2011 Half-Yearly Results

2 August 2011

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This presentation contains references to "cost curves". A cost curve is a graphic representation in which the total production volume of a given commodity across the relevant industry is arranged on the basis of average unit costs of production from lowest to highest to permit comparisons of the relative cost positions of particular production sites, individual producers or groups of producers across the world or within a given country or region. Generally, a producer's position on a cost curve is described in terms of the particular percentile or quartile in which the production of a given plant or producer or group of producers appears. To construct cost curves, industry analysts compile information from a variety of sources, including reports made available by producers, site visits, personal contacts and trade publications. Although producers may participate to some extent in the process through which cost curves are constructed, they are typically unwilling to validate cost analyses directly because of commercial sensitivities. Inevitably, assumptions must be made by the analyst with respect to data that such analyst is unable to obtain and judgment must be brought to bear in the case of virtually all data, however obtained. Moreover, all cost curves embody a number of significant assumptions with respect to exchange rates and other variables. In summary, the manner in which cost curves are constructed means that they have a number of significant inherent limitations. Notwithstanding their shortcomings, independently produced cost curves are widely used in the industries in which Xstrata operate.

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Mick Davis

Chief Executive Officer

Executive Committee

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

Highlights
Strong profit performance, further growth delivered

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- Financial Performance
  - Operating profit up 31% to $4.3 billion
  - EBITDA up 30% to $5.8 billion
  - EPS up 24% to $0.98
  - 160% increase in interim dividend to 13¢ per share
- Operational Performance
  - Real unit cost savings of $52 million and further C1 cash cost reductions
  - Strong recovery in second quarter following one-off disruptions in Q1
  - Positive momentum maintained into second half
  - Total recordable injury frequency rate of 5.5 for the Group- 21% improvement on 2010
- Growth being delivered
  - Mangoola thermal coal mine successfully commenced operations ahead of schedule and under budget
  - ATCOM East (Impunzi) coal project in South Africa commenced commissioning
  - Businesses completed a number of complementary acquisitions
  - Project schedule remains on track

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Trevor Reid

Chief Financial Officer

Strong earnings progression with momentum into the second half

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Key financial results

$m	H1 2011	H1 2010	%
Revenue [1]	16,777	13,608	23
Operating EBITDA [1]	5,820	4,494	30
Operating profit [1]	4,246	3,236	31
EBIT [1]	4,254	3,234	32
Net interest expense	(212)	(8)	n/a
Income tax expense	(1,044)	(800)	31
Exceptional items	51	(11)	n/a
Non-controlling interests	(133)	(127)	5
Attributable profit [1]	2,865	2,299	25
Attributable profit	2,916	2,288	27
EPS – basic ($) [1]	$0.98	$0.79	24
EPS – basic ($)	$1.00	$0.79	27

(1) before exceptional items

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Coal and base metals performance underpins robust cash generation

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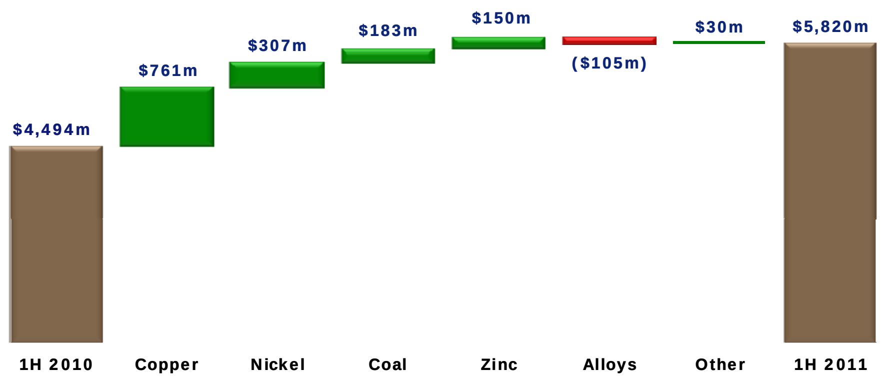
Operating EBITDA pre-exceptional items – 1H11 versus 1H10



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Macro-economic impacts dominate first half result

