Zug, 5 March 2013

Preliminary results for the 12 months ended 31 December 2012

Key Financial Results

$m	Year ended 31.12.12	Year ended 31.12.11	% Change
Revenue	31,618	33,877	(7)
Operating EBITDA*	8,122	11,648	(30)
EBITDA*	8,123	11,677	(30)
Operating profit*	4,790	8,431	(43)
EBIT*	4,791	8,460	(43)
Attributable profit*	3,652	5,785	(37)
Attributable profit	1,180	5,713	(79)
Earnings per share (basic)*	$1.24	$1.97	(37)
Earnings per share (basic)	$0.40	$1.95	(79)
Dividends per share	45.5¢	40¢	14
Net debt to net debt plus equity	24%	15%	60
Net assets	46,791	45,701	2
Net assets per share**	$15.80	$15.59	1

* Excludes exceptional items
** Excluding own shares

Highlights:

- A transformational year for Xstrata in which ten major projects commissioned;
- Real cost savings of $176 million; the eleventh consecutive year of successfully delivering sustainable, long-term reductions to operating costs;
- During 2012, our Reserves and Resource base continued to grow; with significant increases at our South American copper operations and at our zinc sites;
- Continued improvements to our safety and environmental performance; with a Group-wide 15% reduction in total recordable injuries on 2011 performance;
- Two successful bond issues, raising $7.4 billion, ensuring a benign debt repayment schedule and strong balance sheet;
- Final dividend of 31.5¢ per share, bringing the dividends for the year to 45.5¢, a 14% increase on 2011; and
- Our shareholders approved the proposed merger between Glencore and Xstrata, subject to the necessary regulatory approvals being received.

CEO's Strategic Review

2012 was a transformational year for Xstrata across a number of fronts. Our organic growth strategy, the third phase of Xstrata's strategic development – following our acquisition and asset transformation stages – began in earnest in 2009 as we committed to grow our capacity by 50% in copper equivalent terms by the end of 2014. The development of our project pipeline reached its zenith in 2012, with ten major projects entering commissioning. This year also marked the peak of our expansionary capital expenditure programme at $7.6 billion.

In addition, in November, our shareholders approved our merger with Glencore International plc, heralding the next significant development in Xstrata's history and the creation of a unique natural resource company with an improved ability to capture returns along the value chain and redefine the competitive landscape.

Economic Environment

Our businesses faced difficult operating conditions during the year, as the combined impact of falling commodity prices, ongoing inflationary pressure on operating costs and continued strong producer currencies relative to the US dollar put pressure on our margins.

The global growth rate in 2012 slowed relative to the post-credit crunch recovery in 2010 and 2011, with lower inventory restocking and the impact of fiscal consolidation starting to be felt. The economies of OECD countries grew marginally, while emerging markets, such as China and India, decelerated from their previous record levels of growth, impacted by the fall in exports to the US and Europe. Sovereign debt concerns in the Eurozone continued, while a second round of quantitative easing in the US failed to deliver meaningful growth.

As a result, commodity prices were significantly impacted, with realised Australian export thermal and coking coal prices falling by 7% and 25% respectively and the average LME nickel price by 23% compared to 2011.

First evident in late 2012 and continuing into the early part of 2013, a gradual global recovery appears underway, particularly in China and the US. Chinese fiscal policy easing and clear statements by the US Federal Reserve regarding their intention to continue stimulating the US economy have boosted confidence in these economies and are supportive of a marginally improved environment for commodity demand in 2013.

Operating Performance

Against the backdrop of a deteriorating global economy in 2012, I am nevertheless pleased with the operating performances delivered by our team. Our ongoing focus on reducing costs, both through incremental changes to operational processes and through larger cost saving initiatives, allows me to report, for the eleventh consecutive year, a reduction of costs in real terms. The $176 million of cost savings achieved in 2012 was predominantly realised through a combination of cost efficiency initiatives and the benefit of increased volumes in our coal and zinc businesses.

The highlight of our operating performance, however, was the commencement of commissioning of the ten major organic growth projects we promised when we initiated this phase of our growth strategy in 2009.

