

Financial Review



Raglan Inuit community members near Xstrata Nickel's Raglan operation, northern Quebec

Basis of presentation of financial information

Financial information is presented in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The reporting currency of Xstrata plc is US dollars. Unless indicated to the contrary, revenue, earnings before interest, taxation, depreciation and amortisation (EBITDA) and earnings before interest and taxation (EBIT) are reported in the Financial and Operating Review before exceptional items. Exceptional items are significant items of income and expense which, due to their nature or expected infrequency, are presented separately in the income statement.

Unless otherwise indicated, all data and commentary in the Financial and Operating Reviews exclude the Xstrata Aluminum operations which were sold during the first half of the year and exceptional items. All dollar and cent figures provided refer to US dollars and cents.

Consolidated results	Statutory	Pro forma	Statutory
\$m	Year ended 31.12.07	Year ended 31.12.06	Year ended 31.12.06
Alloys	1,352	959	959
Coal	4,201	3,757	3,617
Copper	12,794	12,508	7,007
Nickel	5,252	3,364	1,678
Zinc	4,726	4,774	3,721
Technology	217	120	120
Total Group revenue	28,542	25,482	17,102
<i>Attributable total Group revenue</i>	27,449	24,529	16,150
Alloys	448	263	263
Coal	1,194	1,320	1,249
Copper	4,987	5,399	3,349
Nickel	2,577	1,386	788
Zinc	1,822	1,946	1,479
Technology	47	26	26
Corporate and unallocated	(187)	(185)	(170)
Total Group EBITDA	10,888	10,155	6,984
<i>Attributable total Group EBITDA</i>	10,324	9,528	6,357
Alloys	389	234	234
Coal	690	937	892
Copper	4,163	4,528	2,850
Nickel	2,172	931	614
Zinc	1,529	1,673	1,329
Technology	43	22	22
Corporate and unallocated	(194)	(193)	(176)
Total Group EBIT	8,792	8,132	5,765
<i>Attributable total Group EBIT</i>	8,292	7,565	5,200

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The acquisition of the Falconbridge group in August 2006 contributed to a substantial increase in Group revenue and earnings in 2007 on a statutory basis. EBIT of \$8.8 billion was 53% higher than the statutory result for 2006, benefiting from a full year of earnings from Xstrata Nickel, the enlarged Xstrata Copper and Xstrata Zinc businesses and the Tintaya copper operation which was acquired in June 2006. Xstrata Coal's earnings similarly benefited from a full year's earnings from the Cerrejón coal operation following the acquisition of a one-third stake in March 2006. To facilitate comparison on a like-for-like basis, pro forma comparative figures for 2006 have been prepared. These assume that the acquisition of the Falconbridge, Tintaya and Cerrejón operations were made on 1 January 2006. Unless otherwise stated, prior year figures in the remainder of the report are stated on a pro forma basis.

Robust commodity prices and record production at Xstrata's coal, nickel, ferrochrome, platinum and zinc mining operations, coupled with a strong second half performance at the copper operations, boosted revenue by 12% compared to pro forma results for 2006. Volume growth contributed \$249 million to EBIT, which rose by 8% to \$8.8 billion. EBITDA increased by 7% to \$10.9 billion or \$11.3 billion including discontinued and exceptional items.

The beneficial impact of higher commodity prices period-on-period across Xstrata's businesses, with the exception of coking coal and vanadium, added over \$1.3 billion to EBIT during the period.

Real cost savings of \$253 million were achieved across every commodity business, despite ongoing significant cost pressures in the mining industry. Real cost savings were achieved as a result of new lower cost production coming on stream at the Rolleston and Wollombi coal operations and Lion ferrochrome smelting complex, higher by-product revenues and recoveries at Xstrata Zinc and operational efficiencies at Minera Alumbrera and the Australian copper operations.

The impact of mining industry inflation and CPI continued to weigh heavily on the industry, trimming EBIT by a total of \$481 million. In particular, further price increases were experienced in South Africa, Argentina and Chile, primarily for energy, fuel and contractor labour. Profits were also negatively impacted by the weaker US dollar against most of Xstrata's operating currencies, reducing earnings by \$457 million. Higher demurrage charges from Xstrata's Australian coal operations impacted 2007 EBIT by an additional \$58 million over the charges in 2006.

