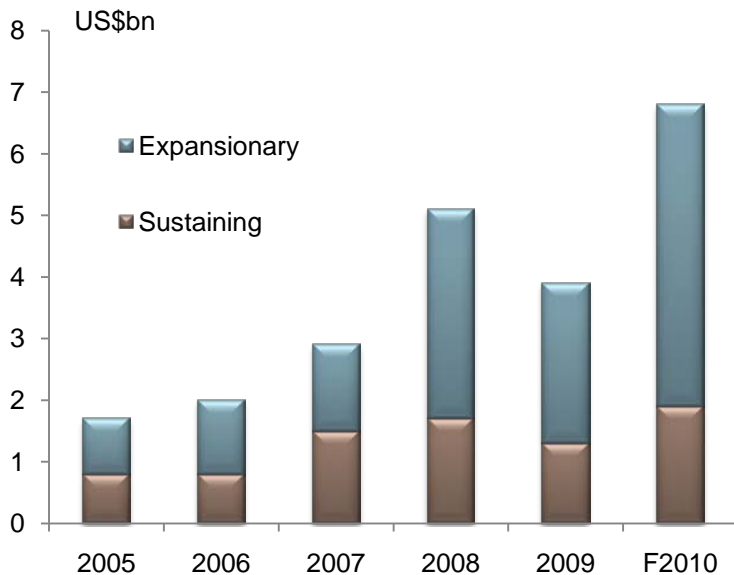
Note: \* 2009 cost curves sourced from BrookHunt for base metals (using Xstrata 2009 reported C1) and Wood Mackenzie for seaborne thermal coal.

# Organic growth to deliver next transformation of Xstrata's portfolio

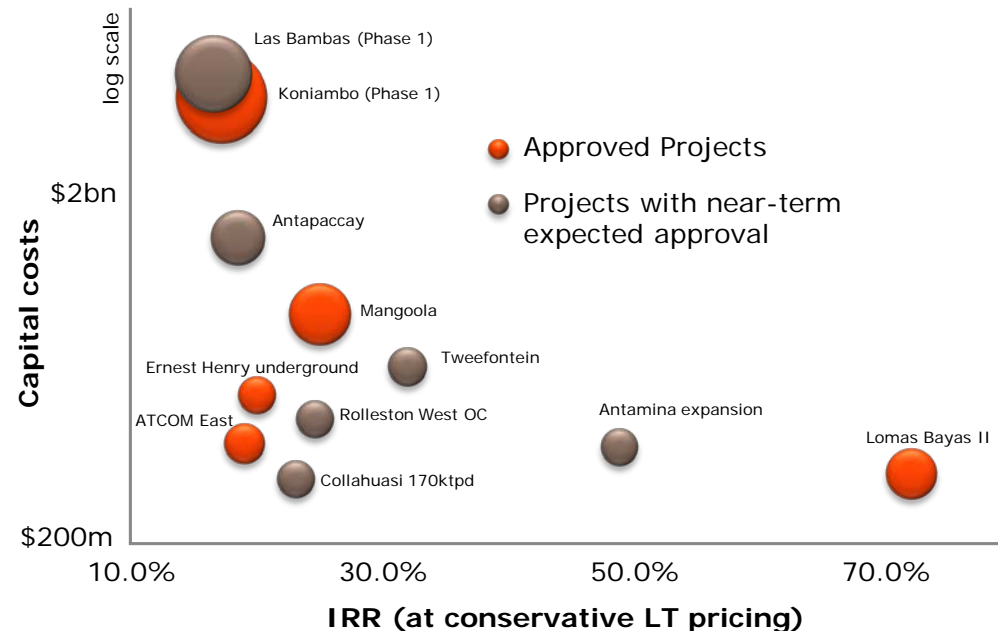


- Attractive returns from project pipeline balanced between near-term brownfield projects and longer-term greenfield options
- Expansionary capital expenditure projected at \$14 billion over next three years
- Next phase of transformation delivers significant volume growth and further cost reductions

## Capital expenditure and guidance



## Strong returns from project pipeline\*



Note: \* Bubble size denotes NPV. Selected projects shown for illustrative purposes with valuation on conservative LT pricing.

