



Interim Results Presentation 6 months to 30 June 2004



Agenda

- Operational performance
- Progress at Queensland base metals operations
- Internal growth projects
- Equity capital management programme
- Financial performance

Commodity Prices



Average commodity prices adjusted for currency changes

	Unit	Average price received H1 04	Average price received H1 03	% Change
Australian FOB export thermal coal	AUD/t	47.3	40.6	17
South African export thermal coal	ZAR/t	230.1	193.2	19
Australian FOB export semi-soft coking	AUD/t	59.2	49.4	20
Australian FOB export coking	AUD/t	69.7	71.8	(3)
Copper	ARS/t	8,021	4,967	61
	AUD/t	3,730	2,683	39
Lead	AUD/t	1,120	744	51
Zinc	Euros/t	855	707	21
	AUD/t	1,419	1,267	12
Ferrocrome (Metal Bulletin)	ZAR/lb	4.2	3.0	40
Ferrovandium (Metal Bulletin)	ZAR/kg	160.7	92.3	74

3

Cost Efficiencies (1) (H104 vs H103)



	US\$m
Alloys	(12.9)
Coal	12.2
Copper	(18.3)
Zinc Lead	(3.3)
Other Businesses	0.1
Total	(22.2)

4

Cost Efficiencies (2) (H104 vs H103)



Alloys	- ongoing efficiency programmes	(3.1)	
	- gross calculated reductant costs	(14.4)	
	- coke reduction programme	4.6	(12.9)
Coal	- ongoing efficiency programmes	31.6	
	- demurrage	(11.2)	
	- access to otherwise sterilised ore	(2.0)	
	- switch to semi-soft and thermal export coal	(6.2)	12.2
Copper	- ongoing efficiency programmes	8.0	
	- additional stope and fill at Mt Isa	(5.1)	
	- impact of lower head grade at Alumbreira	(9.7)	
	- power and freight costs at Alumbreira	(11.5)	(18.3)
Zinc	- European business	13.0	
	- Australian business - freight	(7.0)	
	- other	(9.3)	(3.3)

5

Continuing Progress Post MIM Acquisition



- Annual cash cost savings from MIM acquisition now \$57m
- Operational problems at Queensland coal assets addressed in previous period
- Focus on North Queensland base metals operations a feature of this half
- Single global copper business established in January, led by Charlie Sartain

6



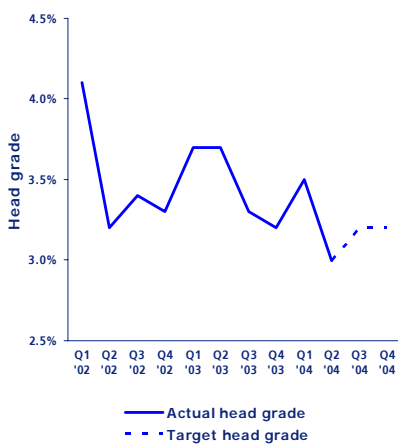
Comprehensive business and organisational review

- interviews with over 430 staff
- identification of 10 key areas for improvement
- new appointments and organisational structure
- formation of 7 profit centres
- key business drivers and targets quickly established

