Preliminary Full Year Results Presentation

Year ended 31 December 2002

Mick Davis

Chief Executive

Executive Team

Mick Davis	Chief Executive
Trevor Reid	Executive Director Chief Financial Officer
Santiago Zaldumbide	Executive Director Chief Executive Xstrata Zinc
Peter Coates	Chief Executive Xstrata Coal
Peet Nienaber	Chief Executive Xstrata Alloys

Agenda

- Progress since the IPO
- Overview: 2002 Results
- Xstrata’s pipeline of growth
- SA Mining Rights
- Equity Capital Management Programme
- 2002 Financial & Operating Performance

Progress Against Strategic Objectives

- Coal assets successfully integrated, without disruption; new structures, systems and procedures, and ethical corporate governance principles in place
- Attention on delivery of operational performance and productivity/cost efficiencies
- Focused programme of internal capital development (US$103m) and accelerated pursuit of new projects within the portfolio
- Progress in acquisition–led growth;
  - –incremental (Narama, Ravensworth, Nordenham, Oakbridge)
  - –company transforming

Progress Against Strategic Objectives (2)

- Equity capital management programme implemented enabling 10% of company stock to be purchased
- Rationalisation of group financial structure and restructure of group debt facilities
- Progress on engagement with SA government and black empowerment groups to expand industry participation and protect value of our assets
- Rationalisation of portfolio: Windimurra and Magnesium recycling plant
- Focus on HSE and social involvement: targets and policies in place

Commodity Prices

	Average 2002	Average 2001	Indicative price: end-December 2002
Coal – Spot thermal FOB Richard's Bay (US$/t)* *SA Coal Report*	26.08	32.55	27.86
Coal – spot thermal FOB Newcastle (US$/t)** *BJI*	25.70	31.50	25.00
Coal – Chubu Electric reference Contract (US$/t) ***	31.85	34.50	31.85
Ferrochrome (published) (USc/lb) *Metal Bulletin*	30.00	32.50	33.50
Vanadium V_2O_5 (published) (US$/lb) *Metal Bulletin*	1.34	1.38	1.60
Zinc – LME (US$/t)	779.0	886.0	749.5

*Spot Richard's Bay to Europe based on 6,000 kcal/kg NAR
** Spot Newcastle sales to Japan based on 6,700 kcal/kg GAD
*** Chubu Electric reference price is not an average and applies from 1 April each year

Overview: 2002 Results

- Strong cash flow performance: US$362m free cash (63% of net debt)
- Turnover up 6% to US$1,991 million on the back of acquisitions, expansions (Coal and Zinc) and a 25% improvement in Ferrochrome
- EBIT down 26% to US$315m
- Net debt US$574m at 31.12.02 with US$804 million undrawn from US$1.4 billion loan facility
- Total repayments of US$1.4 billion loan facility amounted to US$152 million, with debt/equity down to 16.1% (31.12.02)

Cost Reductions

COST REDUCTIONS IN REAL TERMS: 2002

	Proforma US$m	% Operating Costs
Ferrochrome	12.5	0.8
Vanadium	2.3	0.1
Alloys	14.8	0.9
Coal	37.3	2.2
Zinc	25.3	1.5
Other business	1.7	0.1
Total	**79.1**	**4.7**

Windimurra and Magnesium Plant

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- Windimurra: Impressive cost cutting (costs down 56% in US$ in two years) not enough to overcome impact of prices and AUD exposure. Operations suspended and production to cease

- Magnesium Plant: Commissioning problems exacerbated by non-penetration of markets and depressed Mg Alloy prices. Possible divestiture

- Both assets written down; impairment charge of US$50.8 million

Opportunities for Growth

- Niche for London listed, diversified with headroom to grow
- Growth pursued across 3 fronts:
  - incremental
  - company transforming
  - from within current portfolio
- Seek risk-adjusted returns above WACC, without aspirational assumptions, with cash flow & earnings accretion in first full year

Incremental Growth

Investment of US$230m in 10 months

- Narama/Ravensworth Coal Operations: US$72.4m; increased attributable production capacity by 3 million tonnes; significant strategic value for future
- Nordenham Zinc Smelter: US$100m (incl US$13m inventories) complements San Juan; 2003 production to increase $\pm$ 6,000 tonnes
- Further 11.5% in Oakbridge Coal Group for US$58m; increase will coal capacity by 1mtpa; significant growth potential (Beltana Longwall)
- Potential growth in alloys and coal in SA from JVs with BEE groups

Company Transforming Growth

- Focus on small numbers of transactions which could create value

- Approach is deliberate and unhurried

- MIM discussions proceeding with appropriate diligence and due regard for uncertain outcome

Growth from our Existing Businesses

Growth from our Existing Businesses: Alloys

- Short-term, flexible production increase from 120,000 tpa of idled capacity (60,000 tpa under contract to end April 2003)

- Initiative pursued with black empowerment consortium on unexploited mineral reserves in commodities outside current portfolio

- JV discussions with platinum producer and BEE partner on PGM/Chromite reserve alongside Thorncliffe mine

Growth From Within Our Existing Businesses: Coal Australia

- Pipeline of flexible, low-cost growth projects: 12mtpa of new production over next 10 years.

- Projects to increase consolidated annual production by 4mtpa by 2005
  - 2003 increase: $\underline{+}$ 700 ktpa (Ravensworth/Narama)
  - 2004 increase: $\underline{+}$ 3 mtpa (Beltana, 14 mtpa; Glendell, 500 ktpa; Mt Owen, West Wallsend, Ulan)

- Other projects: Beltana Longwall; Glendell satellite pit; 2nd Longwall at Ulan; synergistic opportunities Mt.Owen/Ravensworth; Mitchell's flat opencast

- Innovative projects: coal bed methane extraction, top coal caving and power off take agreements

Growth From Within Our Existing Businesses: Coal South Africa

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- Strategic growth period: RBCT expansion to 82mtpa (2007) will provide 2.1mtpa increase in Xstrata’s export capacity to be met from low-cost brownfield expansions

- Reserve optimisation (Boschmans, Witcons, south Witbank, Tauistock, Phoenix, Douglas) & new beneficiation technology will boost reserves and increase product yields

- Significant opportunity from strategic reserve swaps (to reduce operating costs) and JV development of adjoining resources (lower capital costs)

Growth From Within Our Existing Businesses: Zinc

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- Further 25kpa expansion at San Juan commenced in November 2002 (capex of: US$6m), with commissioning expected in 3Q 2003

- Two further projects (post 2003)
  - de-bottlenecking of roasting stage (increasing production to 492ktpa)
  - direct leaching (further 45tpa increase to 537kt annual production)