EBIT Variances	Total
\$m	
EBIT 31.12.06 (pro forma)	8,132
Sales price*	1,312
Volumes	249
Unit cost – real	253
Unit cost – CPI inflation	(246)
Unit cost – mining industry inflation	(235)
Unit cost – foreign exchange	(457)
Demurrage	(58)
Corporate social involvement expenditure	(33)
Other income and expenses	(70)
Depreciation and amortisation (excluding foreign exchange)	(55)
EBIT 31.12.07 (statutory)	8,792
*Net of commodity price linked costs, treatment and refining charges	

Other expenses include higher long-term incentive plan costs due to the increase in Xstrata's share price, together with acquisition-related and start-up costs in respect of Eland Platinum. These negative impacts were partially offset by head office synergies achieved from the integration of Falconbridge which realised approximately \$77 million of cost savings in the first full year of ownership, against the original target of \$75 million per annum. Corporate social involvement expenditure rose by \$33 million compared to pro forma EBIT in 2006 to \$102 million as programmes to support community initiatives were extended across the former Falconbridge business during 2007.

Average Commodity Prices	Unit	Average price 2007	Average price 2006	% Change
Australian FOB export coking*	\$/t	98.1	111.2	(12)
Australian FOB export semi-soft coking*	\$/t	62.5	68.0	(8)
Australian FOB export thermal coal*	\$/t	51.2	46.4	10
Colombian FOB export thermal coal*	\$/t	52.3	49.3	6
South African export thermal coal*	\$/t	51.7	45.8	13
Copper (LME cash average)	\$/t	7,139	6,740	6
Lead (LME cash average)	\$/t	2,594	1,286	102
Zinc (LME cash average)	\$/t	3,257	3,264	–
Nickel (LME cash average)	\$/t	37,089	24,155	54
Ferrochrome (Metal Bulletin)	¢/lb	89.3	71.6	25
Ferrovandium (Metal Bulletin)	\$/kg	37.2	38.5	(3)
Platinum	\$/oz	1,337	1,142	17
*Average received price				

Average commodity prices in 2007 outstripped 2006 levels for all of Xstrata's products with the exception of lower ferrovandium and coking coal prices and stable zinc prices.

Average LME copper prices continued to rise period-on-period, supported by robust emerging market demand on the one hand and ongoing supply disruptions on the other. A very tight nickel market resulted in a rapid rise in prices early in 2007, peaking in May at a record nominal high, before falling back later in the year. Nonetheless, nickel prices are well above historical averages and the fundamentals of the market remain strong. Lead prices rose strongly through the year, reaching a peak in October. While prices have subsequently softened, they remain at very high levels by historical standards. Zinc prices remained stable period-on-period.

The decrease in received coking coal prices followed a 15% decline in the base term price for coking coal contract prices settled at the end of 2006. Spot coking coal prices are currently at record levels with trades being settled above \$300 per tonne and expectations for the 2008-09 contract year are for a significant increase over 2007-08 levels. This situation reflects strong demand growth from steel producers and continued supply bottlenecks across the industry. During the period, received thermal coal prices benefited from strong demand, with China becoming a net importer of energy coal, slowing and lower quality supply growth from Indonesia, together with ongoing infrastructure constraints in Australia and South Africa. Thermal coal prices rose steeply in the final quarter and with spot prices soaring to well in excess of \$130 per tonne, significant price increases are being forecast in respect of 2008 contract settlements.

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Currency Table to \$ (USD)	Average 2007	Average 2006	% change (+/-)	At 31.12.07	At 31.12.06
USD:ARS	3.12	3.07	2	3.15	3.06
AUD:USD	0.84	0.75	(12)	0.88	0.79
USD:CAD	1.07	1.13	(5)	1.00	1.17
USD:CHF	1.20	1.25	(4)	1.13	1.22
USD:CLP	522	531	(2)	498	532
USD:COP	2,075	2,359	(12)	2,018	2,240
USD:PEN	3.13	3.27	(4)	3.00	3.20
EUR:USD	1.37	1.26	(9)	1.46	1.32
GBP:USD	2.00	1.84	(9)	1.98	1.96
USD:ZAR	7.05	6.77	4	6.86	7.01

Ferrochrome prices recovered from lower average prices in 2006, to an average of 89¢ per pound. The European base price has risen further in the first quarter to \$1.21 per pound, driven by continued strong demand from the stainless steel sector.