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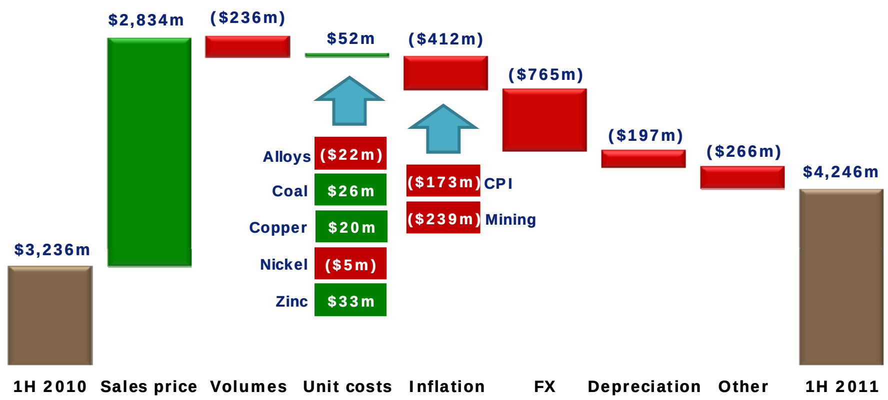
Operating profit pre-exceptional items – 1H 2011 versus 1H 2010 ($m)



Businesses have responded to Industry cost pressures

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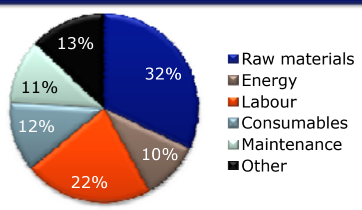
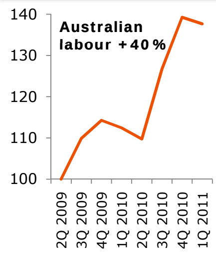
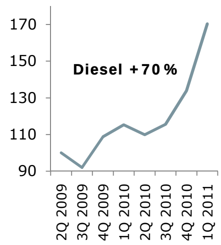
Xstrata H1 2011 costs breakdown



Evolution of key industry input costs





Note: Indexed Australian labour costs Q2 2009=100 – Source OECD Total labour costs for the industrial and construction sectors. Indexed diesel costs Q2 2009=100 – Source Bloomberg gasoil 0.5% sulphur Singapore spot cargo price

Initiatives to mitigate cost pressures

- Operational efficiencies:
  - 20% improvement since 2008 in efficiency of open cut equipment eg draglines, excavators and shovels at Xstrata Coal
  - 22% increase in haul truck utilisation since 2008
  - Introduction of own rail in NSW gives expected cash cost savings of $100m over four years
- Energy:
  - Energy contracts for additional power for mine expansion at Lomas Bayas expected to save $30m over the next five years
- Consumables:
  - Reduced hydrogen peroxide, sulphuric acid and cement binder usage at Brunswick has saved $23m over five years
- Labour:
  - Reduced contractor usage eg Liddell coal mine and Kidd copper mine both moved to owner operated

Transforming the relative competitiveness of the asset base

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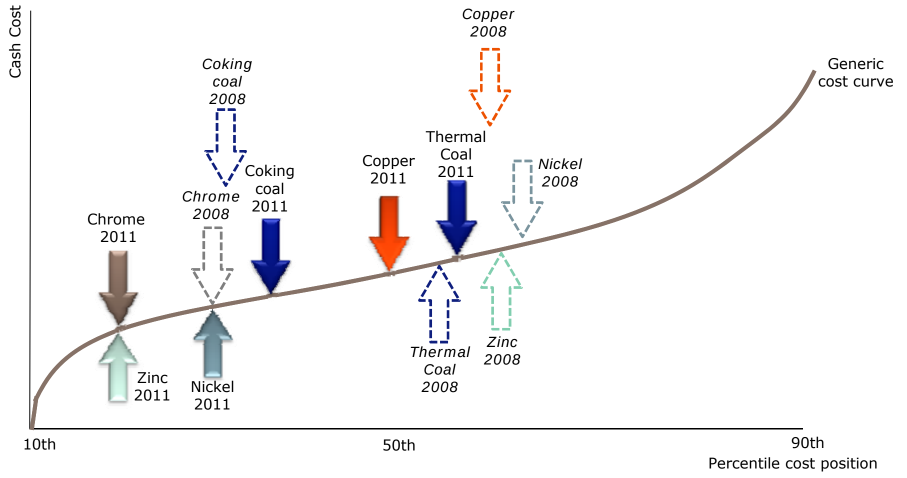

Note: As the largest exporter of thermal coal from Australia, Xstrata's thermal coal cost position disproportionally impacted by the 21% appreciation of the AUD since 2008, compared to most seaborne thermal coal suppliers

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Balance sheet strength supported by strong cash flow generation