Chalco Ore Milled & Head Grade - Isa



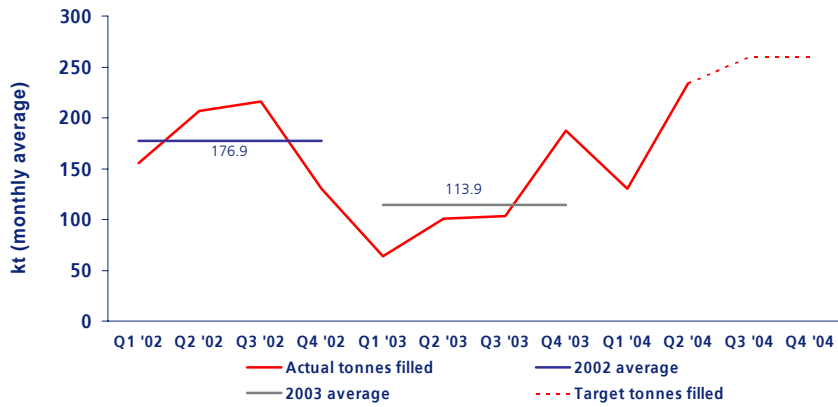
Head Grade



Chalco Ore Milled

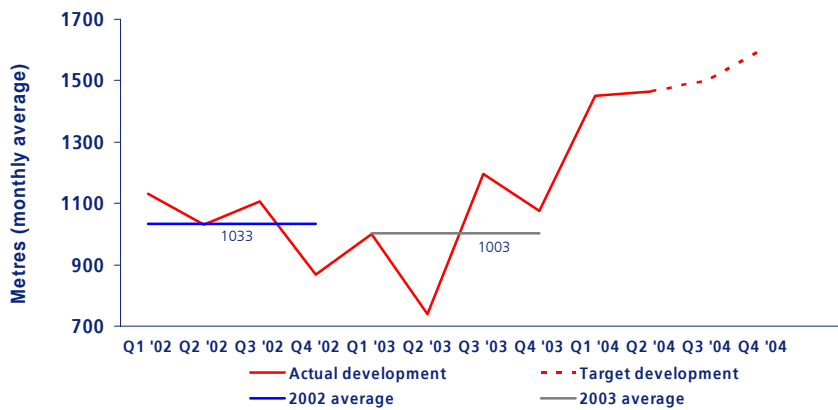


Fill Tonnes - Isa Copper



9

Development Metres - Isa Copper



10

Other Initiatives – North Queensland



- AUD36m - Northern 3500 copper orebody
 - maintenance of 3.5mtpa rated capacity
 - improve utilisation of existing hoisting and concentrator capacity
- AUD7.2m - copper leach plant in smelter
 - 2,500tpa copper from smelter residues
- Feasibility study into AUD29m electric furnace project – copper smelter
 - further 2% improvement in copper recoveries
- AUD27.6m - Black Star zinc lead open pit
 - provision of additional 1.5mtpa of ore
 - improve utilisation of zinc-lead concentrator

11

Growth Projects



- Rolleston and Lion projects on track
 - first production expected H2 05 & 06 respectively
 - low-cost, high return projects in high growth commodities
- Lion Project re-configured to include second kiln
 - annual production expected to increase to 360,000 tonnes
 - total estimated capex ZAR1.67 billion
- Alubrera upgrade in reserves
 - extends mine life to 2015

12

Equity Capital Management Programme



- Timing right to implement ECMP to purchase up to 10% of share capital
- Earnings enhancing and tax efficient
- Balance sheet efficiency improved
- Provides advantages of treasury stock programme
- Financed from free cash flow
- Xstrata's firepower and flexibility remains undiminished

13

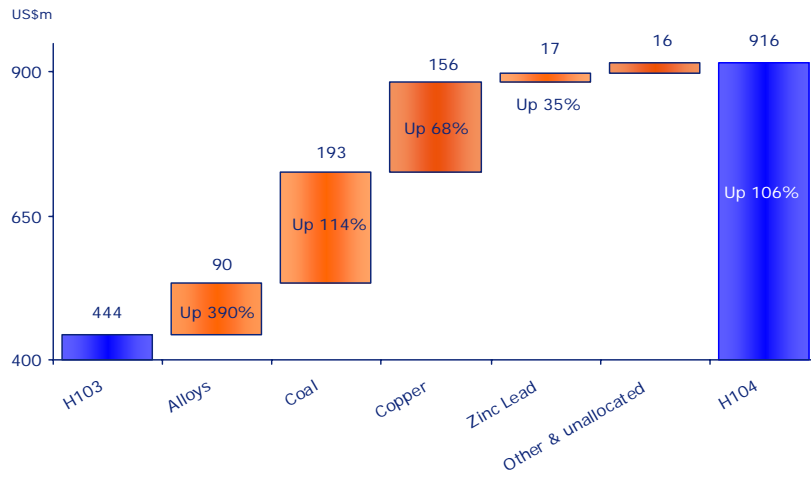
P&L Summary (excluding discontinued operations)