Xstrata's major operating currency exposures are in respect of the movements of the Australian dollar, Canadian dollar and South African rand against the US dollar. While the rand weakened marginally against the dollar, the Canadian dollar and Australian dollar strengthened materially, impacting earnings by an additional \$457 million compared to 2006.

Earnings

Earnings Summary	Statutory Year ended 31.12.07	Pro Forma Year ended 31.12.06
\$m		
EBIT (before exceptional items)	8,792	8,132
Net interest (excl. loan issue costs written-off and realised net foreign currency translation gains)	(793)	(1,038)
Income tax expense	(2,301)	(2,063)
Effective tax rate	29%	29%
Minority interests	(326)	(413)
Attributable profit (before exceptional items)	5,372	4,618
Earnings per share (before exceptional items)	5.60	4.99
Loan issue costs written-off	(60)	(9)
Net gains/(losses) from recycled foreign currency translation reserve and foreign currency movements on other borrowings	(62)	75
LionOre break fee (after costs)	275	–
Disposal fair value adjustment	(25)	–
Profit on sale of investments and operations	–	79
Profit from discontinued operations	53	127
Income tax on exceptional items	(10)	(5)
	171	267
Attributable profit	5,543	4,885
Earnings per share	5.78	5.28

The effective tax rate for the period before discontinued operations and exceptional items at 29% remained the same as the prior year. Higher taxes from profits earned in high tax jurisdictions, particularly in the locations of the nickel operations, were partly offset by the recently announced reduction in the Canadian corporate tax rate and a number of one-off deductions relating to the Falconbridge acquisition.

Minority interests decreased, predominantly due to the commencement of full royalty payments to our local partners at Alumbreira during the period.

EBIT Sensitivities \$m	Impact on 2008 EBIT*	Indicative full year EBIT**
1¢/lb movement in ferrochrome price	13	15
\$1/kg movement in ferrovanadium price	3	4
\$1/tonne movement in Australian thermal export FOB coal price	19	35
\$1/tonne movement in Australian coking export FOB coal price	5	8
\$1/tonne movement in South African export thermal FOB coal price	6	15
1¢/lb movement in copper price	24	24
\$10/oz movement in gold price	9	9
\$1/lb movement in nickel price	194	194
1¢/lb movement in zinc price	19	19
\$100/tonne movement in zinc treatment charge price	31	45
1¢/lb movement in lead price	6	6
\$100/oz movement in platinum price	12	12
\$100/oz movement in palladium price	6	6
10% movement ARS	23	23
10% movement AUD	424	434
10% movement CAD	232	232
10% movement EUR	37	37
10% movement ZAR	191	191

*After impact of currency and commodity hedging, and contracted, priced sales as at 31 December 2007
**Assuming current annualised production and sales profiles, no currency or commodity hedging and no contracted, priced sales and purchases at 31 December 2007

Millicent Kgoete at Xstrata Alloys' Thorncliffe mine, South Africa



Waste is discharged to the cooling font at Altonorte smelter, Chile



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Cash Flow, Net Debt and Financing Summary

On the back of the Group's strong operating performance, operating cash flows rose by \$1.7 billion to \$11 billion, with free cash flow of \$6.1 billion.

During the period, Xstrata completed acquisitions of some \$2.1 billion, as outlined below. In addition, during weak market conditions in the third quarter, 1% of the issued share capital was opportunistically purchased by Batiss Investments for \$518 million under the Group's equity capital management programme. Despite these cash outflows, robust cash generation from operations enabled the Group to reduce net debt by \$1.6 billion in 2007.