# Strong pipeline of growth especially in coal, copper and nickel



- Over \$8 billion of projects currently under construction with further 10 projects for approval in 2010
- Expected volume growth in copper and coal of more than 50%, and potential to double nickel volumes

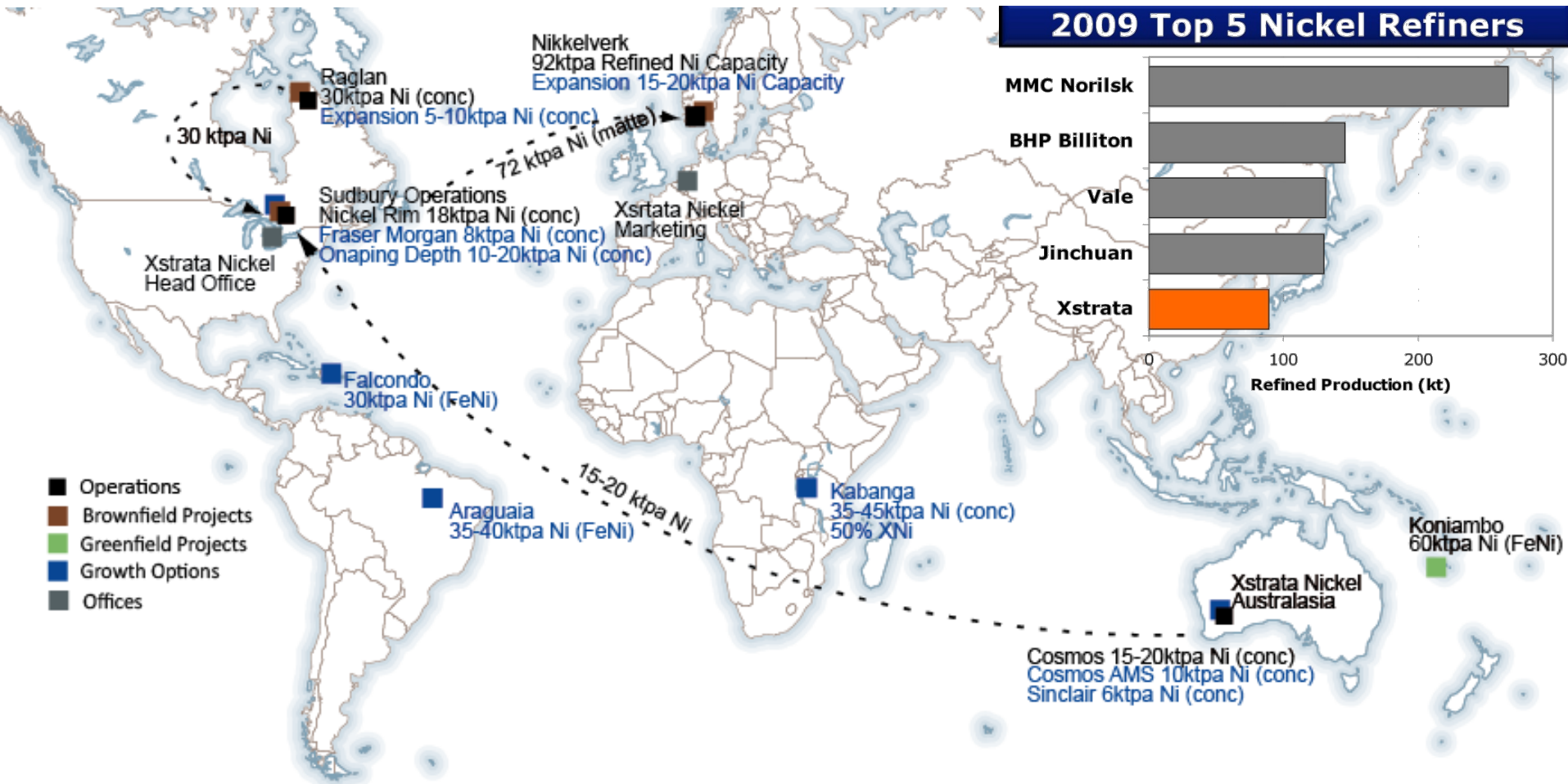


Note: \* Selected major projects



Xstrata Nickel

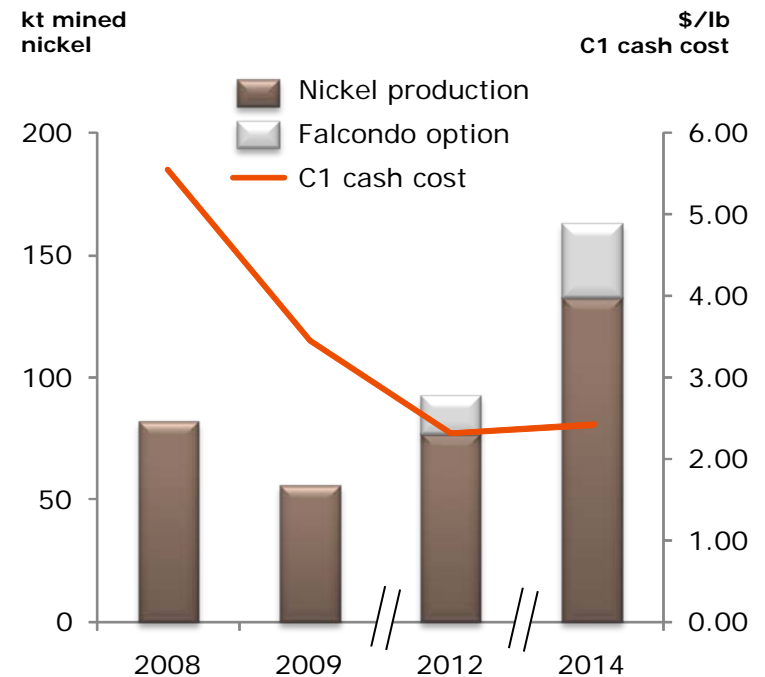
# Integrated nickel business with a portfolio of diverse assets and projects...



# ... repositioned to continue delivery of value and growth

- Portfolio transformed down the cost curve with growth potential retained
  - Suspension of Falcondo and Fraser
  - Early closure of Craig and Thayer-Lindsley
  - Corporate and operational restructuring
  - More than 30% headcount reduction
  - Optimisation of flowsheets across sites
- Moving towards a large world-class nickel business in bottom half of the cost curve
