



Interim Results Presentation

6 months ended 30 June 2006



Mick Davis

Chief Executive Officer

Summary Results



US\$m	H106	H105	%
Revenue	5,178	3,766	38
EBITDA	2,263	1,348	68
EBIT	1,947	1,064	83
Attributable profit	1,133	797	42
EPS – basic (USc)	179	1.28	40

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Average Commodity Prices



	Unit	Average price H106	Average price H105	% Change
Australian FOB export coking	\$/t	117.8	100.3	17
Australian FOB export semi-soft coking	\$/t	73.2	63.7	15
Australian FOB export thermal coal	\$/t	47.0	50.2	(6)
Colombian FOB export thermal coal	\$/t	48.8	-	-
South African export thermal coal	\$/t	45.1	49.1	(8)
Copper	\$/t	6,075	3,333	82
Lead	\$/t	1,171	983	19
Zinc	\$/t	2,762	1,295	113
Ferrochrome (Metal Bulletin)	c/lb	66.6	75.5	(12)
Ferrovandium (Metal Bulletin)	\$/kg	40.5	88.0	(54)

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High Cost Inflation Environment



- High inflation environment presents profound challenges beyond impact on operating costs and margins
- Difficulty of accurately assessing capital expenditure, risks to completion and timeframes of projects
- Upward pressure on incentive prices required for new investment
- Net impact continues to curb significant new supply

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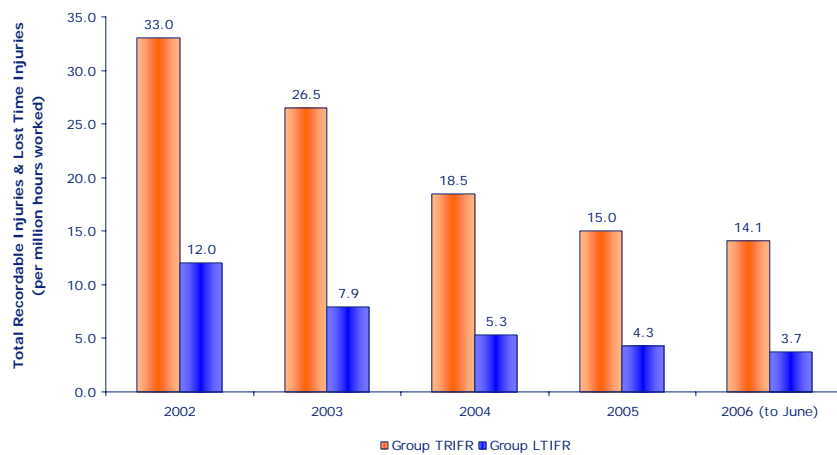
Inflation And Cost Efficiency Gains



- Impact of mining inflation calculated using external data and internal records:
 - **Fuel:** diesel prices + \$21 million (18%)
 - **Power:** + \$12 million (8%)
 - **Materials and consumables:** + \$51 million (8%)
 - **Labour:** (incl contractors) + \$36 million (5%)
- Mining inflation added \$79 million to CPI inflation of \$68 million
- Real cost savings excl. inflation of \$11 million
 - Real cost savings achieved by Zinc, Copper and Alloys
 - Largely offset by increased costs at Coal South Africa
 - Improved cost performance in H2 06

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Safety Performance



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Growth From The Portfolio



- Rolleston commissioned on time and within budget
- Excellent range of growth projects in coal business
 - Expansion potential at Cerrejón, Colombia
 - Range of brownfield, incremental projects in Australia
 - Goedgevonden and 5 Seam greenfield projects in South Africa
- Third consecutive year of reserve and mine life extension at Alumbraera to 2016
- Expanded drilling programme on track at Las Bambas
- Decision on option to acquire 62.5% of Tampakan copper-gold project shortly

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Growth From The Portfolio (2)



- Upgrade of Mount Isa zinc-lead concentrator
 1. 30% increase in capacity to 6.5mt by end 2006, using second-hand equipment costing <\$5 million
 2. Additional 30% increase in capacity to 8mt in H1 08, at capital cost of \$120 million
- Concentrate production to increase to 2/3 of own requirements
- Drilling programmes underway at Black Star and George Fisher to expand reserves
- McArthur River: Government decision expected H2 06 on potential conversion to open cut mining
- Project Lion ferrochrome smelting complex remains on track and on budget for completion H2 06

