



Preliminary Results Presentation

Year ended 31 December 2007



3 March 2008



Mick Davis

Chief Executive



Executive Committee



- Mick Davis CEO
- Trevor Reid CFO
- Santiago Zaldumbide Executive director, CEO, Xstrata Zinc
- Ian Pearce CEO, Xstrata Nickel
- Charlie Sartain CEO, Xstrata Copper
- Peter Freyberg CEO, Xstrata Coal
- Peet Nienaber CEO, Xstrata Alloys
- Benny Levene Chief Legal Counsel
- Thras Moraitis Executive GM Strategy & Corporate Affairs

2007 Highlights



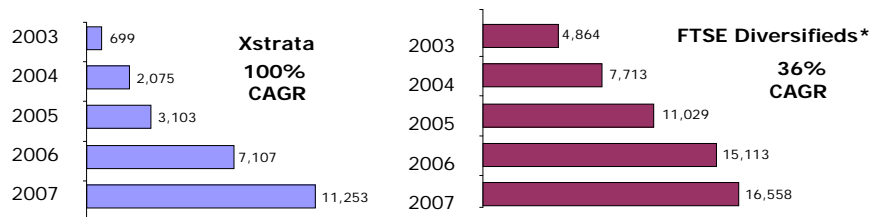
- Record production across majority of portfolio despite impact of one-off events
- Stronger commodity prices for most of Xstrata's products in 2007 compared to previous year
- Robust commodity prices more than offset negative impact of weaker US dollar and cost inflation
- EBITDA of \$11.3bn, up 7% on pro forma 2006
- Net earnings of \$5.5 billion, up 13% year-on-year
- EPS of \$5.78 per share, up 9% year-on-year

Growth in earnings



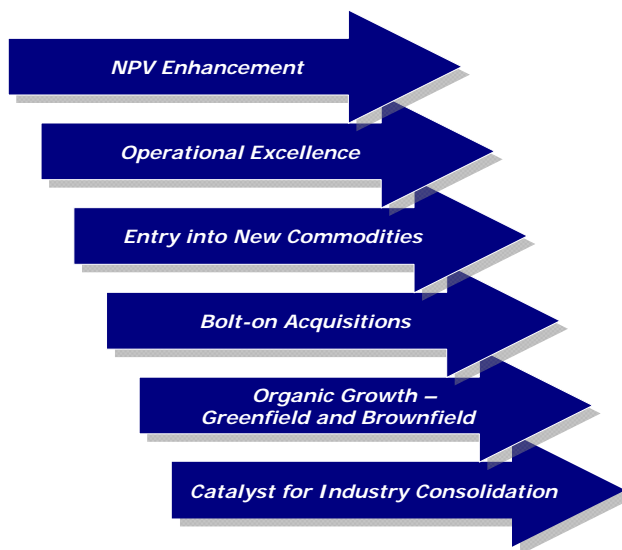
- Xstrata's EBITDA has grown by 100% (compound annual growth) compared to 36% CAGR for the average of FTSE Diversified mining peers
- 19% compound annual growth in EBITDA margins compared to 14% average for FTSE Diversified mining peers

EBITDA Growth: 2003 to 2007 (\$m)



Note: * Average for Anglo American, BHP Billiton and Rio Tinto; BHP Billiton adjusted to December financial year for comparison purposes

Progress against strategic objectives



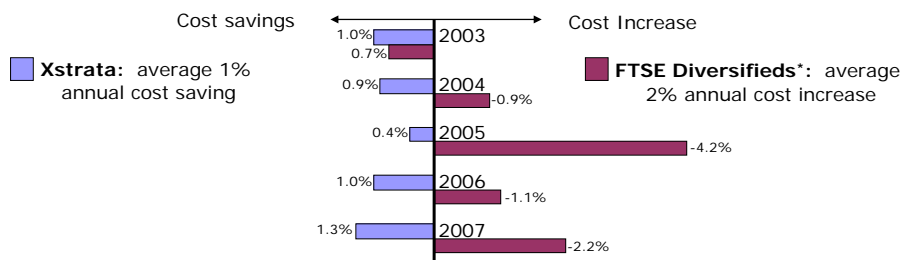

xstrata
 Superior
 Shareholder
 Value

NPV Enhancement: Efficiency Gains



- Net \$253 million trimmed from operating cost base in 2007
- Sixth consecutive year of real cost savings
- Efficiency gains from lower cost production, improved recoveries, enhanced capacity utilisation