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Operating cash flow	
$m	**6 months 30-Jun-11**
Opening Net Debt	**(7,638)**
Cash generated from operations	4,891
Net interest paid and dividends	(123)
Taxation	(881)
Cash flow before capital expenditure	**3,887**
Sustaining capital expenditure	(908)
Free cash flow	**2,979**
Expansionary capital expenditure	(2,463)
Cash flow after capital expenditure	**516**
Investment activities	(263)
Financing activities	(746)
Closing Net debt position	**(8,131)**

- Credit rating strengthened further
  - Moody's revised Baa2 rating to positive
  - Standard & Poor's raised long-term corporate rating to BBB+
- Significant financial headroom (over $7bn) maintained through covenant-free corporate debt facilities

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Capital expenditure reflects ramp up in delivery of growth pipeline

Capital expenditure			
$m	**1H 2011 Sustaining**	**1H 2011 Expansionary**	**1H 2011 Total**
Alloys	68	115	**183**
Coal	320	517	**837**
Copper	207	1,083	**1,290**
Nickel	135	621	**756**
Zinc	172	104	**276**
Iron Ore	-	78	**78**
Unallocated and other	3	-	**3**
Total capital expenditure	**905**	**2,518**	**3,423**

Note: Above figures are capital incurred and does not match cash flow impact of Capital Expenditure

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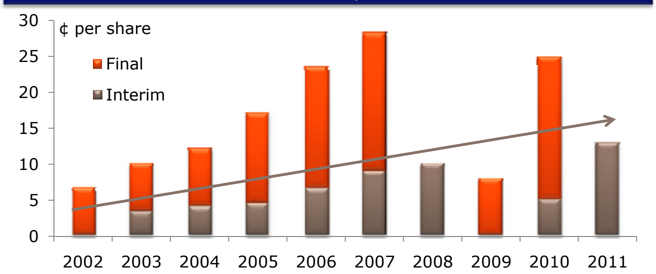
Dividend increase reflects confidence in outlook

- Confidence in medium term outlook and Xstrata's financial position
  - Balance sheet appropriate for current economic environment and stage in project pipeline
- Interim dividend of 13¢ per share proposed
  - Record date: 16 September 2011
  - Payment date: 7 October 2011
- Dividend increased by 160% over 2010 interim and 28% over 2008 interim, returning to pre-financial crisis trajectory

Dividend Payments



Note: Dividend adjusted for rights issues

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Mick Davis

Chief Executive

Prolific organic growth pipeline progressively delivered

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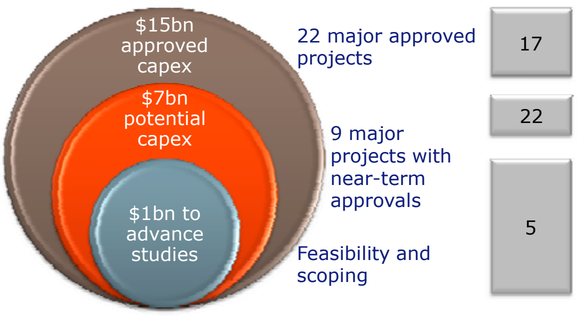
- Establishing track record of successful major project delivery
- All projects remain on schedule
- Eight projects commissioning in 2011, including three year to date
- On track to deliver 50% copper-equivalent volume growth by end 2014
- Significantly reduced operating costs and robust returns at long-run prices

Xstrata's planned capital expenditure



major projects successfully delivered since 2002 including Mangoola, ATCOM and Kikialik YTD 2011

major projects currently under construction

new project approvals YTD:
- Lady Loretta
- Handlebar Hill expansion
- Raglan-Qakimajurq
- Fraser Morgan
- Cerrejon expansion

Go-forward capex

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Delivering organic growth- 2011 highlights YTD

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Mangoola commissioned- under budget and ahead of schedule

- Project delivered and operational three months ahead of schedule
- Project capital of $880m, $178m below budget
- Outstanding safety record
  - No LTIs and TRIFR of 4.4
- First coal 23 February and first train 6 March 2011
- Full production in 2012 of 8mtpa

ATCOM East commissioning ahead of schedule

- Project commenced commissioning in H1 as expected
  - New ROM tip and CHPP upgrade commissioned in June 2011
  - Coal flowing through the system ahead of schedule
- Forecast remains under budget
- Will produce 4mtpa: 65% export
- Project capital of $420m