In March, the Group received proceeds of \$1,120 million from the disposal of Noranda Aluminum, comprising the aluminium assets acquired through the Falconbridge acquisition. The receipt of a termination payment of C\$305 million (\$275 million net of fees relating to

Movement in net debt	Statutory Year ended 31.12.07	Pro forma Year ended 31.12.06
\$m		
Cash generated from operations*	11,046	9,370
Net interest paid	(671)	(965)
Dividends received	4	2
Tax paid	(2,965)	(1,486)
Cash flow before capital expenditure	7,414	6,921
Sustaining capital expenditure	(1,432)	(893)
Disposals of fixed assets	86	32
Free cash flow	6,068	6,060
Expansionary capital expenditure	(1,430)	(1,163)
Cash flow before acquisitions	4,638	4,897
Purchase of investments	(41)	(3)
Purchase of subsidiaries and operations net of cash acquired	(2,130)	(18,793)
Sale of aluminium business, net of cash disposed	1,120	–
Other investing activities	(44)	24
Net cash flow before financing	3,543	(13,875)
Purchase of own shares	(14)	(11)
Equity capital management share buyback	(518)	–
Capital injection by minority interest	180	–
Proceeds from sale and issue of own shares	56	7,871
Equity dividends paid**	(443)	(496)
Dividends paid to minority interests	(485)	(202)
Redemption of minority interests	(22)	(95)
Debt acquired with operations	(301)	(4,642)
Redemption of convertible bonds	202	359
Reclassification from equity and liabilities to debt	(200)	–
Fair value adjustment to Canadian capital market notes	(113)	–
Other non-cash movements	(259)	101
Movement in net debt	1,626	(10,990)
Net debt at the start of the year	(13,601)	(2,611)
Net debt at the end of the period	(11,975)	(13,601)
<p>*Includes net termination payment from LionOre of \$275 million **Pro forma dividend payments in 2006 included a special dividend of \$172 million paid by Falconbridge prior to its acquisition by Xstrata</p>		

the disposal) from LionOre Mining International, following termination of its support agreement with Xstrata, also contributed to Xstrata's robust balance sheet. Gearing (defined as net debt to net debt plus equity) fell from 41% to 32% at the end of the year.

Cash tax payments of approximately \$2,965 million were made in 2007, reflecting the settlement of tax liabilities outstanding from the Falconbridge operations and Xstrata's own operations for the full twelve months to December 2006 and including certain additional payments in respect of tax years that predated Xstrata's acquisition of Falconbridge.

In 2007, all of the remaining outstanding 3.95% convertible bonds due in 2010 were converted into Xstrata shares by 4 April, resulting in a \$202 million reduction in debt. A further tranche of \$375 million of 4% convertible bonds due in 2017 remain outstanding and relate to the convertible bond issued to Brookfield in part payment for a 20% stake in Falconbridge in August 2005.

The Group continued to diversify its sources of funding during the year, commencing with an inaugural multi-tranche Euro bond offering, which raised €1 billion in June 2007. Combined with continuing strong operational cash flows, this allowed the final \$9.5 billion tranche of bank debt associated with the Falconbridge acquisition to be refinanced. A new 5 year syndicated bank loan of \$4.68 billion was signed in July 2007 on significantly improved terms and conditions.

In November, a second US bond offering was successfully completed, with the issue of a \$500 million 30 year bond, which further lengthened the Group's average debt maturity profile.

Further committed bank bridging facilities totalling \$3.5 billion have been secured prior to year end, to fund the acquisitions of Jubilee Mines and Resource Pacific.

Reconciliation of EBITDA to cash generated from operations	Statutory Year ended 31.12.07	Pro forma Year ended 31.12.06
\$m		
EBITDA	10,888	10,155
Exceptional items	275	–
Discontinued operations	120	286
Share of results from associates	(15)	(9)
Share-based compensation plans	103	91
Increase in inventories	(652)	(811)
Increase in trade and other receivables	(348)	(633)
Increase in deferred stripping and other assets	(106)	(154)
Increase in trade and other payables	552	534
Movement in provisions and other non-cash items	229	(89)
Cash generated from operations	11,046	9,370

