

Half-Yearly Results Presentation

six months ended 30 June 2008



6 August 2008

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Mick Davis

Chief Executive

Executive Committee

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

2008 Interim Results - Highlights

- EBITDA of \$5,694bn, in line with 1H07
- EBIT of \$4,513bn, down 4% against 1H07
- EBIT from operations of \$4,759bn, up 5% against 1H07
- EPS* of \$2.95 per share, up 2% against 1H07
- First half production records in ferrochrome, platinum, semi-soft and coking coal, zinc in concentrate and lead in concentrate, with strong second half expected
- Strong cash cost performance with real cost savings despite severe mining inflation environment
- Xstrata announces \$10bn cash offer for Lonmin at £33 per share

Strong cost performance

- Real cost savings of \$166m despite inflationary environment
- Real cost savings achieved through:
 - Improved productivity at number of operations, including Oaky Creek, Cerrejón coal and Nikkelverk refinery
 - Scale benefits achieved through capacity expansions at coal operations and Australian zinc-lead business
 - Benefit of new, lower-cost, energy efficient Lion ferrochrome operation
- Consistent track record of real cost savings over 6 years
- Entrepreneurial culture and devolved business model supports operational performance

Value driven growth strategy

- NPV enhancement and operational excellence
- Acquisitive growth
 - Industry consolidation set to continue
 - Xstrata is perfectly positioned to participate in transformational transactions
 - Vale approach did not lead to an offer being tabled before the Xstrata Board
 - Significant opportunities for value creating bolt-on acquisitions
 - Resource Pacific and Jubilee Mines completed
 - Indophil announced
- Organic growth
 - \$37bn project pipeline delivers growth across portfolio
 - Significant progress made in delivery and advancement

Organic growth delivered – 1H08

Xstrata Alloys

Platinum:

- Elandsfontein first phase ramped up
 - Equipment ordered for second phase expansion
- Nkwe joint venture

Chrome:

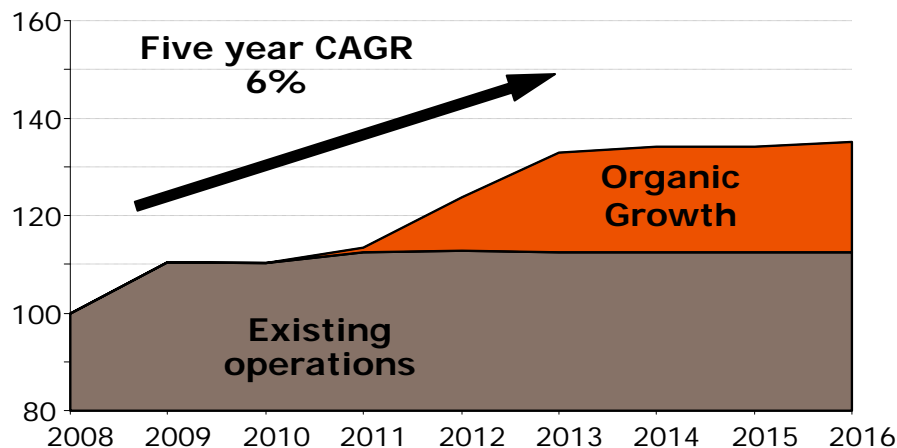
- Full ramp-up of Lion smelter
- Boshhoek and Waterval chrome mines commissioned



Photo: Elandsfontein concentrator construction

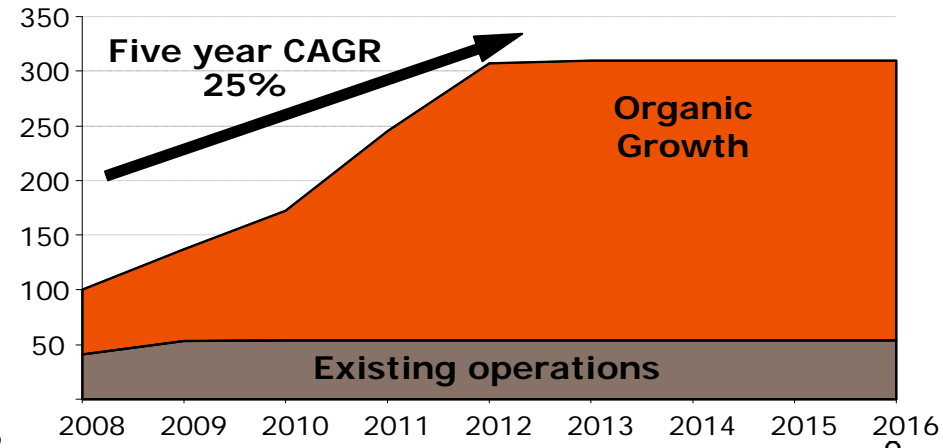
Chrome production growth

(rebased to 100 in 2008)



Platinum production growth

(rebased to 100 in 2008)