US\$m	H104	H103	%
Turnover	2,938.2	2,090.6	41
EBITDA (pre-exceptionals)	915.8	443.9	106
EBIT (pre-exceptionals)	624.6	196.0	219
EBIT	621.6	190.0	227
Net interest (pre-exceptionals)	(56.4)	(64.6)	13
Borrowing costs written off (exceptional)	(35.1)	-	-
Tax (pre-exceptionals)	(103.2)	(18.9)	(446)
Tax on exceptional items	6.5	-	-
Minority interests	(59.5)	(29.1)	(104)
Attributable profit (pre-exceptionals)	405.5	79.0	413
Attributable profit	373.9	77.4	383
EPS (US\$) pre-exceptionals	0.65	0.13	400
EPS (US\$)	0.60	0.12	400

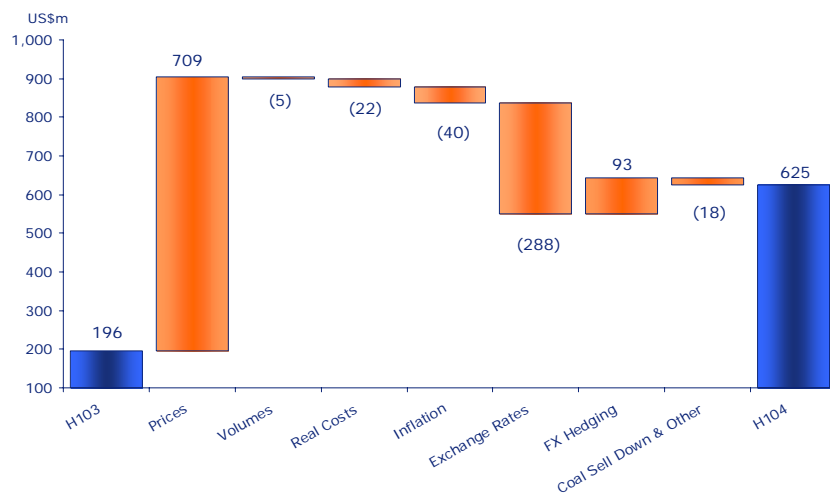
14

EBITDA Variance (excluding discontinued operations)



15

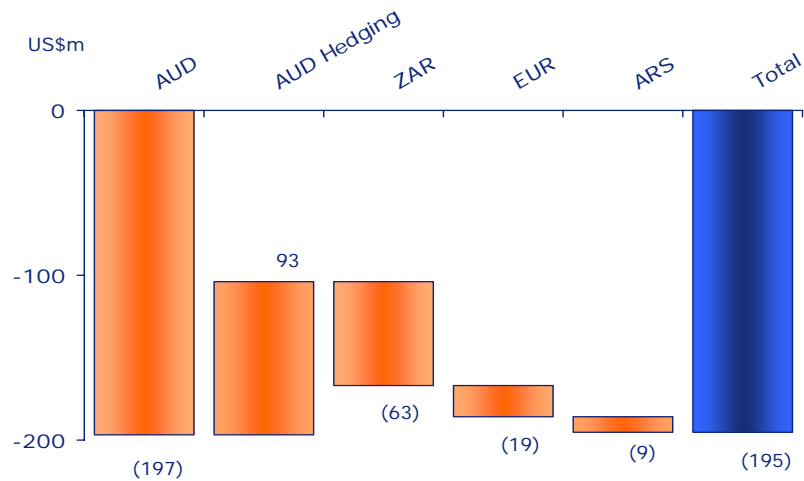
EBIT Variance (pre-exceptionals & excluding discontinued operations)