  - Low cash cost production from Nickel Rim South (ramp-up in early 2010) and Koniambo (start-up in 2012)
  - Further growth options with Raglan, XNA, Falcondo, Kabanga, and Araguaia
  - Exploration commitment to highly prospective properties

## Xstrata Nickel transformation



# Optimised organic growth pipeline while retaining future options...

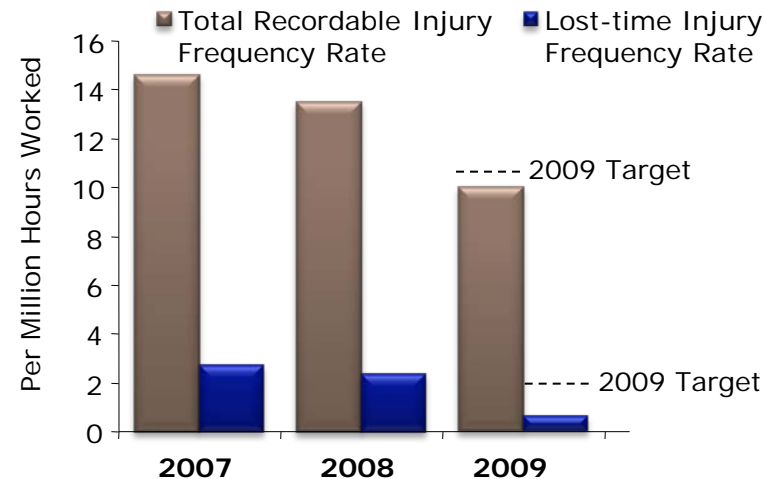
- Prioritised capital for world-class projects already in execution
  - Negative cash cost, \$920m Nickel Rim South project which is on schedule and on budget
  - Greenfield \$3.85bn Koniambo project which remains on schedule and within budget
- Brownfield growth options to be exercised when markets improve
  - Mine 7 and Zone 13/14 (Raglan); Sinclair (XNA); Fraser Morgan (Sudbury)
- Retention of future greenfield growth options while minimizing cash outflow
  - Kabanga feasibility on-going with 5 year retention license obtained
  - Araguaia scoping study completed