7mt of new thermal coal to be delivered from the two projects in 2011

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Key approved projects

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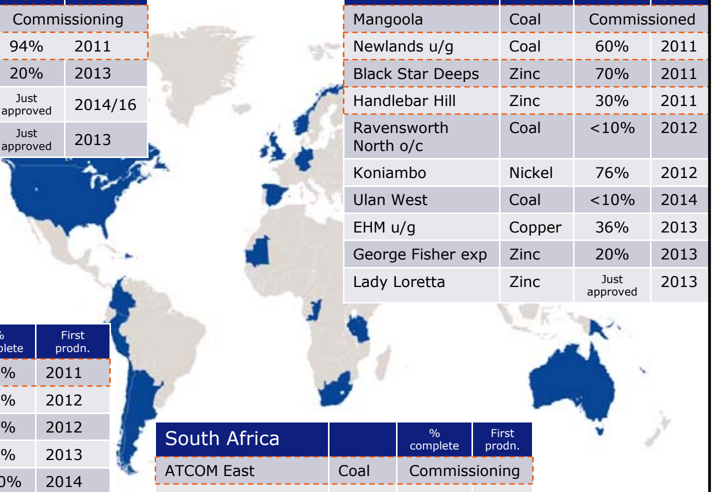

North America		% complete	First prodn.
Raglan- Kikialik	Nickel	Commissioning	
Kidd Mine exten.	Copper	94%	2011
Bracemac McLeod	Zinc	20%	2013
Raglan - Qakimajurq	Nickel	Just approved	2014/16
Fraser Morgan	Nickel	Just approved	2013

Australasia		% complete	First prodn.
Mangoola	Coal	Commissioned	
Newlands u/g	Coal	60%	2011
Black Star Deeps	Zinc	70%	2011
Handlebar Hill	Zinc	30%	2011
Ravensworth North o/c	Coal	<10%	2012
Koniambo	Nickel	76%	2012
Ulan West	Coal	<10%	2014
EHM u/g	Copper	36%	2013
George Fisher exp	Zinc	20%	2013
Lady Loretta	Zinc	Just approved	2013

South America		% complete	First prodn.
Antamina exp.	Copper	63%	2011
Antapaccay	Copper	26%	2012
Lomas Bayas II	Copper	66%	2012
Collahuasi 160	Copper	35%	2013
Las Bambas	Copper	<10%	2014
Cerrejon P500	Coal	Just approved	2014

South Africa		% complete	First prodn.
ATCOM East	Coal	Commissioning	
Tswelopele pelletiser	Alloys	42%	2013
Lion II	Alloys	<10%	2013
Eland mine & conc.	Alloys	32%	2016

Commissioning in 2011

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Innovative solutions used to de-risk project development challenges

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Key challenges

- Remote locations
- Environmental issues
- Community relations/ social licence to operate
- Labour/key skills availability and productivity
- Dearth of key skills
- Key supplier and contractor performance
- Infrastructure needs
- Availability of heavy equipment
- Cost pressures – general and mining specific inflation

Innovative solutions across the group to mitigate potential challenges

- Focus on community relationships and involvement
- Modularisation at Koniambo with complex engineering work completed in Asia
- 10 year strategic alliance with Bechtel to secure engineering capacity
- JVs with equipment providers, eg Michelin and Caterpillar to ensure supply
- Standard concentrator for copper
- Global human resourcing initiative

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Koniambo – transforming Xstrata Nickel

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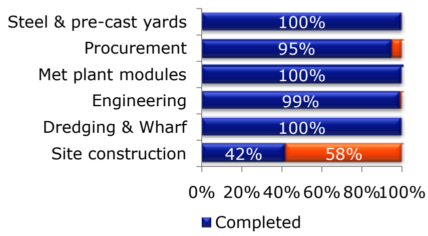
A world class project…

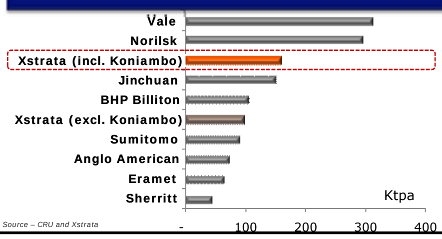
- Uncomplicated pyro-metallurgical smelting technology
- 60ktpa capacity in Phase I
- 25 year mine life with Phase II extending it to 50 years
- Significant brownfield growth options
- Low 2nd quartile cost position