16

EBIT Currency Impacts

H104 vs H103 – exchange rates on costs



17

Taxation



- Statutory effective tax rate pre-exceptionals of 18.2% against 14.9% in 2003 (full year 2003 20.0%)
- Utilisation of Australian fiscal consolidation regime resulting in a beneficial 'step up' of fixed asset values
- Effective tax rate for full year expected to be around 22-23%
- Tax domicile in Switzerland continues to provide Xstrata with enhanced earnings and competitive acquisition advantage

18

Operating Cash Flow



US\$m	H104	H103	%
EBITDA (pre-exceptionals)	915.8	443.9	106
Working capital movements	(129.5)	(146.4)	12
Net cash inflow from operations	786.3	297.5	164
Restructuring costs	(6.6)	-	-
Net interest	(57.3)	(74.1)	23
Taxation	(12.2)	(19.8)	38
Cash flow before capital expenditure	710.2	203.6	249
Sustaining capital expenditure	(100.3)	(100.3)	-
Disposal of fixed assets	12.3	8.4	46
Free cash flow	622.2	111.7	457
Expansionary capital expenditure	(48.6)	(92.4)	47
Cash flow after capital expenditure	573.6	19.3	-

19

Net Debt



US\$m	30.06.04	31.12.03
Cash	297	255
External borrowings:		
- Alumbreira debt	(195)	(279)
- Bank overdrafts & loans	(797)	(1,111)
- Capital market notes	(395)	(402)
- Convertible bonds	(600)	(600)
- Other	(23)	(60)
Total external borrowings	(2,010)	(2,452)
Arrangement fees	14	52
Finance leases	(82)	(76)
Net debt	(1,781)	(2,221)
Net debt to equity %	24.6%	31.3%

20

Refinancing of Syndicated Loan



- Refinancing of Syndicated Loan facility on significantly enhanced terms
- Facility includes:
 - \$1.0 billion 5 year term facility
 - \$0.4 billion 364 day term facility
- Flexible terms support acquisition strategy
- Refinancing resulted in exceptional write off of capitalised borrowing costs of \$35.1 million before tax

21

Dividend



- Dividend of 8.0 US cents per share, a 20% increase from the 2003 interim dividend
- Record date 24 September 2004
- Payment date 15 October 2004

22

EBIT Sensitivities



US\$m	Impact H204*	Indicative full year**
1USc/lb movement Ferrochrome	5.8	13.1
US\$1/t movement Aus Coking Coal	0.3	5.3
US\$1/t movement Aus Thermal Coal	0.6	32.7
US\$1/t movement SA Thermal Coal	1.6	13.4
1USc/lb movement Copper	4.7	10.0
1USc/lb movement Zinc	4.7	9.0
1USc/lb movement Lead	2.1	3.9
10% movement AUD	30.9	194.4
10% movement EUR	13.9	27.8
10% movement ZAR	47.7	94.8

* After impact of hedging, contracted and priced sales

** Assuming current volumes and no hedging, contracted or priced sales

23

Conclusion



- Outlook for commodity prices remains robust on back of:
 - increased demand – notably China and India
 - tight supply - especially coal
- Stronger results expected in second half
 - production and efficiency improvements
 - full benefit of Q2 price negotiations (coal and alloys)

24

Appendices

Basis of Financial Information

- Financial information is presented on a statutory basis for 6 months to 30 June 2004 and a pro forma basis for 6 months to 30 June 2003
- Own shares included within equity in accordance with UITF 38 ('Accounting for ESOP Trusts'), effective June 2004

Turnover

(excludes discontinued operations)



US\$m	H104	H103	%
Alloys	427.1	233.7	83
Coking Australia	130.5	163.6	(20)
Thermal Australia	814.6	541.4	50
Thermal South Africa	244.0	198.2	23
Coal	1,189.1	903.2	32
Americas	342.7	232.5	47
Australia	379.7	269.5	41
Copper	722.4	502.0	44
Zinc Lead	569.2	435.4	31
Other Businesses	30.4	15.6	95
Unallocated	-	0.7	-
Total	2,938.2	2,090.6	41