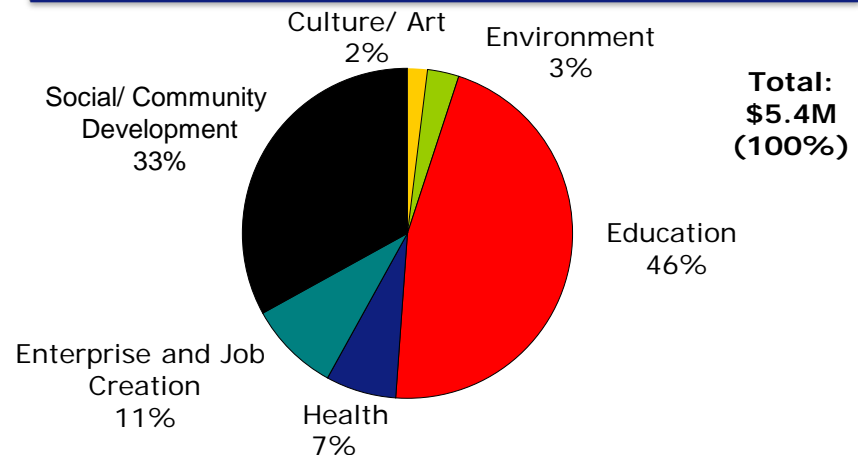
# HSEC and sustainability continue to be a key strategic focus...

- Relentless focus on safety resulting in continued improvement
  - Improvement in TRIFR (23%), LTIFR (59%) and DISR (55%) in 2009 compared to 2008 results
  - All results are below 2009 targets
  - All Xstrata Nickel operating sites targeting Zero LTIs in 2010
  
- Corporate Social Involvement
  - Focused on investments and partnerships with long-term benefits to stakeholders
  - Xstrata Nickel engages in building long-term partnerships with third-party organisations with global reach, technical expertise and solid reputations in sustainability practice

## Xstrata Nickel safety statistics



## Xstrata Nickel CSI commitment



# Koniambo: Tier 1 asset on track for delivery in 2012

- 60kt ferro-nickel smelter in New Caledonia
  - First quartile cost position
  - Significant mine life with expansion opportunity from laterite deposit with unrivalled scale and grade
  - Limited technical risk in use of off-the-shelf smelting/reduction technology
- On budget and on target for start-up in 2012, with full production by 2014
  - 2010: Completion of dredging and main wharf; shipping and assembly of plant modules
  - 2011: Major site works and construction activity
  - 2012: Completion of power plant and first ore to furnace