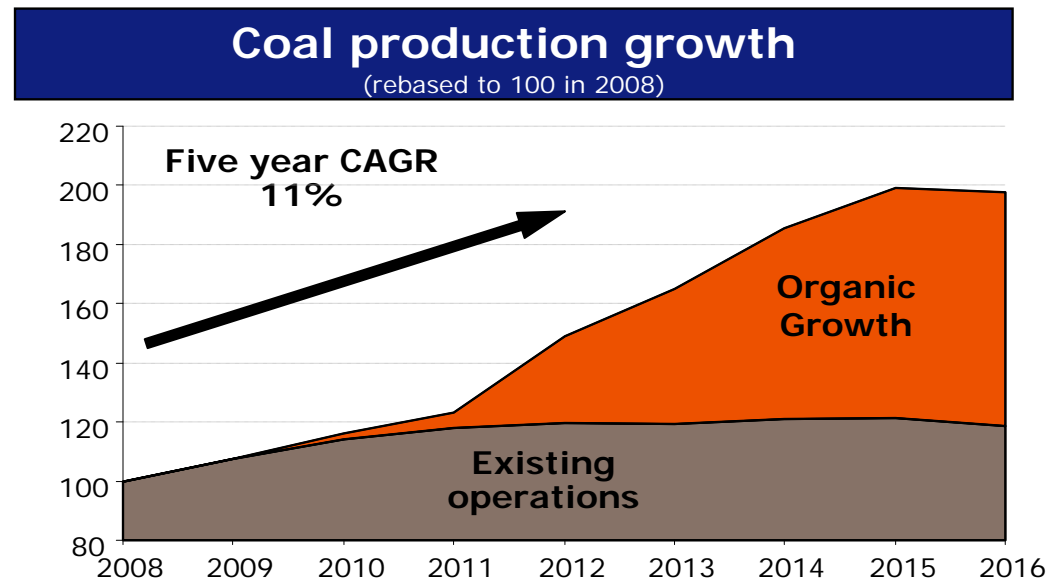
Organic growth delivered – 1H08

Xstrata Coal

- Mount Owen plant upgrade commissioned
- Liddell expansion currently being commissioned
- Southstock 5-seam project commenced production
- Five other projects on track for delivery in 2008, including Glendell and Liddell expansions, Cerrejón expansion, Wollombi expansion, Blakefield South underground and Goedgevonden



Photo: Goedgevonden railway siding construction



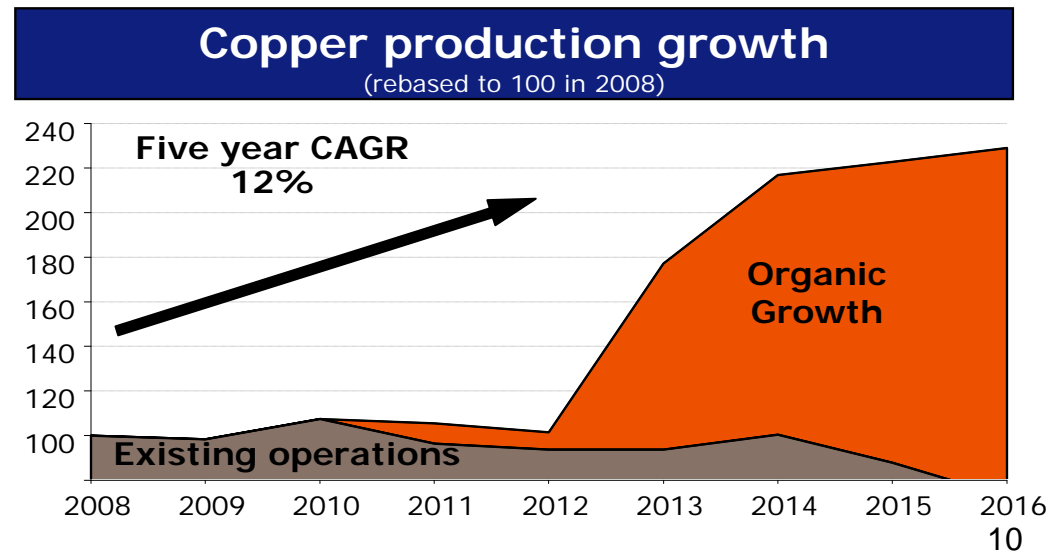
Organic growth delivered – 1H08

Xstrata Copper

- Strategy for timely and cost effective development of projects:
 - Alliances agreed with Bechtel, FL Smidth and Siemens
 - Standard concentrator design work completed and first two full primary crushing and grinding lines ordered
- Feasibility studies advanced and completed for El Morro
- Lomas Bayas expansion on track and over two-thirds completed
- Collahuasi on track for late 2008 commissioning of de-bottlenecking and 2010 commissioning of 650kt copper ramp up