South African Minerals Bill

- Comments at half-year interim remain valid
- Empowerment charter issued; "Scorecard" being developed
- Within Xstrata:
  - high-level transformation working group established
  - xstrata transformation strategy developed and approved by Minister
  - detailed plan being prepared for submission
  - company meets most of the socio/economic targets
- Progress on substantive discussions with BEE Groups regarding participation at asset level, including realistic transaction structures and financing options which preserve Xstrata cash flows and financial structure
- Congruence of objectives and commitment augurs well for resolution of outstanding issues

Equity Capital Management Programme

- Enables purchase of 10% of Xstrata's issued share capital
- Advantages:
  - economic exposure to share capital without cancelling shares
  - enhances EPS in tax efficient manner
  - additional flexibility for financing acquisitions
  - improves balance sheet efficiency
- Purchases/disposals conducted and disclosed as per UK practice for corporate share purchases. Dividends waived
- Programme in place. Shareholder approval required only for authority for Xstrata Plc to buy shares for cancellation

Trevor Reid

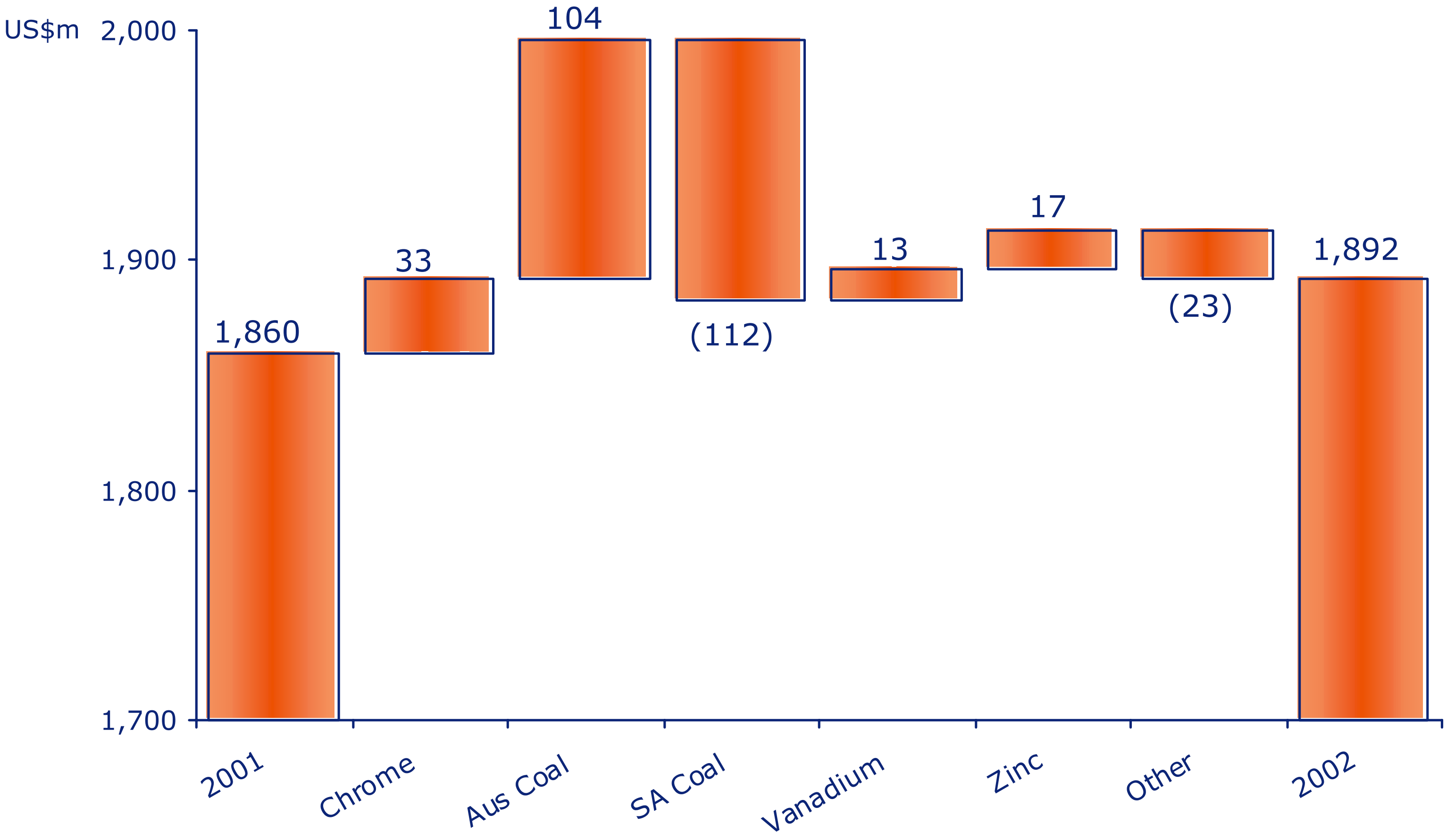
Chief Financial Officer

Unless indicated to the contrary, all figures are presented on a proforma basis
2002 Proforma figures assume the Coal acquisition was effective from 1 January 2002
2001 Proforma figures assume the Coal and Zinc acquisitions were effective from 1 January 2001

Turnover, EBIT and Margins

US$m	2002	2001	%
Turnover	**1,991.3**	1,874.9	6.2
Net operating cost	**(1,676.4)**	(1,450.1)	(15.6)
EBIT (pre-exceptionals)	**314.9**	424.8	(25.9)
Impairment of assets	**(50.8)**	(45.5)	(11.6)
Margin (pre-exceptionals)	**1.8%**	22.7%	(30.4)
EBIT	**264.1**	379.3	(30.4)
Turnover (above)	**1,991.3**	1,874.9	6.2
Excluding 3rd party coal	**(98.8)**	(153.6)	(35.7)
Turnover own production	**1,892.5**	1,721.3	9.9
Douglas/Tavistock, ATC & ATCOM as JANES both 01 & 02	**-**	138.2	-
Turnover (Restated)	**1,892.5**	1,859.5	1.8
Margin (pre-exceptionals)	**16.6%**	22.8%	(27.2)