27

EBITDA

(pre-exceptionals and excludes discontinued operations)



US\$m	H104	H103	%
Alloys	112.8	23.0	390
Coking Australia	36.2	36.9	(2)
Thermal Australia	266.7	102.6	160
Thermal South Africa	60.7	30.8	97
Coal	363.6	170.3	114
Americas	238.7	149.4	60
Australia	145.8	78.8	85
Copper	384.5	228.2	68
Zinc Lead	63.0	46.5	35
Other Businesses	13.8	3.7	273
Unallocated	(21.9)	(27.8)	21
Total	915.8	443.9	106

28

EBIT

(pre-exceptionals and excludes discontinued operations)



US\$m	H104	H103	%
Alloys	100.1	12.0	734
Coking Australia	21.2	14.1	50
Thermal Australia	189.5	39.0	386
Thermal South Africa	24.6	12.0	105
Coal	235.3	65.1	261
Americas	175.7	88.6	98
Australia	103.6	47.1	120
Copper	279.3	135.7	106
Zinc Lead	21.7	10.0	117
Other Businesses	10.9	1.7	541
Unallocated	(22.7)	(28.5)	20
Total	624.6	196.0	219

29

Alloys – Chrome



US\$m	H104	H103	%
Turnover	363.0	199.7	82
EBITDA	89.9	23.6	281
EBIT	80.3	15.8	408
Margin %	22.1	7.9	180
Return on capital employed %	30.7	9.1	237
- Sustaining	1.9	0.3	533
- Expansionary	11.3	6.3	79
Capital expenditure	13.2	6.6	100
Attributable saleable production (kt)	588.7	545.8	8
Indicative average price (US\$/lb)*	63.0	37.3	69

*Indicative published prices: Metal Bulletin

30

Alloys – Vanadium



US\$m	H104	H103	%
Turnover	64.1	34.0	89
EBITDA	22.9	(0.6)	-
EBIT	19.8	(3.8)	621
Margin %	30.9	(11.2)	376
Return on capital employed %	30.0	(6.2)	584
-Sustaining	0.5	0.4	25
-Expansionary	3.7	1.6	131
Capital expenditure	4.2	2.0	110
Attributable saleable production (kt)			
- Vanadium Pentoxide (k lbs)	10,529	15,951	(34)
- Ferrovanadium (k kg)	2,691	3,838	(30)
Indicative published average prices (US\$/lb)*			
- Vanadium Pentoxide (US\$/lb)	5.34	2.23	139
- Ferrovanadium (US\$/kg)	24.10	11.52	109

*Published prices: Metal Bulletin

31

Coal



US\$m	H104	H103	%
- Coking Australia	130.5	163.6	(20)
- Thermal Australia	770.7	514.6	50
- Thermal South Africa	244.0	181.4	35
Turnover (own production)	1,145.2	859.6	33
- Coking Australia	36.2	36.9	(2)
- Thermal Australia	266.7	102.6	160
- Thermal South Africa	60.7	30.8	97
EBITDA	363.6	170.3	114
- Coking Australia	21.2	14.1	50
- Thermal Australia	189.5	39.0	386
- Thermal South Africa	24.6	12.0	105
EBIT	235.3	65.1	261
Margin %	20.5	7.8	163
Return on capital employed %	9.5	3.0	217

32

Coal



US\$m	H104	H103	%
- Sustaining	63.3	61.3	3
- Expansionary	22.7	42.1	(46)
Capital expenditure	86.0	103.4	(17)
Consolidated production (tonnes, millions)	28.9	29.6	(2)
- Coking Australia export	2.2	3.7	(41)
- Semi-soft Australia export	4.1	3.1	32
- Thermal Australia export	12.6	12.4	2
- Thermal South Africa export	6.4	6.2	3
- Domestic	3.9	5.3	(26)
Consolidated sales (tonnes, millions)	29.2	30.7	(5)
Average FOB export prices:			
- Queensland coking (US\$/t)	51.6	44.2	17
- NSW semi-soft coking (US\$/t)	43.8	30.4	44
- Australian thermal (US\$/t)	35.0	25.0	40
- South African thermal (US\$/t)	34.5	24.1	43