Photo: Lomas Bayas expansion



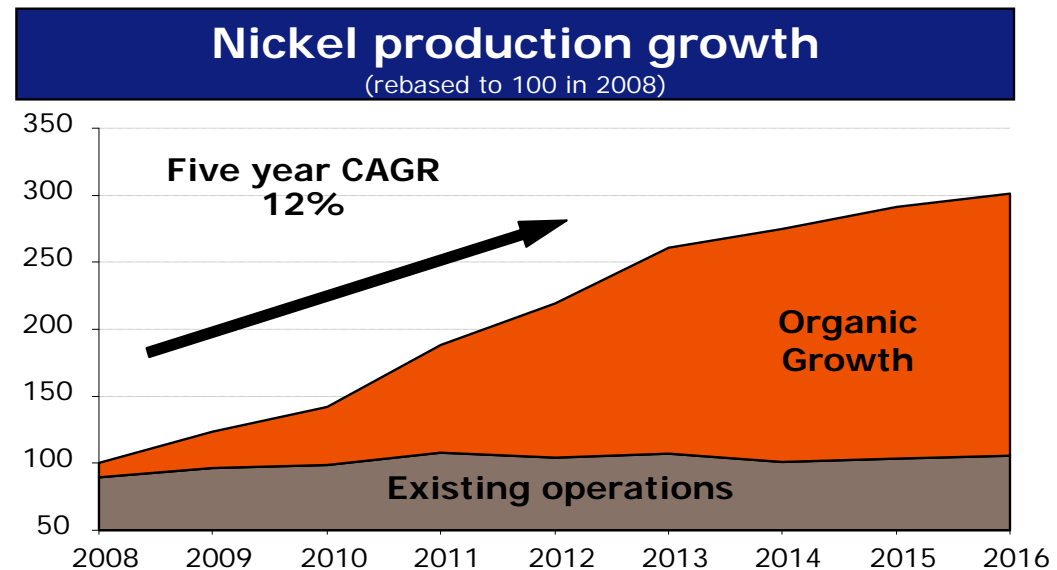
Organic growth delivered – 1H08

Xstrata Nickel

- Koniambo progressing well with major construction contracts awarded
- Raglan successfully achieved 1.3mtpa ROM ramp-up
- Sinclair project on schedule to start production in September 2008
- Nickel Rim South and Fraser Morgan projects on schedule to ramp up production in 2009



Photo: Nickel Rim shaft sinking



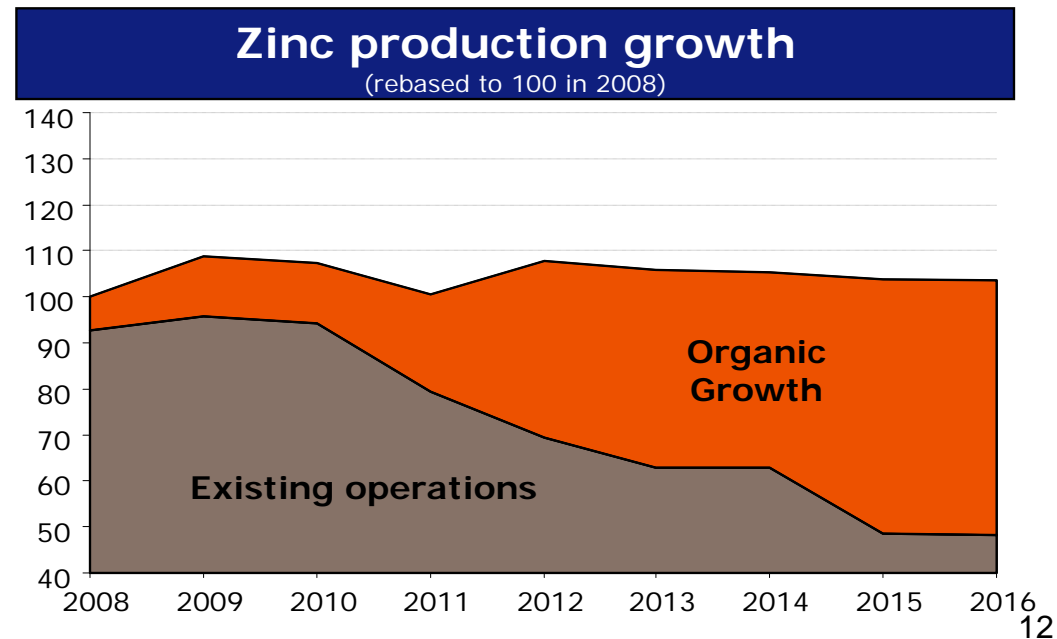
Organic growth delivered – 1H08

Xstrata Zinc

- Focus on vertical integration and optimisation
- Second phase expansion of Mount Isa zinc-lead concentrator on schedule for commissioning late 2008
- McArthur River open pit and concentrator expansions on track to be commissioned late 2008
- Perseverance mine commissioned ahead of schedule in 3rd quarter 2008