Real Cost Performance: 2003 to 2007



Note: * Average for Anglo American, BHP Billiton and Rio Tinto; BHP Billiton adjusted to December financial year for comparison purposes. Consistent mining inflation applied for 2006 and 2007

NPV Enhancement: Reserve and mine life optimisation



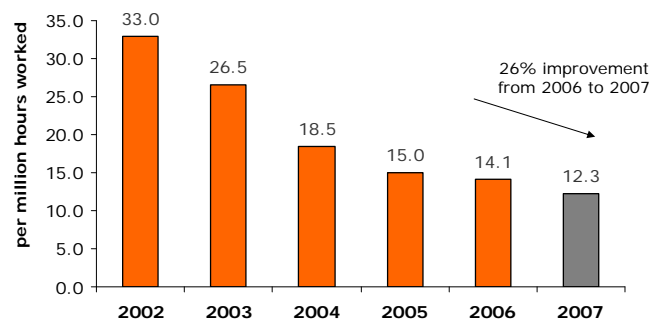
- Resource estimate upgrades at Minera Alumbrera, Mount Isa, Lomas Bayas, Tampakan, Araguaia, Raglan and Collahuasi
- Substantial 28% increase in the resource base at Collahuasi to support significant expansion
- >4mt added to Raglan resource through Zone 5-8, largest mineral zone in operation's history
- Increase of 400 million tonnes of copper mineralisation confirmed for southern Peru division to over 1.6 billion tonnes in total, including Tintaya
 - Upgrades to Antapaccay and Las Bambas resource estimates
 - First resource estimate published for Coroccohuayco

Operational Excellence: Safety



- 33% reduction in recordable injuries at former Falconbridge operations
- 26% improvement in injuries across the Xstrata Group

Total Recordable Injury Frequency Rate



Entry into New Commodities



- Strategic acquisition of Eland Platinum
 - Builds on foothold in PGMs established through Mototolo JV
 - Well positioned assets geographically and strategically
 - Near-term production profile, strong growth pipeline
 - Acquisition of De Wildt property provides natural extension to Elandsfontein opencast operation
- Cornerstone of ambitious PGM growth strategy

Building on our Mototolo JV, Eland heralds a meaningful entry into the attractive platinum industry

Bolt-on Acquisitions



- Xstrata Coal: Consolidation of New South Wales coal industry
 - Anvil Hill project provides 10.5mtpa thermal coal, mine life >20 years
 - \$58 million acquisition of remaining 50% of Narama
 - Buy-out of Cumnock Coal minorities
 - Tahmoor coking coal; 2.3mt annual premium quality coking coal
 - Resource Pacific: 85% ownership at 29 February 2008
- Xstrata Nickel: Near-term growth from acquisition of Jubilee Mines
 - Entry into Western Australia nickel belt
 - Xstrata Nickel Australasia established; integration progressing well
 - Highly prospective land position and growth projects

\$6bn of acquisitions in nickel, platinum, thermal and coking coal

Organic Growth: Alloys



- Ferrochrome
 - Installed infrastructure at Lion Ferrochrome supports two phased expansions to 1 million tonnes per annum
 - Proprietary Premus technology improves energy efficiency by >20% compared to industry peers
- Platinum
 - Underground Eland operation and concentrator expansion to double capacity
 - 2 year \$26 million exploration programme on Beestkraal property
 - 11k hectare, potential 100 million ounce resource
 - Strategy targets production of over 1 million ounces of platinum in next 10 years