… on schedule for H2 2012 start

- 76% complete



2015 Top Finished Nickel Producers



Source – CRU and Xstrata

Capital cost increase reflects unique challenges

- Original budget: $3.85bn
- Revised budget: $5.0bn
- Revised cost to Xstrata : $4.60bn (after third party funding of $400m)
  - Productivity and contractor underperformance: $420m
  - Hyperinflation: $730m

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A unique mega-project with specific challenges

Challenges	Mitigating Actions (over $400m)
▪ Remote location and lack of skills exacerbate labour challenges: – Restrictive in-country working hours – Elevated labour costs – Competition for on-island skills	▪ Moved 11 million project hours off island, including the successful modular construction of metallurgical plant in China ▪ Labour force hired from 35 countries
▪ Confined area for construction, highly complex sequencing & large workforce ▪ Significant infrastructure in addition to a large scale mine	▪ Innovative approaches: – Best Value Country procurement – Off-site steel pre-assembly – Pre-fabricating concrete blocks
▪ Social unrest and blockades at peer operations	▪ Employed more local labour

Double digit IRR remains intact

NPV and IRR remain intact

- Double digit IRR (given improvement in consensus long term nickel price)
- Significantly enhanced by second phase 60ktpa expansion
- Remains on schedule for first ore to furnace in H2 2012

Confidence in project schedule

- Virtually all materials on site and workforce mobilised
- First ore to furnace still expected in H2 2012
- Ramp up to full production in 2014

Antapaccay – First of major copper projects

- Brownfield expansion of Tintaya
- Average of 160ktpa for 5 years, then 143ktpa over the remaining mine life of at least 22 years
- Overall project 26% complete
- Detailed engineering 93% complete
- Definitive Estimate completed in March
- Construction 17% complete
  - Majority of earthworks complete
  - Foundation works well underway
- Fiscal stability certificate in place
- Remains on schedule for commissioning in H2 2012
- Remains on budget
  - Long lead items ordered and priced
  - Bulk of tenders are complete
  - Benefits from Bechtel relationship

Las Bambas – on track

- Largest of the approved copper projects
  - $4.23bn greenfield project
  - Production of 400ktpa for first 5 years and 310ktpa average over LOM
  - Significant gold, silver and molybdenum by products
  - First quartile cash costs
- On schedule and budget
  - Mitigants to inflationary environment being applied – early orders, synergies
  - Engineering, procurement and construction planning are 39% complete
- Approvals received
  - Environmental and Social Impact Assessment approved by the Peruvian Mining Ministry in March 2011
  - Construction to commence as scheduled in 2011
  - Commissioning scheduled for H2 2014
  - Fiscal Stability certificate in place
  - Complex community arrangements being managed

Further growth options

- Investing a further $1bn in feasibility and scoping for projects which could offer further significant growth potential and value optionality

Further growth optionality in Xstrata portfolio- key projects




+1.1Mtpa copper	El Pachón, Collahuasi expansion (Phase III), Tampakan and Frieda River
+90Mtpa thermal coal	Cerrejón Phase II, Sarum, Collinsville Open Cut expansion and Wandoan
80ktpa nickel	Koniambo Phase II
500ktpa zinc	Pallas Green, Mount Isa further expansions
8bn tonnes iron ore resources	in early stage projects in Mauritania (Sphere) and Republic of Congo (Zanaga)

Note: * On copper equivalent basis using Xstrata LT pricing; increase based on contained metal (and coal at 60% yield to thermal) on Measured and Indicated Resources from 2006 to 2010

Further growth options: Selected world class projects

Wandoan- Thermal Coal

Description

- Location: Queensland, Australia
- Ownership: 75%
- Production: Phase I circa 30mtpa run of mine (22mtpa product) with potential capacity of >100mtpa
- Mine lives of 30 years
- Infrastructure: requires 200km new Surat Basin Rail line, 180km upgrades to existing QR network and significant port development

Project update

- State and Federal approvals received
- Early infrastructure investments approved
- Mining lease expected 2011
- Feasibility study into Phase I development expected to complete in H1 2012
- Indicative start up in 2015

El Pachón- Copper

Description

- Location: Province of San Juan, Argentina
- Ownership: 100%
- Mineral Resource: 1.790bt@ 0.51% Cu and Mo credits
- Concentrator: 160ktpd, 2 grinding lines
- Production: 400ktpa Cu for first five years, average over LOM 280ktpa Cu
- Mine life: 30 years

Project update

- Final feasibility study stage – completes Q1 2012
- EIA to be completed Q1 2012
- Additional exploration drilling during summer 2011
- Indicative start up in 2016