Turnover Variance



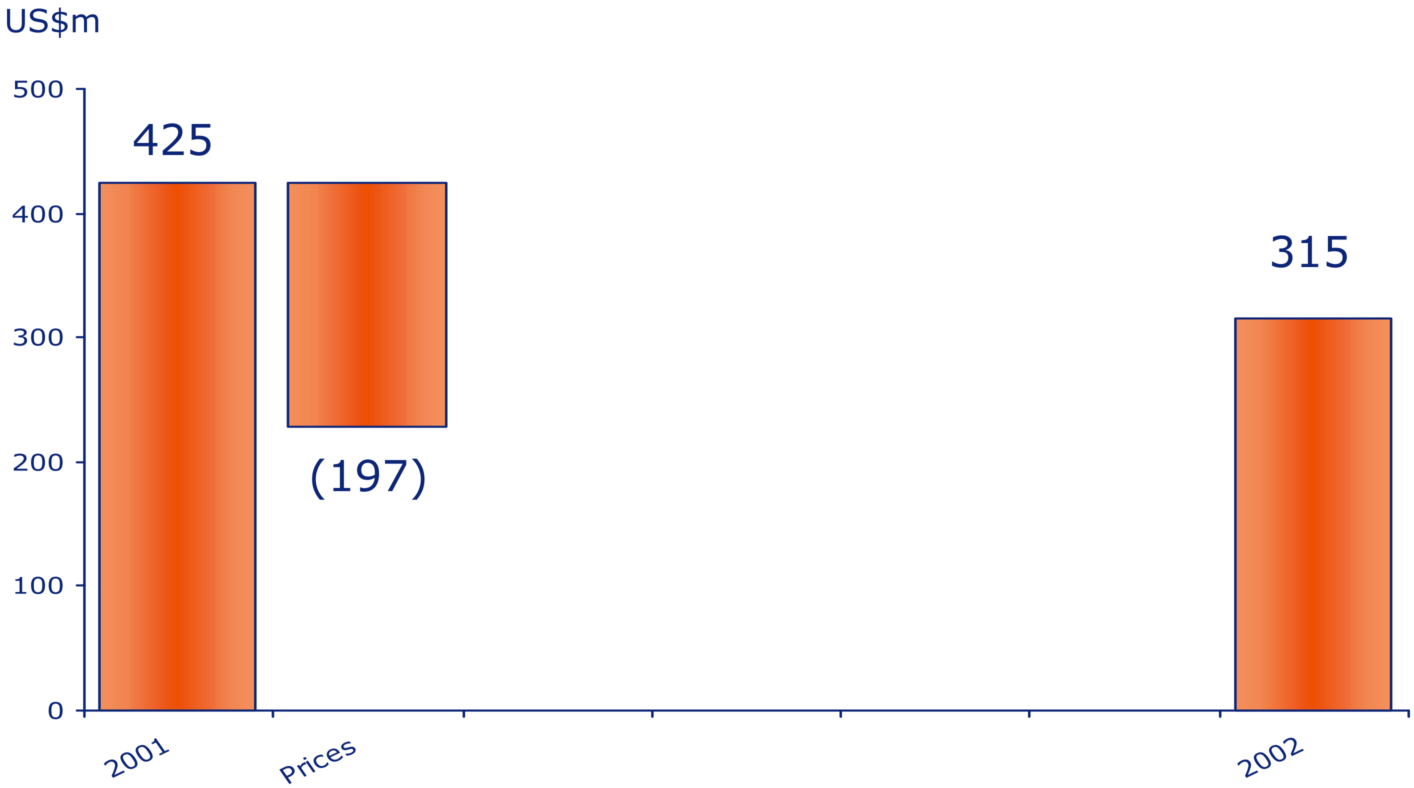
P&L Summary

US$m	**2002**	2001	%
Turnover	**1,991.3**	1,874.9	6.2
EBITDA	**481.7**	577.5	(16.6)
EBIT (pre-exceptionals)	**314.9**	424.8	(25.9)
Impairment of assets	**(50.8)**	(45.5)	(11.6)
Net interest & similar items	**(39.7)**	(60.8)	34.7
Profit before tax	**224.4**	318.5	(29.5)
Tax	**(42.6)**	(75.7)	43.7
Minority interests	**(7.2)**	(15.5)	53.5
Attributable profit	**174.6**	227.3	(23.2)
Earnings per share (USD) pre-exceptionals	**0.90**	1.08	
Earnings per share (USD) post-exceptionals	**0.70**	0.90	