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Growth Through Acquisition



- Acquisition of one-third of Cerrejón and Tintaya copper mine completed in April and June respectively
 - c.\$30 m contribution to EBIT in H1
- Acquisition of Falconbridge set to complete in August following termination of Inco offer
- Aim to begin integration process as soon as possible
 - Collaboration with Falconbridge
 - Process to be transparent, swift and fair with severance obligations and practices respected

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Trevor Reid
Chief Financial Officer

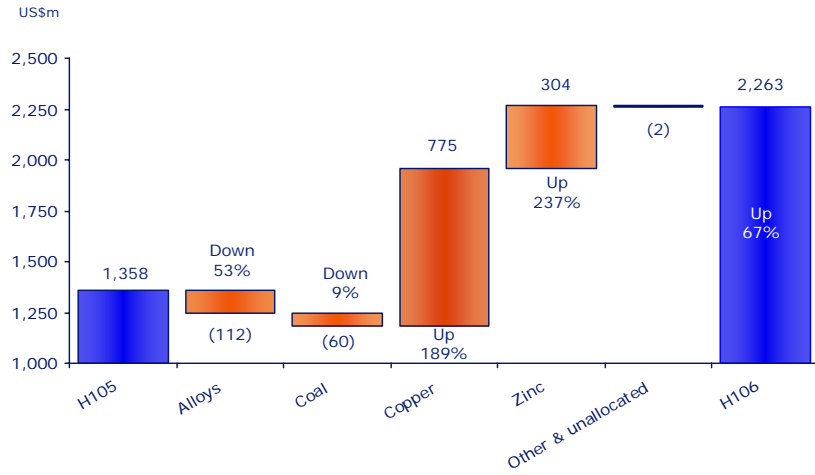
Key Financial Results



US\$m	H106	H105	%
Revenue	5,178	3,766	38
EBITDA	2,263	1,348	68
EBIT	1,947	1,064	83
Net interest expense	(63)	(30)	(110)
Net recycled gains from foreign currency translation reserve	(4)	(52)	-
Borrowing costs written-off	-	(17)	-
Income tax expense	(492)	(208)	(137)
Attributable profit	1,133	797	42
EPS – basic (USc)	179	1.28	40

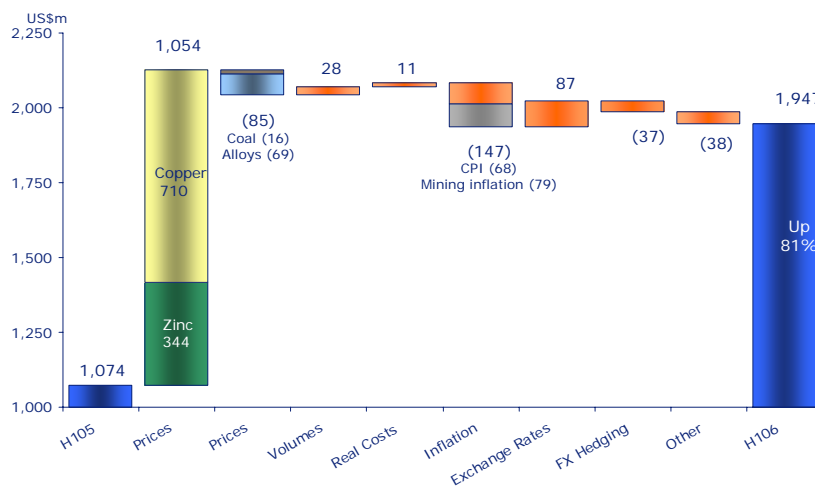
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EBITDA Variance



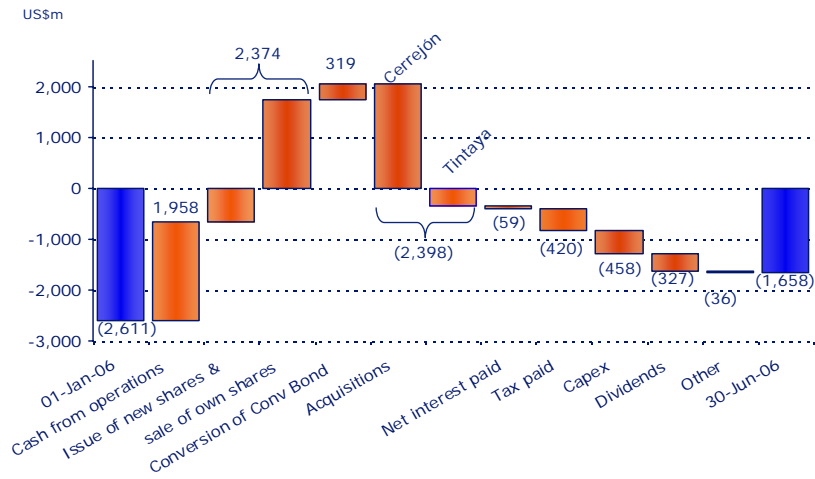
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EBIT Variance