Net debt summary	Statutory As at 31.12.07	Statutory As at 31.12.06
\$m		
Cash	1,148	1,860
External borrowings	(12,991)	(15,219)
Finance leases	(132)	(242)
Net debt	(11,975)	(13,601)
Net debt to net debt plus equity	32%	41%

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Working Capital

Working capital	Statutory As at 31.12.07	Statutory As at 31.12.06
\$m		
Inventories	4,167	3,539
Trade and other receivables	2,967	2,829
Prepayments	265	206
Trade and other payables	(3,745)	(3,125)
Net working capital	3,654	3,449

Receivables have increased off the back of higher volumes and commodity prices. Higher prices similarly led to an increase in inventories which was partially offset by the positive impact of the nickel distribution agreement with Glencore, which significantly reduced working capital requirements. The increase in payables reflects the ongoing inflationary environment and the increased scale and scope of the operations.

Treasury Management and Financial Instruments

The majority of the Group's revenue streams are denominated in US dollars. The Group seeks to source debt capital in US dollars directly or by borrowing in other currencies and swapping them into US dollars.

Currency cash flow hedging may be used to reduce the Group's short-term exposure to fluctuations in the US dollar against local currencies. The unrealised mark-to-market gain at 31 December 2007 was \$1 million. Currency hedging gains reflected in the income statement for 2007 amounted to \$23 million.

The Group did not enter into any strategic, long-term base metals hedging contracts in the period. The unrealised mark-to-market loss on coal and gold hedges at 31 December 2007 for contracts maturing in 2008 was \$192 million, based on the forward curve at that date.

Consolidated Capital Expenditure

During 2007, Xstrata continued to invest significant capital in initiatives which, while sustaining in nature, will further improve the cost profile, efficiency and lives of its operations. Sustaining capital expenditure rose to \$1.5 billion, including significant expenditure to improve the safety, environmental performance and efficiency of the former Falconbridge operations.

Expenditure on expansionary growth projects also ramped up in 2007 to \$1.4 billion, as a number of greenfield and brownfield projects were progressed across every commodity business. Xstrata Nickel's Nickel Rim South mine in the Sudbury basin and the major greenfield Koniambo project in New Caledonia both incurred substantial expenditure in 2007. Nickel Rim South is due to commence production in 2009 and the sinking of both the main production and ventilation shafts was completed in early 2008.

Xstrata Coal continued to invest in its significant portfolio of growth projects in New South Wales, Australia including the newly acquired Anvil Hill project and the Blakefield, Mount Owen and Liddell expansions. In Queensland, work began on the pre-feasibility study for the Wandoan project, which will ultimately deliver in excess of 15 million tonnes per annum of export thermal coal. In South Africa, the Goedgevonden project is reaching peak expenditure, as production ramps up to 6.7 million tonnes of thermal coal annually, further improving the cost profile of the South African coal operations.



A truck hauls ore at Lomas Bayas open pit mine, Chile

Capital expenditure summary (excludes deferred stripping expenditure)	Statutory Year ended 31.12.07	Pro forma Year ended 31.12.06
\$m		
Alloys	56	40
Coal	460	235
Copper	425	257
Nickel	281	162
Zinc	219	114
Technology	3	1
Unallocated	11	5
Total Sustaining	1,455	814
<i>Attributable Sustaining</i>	<i>1,426</i>	<i>793</i>
Alloys	64	220
Coal	347	295
Copper	296	257
Nickel	424	294
Zinc	285	158
Technology	1	1
Total Expansionary	1,417	1,225
<i>Attributable Expansionary</i>	<i>1,396</i>	<i>1,127</i>
Alloys	120	260
Coal	807	530
Copper	721	514
Nickel	705	456
Zinc	504	272
Technology	4	2
Unallocated	11	5
Total	2,872	2,039
<i>Attributable total</i>	<i>2,822</i>	<i>1,920</i>

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Expenditure at Xstrata Copper will realise a series of near-term brownfield growth projects at Mount Isa and Ernest Henry in Australia, Lomas Bayas, Altonorte smelter and Collahuasi in Chile and Antapaccay in Peru. The business continues to advance and prioritise its industry-leading portfolio of greenfield projects and in this regard, substantial further investment was made in Las Bambas, El Morro and El Pachón in South America and Tampakan in the Philippines. On 5 December 2007, Xstrata Copper and engineering, construction and project management company Bechtel joined forces in a strategic alliance, which will facilitate the timely and cost effective development of Xstrata Copper's project pipeline.