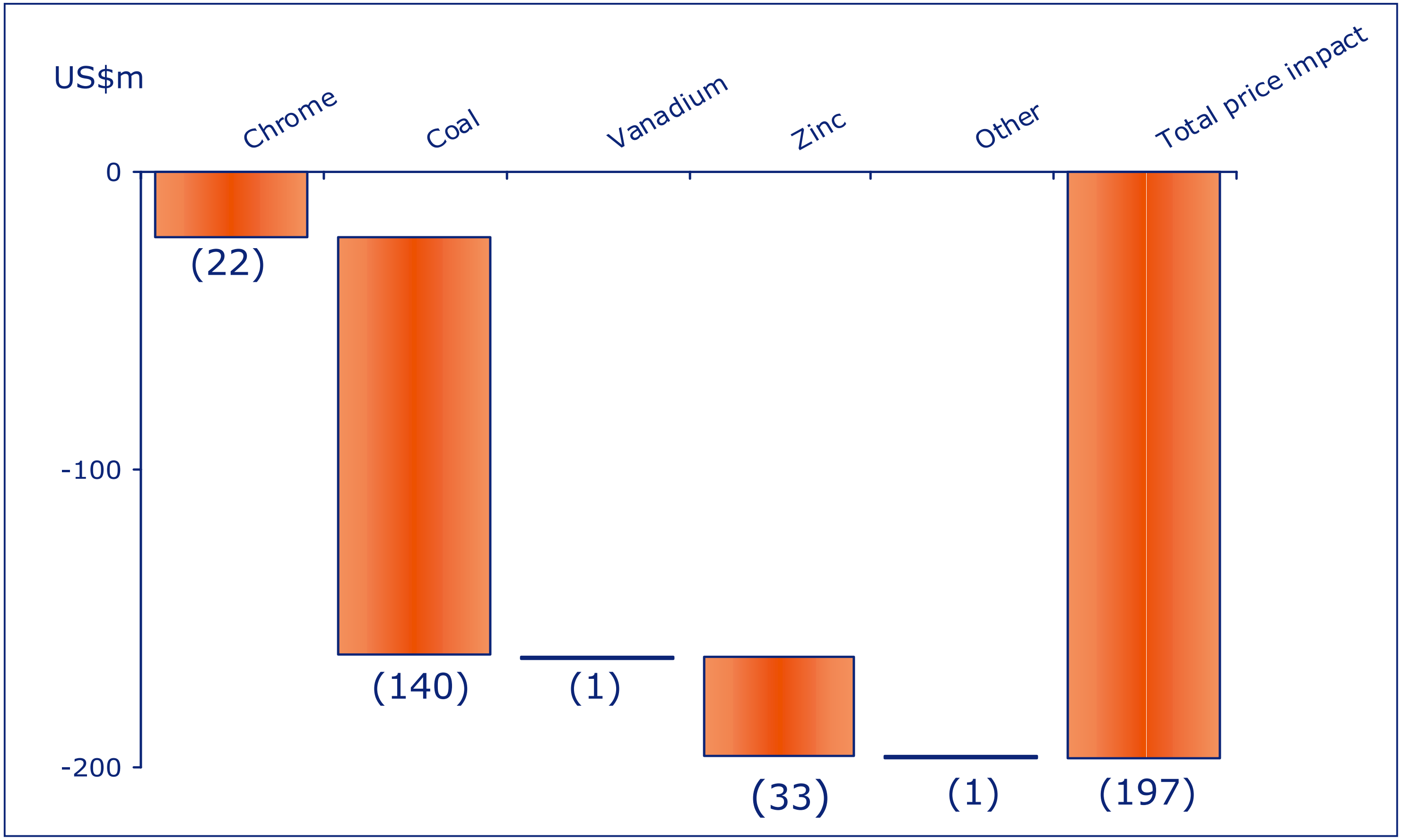
Interest and Taxation

- Net interest and similar items down US$21.1m due to lower debt levels, mainly as a result of the exercise of the Manager's Option resulting in an additional 25m shares issued in IPO
- EBITDA/net interest coverage improved from 9.5 times in 2001 to 12.1 times in 2002
- Effective tax rate pre-exceptionals was 15.5% against 20.8% in 2001.
- US$27.3million net benefit in 2002 as a result of the new Australian fiscal consolidation regime implemented in late 2002.

EBIT Variance Analysis (pre-exceptionals)
2001 vs 2002

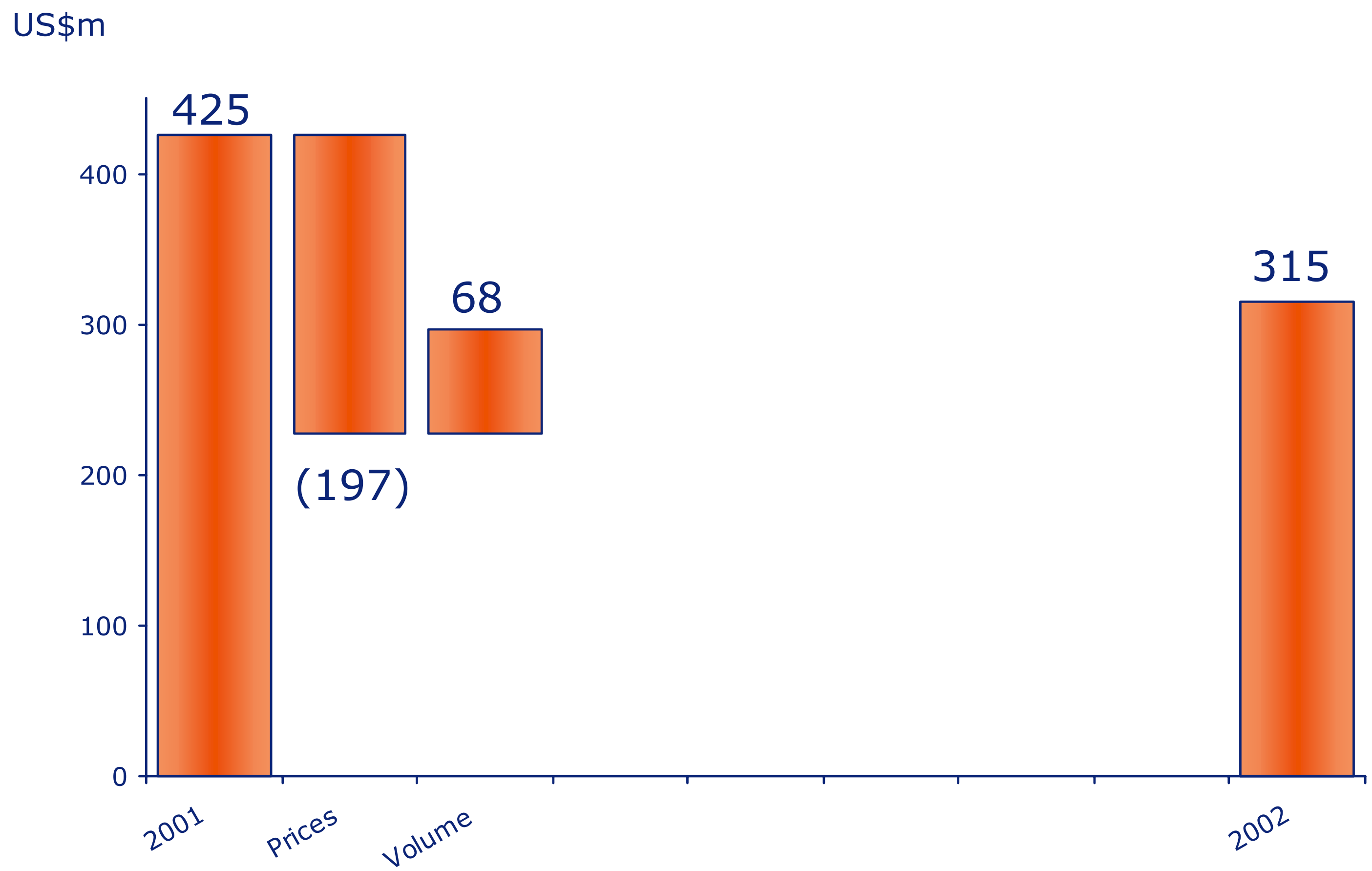


Impact of Commodity Price Changes of EBIT (pre-exceptionals)