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Cash Flow



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Acquisitions



- Cerrejón coal mine in Colombia for \$1.7 billion
 - Completed 20 April 2006
- Tintaya copper mine in Peru for \$750 million
 - Completed 21 June 2006

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Capital Expenditure



US\$m	Sustaining H106	Expansionary H106	Total H106	Sustaining H105	Expansionary H105	Total H105
Alloys	15	100	115	11	49	60
Coal	67	97	164	71	128	199
Copper	58	40	98	38	11	49
Zinc	41	40	81	32	10	42
Technology & Unallocated	1	-	1	1	-	1
Total	182	277	459	153	198	351

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Net Debt



US\$m	30.06.06	31.12.05
Cash	957	524
External borrowings:		
- Alumbra shareholder loan	(81)	(81)
- Bank overdrafts & loans	(1,529)	(1,694)
- Capital market notes	(273)	(276)
- Convertible bonds	(533)	(866)
Total external borrowings	(2,416)	(2,917)
Arrangement fees	26	11
Finance leases	(224)	(229)
Net debt	(1,657)	(2,611)
Net debt to equity %	12.7%	32.1%
Net debt to net debt plus equity %	11.2%	24.3%

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Dividend



- Dividend proposed of 13 US cents per share
 - 44% increase over 2005 dividend
- Record date 22 September 2006
- Payment date 13 October 2006

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Mick Davis
Chief Executive

Outlook



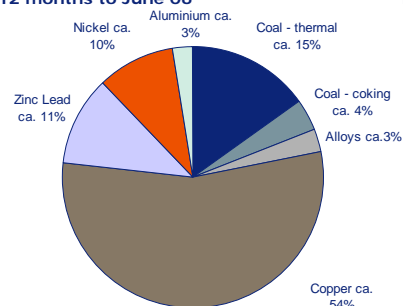
- High commodity prices set to continue, compared to historic averages
- Copper and zinc fundamentals remain robust, supported by strong demand and time lag in new supply
- Ferrochrome outlook brighter in second half
- Thermal coal underpinned by growth in demand from US, Asia and Europe and competitive position
- Hard coking coal continues to command a high premium
- Continued hyperinflationary pressures will continue to restrain new projects
- Xstrata cost efficiencies remain a competitive advantage

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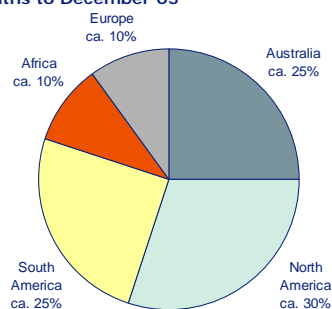
Power of the Combination – Diversification



**EBITDA by commodity
12 months to June 06**



**Revenue by geography
12 months to December 05**



**Combined EBITDA
12 months to June 06 c. US\$8bn**

Note for breakdown by geography: Xstrata EBITDA is presented as the aggregated results of Xstrata, Xstrata's attributable share of Cerrejon, which is assumed to be all Thermal Coal, and Tintaya, which is assumed to be all Copper. The accounting basis of Xstrata's attributable share of Cerrejon and Tintaya estimated aggregated EBITDA may differ following consolidation with the Xstrata Group. Xstrata has not assessed the potential impact of adjusting the accounting policies of Cerrejon, Tintaya or Falconbridge or the accounting policies used in the source of the estimated information to those of the Xstrata Group. Xstrata EBITDA includes the results of associates, and is before unallocated costs and non-trade items and the results of discontinued operations. Cerrejon and Tintaya EBITDA is calculated as earnings before net interest, taxation, depreciation and amortisation. Falconbridge EBITDA is derived as income generated on operating assets adding back depreciation, amortisation and accretion charges and is before the deduction of unallocated expenses.