Organic Growth: Coal



- Goedgevonden and 5-Seam operations in South Africa transforming cost and productivity profile
- Cerrejón expansion to rate of 32mtpa in 2008
 - Studies under way to increase production to >40mtpa
- Further expansion of Rolleston from 2nd dragline
- Upgrade of Liddell and Mount Owen to produce additional 5mtpa
- Pre-feasibility studies into development of Wandoan resource
 - Over 1bn tonnes of export quality thermal coal identified

Organic Growth: Copper



- Industry-leading pipeline of major greenfield growth projects to progressively double production to 2mtpa in 5 years
- Bechtel strategic alliance to support project development
- Expansion of output at Collahuasi in 2008; studies under way to double production to 1m tonnes per annum
- Scoping study completed for Frieda River and Las Bambas projects
- Emergence of southern Peru division as 500ktpa producer by 2013
- Tampakan project advancing with extended pre-feasibility study expected in 2008

Organic Growth: Nickel



- Three tier one greenfield growth projects
 - Koniambo: \$3.8bn project approved Oct 07
 - Kabanga: pre-feasibility to complete by end 2008
 - Araguaia: 101.5mt inferred resources confirmed
- Nickel Rim South and Fraser Morgan projects to commence production in 2009
- Raglan expansion to 1.3mt by end 2008 with potential to expand to 2mt per annum by 2013
- Falcondo transformation through coal conversion project

Organic Growth: Zinc



- Expansion of Mount Isa operations
 - Capacity expansion of concentrator to 8mpta in 2008
 - Handlebar Hill to commence production mid 2008
- McArthur River Mine conversion to open pit on schedule
- Acceleration of Perseverance mine to commence production in 2008
 - Annual production of 228kt zinc concentrate and 35kt copper concentrate
- Mine expansions enable 90% of zinc concentrate requirements to be supplied internally in 2009



Supply-side challenges

- Coal chain capacity constraints continue
 - Demurrage charges increased to \$112m in 2007
 - Independent facilitator appointed for Hunter Valley
 - Access secured to unconstrained Port Kembla
- South African electricity crisis
 - Ferrochrome production expected to be reduced to c.85% of total capacity
 - Immediate impact on prices likely to offset short term earnings impact
 - No major impact on coal business; working closely with Eskom to ensure sufficient coal stocks



Trevor Reid

Chief Financial Officer



Key Financial Results

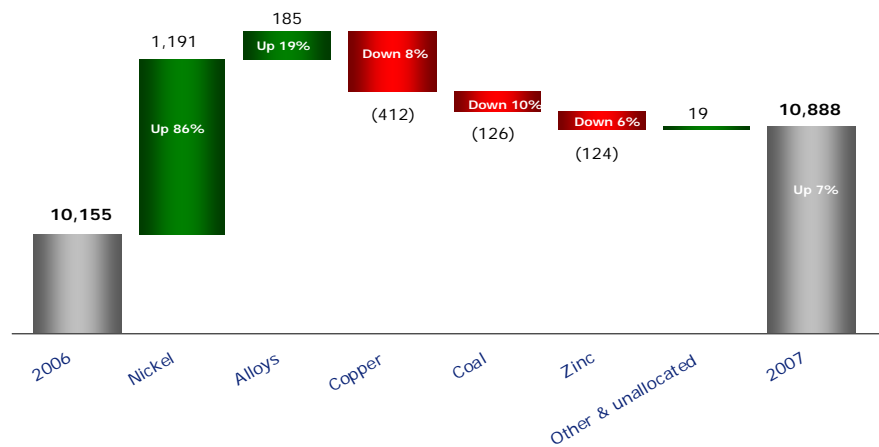
(Statutory vs. Pro forma)