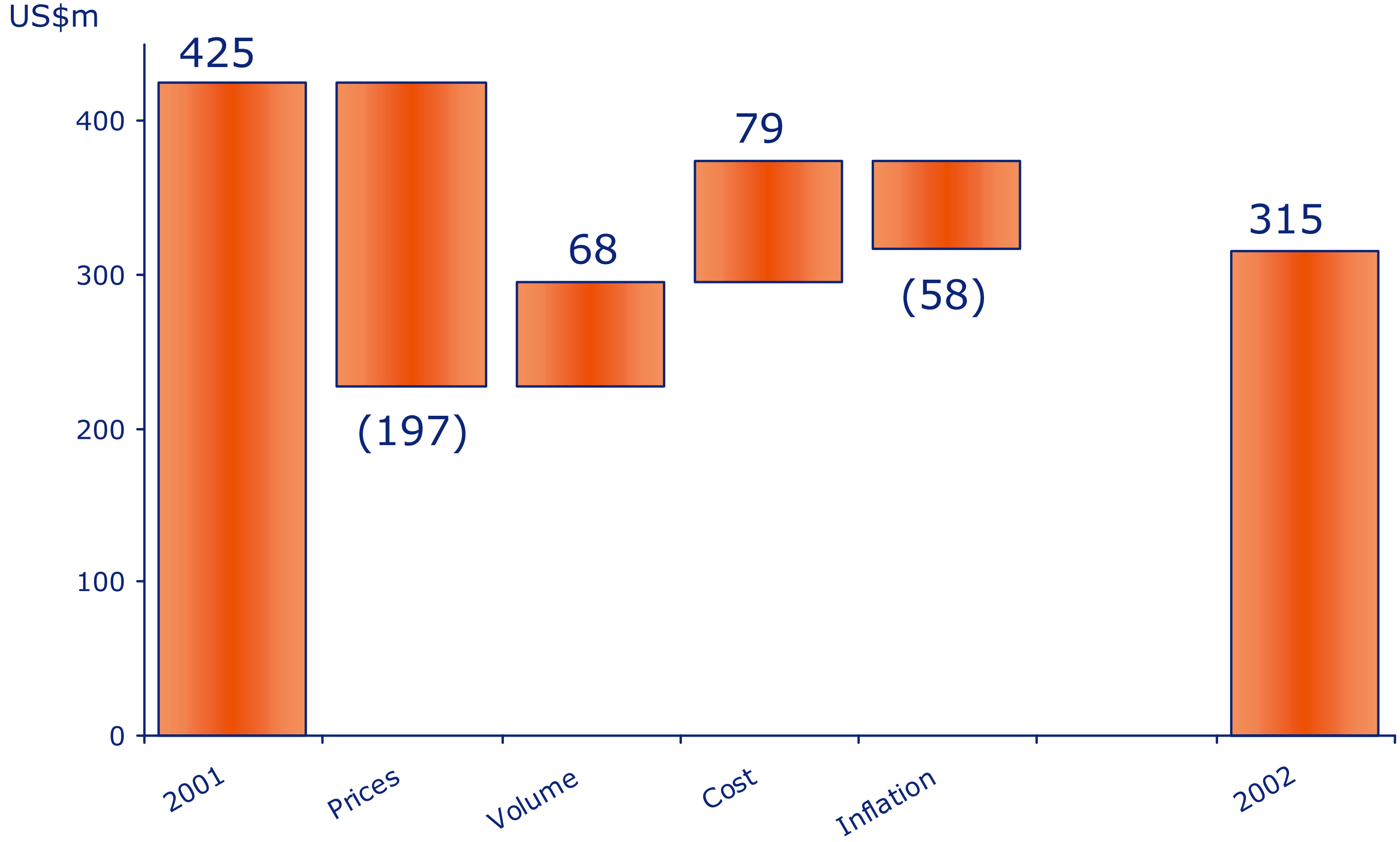
EBIT Variance Analysis (pre-exceptionals)

2001 vs 2002

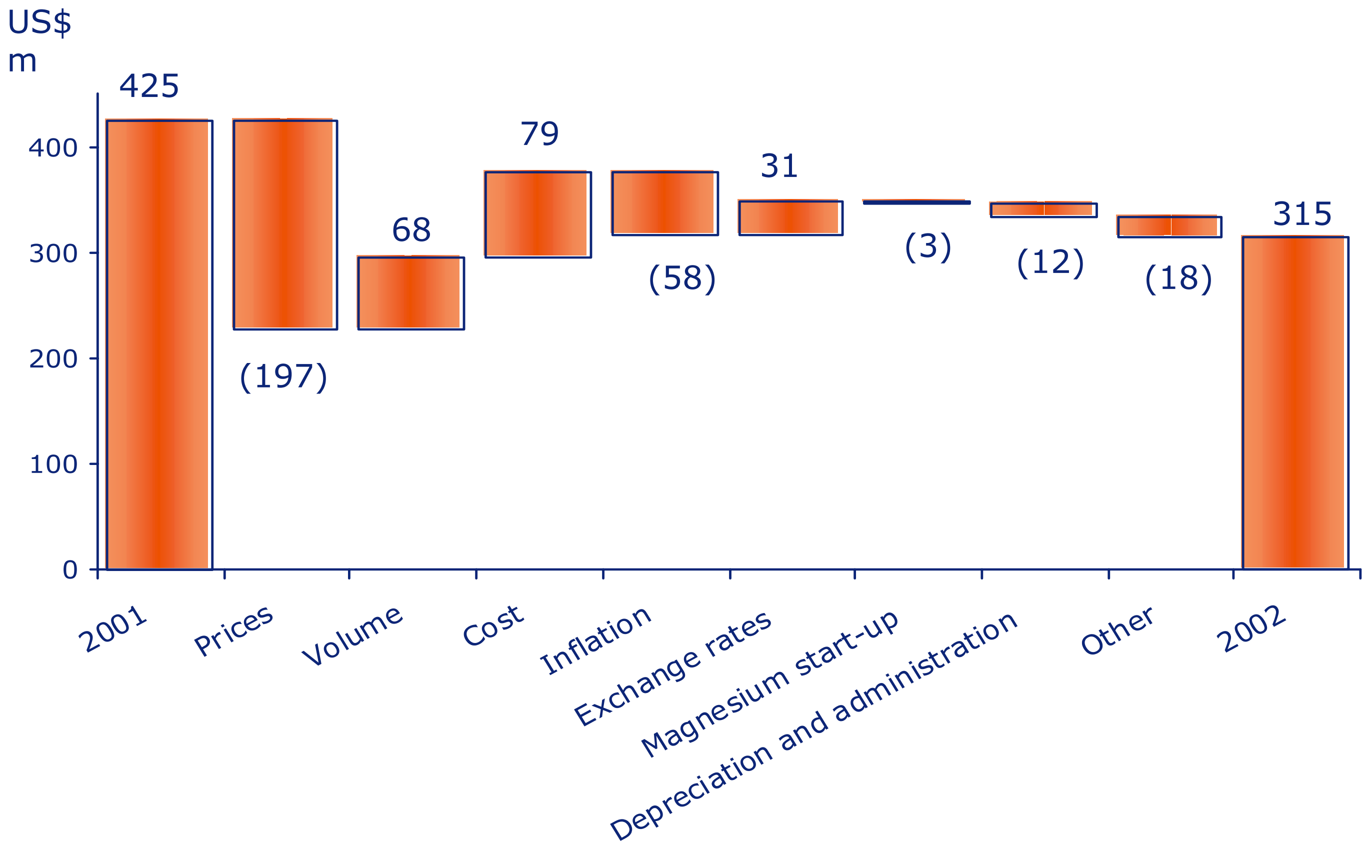


EBIT Variance Analysis (pre-exceptionals)