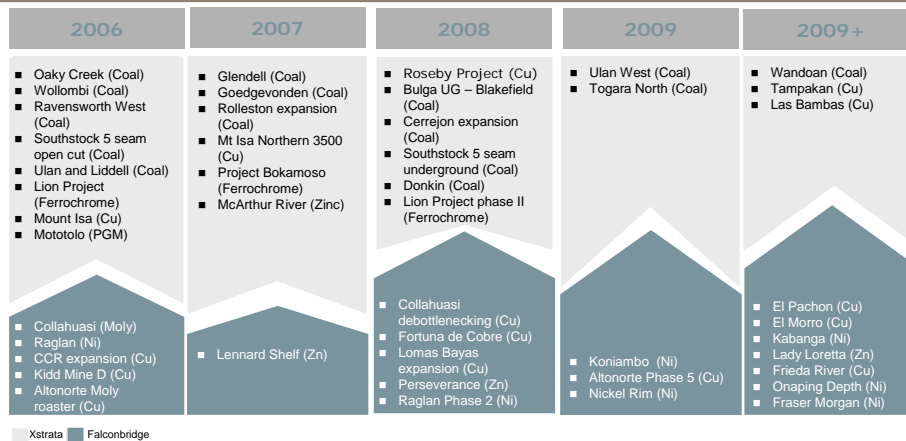
Note for breakdown by commodity: Including Cerrejon and Tintaya estimated from July 2005 to June 2006

Source for breakdown by geography: Xstrata: 2005 IFRS audited financial information from 2005 annual report; Falconbridge: Canadian GAAP audited financial information extracted from Q4 2005 results presentation; Cerrejon: Extracted from BHP Billion annual report (year ended 30.06.05, supplementary information and half yearly report (6 months ended 31.12.05); Tintaya: EBITDA for the year to 30 June 2005 as extracted from Xstrata plc announcement in respect of the acquisition of Tintaya, dated 16 May 2006.

Source for breakdown by commodity: Xstrata: 2006 IFRS unaudited financial information from Interim Report 2006. Falconbridge: 2006 Canadian GAAP unaudited financial information extracted from second quarter earnings release

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Power of the Combination – Organic Growth Optionality



Source: Falconbridge Annual Report (2005)

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Conclusion



Xstrata well positioned

- Strong commodity prices
- Ongoing productivity improvements
- Growth projects
- Transformation post Falconbridge acquisition
- Further potential in rapidly consolidating industry

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Appendices

Revenue

US\$m	H106	H105	%
Alloys	432.0	638.9	(32)
Coking Australia	284.0	256.5	11
Thermal Australia	1,013.0	1,007.0	1
Thermal Colombia	76.1	-	-
Thermal South Africa	319.4	381.9	(16)
Coal	1,692.5	1,645.4	3
Australia	821.2	459.5	79
South America	897.0	318.7	181
Copper	1,718.2	778.2	121
Zinc	1,283.9	671.8	91
Technology	51.7	31.4	65
Total	5,178.3	3,765.7	38

EBITDA



US\$m	H106	H105	%
Alloys	98.7	210.6	(53)
Coking Australia	151.3	113.2	34
Thermal Australia	333.5	401.8	(17)
Thermal Colombia	41.6	-	-
Thermal South Africa	56.3	127.5	(56)
Coal	582.7	642.5	(9)
Australia	533.8	219.5	143
South America	650.2	189.8	243
Copper	1,184.0	409.3	189
Zinc	433.1	128.7	237
Technology	9.0	4.5	100
Unallocated	(44.1)	(37.6)	(17)
Total	2,263.4	1,358.0	67

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EBIT



US\$m	H106	H105	%
Alloys	83.2	192.7	(57)
Coking Australia	132.0	97.4	36
Thermal Australia	250.0	326.6	(23)
Thermal Colombia	28.1	-	-
Thermal South Africa	16.3	91.0	(82)
Coal	426.4	515.0	(17)
Australia	482.1	170.4	183
South America	594.7	137.0	334
Copper	1,076.8	307.4	250
Zinc	400.2	95.8	318
Technology	7.2	2.8	157
Unallocated	(46.4)	(39.5)	(17)
Total	1,947.4	1,074.2	81

