NEWS RELEASE

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Key Financial Results

$m	**Six months to 30.06.08**	Six months to 30.06.07	% Change
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)
Attributable profit*	**2,829**	2,769	2
Attributable profit	**2,753**	3,002	(8)
Earnings per share (basic)*	**$2.95**	$2.89	2
Earnings per share (basic)	**$2.87**	$3.14	(9)
Net debt to net debt plus equity	**34%**	30%	13
Net assets	**28,456**	22,846	25
Net assets per share**	**$29.54**	$23.61	25
Dividends declared and paid per share	**34.0¢**	30.0¢	13
Dividends proposed	**18.0¢**	16.0¢	13

* Excludes discontinued operations and exceptional items
** Excluding own shares
† Excludes one-off benefit of sale of nickel inventory to Glencore of $205m

Highlights

- Record first half production in coking and semi-soft coal, ferrochrome, refined nickel, platinum, zinc in concentrate and lead in concentrate, with significantly stronger volumes expected in second half
- EBITDA of $5.7 billion, in line with the first half 2007 and EBIT from operations up by 5% to $4.8 billion
- Excellent cash cost performance, achieving real cost savings of $166 million, despite unprecedented cost pressures
- Strong operating cash flows of $4.4 billion financed increased expansionary capital expenditure of $1.5 billion to advance Xstrata's organic growth pipeline
- Record thermal coal contract prices of up to $125 per tonne; semi-soft coking coal contracts settled at $258 per tonne, including the benefit of cancelled carryover tonnage at prior year prices

- Major coking coal contracts negotiations substantially complete at a record average price of $362 per tonne, 277% higher than the previous year
- Ferrochrome benchmark prices reached record level of $2.05 per kilogram for the third quarter
- Significantly higher bulk contract settlements and robust outlook for key commodities expected to deliver margin expansion and substantial earnings growth in the remainder of 2008 and into 2009
- Interim dividend increased by 13% to 18¢ per share, reflecting Xstrata's confidence in the outlook for the second half and 2009
- Proposed $10 billion (£5 billion) all-cash offer for Lonmin of £33 per share accelerates Xstrata's strategy to develop a significant platinum business and add further scale and diversification to our portfolio

Mick Davis, Chief Executive Xstrata plc commented: "Xstrata's operations delivered a solid performance in a highly challenging operating environment in the first half of 2008, recording underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of $5.7 billion, in line with the prior period. Cost control remains a key strength and differentiator for Xstrata and I am delighted that despite unprecedented cost pressures, in particular in respect of energy and oil-linked costs, Xstrata's commodity businesses achieved real unit cost savings of $166 million. As a result of Xstrata's cost savings, our commodity businesses mitigated the full impact of mining sector and CPI inflation and contained cost increases to 9% in the first half.

"Strong operational cash flows of $4.4 billion financed increased capital expenditure of $1.5 billion to progress a broad range of organic growth projects across each of the commodity businesses. In total, Xstrata's organic growth pipeline represents over $37 billion of growth projects. The successful realisation of this portfolio will deliver double-digit compound annual growth in coal, copper, platinum and nickel volumes over the next five years.

"Our proposed offer for Lonmin, the world's third largest platinum producer, reflects our long-stated ambition to become a significant platinum producer and follows the development of the Mototolo platinum mine, the acquisition of Eland completed in October last year and today's announcement of a new development joint venture with Nkwe.

"Xstrata's strong exposure to significantly improved thermal, semi-soft and coking coal prices, higher third quarter ferrochrome prices and the continued robust outlook for copper, together with higher grades, improved volumes and new lower cost production from a number of new coal, copper, nickel and zinc operations all position the Group well to enjoy margin expansion and improved profitability from the second half of 2008 and into 2009."

Ends

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