\$m	Statutory Year ended 31.12.07	Pro forma Year ended 31.12.06	%
Revenue	28,542	25,482	12
EBITDA	11,271	10,520	7
EBIT	9,144	8,419	8
Net interest expense	(793)	(1,038)	24
Income tax expense	(2,301)	(2,063)	(12)
Minority interests	(326)	(413)	21
Attributable profit	5,543	4,885	13
EPS – basic (\$)	5.78	5.28	9
EPS – basic (\$) pre-exceptionals, excl. discontinued ops	5.60	4.99	12

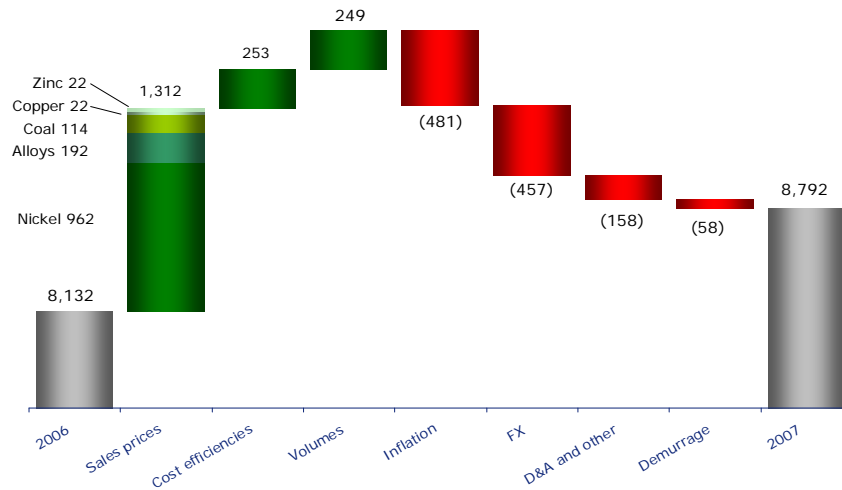
EBITDA

\$m, statutory 2007 (pre-exceptionals, excl. discontinued ops)
vs. pro forma 2006



EBIT variance

\$m statutory 2007 vs. pro forma 2006, (pre-exceptionals and excl. discontinued ops)



Operating Cash Flow



\$m	Statutory Year ended 31.12.07
Cash generated from operations	11,046
Net interest paid	(671)
Dividends received	4
Taxation	(2,965)
Cash flow before capital expenditure	7,414
Sustaining capital expenditure	(1,432)
Disposal of fixed assets	86
Free cash flow	6,068
Expansionary capital expenditure	(1,430)
Cash flow after capital expenditure	4,638

Commodity prices

Year on year movements and EBIT sensitivity



	Unit	2007	Current prices**	EBIT sensitivities***	
				\$m	per
Australian FOB export coking	\$/t	98.1*	c. 330	5	\$1/t
Australian FOB export thermal coal	\$/t	51.2*	c. 135	19	\$1/t
South African export thermal coal	\$/t	51.7*	c. 115	6	\$1/t
Copper	\$/t	7,139	8,540	11	\$10/t
Lead	\$/t	2,594	3,393	3	\$10/t
Zinc	\$/t	3,257	2,720	9	\$10/t
Nickel	\$/t	37,089	31,500	9	\$100/t
Ferrochrome	¢/lb	89.3	121.0	13	1¢/lb
Ferrovandium	\$/kg	37.2	88.5	3	\$1/kg

Notes:

*Average received price

**Base metal cash close on LME as at 29 February, coal prices from latest available McCloskey report and chrome and vanadium prices from latest available Metal Bulletin

***After impact of currency and commodity hedging, and contracted, priced sales as at 31 December 2007. Excludes impact of Jubilee and Resource Pacific acquisitions