2001 vs 2002



EBIT Variance Analysis (pre-exceptionals)
2001 vs 2002



Alloys – Chrome

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US$m	**2002**	2001	%
Turnover	**290.2**	257.7	12.6
EBITDA	**62.8**	64.3	(2.3)
EBIT	**55.8**	59.3	(5.9)
Margin %	**19.2%**	23.0%	(16.5)
Return on capital employed %	**20.4%**	16.8%	21.4
Capital expenditure	**7.3**	30.5	(76.1)
- Expansionary	**6.5**	27.2	(76.1)
- Sustaining	**0.8**	3.3	(75.8)
Attributable saleable production (kt)	**957.5**	860.6	11.3
Indicative average price (USc/lb)*	**30.00**	32.50	(7.1)

* Indicative published prices: Metal Bulletin

Alloys – Vanadium

US$m	**2002**	2001	%
Turnover	**76.4**	63.5	20.3
EBITDA	**10.4**	9.2	13.0
EBIT	**7.1**	3.1	129.0
Margin %	**9.3%**	4.5%	106.7
Return on capital employed %	**7.1%**	2.6%	173.1
Capital expenditure	**1.1**	4.0	(72.5)
-Expansionary	**0.8**	2.8	(71.4)
-Sustaining	**0.3**	1.2	(75.0)
Attributable saleable production (kt)			
- Vanadium Pentoxide (k lbs)	**41,333**	38,909	6.2
- Ferrovanadium (k kg)	**6,458**	6,118	5.6
Indicative published average prices (USc/lb)*			
- Vanadium Pentoxide (US$/lb)	**1.34**	1.38	(2.9)
- Ferrovanadium (US$/kg)	**7.69**	7.83	(1.8)

*Published prices: Metal Bulletin

Coal

US$m	**2002**	2001	%
Turnover	**1,120.5**	991.0	13.1
EBITDA	**346.7**	416.0	(16.7)
EBIT	**230.2**	311.5	(26.1)
Margin %	**20.5%**	31.4%	(34.7)
Return on capital employed %	**8.2%**	10.2%	(19.6)
Capital expenditure	**118.6**	74.8	43.0
- Expansionary	**33.4**	32.5	2.8
- Sustaining	**85.2**	42.3	74.0
Consolidated production (tonnes, millions)	**44.0**	41.2	6.8
Consolidated sales (tonnes, millions)	**44.3**	39.7	11.6
Average FOB export prices:			
- Semi-soft coking (US$/t)	**32.2**	32.3	0.3
- Australian thermal (US$/t)	**27.6**	30.3	(8.9)
- South African thermal (US$/t)	**24.6**	30.3	(18.8)

Zinc

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US$m	2002	2001	%
Turnover	**400.0**	383.3	(4.4)
EBITDA	**88.4**	101.5	(12.9)
EBIT	**54.3**	67.1	(19.1)
Margin %	**13.6%**	17.5%	(22.3)
Return on capital employed %	**9.8%**	12.1%	(19.0)
Capital Expenditure	**30.2**	107.3	(71.9)
- Expansionary	**16.0**	83.7	(80.9)
- Sustaining	**14.2**	23.6	(39.8)
Production (kt)	**460.0**	390.8	17.7
Average LME Zinc price (US$/t)	**779**	886	(12.1)

Other Businesses (pre-exceptionals)

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US$m	**2002**	2001	%
Turnover	**5.4**	25.8	N/A
EBIT	**(8.5)**	(4.5)	N/A
Capital expenditure	**2.3**	25.5	N/A
Production			
- Pulplogs (k cbm)	**76.7**	300.8	N/A
- Woodchips (k bdmt)	**-**	216.4	N/A
- Magnesium (t)	**5,449**	40	N/A

- Major decrease in turnover due to sale of Forestal del Sur (trading company)

Operating Cash Flow

US$m	2002
EBITDA	**481.7**
Stocks	**(68.2)**
Debtors	**45.5**
Creditors	**99.7**
Provisions and other non-cash items	**(37.5)**
Net cash inflow from operations	**521.2**
Net interest payable and similar items	**(32.6)**
Taxation	**(35.4)**
Cash flow before capital expenditure	**453.2**
Sustaining capital expenditure	**(104.2)**
Disposal of fixed assets	**12.9**
Free cash flow	**361.9**
Expansionary capital expenditure	**(67.1)**
Cash flow post capital expenditure	**294.8**

Cash Flow Summary

US$m	2002
Cash flow post capital expenditure	**294.8**
Purchase of Coal operation	**(1,120.9)**
Cash acquired with Coal operation	**54.0**
Purchase of Ravensworth and Narama coal operations	**(72.4)**
Net cash flow before financing	**(844.5)**
Issue of ordinary shares	**1,335.3**
Foreign exchange adjustment	**(17.7)**
Amortisation of loan arrangement fees	**(4.7)**
Debt acquired with Coal operation	**(585.8)**
Movement in net debt	**(117.4)**
Net debt at the start of the year	**(456.5)**
Net debt at the end of the period	**(573.9)**

Balance Sheet Summary

US$m	**31.12.02**	31.12.01
Intangible assets	**1,017.7**	125.2
Tangible assets	**3,254.7**	3,459.8
Investments	**181.9**	82.0
Total fixed assets	**4,454.3**	3,667.0
Net current assets	**209.0**	376.8
Non-current creditors	**(655.0)**	(1,181.3)
Provision for liabilities and charges	**(251.1)**	(265.5)
Net assets	**3,757.2**	2,597.0
Minority interests	**(191.1)**	(81.1)
Attributable net assets	**3,566.1**	2,515.9

Conclusion

- Xstrata's capacity to weather turbulence fundamentally enhanced
- Begin 2003 with benefits of investments made in 2002, growing FeCr demand and stable coal markets
- Outlook for economic growth in 2003 depends to great extent on renewed growth in the United States, continued strength of Chinese economy, resolution of impasse in Iraq and return of investor confidence and trust
- Times of complexity and market weakness also times of opportunity

2003 EBIT Sensitivities

Commodity Prices	Impact on 2003 EBIT US$m
US$ 1/tonne movement in Australia Thermal FOB coal price	**15.0**
US$ 1/tonne movement in Richards Bay FOB coal price	**7.0**
US$ 50/tonne movement in Zinc price	**10.0**
US$ 10 movement in Zinc treatment charge price	**3.0**
Usc 1/lb movement in Ferrochrome price	**12.6**
US$ 1/kg movement in FerroVanadium price	**8.0**