Bolt-on M&A
Augmenting the growth pipeline

Bolt on acquisition	Location	Business Unit	Cost	Remarks
Lady Loretta	Mount Isa, Australia	Zinc	AUD30m	Outstanding 25%
Pallas Green	Republic of Ireland	Zinc	USD19.4m	Minco's 23.6% interest At pre-feasibility study stage
Two Exco Resources copper projects	Australia	Copper	AUD175m	Increases Ernest Henry's production profile from the second half of 2012
Hackett River and Wishbone exploration properties	Canada	Zinc	CAD50m	Early stage opportunities
First Coal	Canada	Coal	USD153m	Coking coal optionality

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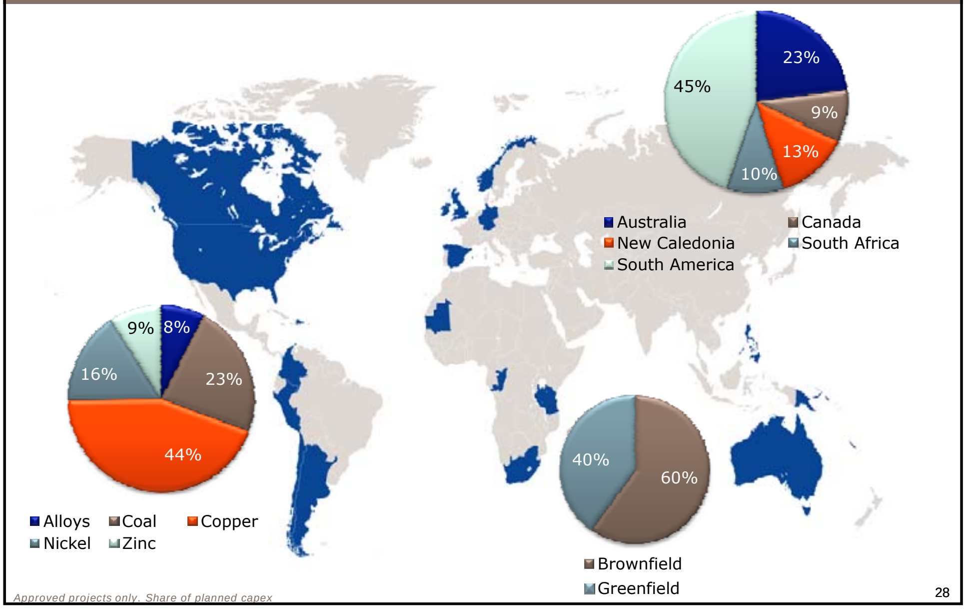
Diversified project pipeline – Approved projects all on track to deliver planned growth



Approved projects only. Share of planned capex

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Inflation concerns and a commercial housing boom have prompted Chinese monetary tightening …

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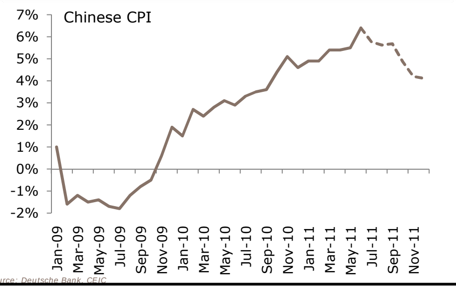
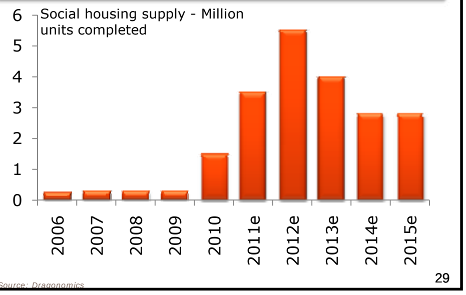
- Targeting sustainable but still rapid growth
  - Policy set to manage inflation and moderate the economy to a more sustainable growth rate
  - CPI expected to moderate over H2
- Government efforts to restructure the housing market by deflating the top end and expanding the low end are gaining traction
  - Construction sector remains robust: policy-induced slowdown in commercial housing to be mitigated by aggressive social housing programme – 7 million social housing units under construction in 2011. Full year sector growth forecast to exceed 20% (27% in 2010)