Capital Expenditure



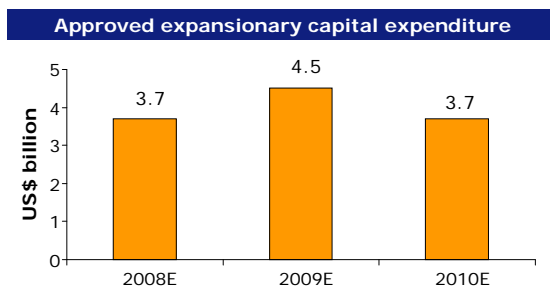
\$m	Sustaining 2007	Expansionary 2007	Total 2007	Sustaining 2006	Expansionary 2006	Total 2006
Alloys	56	64	120	40	220	260
Coal	460	347	807	235	295	530
Copper	425	296	721	257	257	514
Nickel	281	424	705	162	294	456
Zinc	219	285	504	114	158	272
Other	14	1	15	6	1	7
Total	1,455	1,417	2,872	814	1,225	2,039

Note: Statutory 2007 vs. pro forma 2006, continuing operations

Expansionary Capital



- Pipeline expanded to \$30bn through addition of further organic growth from newly acquired Eland, Jubilee and Anvil Hill projects
- Attractive mix of near-term brownfield expansions and major greenfield projects with CAGR expected to exceed 12% per annum to 2013
- Xstrata will spend \$12 billion on expansionary capital from 2008-2010 to realise a series of low cost, long life growth projects from the portfolio



Funding



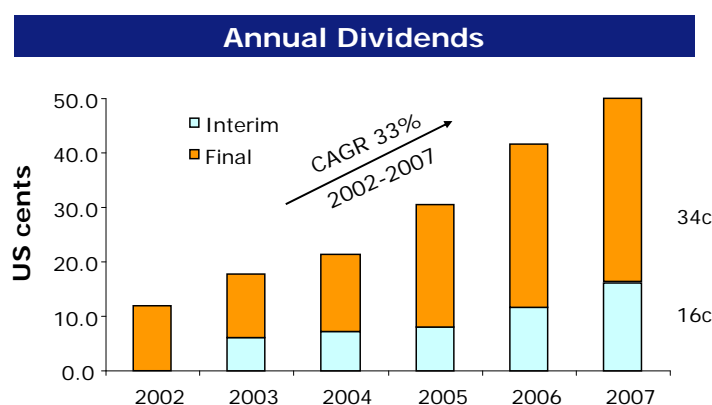
\$m	Statutory Year ended 31.12.07
Cash flow after capital expenditure	4,638
Sale of aluminium operation, net of cash disposed	1,120
Purchase of investments	(41)
Purchase of subsidiaries and operations, net of cash acquired	(2,130)
Other investing activities	(44)
Cash flow before financing	3,543
Purchase of own shares	(14)
Equity capital management share buyback	(518)
Equity dividends paid	(443)
Dividends paid to minority interests	(485)
Redemption of convertible bonds	202
Debt acquired with operations	(301)
Other	(358)
Movement in net debt	1,626
Net debt at the beginning of the period	(13,601)
Net debt at the end of the period	(11,975)

Net Debt



\$m	Statutory Year ended 31.12.07	Statutory Year ended 31.12.06
External borrowings:		
- Syndicated bank loans - unsecured	(4,746)	(9,021)
- Other bank loans - unsecured	(305)	(357)
- Capital market notes	(6,688)	(4,622)
- Preference shares	(348)	(304)
- Minority interest loans	(81)	(81)
- Convertible bond	(327)	(525)
- Other loans	(496)	(309)
Total external borrowings	(12,991)	(15,219)
Finance leases	(132)	(242)
Cash and cash equivalents	1,148	1,860
Net debt	(11,975)	(13,601)
Net debt to net debt plus equity %	32%	41%

