



Preliminary Annual Results Presentation

Year ended 31 December 2006

6 March 2007



Mick Davis

Chief Executive

Progress since the IPO

- Xstrata transformed in the 5 years since IPO in March 2002
- Growth and value pursued through
 - 3 company-transforming acquisitions
 - Smaller, valuable bolt-on acquisitions (eg. Tintaya, Cerrejón, Nordenham)
 - Extension of mine lives at key assets
 - Delivery of significant internal growth projects (Lion, Rolleston, San Juan)
 - Industry leading performance in containing operating costs across the group

Three major acquisitions

**Three major acquisitions successfully completed,
combined cost of \$19.6 bn**

March 2006: 1/3 stake in Cerrejón Coal

- high quality, premium priced thermal coal
- growing US, Latin America and European markets

June 2006: Tintaya acquisition

- additional 120 ktpa copper; strategic position in Southern Peru
- 472 mt resources at Antapaccay (0.7% Cu grade), 9Km from Tintaya
- \$110m of synergies and \$50m benefit from management initiatives

October 2006: Completion of Falconbridge acquisition

- 1 million tpa copper producer with exceptional growth projects
- Major global nickel business
- World's largest zinc producer
- Profitable integrated aluminium division

Growth in earnings

- Acquisitions contributed \$4.6bn to pro forma 2006 EBIT of \$8.3bn
- Stronger commodity prices remain driver of 140% increase in attributable profit to \$4.9bn
- Base metal prices remain volatile but significantly ahead of long-term averages and investment assumptions
- Total inflationary impact of \$294m

Value creation from efficiency gains



- High inflation environment demands constant focus to limit embedded increase in the operating cost base
- Fifth consecutive year of reductions in real operating costs with \$56 million efficiency gain in 2006
- Efficiency gains across the group from lower cost production and enhanced capacity utilisation:
 - Coal (Rolleston, Wollombi, NSW long wall operations)
 - Alloys (Lion project)
 - Copper (Mount Isa)
 - Zinc (Black Star and MRM open pits; improved recoveries at San Juan)

Value creation from extension of mine lives and resources



- Significant increases in NPV and mine lives in 2006
- 3rd year of reserve and mine life extension at Alumbreira to 2016
- Additional 7mt reserves at Mount Isa extending life by a further year with additional potential
- Resource extensions at Wandoan, Kabanga, Araguaia and Raglan
- Las Bambas copper project: resources up 69% to 508mt @ 1.14% copper (0.5% cut off)
- Antapaccay: 472mt resources @ 0.7% copper
- Average mine life in copper business extended to >20 years

Value creation from internal growth projects



Nickel

- Araguaia
- Koniambo
- Kabanga
- Nickel Rim
- Fraser Morgan

Coal

- Cerrejón expansion
- Rolleston 2
- Goedgevonden
- Wandoan
- Glendell

Copper

- Antapaccay
- Collahuasi de-bottlenecking
- El Pachon
- El Morro
- Frieda River
- Las Bambas
- Tampakan

Zinc

- McArthur River expansion
- Mount Isa expansion
- Perseverance

Alloys

- Lion Ferrochrome 2

Integration of Falconbridge



Formal integration completed 4 months after change in management control



- Falconbridge nickel assets transformed into Xstrata Nickel
- New CEO, Ian Pearce; head office in Toronto
- Significant potential in co-operation with CVRD INCO at Sudbury, with active engagement underway
- Sudbury synergy update of \$120m pa remains conservative



- Falconbridge copper assets integrated into Xstrata Copper
- Industry leading copper portfolio and project pipeline
- Operational synergies: \$60m pa fully realised from 2007
- One-off \$58m benefit



- Falconbridge zinc assets integrated into Xstrata Zinc
- Further improvement in proportion of own concentrate feed
- Operational synergies: \$11m pa

Integration of Falconbridge



- Falconbridge aluminium assets transformed into Xstrata Aluminum
- Strategic review in progress
- Decision in H1 2007



- Creation of Canadian-based Xstrata Process Services
- Other Falconbridge technology integrated into Xstrata Technology

- Exploration devolved, rationalised or divested
- Consideration value of \$67 million realised to date