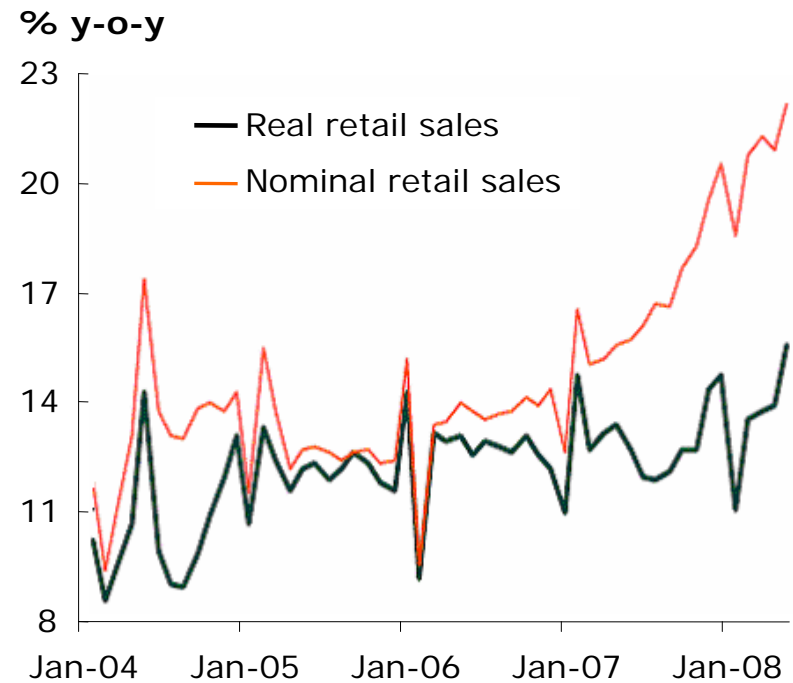
Photo: Development of McArthur River open pit



Fundamentals remain positive

- Fundamental outlook for our commodities remains strong
 - Demand growth remains resilient, fuelled by Chinese consumption, urbanisation and infrastructure investment
 - Structural constraints on supply growth
- Record bulk contract prices negotiated
 - Thermal coal at \$125/t
 - Semi-soft coal at \$258/t
 - Coking coal at \$362/t
 - Ferrochrome at \$2.05/lb
- Base metals prices remain supported at current levels

Chinese retail sales growth



Source: CEIC and Lehman Brothers.

Trevor Reid

Chief Financial Officer

Key Financial Results

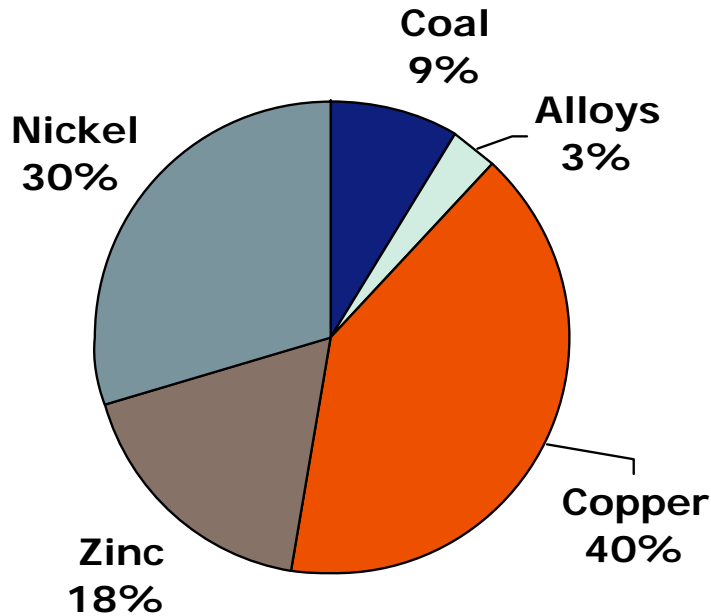


\$m	H108	H107	%
Revenue	16,092	14,232	13
EBITDA	5,694	5,696	-
EBIT from operations	4,759	4,554	5
EBIT	4,513	4,680	(4)
Net interest expense	(396)	(430)	8
Income tax expense	(1,102)	(1,333)	17
Exceptional items	(76)	180	(142)
Minority interests	(186)	(148)	(26)
Profit after tax from discontinued operations	-	53	-
Attributable profit before exceptional items and discontinued operations	2,829	2,769	2
Attributable profit	2,753	3,002	(8)
EPS – basic (\$), before exceptional items and discontinued operations	2.95	2.89	2
EPS – basic (\$)	2.87	3.14	(9)