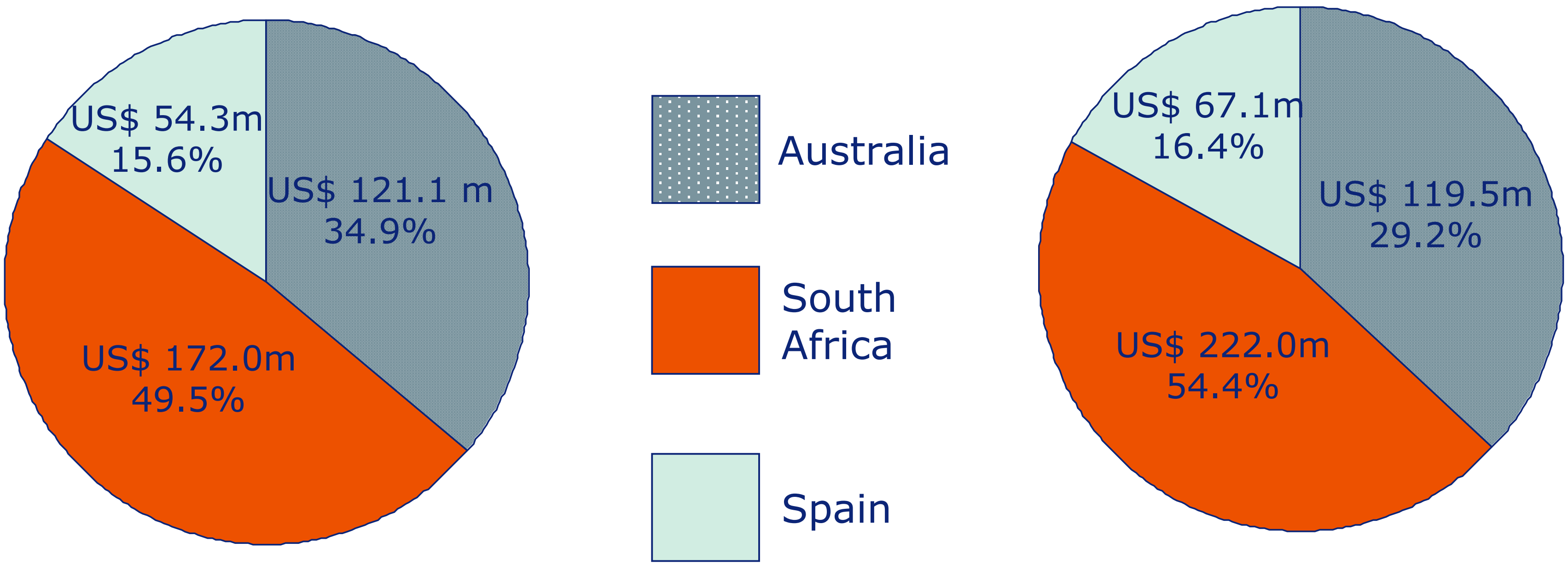
Foreign Exchange Rates	
10% movement AUD *	**1.0**
10% movement EUR	**12.0**
10% movement ZAR	**50.0**

* After impact of currency hedging

EBIT (pre-exceptionals)

US$m	**2002**	2001	%
Alloys	**62.9**	62.4	0.8
Chrome	**55.8**	59.3	(5.9)
Vanadium	**7.1**	3.1	129.0
Coal	**230.2**	311.5	(26.1)
Australia	**127.3**	132.2	(3.7)
South Africa	**102.9**	179.3	(42.6)
Zinc	**54.3**	67.1	(19.1)
Other Businesses	**(8.5)**	(4.5)	(88.9)
Corporate, unallocated costs	**(24.0)**	(11.7)	(105.1)
Total	**314.9**	424.8	(25.9)

Geographical Breakdown: EBIT (pre-exceptionals)



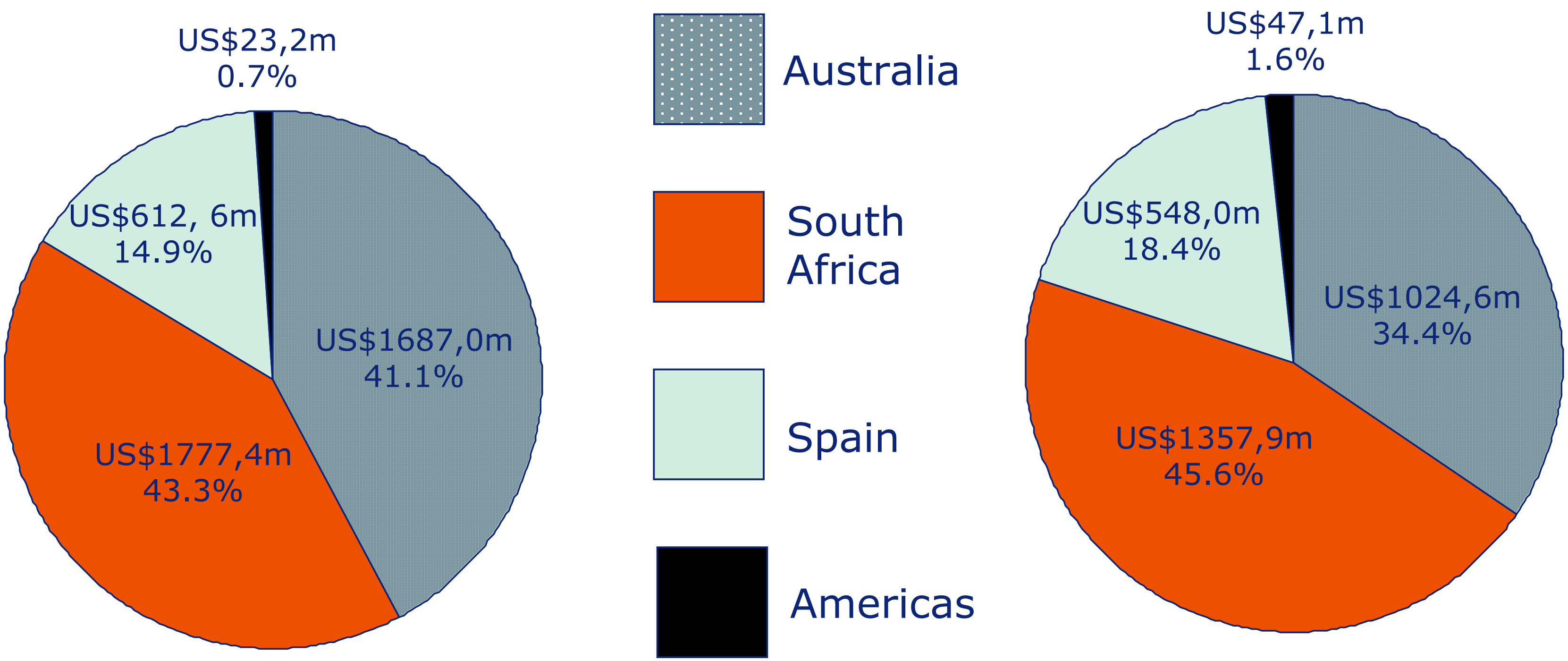
2002

(Excludes US$ -8.5 million EBIT from other businesses and US$ -24.0 million corporate costs)