Dividend



Mick Davis

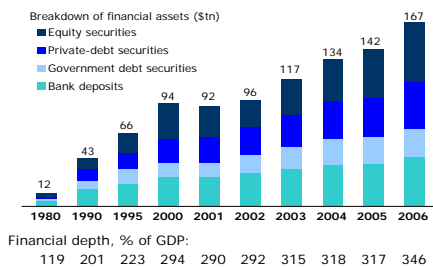
Chief Executive



Impact of US/OECD Slowdown: Financial Markets Integrating and Deepening

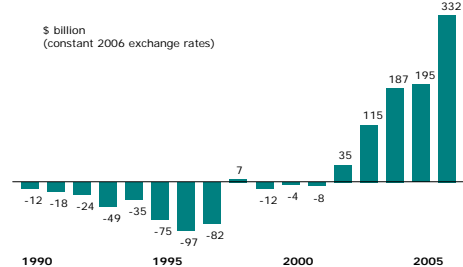
- Decreased importance of US as central global trade and finance hub
- High savings rates in Asian economies (38% in China)
- Emerging markets now net providers of capital to the world (+\$332bn in 2006)

Global financial assets and financial depth



Source: Adapted from The McKinsey Quarterly – Feb 2008

Net capital flows in emerging markets



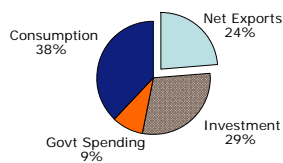
Financial markets more robust and less dependent on the US, which is no longer the dominant hub in the global financial system

Impact of US/OECD Slowdown: But, Demand for Commodities Decoupling



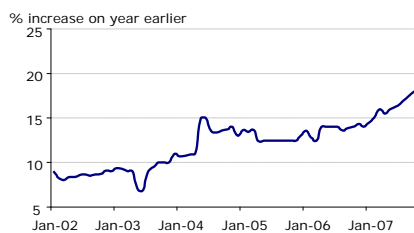
- Chinese commodity consumption driven by industrialisation, infrastructure investment, urbanisation and rapidly growing domestic demand, not by exports
- Exports from emerging Asian economies to China now exceed those to the US
- Only 50% of US imports sourced from emerging markets
- 2%-3% fall in US GDP expected to translate into 0.6%-0.9% fall in Chinese GDP (Chinese GDP in 2007 = 11.4%)

Contribution to Chinese GDP growth (2006)



Sources: Morgan Stanley, World Bank, Capital Economics

Chinese retail sales growth



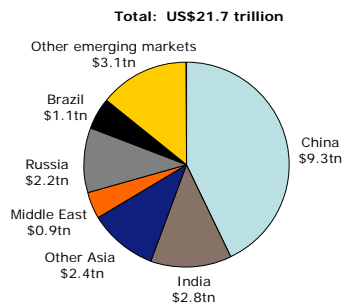
Physical demand for commodities is decoupling due to the internal locus of growth in large emerging markets

Secular Growth in Demand for Commodities: Infrastructure Investment in Emerging Markets



- US\$22 trillion to be spent on infrastructure in the next 10 years in emerging markets alone
- China's infrastructure investment expected to see double-digit growth every year for the rest of this decade
- Asia will account for the majority of total emerging market infrastructure spend over the next 10 years at \$14.5 trillion or 67%

Emerging market infrastructure spend (2008-17)



Source: Morgan Stanley, The Economist

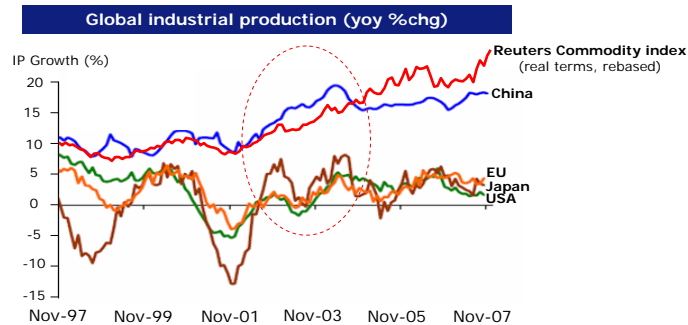
China's Infrastructure Needs

- 1,300GW of new generating capacity by 2030 - an average 59GW per year
- 17,000km of expressways by 2020 - annual average = 1400km
- 300,000km of rural roads between 2006-2010 (50% growth) - annual average = 25,000km
- \$42bn of investment in railways in 2008 and \$200bn by 2010 - annual average = 17,000km
- An additional 97 airports to be built by 2020 - annual average = 8