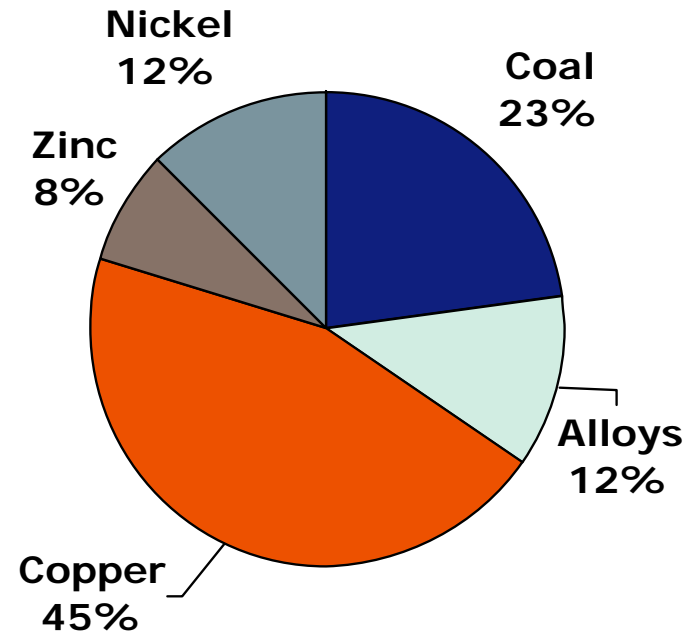
EBITDA contribution



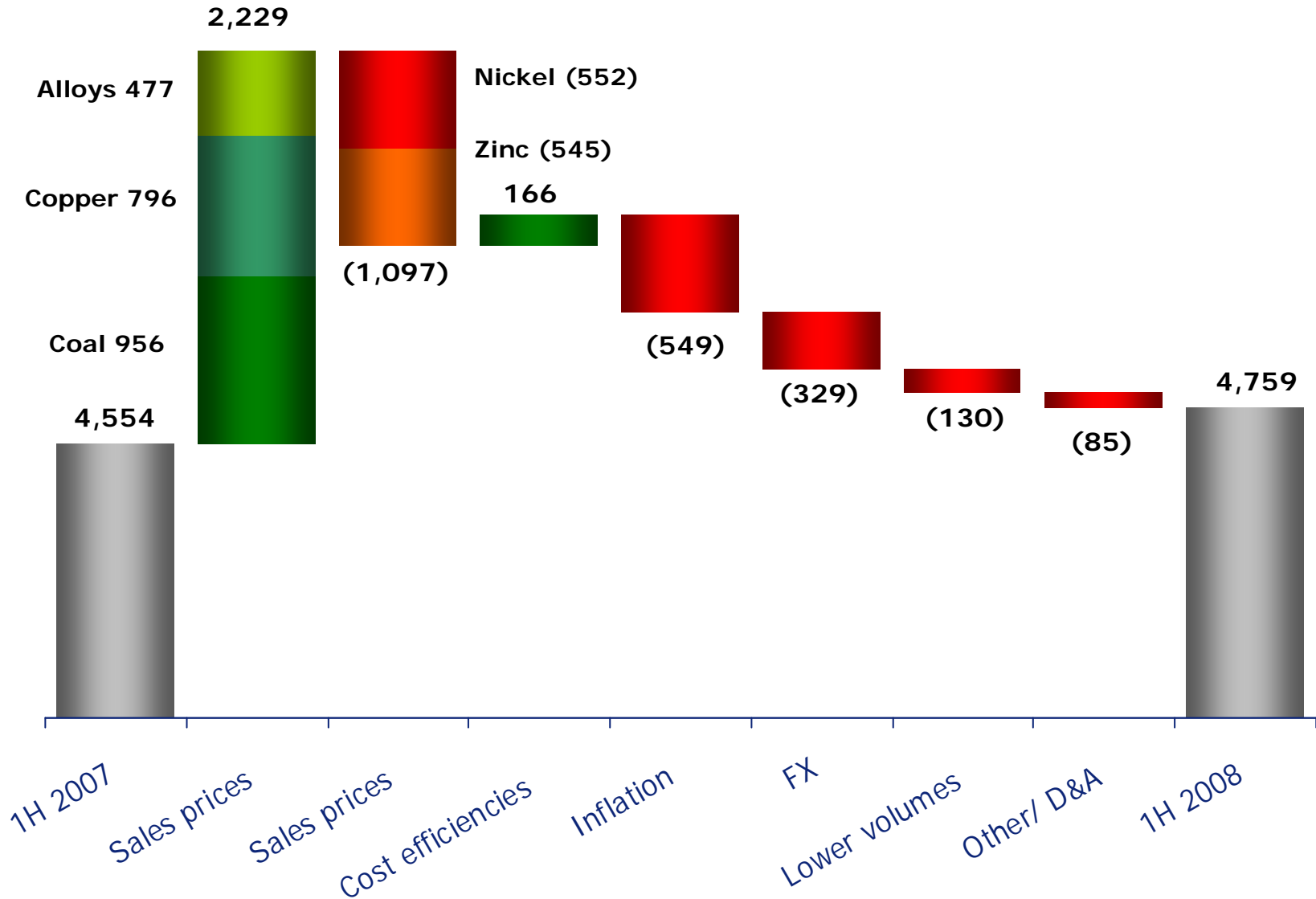
1st Half 2007:
\$5,696m



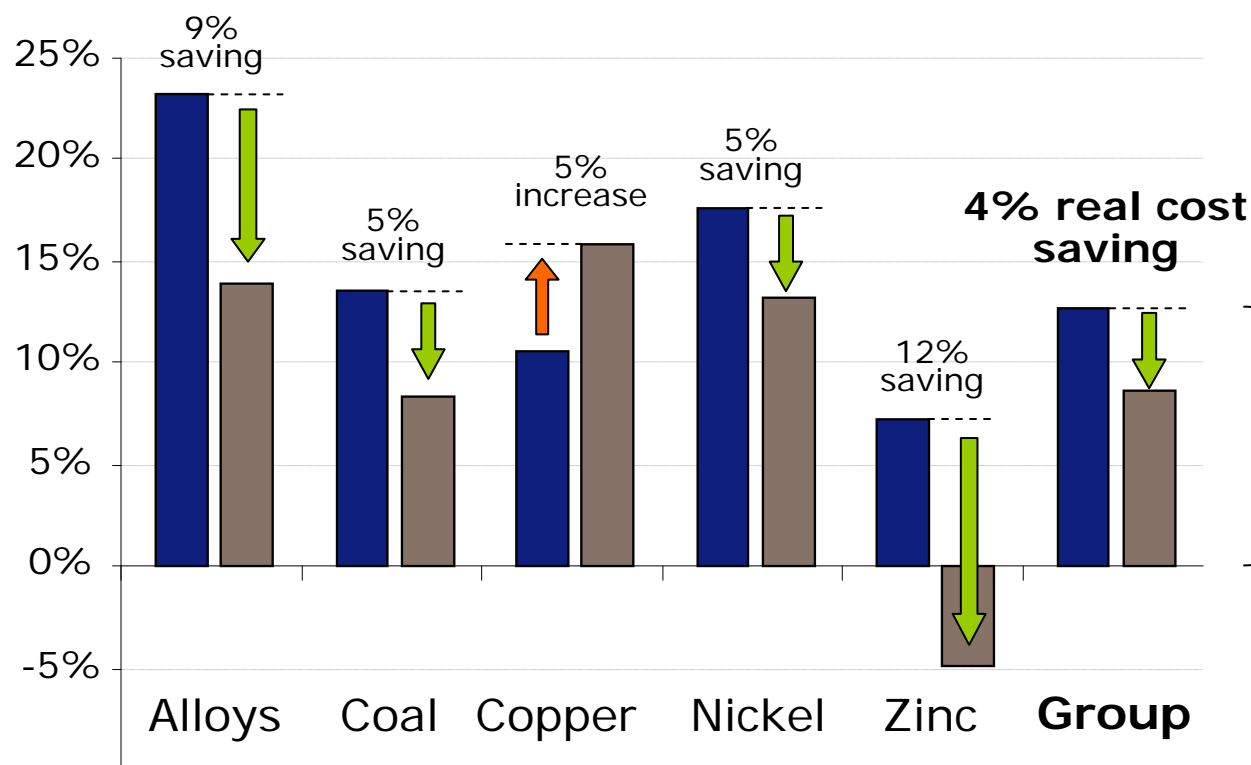
1st Half 2008:
\$5,694m



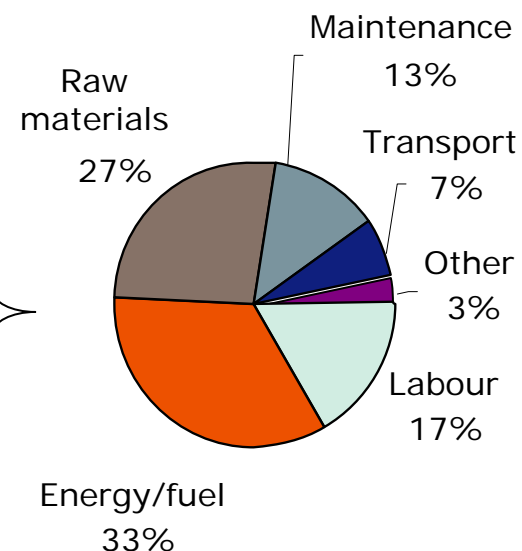
EBIT from operations variance (continuing operations)



Strong cost performance



Components of cost inflation:



■ CPI and mining inflation

■ Xstrata nominal cost increase (decrease)