2001

(Excludes US$ -4.5 million EBIT from other businesses and US$ -11.7 million corporate costs)

Geographical Breakdown: Attributable Net Assets



31 December 2002: US$4.100,2 million
(Excludes unallocated corporate debt of US$534.1 million)

31 December 2001: US$2.977,6 million
(Excludes unallocated corporate debt of US$461.7 million)

Net Debt Summary

USD Millions	**31.12.02**	31.12.01
Cash	**88.7**	45.9
External borrowings	**(671.9)**	(502.4)
Arrangement fees	**27.0**	-
Finance leases	**(17.7)**	-
Net Debt	**(573.9)**	**(456.5)**
Net debt to equity percentage	**16.1%**	**84.7%**
Net debt by currency:		
Australian dollars	**2.4**	0.7
Euros	**3.3**	16.4
South African rands	**(35.4)**	(25.4)
United States dollars	**(545.9)**	(448.7)
Other	**1.7**	0.5

Capital Expenditure (proforma)

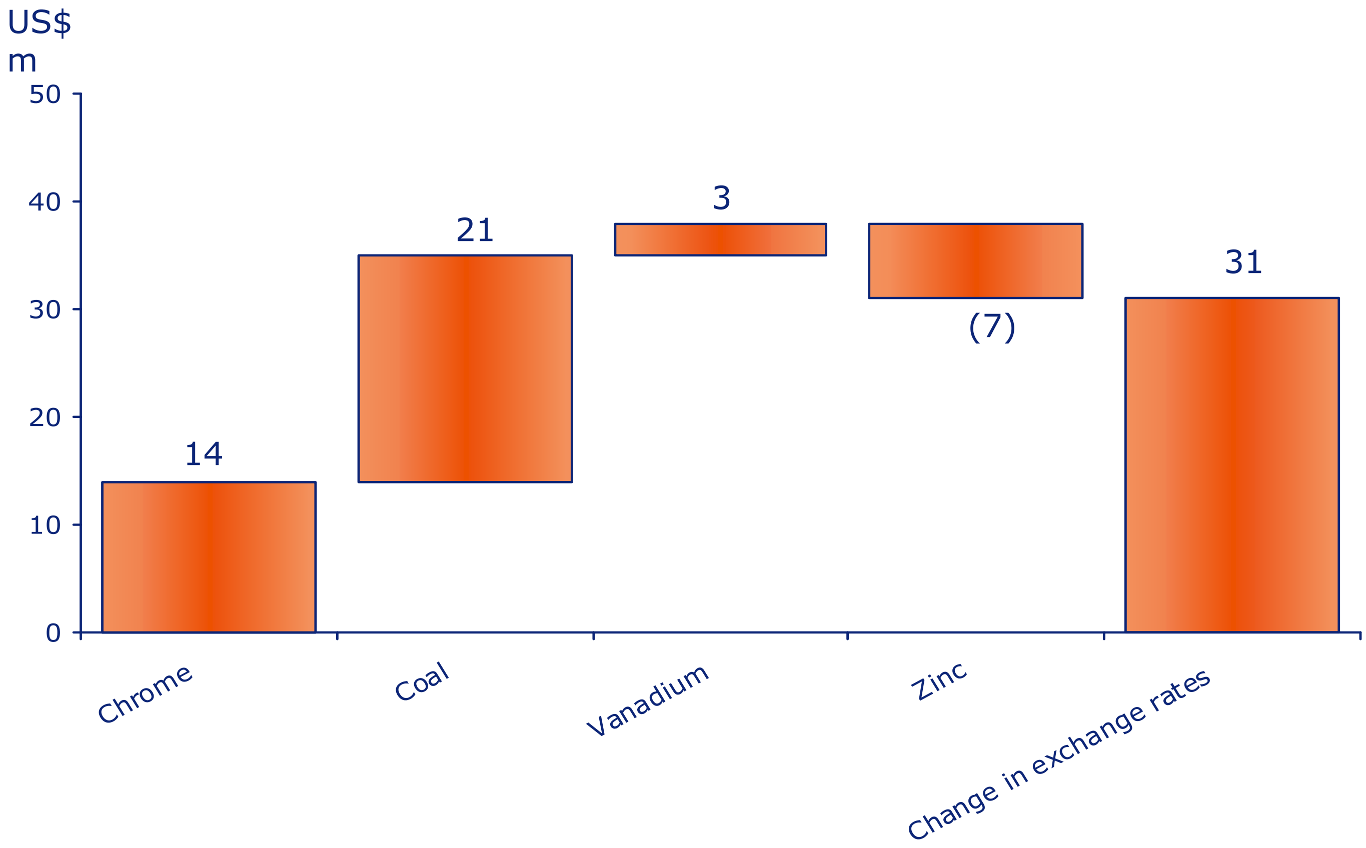
US$m	**Expansionary 2002**	**Sustaining 2002**	**Total 2002**	Expansionary 2001	Sustaining 2001	Total 2001
Chrome	**6.5**	**0.8**	7.3	27.2	3.3	30.5
Vanadium	**0.8**	**0.3**	1.1	2.8	1.2	4.0
Coal	**33.4**	**85.2**	118.6	32.5	42.3	74.8
Zinc	**16.0**	**14.2**	30.2	83.7	23.6	107.3
Other	**1.7**	**2.7**	4.4	34.8	4.1	38.9
Total	**58.4**	**103.2**	**161.6**	181.0	74.5	255.5

- Expansionary capital expenditure mainly included commissioning of longwall mining at United and development of the Beltana underground coal operations in Australia
- The coal operations in South Africa included development of new mining areas in the Douglas Tavistock JV, a new continuous mining miner at Boschmans Colliery and upgrading the Tavistock plant

Exchange Rates

	Average 31.12.02	Average 31.12.01	**As at 31.12.02**	As at 31.12.01
Australian dollar	**0.5434**	0.5167	**0.5618**	0.5114
Euro	**0.9430**	0.8946	**1.0495**	0.8849
South African rand	**10.5035**	8.6249	**8.5702**	12.0900

Impact of Exchange Rates
Changes in EBIT (pre-exceptionals)



Shares in Issue

Total Issued Share Capital (used for 2002 proforma eps calculations)	251,350,880 shares
Total Issued Share Capital (used for 2001 proforma eps calculations)	251,400,570 shares
Weighted Ave Issued Share Capital (used for 2002 statutory eps calculations)	219,534,226 shares
Total Issued Share Capital	252,601,000 shares

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