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Alloys – Chrome



US\$m	H106	H105	%
Revenue	331.4	447.9	(26)
EBITDA	36.3	116.4	(69)
EBIT	23.9	101.3	(76)
Margin %	7.2	23.6	(69)
Return on capital employed %	5.0	26.1	(81)
- Sustaining	13.4	8.4	60
- Expansionary	99.4	46.0	116
Capital expenditure	112.8	54.4	107
Attributable saleable production (kt)	456.1	591.8	(23)
Indicative average price (US\$/lb)*	66.6	75.5	(12)

* Indicative published prices: Metal Bulletin

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Alloys – Vanadium



US\$m	H106	H105	%
Revenue	100.6	191.0	(47)
EBITDA	62.4	94.2	(34)
EBIT	59.3	91.4	(35)
Margin %	58.9	47.9	23
Return on capital employed %	73.7	119.8	(38)
-Sustaining	2.2	2.4	(8)
-Expansionary	0.3	2.9	(90)
Capital expenditure	2.5	5.3	(53)
Attributable saleable production			
- Vanadium Pentoxide (k lbs)	10,143	10,016	1
- Ferrovandium (k kg)	2,291	2,551	(10)
Indicative average prices*			
- Vanadium Pentoxide (US\$/lb)	8.4	20.6	(59)
- Ferrovandium (US\$/kg)	40.5	88.0	(54)

*Published prices: Metal Bulletin

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Coal



US\$m	H106	H105	%
- Coking Australia	284.0	256.5	11
- Thermal Australia	961.4	950.7	1
- Thermal Colombia	76.1	-	-
- Thermal South Africa	308.6	349.4	(12)
Revenue (own production)	1,630.1	1,556.6	5
- Coking Australia	151.3	113.2	34
- Thermal Australia	333.5	401.8	(17)
- Thermal Colombia	41.6	-	-
- Thermal South Africa	56.3	127.5	(56)
EBITDA	582.7	642.5	(9)
- Coking Australia	132.0	97.4	36
- Thermal Australia	250.0	326.6	(23)
- Thermal Colombia	28.1	-	-
- Thermal South Africa	16.3	91.0	(82)
EBIT	426.4	515.0	(17)
Return on capital employed %	15.8	22.2	(29)

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Coal



US\$m	H106	H105	%
- Sustaining	67.3	70.6	(5)
- Expansionary	96.9	128.0	(24)
Capital expenditure	164.2	198.6	(17)
- Coking Australia export	2.4	2.5	(4)
- Semi-soft Australia export	2.9	2.5	16
- Thermal Australia export	14.2	14.2	-
- Thermal Colombia	1.6	-	-
- Thermal South Africa export	6.0	6.3	(5)
- Domestic	6.3	5.3	19
Consolidated production (tonnes, millions)	33.4	30.8	8
Average FOB export prices:			
- Queensland coking (US\$/t)	117.8	100.3	17
- NSW semi-soft coking (US\$/t)	73.2	63.7	15
- Australian thermal (US\$/t)	47.0	50.2	(6)
- Colombian thermal (US\$/t)	48.8	-	-
- South African thermal (US\$/t)	45.1	49.1	(8)

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Copper



US\$m	H106	H105	%
- Australia	821.2	459.5	79
- South America	897.0	318.7	181
Revenue	1,718.2	778.2	121
- Australia	533.8	219.5	143
- South America	650.2	189.8	243
EBITDA	1,184.0	409.3	189
-Australia	482.1	170.4	183
- South America	594.7	137.0	334
EBIT	1,076.8	307.4	250
Margin %	62.7	39.5	59
Return on capital employed %	103.3	29.3	253
- Sustaining	57.7	38.2	51
- Expansionary	40.1	10.8	271
Capital expenditure	97.8	49.0	100

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Copper



	H106	H105	%
Australia - Ernest Henry:			
Copper in concentrate (t)	47,804	65,258	(27)
Gold in concentrate (oz)	60,672	83,130	(27)
Australia – Mt Isa:			
Copper in concentrate from ore	60,572	83,130	(27)
Anode copper (t)	100,701	108,728	(7)
Refined copper (t)	104,498	105,672	(1)
South America:			
Copper in concentrate (t)	99,932	86,818	15
Gold in concentrate (oz)	309,012	234,734	32
Gold in dore (oz)	39,615	22,594	75
Average LME copper price (US\$/t)	6,075	3,333	82
Average LME gold price (US\$/oz)	580	427	36