The expected peak in CPI is near



Source: Deutsche Bank, CEIC

20m units of social housing by 2015



Source: Dragonomics

… expected to bring about a soft-landing

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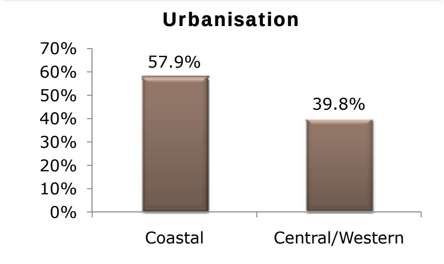
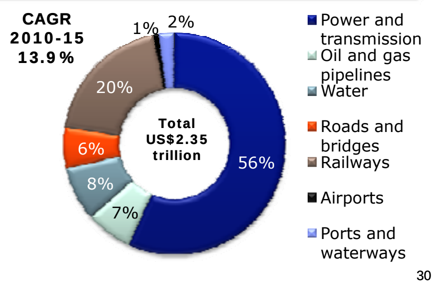
- China remains the key driver of global demand and a positive outlook is expected
  - Return to stimulatory policy expected once inflation has peaked
  - Growing domestic demand in south-eastern provinces and continued support from the structural drivers of growth: demographics, urbanisation and technological catch-up
    - Planned urbanisation of 300 million people over next 20 years
  - Urbanisation of central and western China will provide the next leg of commodity demand - $100bn of new infrastructure projects approved in 2010
  - Growing rural wealth driven by land reform – 250 to 300 million emerging rural discretionary consumers

Chinese urbanisation: Coastal vs West



Chinese Infrastructure spend 2015e



Source: Business Monitor International, JP Morgan, CEIC

Xstrata positioned to deliver value

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- Strong earnings growth in difficult operating conditions, with good momentum into the second half
- Ongoing robust cost performance
  - Real cost savings
  - Continuing to benefit from restructuring actions taken in downturn
  - Continually improving relative competitive position
- Growth is on track
  - Three projects commenced H1 2011 – Mangoola, ATCOM (Impunzi) and Kikialik
  - Koniambo and Antapaccay on schedule for H2 2012
  - Other projects progressing as planned
  - Numerous bolt-on acquisitions in H1 to supplement growth
- Exciting mix of commodities
  - Exposure to commodities benefitting from all phases of Chinese and other developing market economic transitions
- Continue to seek value creating M&A
- Balance sheet to see organic strategy through and permit opportunism and increased dividend
- Well poised to benefit from steadily improving macro environment

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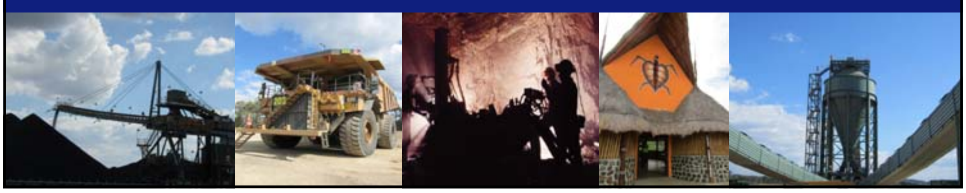
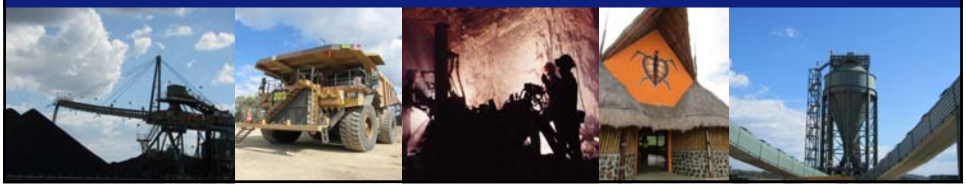
Q&A





Appendix

Divisional Detail

Xstrata Alloys:
Performance impacted by a difficult operating environment

- Price recovery driven by record stainless steel melt and higher auto production
  - On-going pressure on costs from strong rand and mining-sector inflation, rail freight costs and especially energy prices
  - Ferrochrome production impacted by maintenance schedule being brought forward
  - Lower platinum production due to delays in the award of mineral rights extension
- Growth underway as planned
  - On-site construction at the Tswelopele pelletiser and Lion II Smelter expansion commenced in the first half
  - Development of both decline shafts at Eland is progressing well, 7,650 metres to date. Surface infrastructure largely complete
  - UG2 spiral plants at Lonmin successfully commissioned on time and budget

	1H11	1H10	% change
Saleable production - Ferrochrome - PGM (3PGE)	 581kt 84koz	 608kt 108kz	 (4%) (22%)
EBITDA ($m) % of group	182 3%	287 6%	(37%)
Real cost savings ($million)	(22)	54	
Total recordable injury frequency rate	4.3	4.8	