The Group also invested in low cost brownfield zinc growth projects including the further expansion of the zinc-lead concentrator at Mount Isa and the McArthur River open pit development. Further investment was made in the Perseverance mine in Canada, where the development schedule has been accelerated to take advantage of robust zinc demand. The project is due to commence production in mid 2008 and will produce 228,000 tonnes per annum of zinc concentrate and 35,000 tonnes of copper concentrate.

Xstrata Alloys successfully completed within budget the Bokamoso pelletising and sintering plant, further development of the Project Lion ferrochrome smelting complex and the ramp-up of the Mototolo platinum group metals joint venture.

Acquisitions and disposals

During the year, Xstrata continued to extend and improve its portfolio of assets through targeted acquisitions and the disposal of the non-core aluminium division, acquired in 2006 as part of the Falconbridge transaction. In addition to acquisitions of coal assets in New South Wales, the Group made a significant investment in platinum through the acquisition of Eland Platinum mines and broadened further its growth portfolio of copper assets by exercising its option in the Tampakan project in the Philippines. In early 2008, the acquisitions of Jubilee Mines, a Western Australian nickel producer and Resource Pacific, a New South Wales coal producer were successfully completed.

Tampakan

In December 2006, Xstrata Copper exercised its option to acquire 62.5% of Sagittarius Mines Inc, the holder of the Tampakan copper-gold project in the Philippines, for \$47 million. Xstrata Copper assumed management control on 30 March 2007.

Frieda River

In January 2007, Xstrata Copper exercised an option to obtain a 73.7% interest in the Frieda River copper-gold porphyry in Papua New Guinea in a joint venture with Highlands Pacific (16.4%) and Japan's OMRD (19.9%).

Lucio Condori oversees a project to reforest an area close to Collahuasi copper mine, north Chile

Mark Holland, electrician on the longwall at Beltana coal, NSW, Australia



Narama

On 7 August, the Group acquired the remaining 50% interest in the Narama thermal coal mine in Australia from Iluka Resources Limited for \$58 million.

Anvil Hill

On 17 October 2007, the Group acquired the Anvil Hill asset from Centennial Coal Company for \$468 million. The acquisition of the Anvil Hill Project will add to Xstrata's NSW thermal coal portfolio, with the mine plan envisaging production of up to 10.5 million tonnes of both domestic and export grade thermal coal annually over a 20 year period.

Austral Coal Limited

On 28 December 2007, the Group completed the acquisition of Austral Coal Limited (Austral), at a total cost of \$542 million. Austral owns the Tahmoor underground coking coal operation in the Southern Coalfields of New South Wales, Australia. The Tahmoor acquisition contributes significantly to Xstrata's growing coking coal production.

Cumnock Coal Limited

On 10 September 2007, the Group acquired the remaining 16% of Cumnock Coal Limited which it did not previously own, for \$22 million and subsequently sold a 10% joint venture stake in the operation to Itochu Coal Resources Pty Limited on 21 December 2007.

Eland

On 14 November 2007, the Group acquired 100% of Eland Platinum Holdings Limited (Eland). Eland was previously listed on the Johannesburg stock exchange and held a 65% interest in Eland Platinum Mines (Pty) Limited which owns the Elandsfontein platinum project. The Group also acquired an additional 9% interest in the Elandsfontein platinum project increasing the Group's interest in the project to 74%. The total cost of the acquisition was \$1,113 million.

Jubilee

On 31 January 2008, Xstrata Nickel declared its AUD3.1 billion (\$2.9 billion) takeover offer for Jubilee Mines (Jubilee) unconditional and its price of AUD23 per share final. Xstrata Nickel assumed management control of Jubilee on 4 February 2008, establishing Xstrata Nickel Australasia as a new operating division. On 22 February, Xstrata Nickel declared an interest of 97% in Jubilee Mines and proceeded to compulsorily acquire the remainder of the shares.