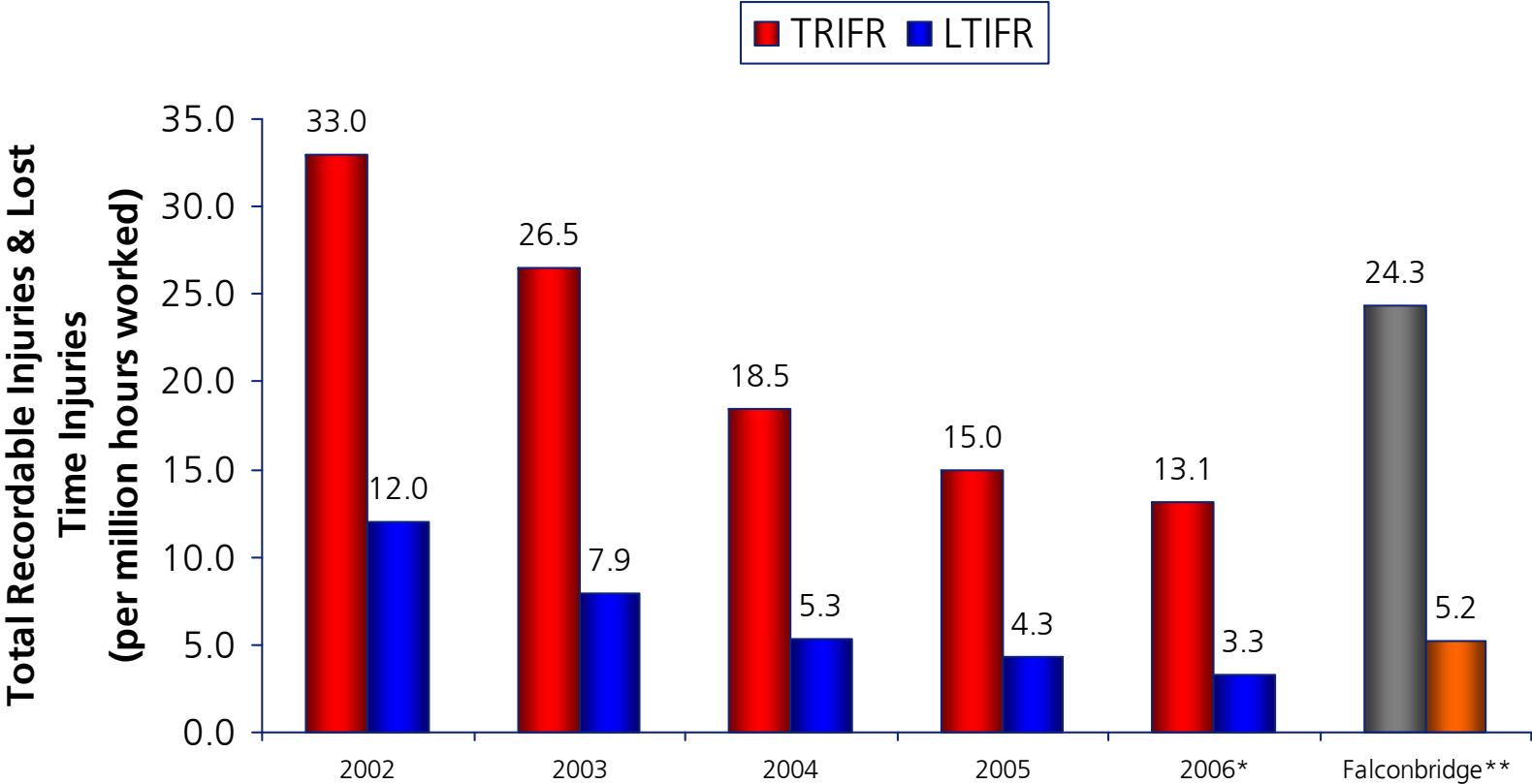
Falconbridge Acquisition: Annual synergy benefits



	Original	Update
Corporate	\$40m	\$75m
Operational		
Copper	-	\$60m
Nickel	\$80m	\$120m
Zinc	-	\$11m
Operational sub-total	\$120m	\$266m
Financial Structure	-	\$280m
	\$120m	\$546m

- One-off realisation costs of \$60m
- Over \$4bn of sustainable value creation

Safety Performance



* excludes Falconbridge acquisition,

** Falconbridge TRIFR for 12 months to 31.12.06 calculated according to Xstrata definitions

Compliance with South African mining legislation



- Agreement with African Rainbow Minerals Limited ("ARM") delivers 36% HDSA ownership of SA coal assets
- 26% HDSA participation in Xstrata Alloys vanadium business concluded with local community
- All Xstrata South African businesses have met ownership provisions of the Mineral and Petroleum Resources Development Act