Operating Cash Flow



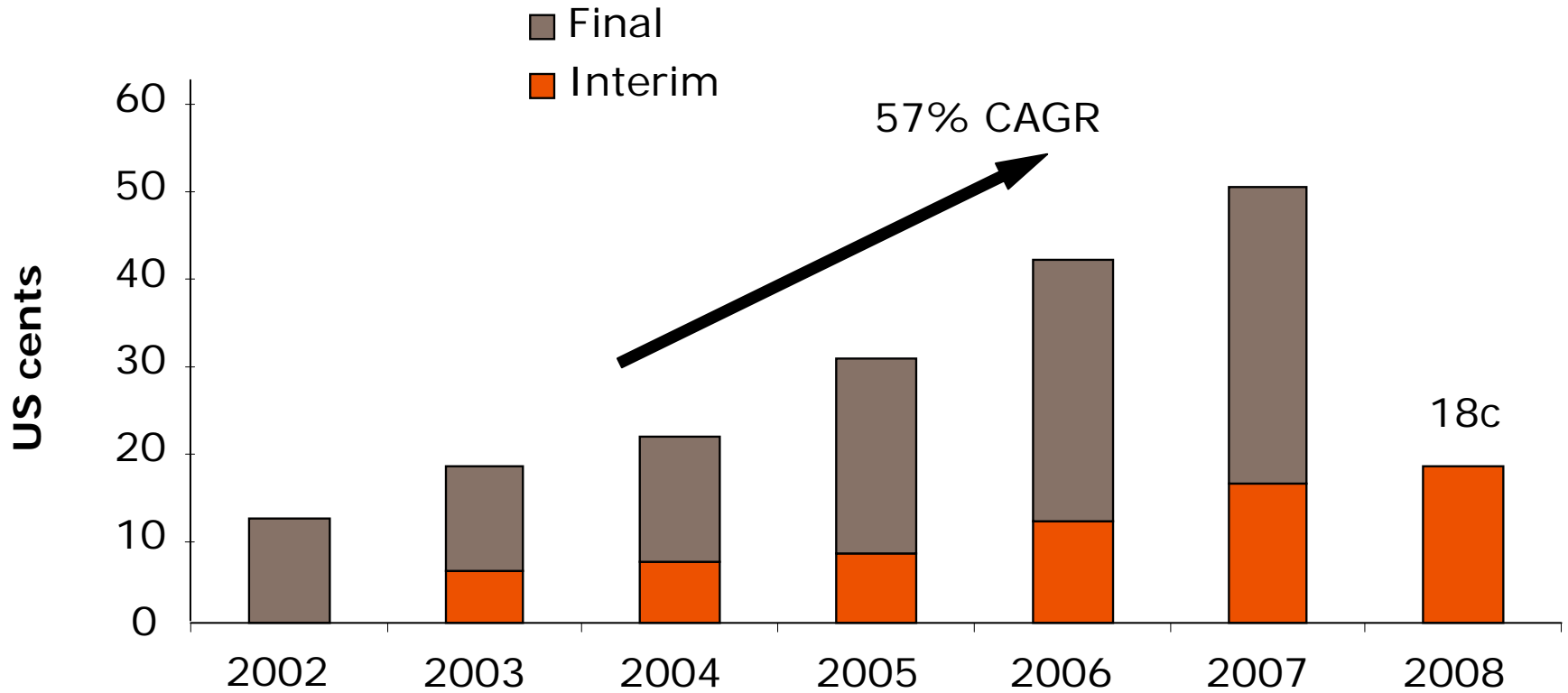
\$m	6 months 30.06.08
Cash generated from operations	4,432
Net interest paid and dividends received	(299)
Taxation	(1,048)
Cash flow before capital expenditure	3,085
Sustaining capital expenditure	(703)
Disposal of fixed assets	6
Free cash flow	2,388
Expansionary capital expenditure	(1,461)
Cash flow after capital expenditure	927

Funding



\$m	6 months 30.06.08
Cash flow after capital expenditure	927
Purchase of subsidiaries and operations, net of cash acquired	(3,652)
Cash flow before financing	(2,725)
Purchase of own shares	(17)
Equity dividends paid	(327)
Dividends paid to minority interests	(111)
Debt acquired with operations	(14)
Other	41
Movement in net debt	(3,153)
Net debt at the beginning of the period	(11,624)
Net debt at the end of the period	(14,777)
Net debt to net debt plus equity %	34%

Dividend



2008 Outlook

EBIT sensitivity to commodity prices



	Unit	First Half 2008 prices	Prevailing prices**	Second Half EBIT sensitivities***	
				\$m	per
Export coking coal	\$/t	166*	375-400	2	\$1/t
Export thermal coal	\$/t	77*	150	9	\$1/t
Copper	\$/t	8,126	7,734	8	\$10/t
Lead	\$/t	2,601	2,001	1	\$10/t
Zinc	\$/t	2,269	1,756	4	\$10/t
Nickel	\$/t	27,320	17,887	5	\$100/t
Ferrochrome	¢/lb	157	205	5	1¢/lb
Platinum	\$/oz	1,971	1,753	8	\$100/oz

Notes:

*Weighted average received price; thermal coal includes semi-soft; thermal coal excludes Cerrejon

**Base metal cash price on LME as at 4 August; prevailing spot price for thermal and coking coal; chrome from latest Metal Bulletin reference price

***After impact of currency and commodity hedging, and contracted, priced sales as at 30 June 2008.

Mick Davis

Chief Executive

**Proposed cash offer for
Lonmin**

Compelling \$10bn cash offer

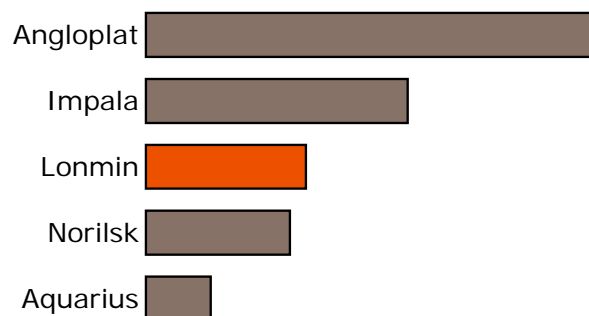
- Proposed all cash offer of £33 per Lonmin share
 - Premium of 42% to last closing price¹
- Fully and fairly values Lonmin's asset base and growth pipeline, while recognising time and capital investment required and turnaround risk
- Xstrata positioned to unlock value through relevant mining, smelting and refining expertise, close proximity and unique synergies
- Accelerates Xstrata's PGM growth strategy and further diversifies earnings

Opportunity for Lonmin shareholders to realise significant cash premium at time of operational uncertainty