33

Copper



US\$m	H104	H103	%
- Americas	342.7	232.5	47
- Australia	379.7	269.5	41
Turnover	722.4	502.0	44
- Americas	238.7	149.4	60
- Australia	145.8	78.8	85
EBITDA	384.5	228.2	68
- Americas	175.7	88.6	98
- Australia	103.6	47.1	120
EBIT	279.3	135.7	106
Margin %	38.7	27.0	43
Return on capital employed %	31.3	16.3	92
- Sustaining	23.7	20.8	14
- Expansionary	4.6	13.9	(67)
Capital expenditure	28.3	34.7	(18)

34

Copper



	H104	H103	%
Americas:			
Copper in concentrate (t)	80,688	93,310	(14)
Gold in concentrate (oz)	273,667	281,996	(3)
Gold in dore (oz)	25,013	28,122	(11)
Australia - Ernest Henry:			
Copper in concentrate (t)	54,244	54,390	-
Gold in concentrate (oz)	68,198	66,254	3
Australia – Mt Isa:			
Copper in concentrate from ore	80,517	82,782	(3)
Anode copper (t)	116,263	115,293	1
Other copper (t)	7,217	34,422	(79)
Refined copper (t)	117,633	111,368	6
Average LME copper price (US\$/t)	2,760	1,652	67
Average LME gold price (US\$/oz)	401	350	15

35

Zinc Lead (excluding discontinued operations)



US\$m	H104	H103	%
- Zinc Australia	84.5	57.0	48
- Zinc Europe	376.0	280.4	34
- Lead Australia	27.7	23.1	20
- Lead Europe	81.0	74.9	8
Turnover	569.2	435.4	31
- Zinc Australia	11.3	(0.5)	-
- Zinc Europe	42.1	42.3	-
- Lead Australia	1.7	(3.0)	157
- Lead Europe	7.9	7.7	3
EBITDA	63.0	46.5	35
- Zinc Australia	1.5	(7.0)	121
- Zinc Europe	21.8	21.9	-
- Lead Australia	(7.4)	(8.9)	17
- Lead Europe	5.8	4.0	45
EBIT	21.7	10.0	117

36

Zinc Lead (excluding discontinued operations)



	H104	H103	%
European production:			
Zinc – Asturiana (kt)	244,208	234,011	4
Zinc – Nordenham (kt)	77,910	75,828	3
Lead – Northfleet (kt)	65,331	105,420	(38)
Silver – Northfleet (m oz)	4,669	5,924	(21)
Australian production:			
Zinc – Mt Isa (kt)	85,808	88,180	(3)
Lead – Mt Isa (kt)	86,087	83,225	3
Silver – Mt Isa (k oz)	7,898	7,443	6
Zinc – McArthur River (kt)	59,043	63,875	(8)
Lead – McArthur River (kt)	13,159	14,180	(7)
Silver – McArthur River (k oz)	534	578	(8)
Average LME Zinc price US\$/t	1,050	780	35
Average LME Lead price US\$/t	829	458	81
Average LME Silver price US\$/oz	6.52	4.63	41

37

Balance Sheet Summary



US\$m	30.06.04	31.12.03
Intangible assets	1,399.7	1,333.5
Tangible assets	7,251.3	7,614.8
Investments	78.8	81.0
Total fixed assets	8,729.8	9,029.3
Net current assets	1,054.2	939.0
Non-current creditors	(1,938.9)	(2,247.2)
Provision for liabilities and charges	(602.0)	(621.6)
Net assets	7,243.1	7,099.5
Minority interests	(580.6)	(614.6)
Attributable net assets	6,662.5	6,484.9

38

Capital Expenditure (excluding discontinued operations)