Positioned For Future Growth



STRONG BALANCE SHEET TO FUND FUTURE GROWTH

- \$8 billion equity issues
- \$2.25 billion bond offering
- Strong cash generation from existing operations
- Repayment in full of all bridge facilities and investment grade status maintained
- TSR of 112% in 2006



Trevor Reid

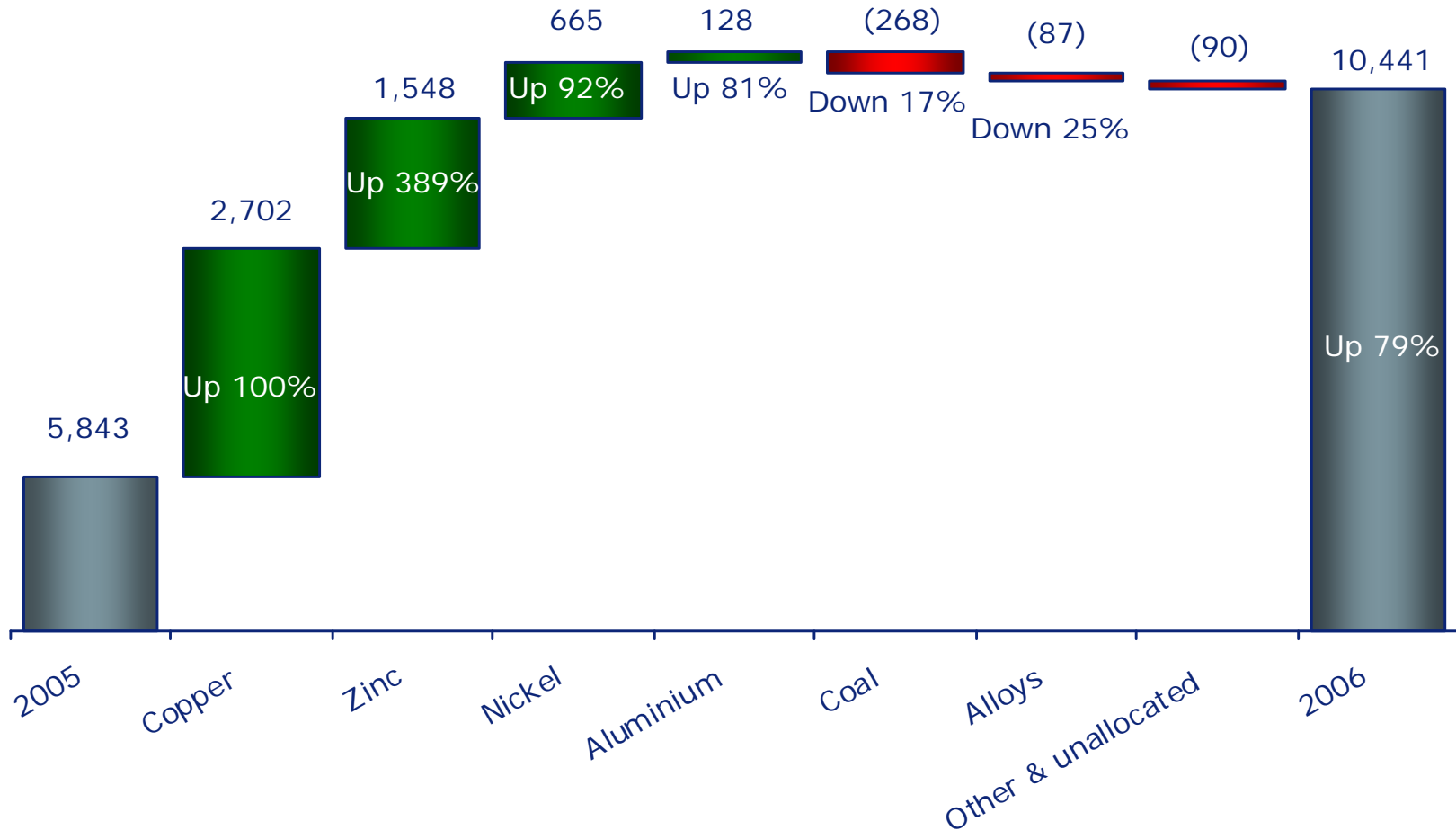
Chief Financial Officer

Key Financial Results – Pro Forma



\$m	2006	2005	%
Revenue	26,877	17,199	56
EBITDA	10,441	5,843	79
EBIT	8,340	3,932	112
Net interest expense	(1,055)	(797)	32
Income tax expense	(2,127)	(733)	(190)
Exceptional items	140	56	150
Minority interests	(413)	(226)	(83)
Attributable profit	4,885	2,232	119
EPS – basic (\$), before exceptional items	5.13	2.52	104
EPS – basic (\$)	5.28	2.58	105