Eland platinum mine, South Africa

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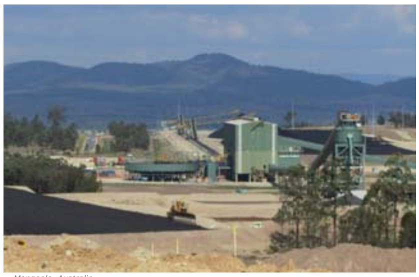
Xstrata Coal:
Momentum and growth into H2

- Strong recovery in Q2 following one-off production disruptions in Q1
  - Severe weather/flooding
  - Fire at Blakefield South
  - Underground water at Ulan
  - Three scheduled coking longwall moves
  - All other mines performing well
- Strong pricing offset cost pressures from currencies and inflation
  - Annual contracts achieving substantially higher prices:
    - JFY and mid-year contracts settled at $129.85 - $127.50/t
    - coking coal contracts settled at $330-$315/t for Q2/Q3
- Continued successful delivery of growth
  - Early completion of Mangoola offset Q1 disruption and lowered real unit costs
  - ATCOM East commissioning in process
  - Regulatory approvals received for Ravensworth North and Ulan West developments

	1H11	1H10	% change
Coal production - Thermal - Semi-soft - Coking coal	38.5Mt 32.4Mt 3.0Mt 3.1Mt	38.6Mt 30.9Mt 3.9Mt 3.8Mt	- 5% (23%) (18%)
EBITDA ($million) % of group	1,584 27%	1,401 31%	13%
Real cost savings ($million)	26	109	
Total recordable injury frequency rate	7.0	9.2	


Mangoola, Australia

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Xstrata Copper:
Solid performance and growth progressing

- Solid operating performance
  - Stronger commodity prices
  - Improved volumes from Ernest Henry and Lomas Bayas offset by lower production from Collahuasi/Alumbrera
  - Real unit cost savings led by grade improvements at Ernest Henry
- Major projects progressing well
  - First magnetite shipped from Ernest Henry
  - Antapaccay on schedule and budget-commissioning in H2 2012
  - Antamina, Lomas Bayas and Las Bambas projects remain on schedule
  - Prefeasibility study approved into major expansion of Collahuasi concentrator

	1H11	1H10	% change
Mined copper Total mined copper sales	434kt 415kt	434kt 409kt	- 1%
EBITDA ($million) % of group	2,550 44%	1,789 40%	43%
Real cost savings ($million)	20	(35)	
Total recordable injury frequency rate	2.5	3.3	


Sag Mill mounting at Antapaccay

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Xstrata Nickel:
Continuing to benefit from transformation

- Robust production and cost reduction
  - Higher volumes and nickel prices drove a strong EBITDA performance
  - Like for like reduction in cash costs to $2.14/lb
  - 50% capacity restart of Falcondo reached full production run rate in March
- Transition to a large scale, low cost producer continues
  - Koniambo 76% complete
  - Xstrata Nickel and Vale agreed a JV to extend to life of Fraser mine
  - Fraser Morgan mine and expansion of Raglan to 40ktpa approved

	1H11	1H10	% change
Mined nickel Refined sales	37kt 45kt	28kt 45kt	31% -
EBITDA ($million) (% of group)	743 13%	436 10%	70%
Real cost savings ($million)	(5)	49	
Total recordable injury frequency rate	9.2	10.9	

Koniambo, New Caledonia

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Xstrata Zinc:
Continued operational efficiency and growth

- Excellence in cost control
  - Continued improvement in C1 cash costs and further real unit cost savings
  - High zinc prices more than offset negative impact of currencies and inflation
  - Planned lower grades at Antamina and weather disruptions impacted production
  - Lower zinc metal production due to permanent closure of Kidd Creek in 2010
- Further growth
  - The George Fisher UG mine expansion progressing on schedule
  - Construction of McArthur River heavy medium plant commenced as part of integrated development plan
  - Proprietary LPAL technology successfully piloted ahead of McArthur River expansion
  - Lady Loretta and Handlebar Hill projects approved
  - Acquisition agreed for the outstanding 23.6% of Pallas Green

	1H11	1H10	% change
Zinc in conc Zinc metal prodn	500kt 366kt	522kt 405kt	(4%) (10%)
EBITDA ($million) (% of group)	750 13%	600 13%	25%
Real cost savings ($million)	33	66	
Total recordable injury frequency rate	8.6	10.9	

George Fisher mine, Australia

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