US\$m	Sustaining H104	Expansionary H104	Total H104	Sustaining H103	Expansionary H103	Total H103
Alloys	2.4	15.0	17.4	0.7	7.9	8.6
Coal	63.3	22.7	86.0	61.3	42.1	103.4
Copper	23.7	4.6	28.3	20.8	13.9	34.7
Zinc Lead	21.6	6.1	27.7	13.8	13.1	26.9
Other Business & Unallocated	2.9	-	2.9	2.1	10.3	12.4
Total	113.9	48.4	162.3	98.7	87.3	186.0

39

Working Capital



US\$m	Statutory 30.06.04	Pro forma 31.12.03
Stocks	685	673
Debtors	691	702
Creditors	(779)	(789)
Working Capital	597	586

- Stocks higher mainly due to the stronger South African rand at period end partly offset by the seasonal nature of zinc concentrate supplies into Europe
- Debtors have reduced due to part of the sale proceeds from Queensland Coal sell down being outstanding at year end however this has been mainly offset as a result of stronger commodity prices
- Creditors have reduced due to the timing of payments between period ends, partly offset by increased tax payable from higher earnings in 2004

40

Average Commodity Prices (adjusted for currency changes)



	Unit	Average price H104	Average price H103	% Change
Australian FOB export thermal coal	AUD/t	47.3	40.6	17
South African export thermal coal	ZAR/t	230.1	193.2	19
Australian FOB export semi-soft coking	AUD/t	59.2	49.4	20
Australian FOB export coking	AUD/t	69.7	71.8	(3)
Copper	ARS/t	8,021	4,967	61
	AUD/t	3,730	2,683	39
Lead	AUD/t	1,120	744	51
Zinc	Euros/t	855	707	21
	AUD/t	1,419	1,267	12
Ferrochrome (Metal Bulletin)	ZAR/lb	4.2	3.0	40
Ferrovandium (Metal Bulletin)	ZAR/kg	160.7	92.3	74

41

Exchange Rates



	Average H104	Average H103	As at 30.06.04	As at 30.06.03
Argentine Peso	2.9061	3.0068	2.9560	2.8150
Australian Dollar	0.7400	0.6157	0.6993	0.6735
Euro	1.2274	1.1038	1.2200	1.1511
South African Rand	6.6685	8.0162	6.1362	7.4704

42

Shares in Issue ('000)

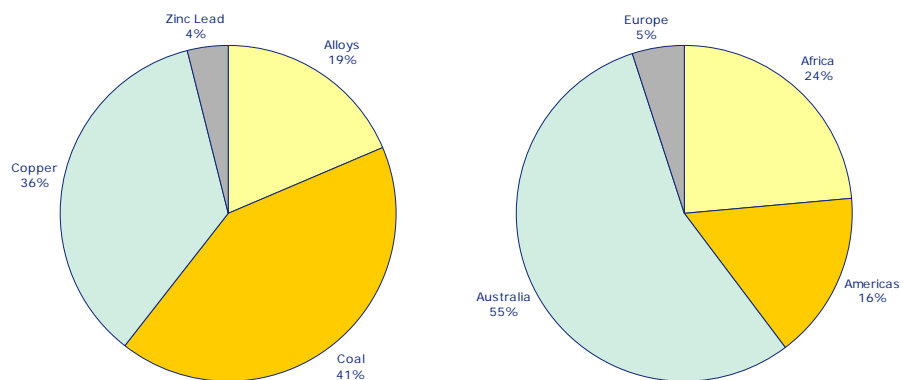


Weighted Average Issued Share Capital (used for 2004 statutory eps calculations)	627,374 shares
Weighted Average Issued Share Capital (used for 2003 proforma eps calculations)	628,373 shares
Weighted Average Issued Share Capital (used for 2003 statutory eps calculations)	378,851 shares
Total Issued Share Capital	631,502 shares

43

Attributable EBIT

(pre-exceptionals, excluding discontinued operations,
other businesses and unallocated)



44

Attributable Net Assets

(pre-exceptionals, excluding discontinued operations, other businesses and unallocated)