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Zinc



US\$m	H106	H105	%
- Zinc Lead Australia	182.8	107.9	69
- Zinc Europe	919.9	454.6	102
- Lead Europe	181.2	109.3	66
Revenue	1,283.9	671.8	91
- Zinc Lead Australia	206.9	44.8	362
- Zinc Europe	218.7	76.5	186
- Lead Europe	7.5	7.4	1
EBITDA	433.1	128.7	237
- Zinc Lead Australia	191.9	30.7	525
- Zinc Europe	202.9	59.9	239
- Lead Europe	5.4	5.2	4
EBIT	400.2	95.8	318

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Zinc



	H106	H105	%
European production:			
Zinc – Asturiana (kt)	250.8	248.4	1
Zinc – Nordenham (kt)	77.1	74.1	4
Lead – Northfleet (kt)	78.1	81.6	(4)
Silver – Northfleet (m oz)	4.8	4.9	(2)
Australian production:			
Zinc – Mt Isa (kt)	94.2	114.2	(18)
Lead – Mt Isa (kt)	61.2	80.0	(24)
Silver – Mt Isa (k oz)	3.6	6.0	(40)
Zinc – McArthur River (kt)	65.7	56.5	16
Lead – McArthur River (kt)	13.8	12.8	8
Silver – McArthur River (k oz)	533	514	4
Average LME Zinc price US\$/t	2,762	1,295	113
Average LME Lead price US\$/t	1,171	983	19
Average LME Silver price US\$/oz	10.98	7.01	57

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Balance Sheet Summary



\$m	30.06.06	31.12.05
Intangible assets	1,923	1,430
Property, plant & equipment	10,726	8,086
Available-for-sale financial assets	4,088	2,325
Other non-current assets	366	275
Total non-current assets	17,103	12,116
Working capital	1,619	1,182
Net debt	(1,657)	(2,611)
Deferred tax liabilities	(2,278)	(1,339)
Other non-current liabilities	(761)	(562)
Income taxes payable	(468)	(343)
Net current derivative financial instruments	(274)	(216)
Other net current liabilities	(200)	(90)
Net assets	13,084	8,137

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EBIT Sensitivities



US\$m	Impact H206*	Indicative full year**
US1c/lb movement Ferrochrome	5.4	12.8
US\$1/t movement Aus Coking Coal	0.9	5.7
US\$1/t movement Aus Thermal Coal	6.9	32.9
US\$1/t movement Colombian Thermal Coal	n/a	8.3
US\$1/t movement SA Thermal Coal	0.5	13.8
US1c/lb movement Copper	6.3	11.9
US1c/lb movement Zinc	5.2	10.4
US1c/lb movement Lead	2.4	3.7
10% movement AUD	135.6	278.2
10% movement EUR	12.2	24.3
10% movement ZAR	54.2	110.4

* After impact of hedging, contracted and priced sales

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

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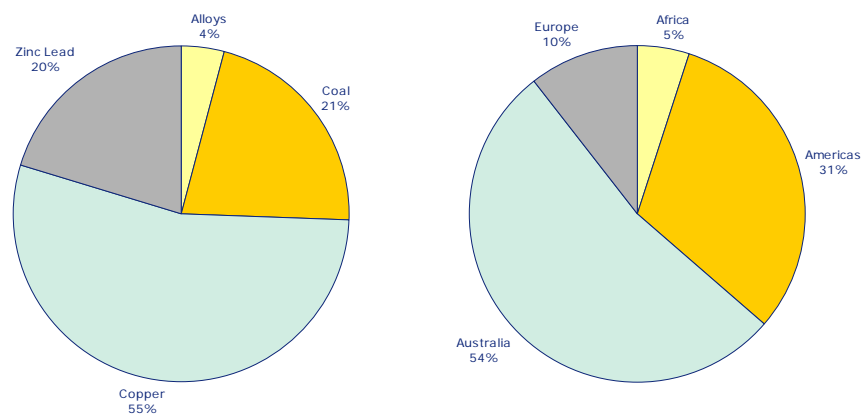
Shares in Issue (000s)



Weighted Ave Issued Share Capital (used for 2006 eps calculations)	631,713 shares
Weighted Ave Issued Share Capital (used for 2005 eps calculations)	622,628 shares
Total Issued Share Capital	704,845 shares

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EBIT (Excluding Technology and unallocated)



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Net Assets

(Excluding Technology and unallocated)