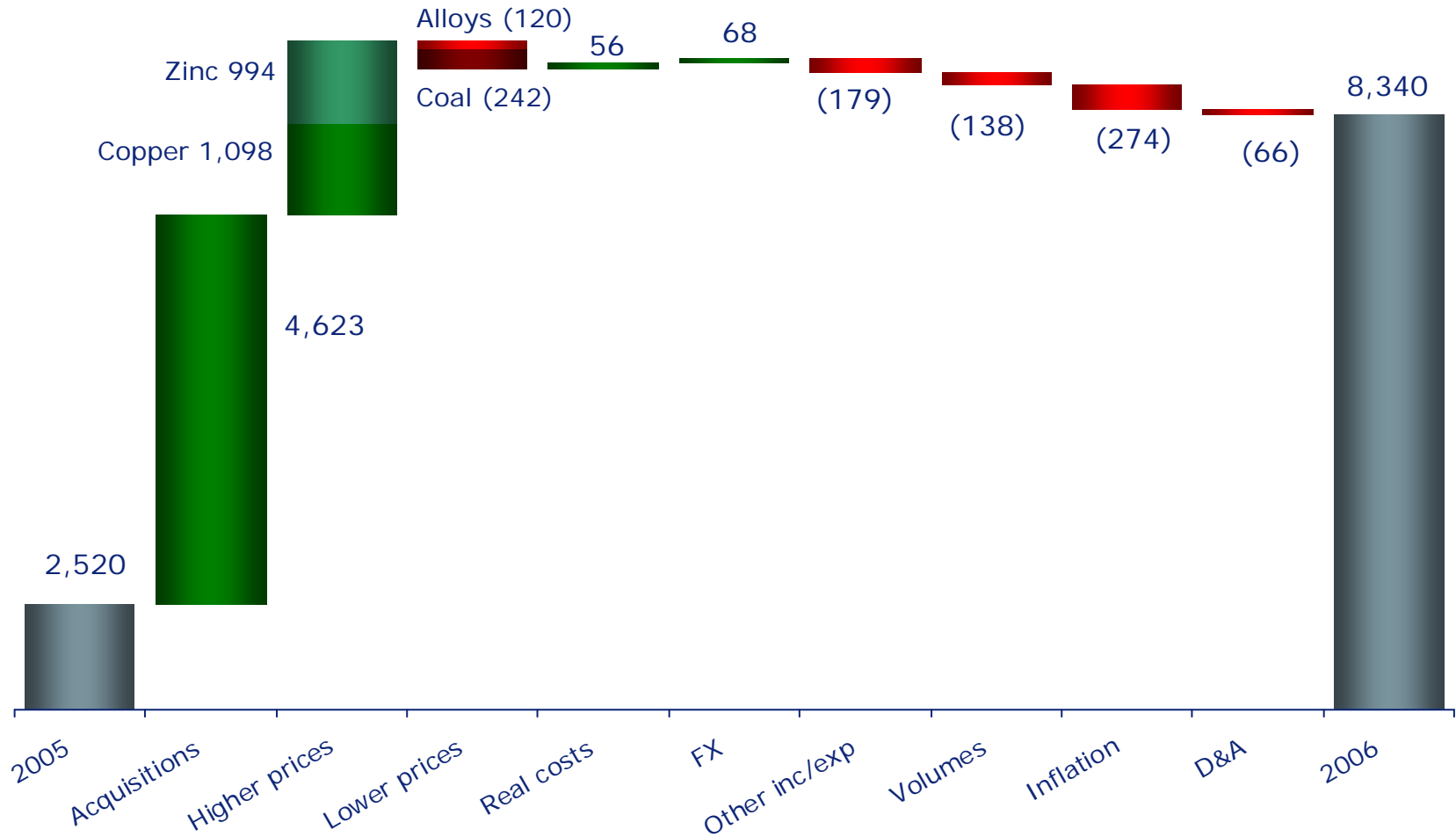
EBITDA – Pro Forma





EBIT variance

(\$m, statutory 2005 vs pro forma 2006, continuing operations)