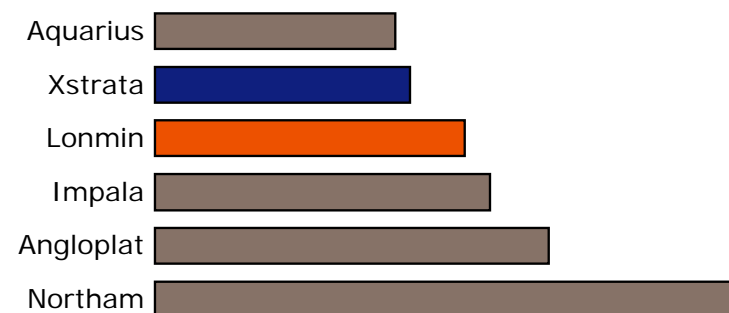
Lonmin overview

- FTSE 100 company – world’s third largest platinum producer
- Integrated mine to market operations
- World class resource with mine life in excess of 30 years¹
- Operations – Marikana, Pandora and Limpopo
- Growth potential through Akanani project and Limpopo expansion
- New Order mining and prospecting rights at key assets
- Broad-based HDSA ownership through well-established BEE partner, Incwala Resources

2007 platinum production¹



2008 production costs²

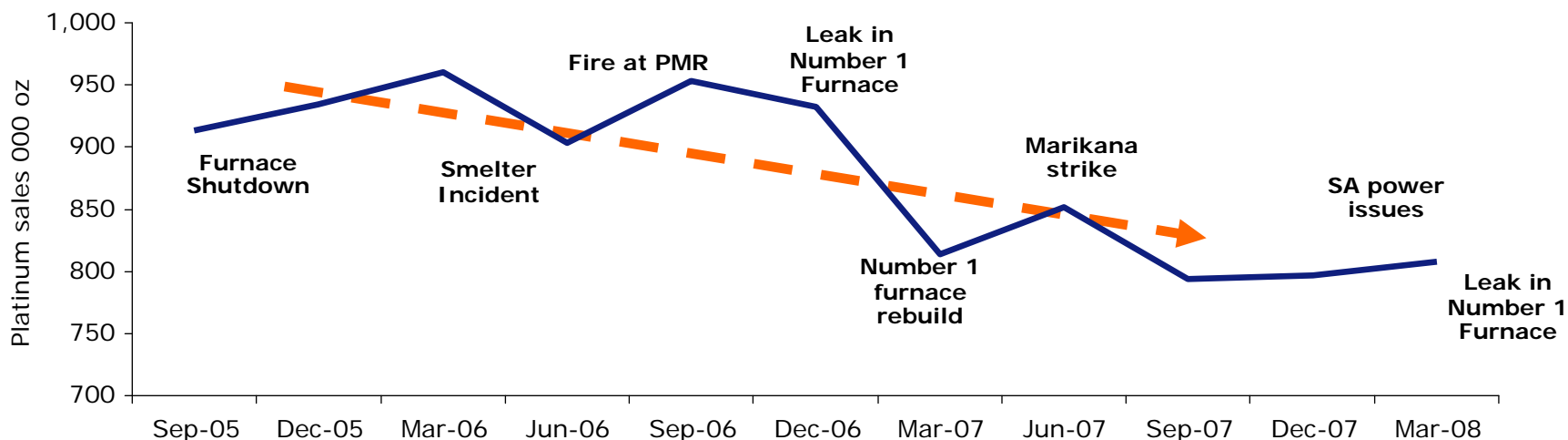


1. Based on published reserves and current production rate
 2. Source: SFA Oxford – 2007 calendarised mined production volumes
 3. Source: SFA Oxford / Xstrata analysis

Lonmin operational uncertainty

- 2 years of operational challenges throughout production chain
 - 2008 sales guidance already adjusted down 15% to 765-770koz
- Centralised management structure
 - Distancing of senior management from operations
 - Central services reduce accountability
 - Loss of key operating personnel
- Turnaround will require a fresh approach, time and capital investment

Platinum sales (four quarter rolling)



Xstrata uniquely positioned to mitigate risk and deliver value



- Leveraging Xstrata's experience base
 - Industry leading chrome and platinum mining, processing and smelting expertise
 - Experience in mining same geological complex
- Unique operational synergies
 - Chrome recovery in UG2 tailings
 - Power optionality in Xstrata's South African portfolio
- Close proximity to Lonmin operations
 - Xstrata Alloys within 40km of Lonmin's core Marikana operation
- Unrivalled track record of growth in chrome and platinum industry
 - Built world's largest ferrochrome business
 - Mototolo JV - first production in Q4 2006
 - Eland - first production in Q4 2007



Key terms



- Financing
 - Proposed \$10bn offer to be funded via cash at hand and bank debt
 - No expected impediments to securing financing
 - Xstrata remains committed to investment grade credit rating
- Regulatory
 - Offer will be subject to standard terms and conditions and regulatory approvals; including South Africa, Europe and US competition clearance, which may be structured as preconditions
 - No material regulatory impediments expected
 - Regulatory and anti-trust documentation to be filed as soon as possible

Summary



- Solid first half results with strong cost performance
- Volumes growth and significantly higher contract settlements for coal and chrome promise stronger second
- Value-driven growth strategy
 - NPV enhancement
 - Disciplined M&A growth to continue
 - Delivery of organic growth proceeding well
- Xstrata announces proposed \$10bn cash offer for Lonmin at £33 per share

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.***