Looking at the overland conveyor row with camp and plant in background

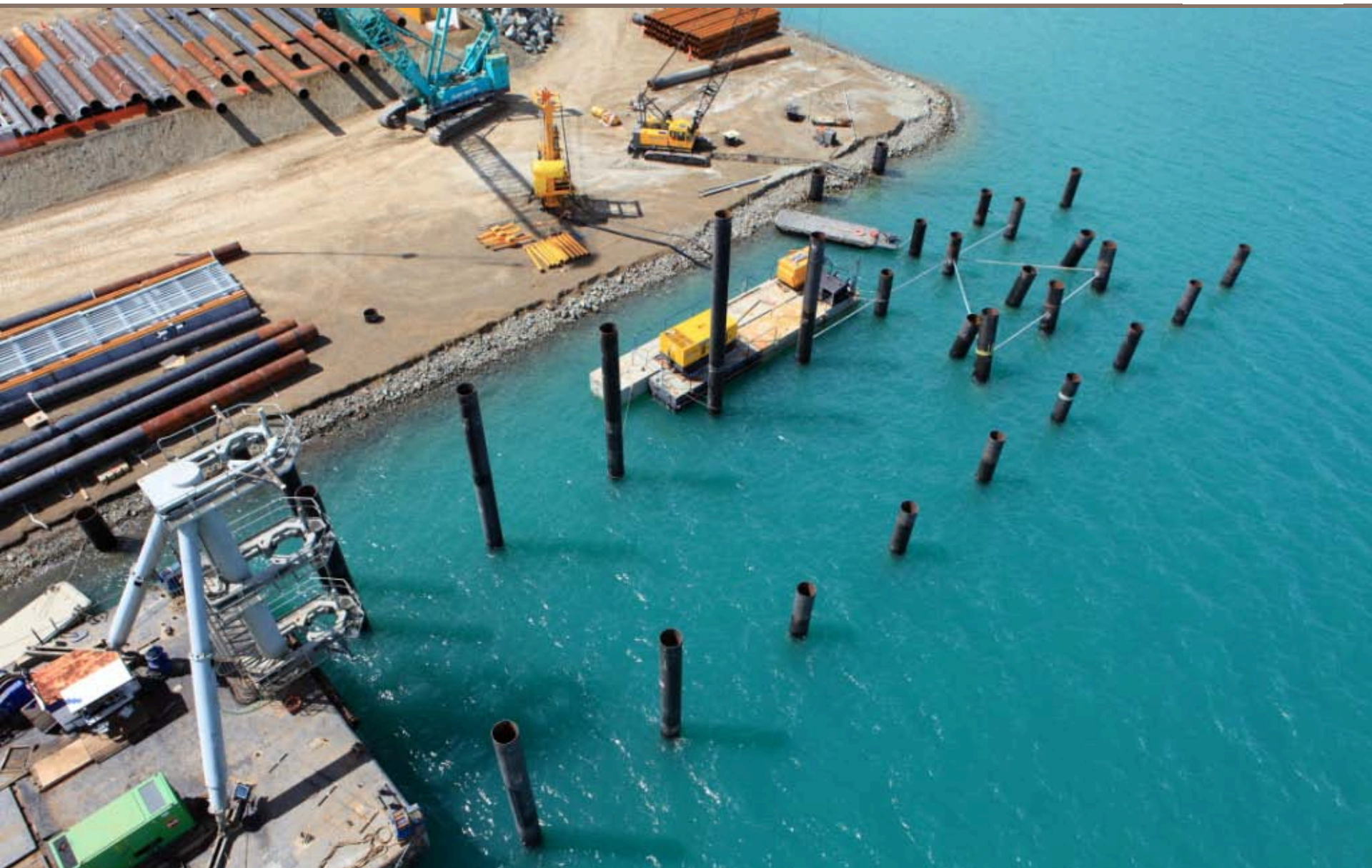


Site establishment and earthworks in New Caledonia



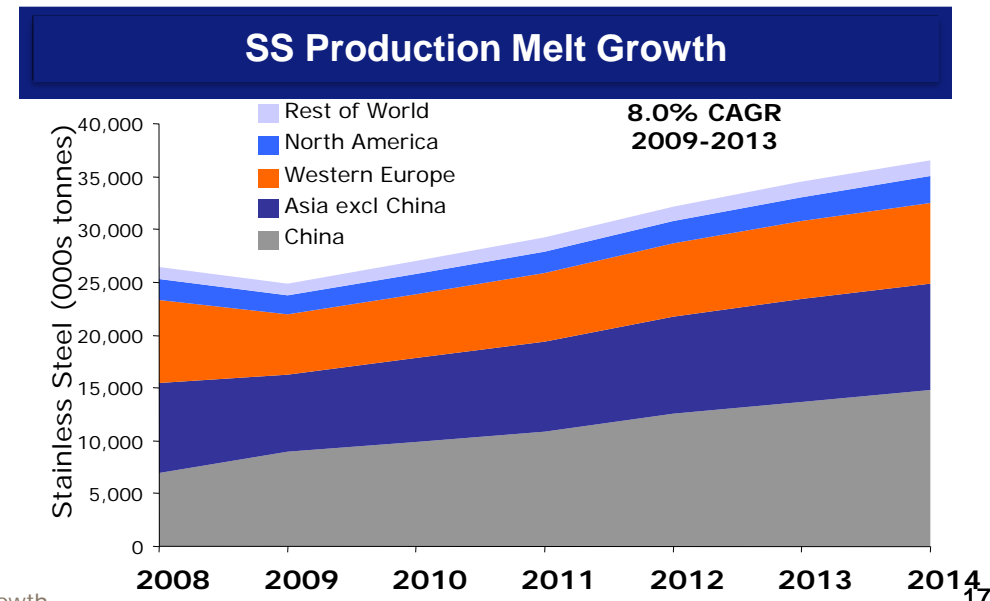
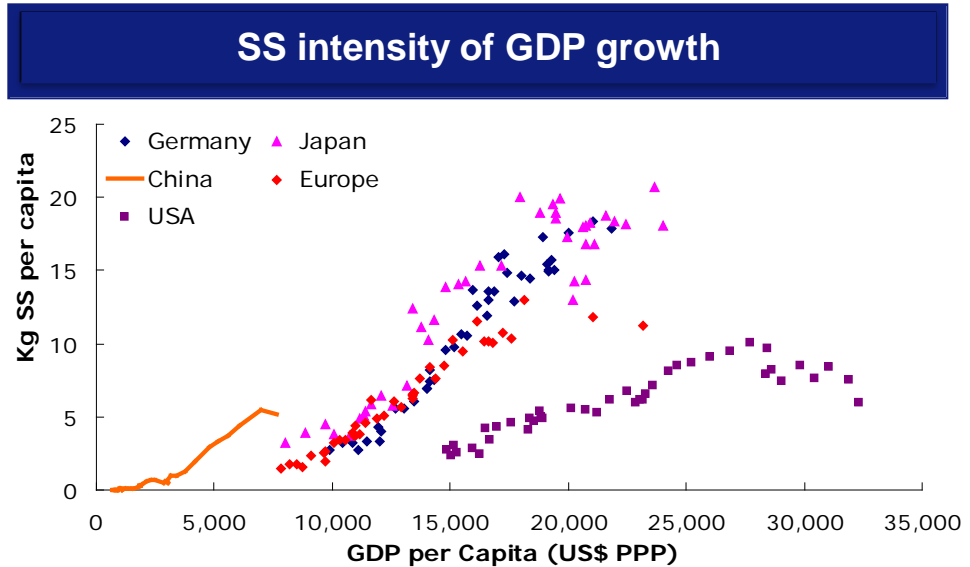






# Stainless steel demand fundamentals remain strong over the long term

- Strong demand growth underpinned by urbanization and industrialization of China, India and other developing regions
  - High rates of infrastructure investment, building and construction, and industrial growth
  - Commodity intensive growth in chemical process industry, oil & gas, and electrical energy requiring higher performance stainless steel
  - Strong consumer demand due to higher disposable income and the move to better quality and value-added consumption products
  - Stable austenitic and primary nickel ratios translate into strong nickel demand growth in stainless steel



# Impact of economic crisis on supply likely to be positive for long term fundamentals

## Short/Medium Term

- Until idle capacity is absorbed, pricing influenced by cash operating costs (particularly of the marginal producer), rather than incentive based (C3, IRR, ROE)
- Stainless steel cycle, China and macro sentiment to drive metal prices
- OECD restocking and economic recovery important to consolidate nickel demand

## Long Term

- Demand for stainless steel in developing economies, particularly in Asia, will continue to drive strong nickel demand growth to support higher nickel prices
- Non-stainless demand in developing economies will also contribute to stronger growth, particularly in aerospace, power generation and oil & gas
- Technology risk of future laterite supply

# Conclusion

- Growth projects to continue Xstrata's volume growth and support cost reduction
  - Set to benefit from global demand recovery
- Xstrata Nickel repositioned to remain robust through the cycle
  - Operational and organizational restructuring
  - Improved cost position in lower half of cost curve
- Medium to long-term demand fundamentals intact
  - Driven by urbanisation and industrialisation of China and India
  - Future supply subject to delivery risk