Operating Cash Flow



\$m	2006 Pro forma	2005 Statutory	%
Cash generated from operations	9,370	2,780	237
Net interest paid	(965)	(92)	-
Dividends received	2	17	(88)
Taxation	(1,486)	(380)	(291)
Cash flow before capital expenditure	6,921	2,325	198
Sustaining capital expenditure	(893)	(412)	117
Disposal of fixed assets	32	11	191
Free cash flow	6,060	1,924	215
Expansionary capital expenditure	(1,163)	(455)	(156)
Cash flow after capital expenditure	4,897	1,469	233

Capital Expenditure – Pro Forma



\$m	Sustaining 2006	Expansionary 2006	Total 2006	Sustaining 2005	Expansionary 2005	Total 2005
Alloys	40	220	260	35	168	203
Coal	235	295	530	226	292	518
Copper	257	257	514	246	178	424
Nickel	162	210	372	162	205	367
Zinc	114	158	272	94	47	141
Aluminum	33	22	55	42	14	56
Technology & Unallocated	6	1	7	6	33	39
Total	847	1,163	2,010	811	937	1,748

Acquisitions and funding



\$m	2006 Pro forma
Cash flow after capital expenditure	4,897
Purchase of Cerrejón	(1,715)
Purchase of Tintaya	(811)
Purchase of Falconbridge	(16,225)
Other	(21)
Cash flow before financing	(13,875)
Sale and issue of own shares	7,871
Net debt in acquisitions	(4,642)
Other	(344)
Increase in net debt	(10,990)
Net debt at 1 January 2006	(2,611)
Net debt at 31 December 2006	(13,601)

Net Debt - Statutory



\$m	31.12.06	31.12.05
Cash	1,717	521
External borrowings:		
- Syndicated bank loans - unsecured	(9,093)	(1,077)
- Other bank loans - unsecured	(384)	(613)
- Capital market notes	(4,632)	(276)
- Preference shares	(304)	-
- Convertible bond	(527)	(866)
- Other loans	(220)	(82)
Total external borrowings	(15,160)	(2,914)
Arrangement fees	84	11
Finance leases	(242)	(229)
Net debt	(13,601)	(2,611)
Net debt to net debt plus equity %	41%	24%

Key Financial Results - Statutory



\$m	2006	2005	%
Revenue	17,632	8,050	119
EBITDA	7,107	3,103	129
EBIT	5,863	2,520	133
Net interest expense	(534)	(92)	(480)
Income tax expense	(1,574)	(551)	(186)
Pre-exceptional profit	3,755	1,877	100
Goodwill impairment	(1,378)	-	-
Other exceptional items	(25)	46	-
Minority interests	(405)	(217)	(87)
Attributable profit	1,947	1,706	14
EPS – basic (\$), before exceptional items	4.34	2.42	79