Return to Synchronous Growth



- Proactive monetary and fiscal measures likely to mute OECD slow down
- Western Europe and USA to invest 1.6 trillion dollars in infrastructure over next 5 years
- Once OECD economies recover, synchronous demand growth promises significant upside to commodity markets - as experienced in 2002-2004



A return to strong growth in the US and other OECD economies will once more lead to synchronous global growth

Commodity Outlook – Bulks



Coking Coal

- China and India continue to be net importers
 - Other emerging market demand growth further tightening the market
- Supply disruptions have exacerbated fundamental shortage of high quality coking coal
- *Spot prices for premium coals touching \$330/t*

Thermal Coal

- Chinese thermal coal demand expected to outpace domestic supply growth
 - Chinese restrictions on exports
 - Enforced closure of small mines
- Slowing supply growth from Indonesia
- Weather and port congestion limiting Australian supply growth
- Investment in new coal-fired generation in US and Europe
- *Pacific spot prices above \$130/t*

Ferrochrome

- Strong stainless steel growth underpins chrome demand
- Supply disruptions in South Africa and China
- Used in both austenitic and ferritic stainless steel – relatively inelastic demand
- *Ferrochrome prices at record highs > \$1.20/lb*

Extremely tight spot markets not only reflect short term disruptions, but also solid fundamentals for Xstrata's bulk commodities

Commodity Outlook – Base Metals



Copper

- China continues to be main driver of global growth (>90%)
- Even US consumption grew at 4% in '07
- Mined supply response limited by disruptions and slower ramp-up
- Prolonged copper concentrate deficit projected
- Exchange stocks very low (5 days consumption)

Nickel

- Demand outlook from stainless and other users remains strong, while supply response is muted
- Lower volatility in pricing – trade in a narrower range
- Restocking expected in Q2
- Scrap supply tightened
- High cost supply from nickel pig iron to underpin prices
- Prices to remain well above long-term averages

Zinc

- Strong galvanising demand from BRIC economies
- China expected to revert to net importer by 2008/2009
- Supply/demand balanced in '08, but LME stocks at 4 days consumption
- Potential for price correction from current oversold levels

Strong fundamentals for Xstrata's base metals on the back of resilient demand outlook and continued restrictions on supply growth

Industry Evolution



- Xstrata continues to play a catalysing role in industry consolidation at the sector and Group levels
 - Pursuit of value creating bolt-on acquisitions
 - Participation in industry shaping transformation
- Recent events:
 - Momentum accelerated by BHP Billiton approach for Rio Tinto
 - Discussions with Vale are ongoing and may or may not lead to an offer for Xstrata
- Consistent focus on the value proposition for shareholders
 - Dispassionate and rigorous assessment of value remains key criteria
 - Continue to assess a range of opportunities

A Powerful Momentum



- Price environment and fundamental outlook for the industry remains favourable, even in the short term:
 - Demand underpinned by China, India, reinvestment in Western infrastructure
 - Supply side remains constrained
- Xstrata is well positioned to maintain its track record of success:
 - A consistent strategy of delivering growth and NPV enhancement
 - A clear view on how to operate assets in the most effective way
 - Ongoing transformation of portfolio to deliver maximum value
 - An industry leading internal growth pipeline
 - Opportunistic transactions and participation in industry evolution



A powerful momentum enabling Xstrata to continue delivering superior shareholder value

Xstrata Mission Statement



*We will grow and manage a **diversified portfolio** of metals and mining businesses with the single aim of delivering **industry-leading returns** for our shareholders.*

*We can achieve this only through **genuine partnerships** with employees, customers, shareholders, local communities and other stakeholders, which are based on **integrity, co-operation, transparency and mutual value-creation.***