Resource Pacific

On 5 December 2007, Xstrata Coal announced an unconditional takeover offer for Resource Pacific Holdings Limited (Resource Pacific) of AUD2.85 per share. At the same time, Xstrata Coal announced a co-operation agreement with Marubeni Corporation, Resource Pacific's largest shareholder, which, combined with the shares it had purchased on market, resulted in Xstrata Coal holding a relevant interest of 15.56% in Resource Pacific shares. On 8 February 2008, Xstrata Coal increased the offer to AUD3.20 per share, valuing Resource Pacific at approximately AUD1,082 million (\$1,006 million), and declared the offer price final. The acquisition was successfully completed on 10 March.

Aluminium assets

On 11 April 2007, Xstrata announced the disposal of Noranda Aluminum, comprising the aluminium assets acquired through the Falconbridge transaction for a cash consideration of \$1,120 million (net of costs and cash disposed) to Apollo Management LP. The transaction completed on 18 May 2007.

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Dividends

The directors have proposed a 2007 final dividend of 34¢ per share, amounting to \$326 million. This amounts to a full year dividend of 50¢ per share, a 20% increase on the comparable 2006 rights issue-adjusted figure. The final dividend will be paid on 16 May to shareholders on the register at 25 April 2008.

Dividend dates	2008
Ex-dividend date	23 April
Deadline for return of currency election forms	25 April
Record date	25 April
AGM	6 May
Applicable exchange rate date	9 May
Payment date	16 May

As Xstrata plc is a Swiss tax resident company, the dividend payment will be taxed at source in Switzerland at the rate of 35%. A full or partial refund of this tax may be available in certain circumstances.

The final dividend is declared and will be paid in US dollars. Shareholders may elect to receive this dividend in Sterling, Euros or Swiss francs. The Sterling, Euro or Swiss francs amount payable will be determined by reference to the exchange rates applicable to the US dollar seven days prior to the dividend payment date. Dividends can be paid directly into a UK bank or building society account to shareholders who elect for their dividend to be paid in Sterling.

Further details regarding tax refunds on dividend payments, together with currency election and dividend mandate forms, are available from Xstrata's website (www.xstrata.com) or from the Company's Registrars.

Share Data

Under IFRS, own shares are deducted from the total issued share capital when calculating earnings per share. During the year, 6,618,641 shares were disposed of, 291,585 shares were purchased in the market and 4 million shares were issued to the Share Ownership Trust, (an employees' share scheme as that term is defined for the purposes of the Companies Act 1985 and within its provisions), to service the exercise of employee share options and contingent share awards.

Share price	XTA LSE (GBP)	XTA SWX (Sfr)
Closing price 31.12.06	25.50	61.20
Closing price 31.12.07	35.50	81.75
Period high	38.46	88.30
Period low	22.02	52.15
Period average	29.13	71.29



Darren Romin drills underground at Craig Mine, Sudbury



Nickel matte from the Sudbury Smelter, Canada is unloaded at the Nikkelverk refinery, Norway

Shares in issue for EPS calculations	Number of shares (000s)
2007	
Weighted average for year ended 31.12.07 used for statutory eps calculation	959,549
2006	
Weighted average for year ended 31.12.06 used for statutory eps calculation	771,820
Weighted average for year ended 31.12.06 used for pro forma eps calculation	925,406
Total issued share capital as at 31.12.07	971,667

Equity Capital Management Programme

Under the equity capital management programme (ECMP), up to 10% of the issued capital of Xstrata plc can be purchased in the market by Batiss Investments, a Guernsey-registered entity owned by a trust and legally independent of the Xstrata Group. During the second half of 2007, 9,310,000 shares were purchased at an average price of GBP 27.67 per share at a total cost of \$518 million.

Publicly disclosed major shareholders	Number of ordinary shares of \$0.50 each	% of ordinary issued share capital
Name of shareholder		
Glencore International AG	336,801,333	34.44
Legal & General Group plc	29,999,246	3.06



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