IFRS Goodwill Impairment

IFRS accounting methodology

Step 1: August 2005

Acquisition of 20% stake: \$1,715 m

Fair value of 20% assets: \$1,715 m

Goodwill: \$nil

Step 2: August 2006

Acquisition of remaining 80%: \$17,104 m

Fair value of 80% assets: \$12,995 m

Goodwill: \$4,109 m

Average cost

Acquisition of 20% stake: \$1,715 m

Acquisition of remaining 80%: \$17,104 m

Total cost: \$18,819 m

Total cost: \$18,819 m

Fair value of assets acquired: \$16,223 m

Goodwill: \$2,596 m

Difference between IFRS goodwill and goodwill paid: **\$1,513 million**

Impairment charge: \$1,378 million

Dividend



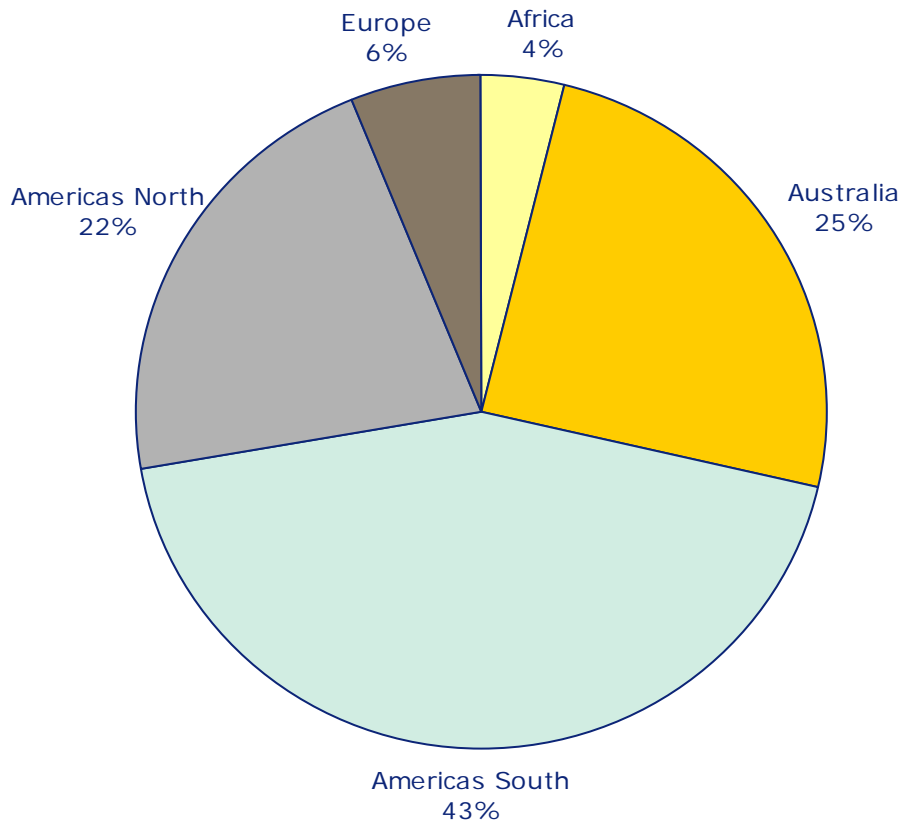
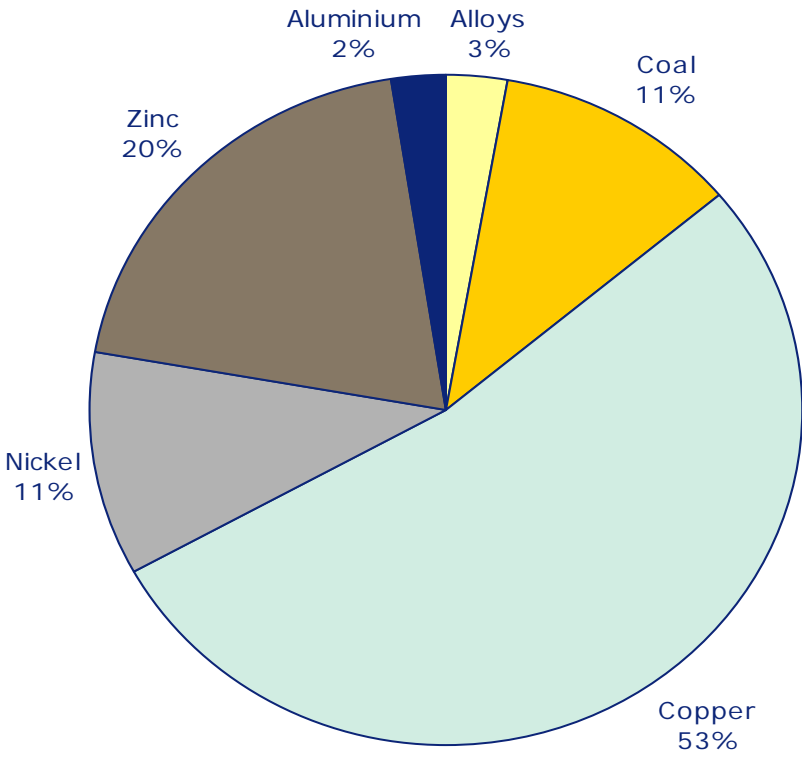
- August 2006 interim dividend of 13 cents per share (11.6 cents per share adjusted for Rights Issue)
- Final dividend proposed of 30 cents per share
- Full year dividend of 41.6 cents per share, 37% increase on 2005
- Record date 27 April 2007
- Payment date 18 May 2007

Conclusion

- Price environment and fundamental outlook for the industry remains favourable:
 - Demand underpinned by China, India, Asia and Europe
 - Supply side remains constrained
- Current challenging environment also creates opportunities
- Xstrata is well positioned to maintain its track record of success:
 - Consistent strategy of delivering growth and NPV enhancement
 - A clear view on pricing assets and how to operate them in the most effective way
 - A culture that is not comfortable with standing still
 - A devolved management structure that builds a sense of empowered ownership across the teams

Appendices

EBIT (Pro forma, excluding exceptional items, Technology and unallocated)



Net Assets

(Excluding Technology and unallocated)