In Xstrata Coal, we completed, on schedule, the first stage of the 8 million tonne per annum Ravensworth North thermal coal operation in New South Wales, and its second stage, the expansion of the existing coal preparation plant, is on schedule for completion in 2013. Operations began at the 1.5 million tonne per annum Ulan open cut thermal coal mine in New South Wales and are on schedule to reach full production in 2013.

Following the start-up of the new underground mine in December of 2011, Xstrata Copper's Ernest Henry Mining commenced processing first ore in September from the nearby satellite Mount Margaret mine in north-west Queensland, Australia, which will add around 30,000 tonnes of annual copper in concentrate production to Ernest Henry's production profile. Expansion of the concentrator and associated mine at our

Antamina copper/zinc joint venture mine in Peru was successfully commissioned in the first quarter of 2012 and throughput rates are consistently exceeding the planned 38% capacity increase. Commercial grade production from our new Antapaccay mine commenced in November, in line with budget and schedule, and, for the full month of February, we exceeded plan by achieving an average daily throughput rate of 65,000 tonnes through the concentrator, with daily peaks during the month of up to 80,000 tonnes. We are well on track to achieve the original steady state production target of 70,000 tonnes per day by mid-2013. The mine is expected to produce an average of 160,000 tonnes of copper in concentrate per annum, plus gold and silver by-products, in the initial years of its projected 20 year life. In December, the Lomas II project at Lomas Bayas in Chile commissioned on schedule, extending the mine life by 16 years at existing production levels of 75,000 tonnes of copper cathodes per annum.

Xstrata Zinc commenced production at the high-grade Lady Loretta mine in Queensland, Australia, more than one year ahead of schedule and on budget. At full production, Lady Loretta will be delivering an estimated 1.6 million tonnes of ore per annum, while first ore was delivered six months ahead of schedule at the 1 million tonnes per annum mine expansion at George Fisher zinc mine.

Xstrata Alloys commissioned the 600,000 tonne per annum Tswelopele pelletizing and sintering plant, on time and on budget.

Xstrata Nickel completed construction on Line 1 at the Koniambo ferronickel operation in New Caledonia and all major components have commissioned successfully. We anticipate producing commercial-grade ferronickel by the end of the first quarter of 2013, ensuring Koniambo is well positioned to deliver the two-year production ramp-up to achieve its nameplate 60,000 tonnes of nickel in ferronickel per annum run rate by the end of 2014.

Looking ahead, completion of these projects de-risks Xstrata's organic growth pipeline, with the Las Bambas copper project in southern Peru being our sole remaining major greenfield project under construction. Las Bambas continues to mitigate project risk through the advance purchase and delivery of major plant and processing equipment, its use of the 'standard concentrator' design, already successfully constructed at Antapaccay, and the transfer of skills and experience from our Antapaccay project. We have recently confirmed a definitive estimate of $5.2 billion for Las Bambas, reconfirming the project's status as a world class, Tier 1 copper asset that will deliver substantial value. Las Bambas is now in full construction with over 90% of engineering works and 80% of procurement completed by the end of 2012. Las Bambas is set to produce 400,000 tonnes of copper per annum from 2015 for at least the first five years of its more than 20 year projected mine life. The mineralised district that hosts our Las Bambas project orebodies and Tintaya and Antapaccay mines has enormous potential for further mineral resource expansion and prefeasibility studies are already underway at our Coroccohuayco project as a potential brownfield expansion to our Antapaccay mine.

This mirrors further substantial increases in our copper Mineral Resources across the portfolio, mainly due to a significant 19% increase in total Mineral Resources at our Collahuasi joint venture in Chile to 9 billion tonnes; a 20% increase in total Mineral Resources at our El Pachón project in Argentina to 3.3 billion tonnes; and a 27% increase in total Mineral Resources at our new Antapaccay mine in Peru to over 1 billion tonnes.

2013 promises to deliver a further transformational expansion of our production capacity as our growth programme nears completion. We plan to commission a number of new projects in 2013, including the Fraser Morgan nickel mine and the Bracemac McLeod zinc operation in Canada, Stage 2 of the Ravensworth North expansion in Australia and completion of the Lion II ferrochrome expansion in South Africa. In addition, we will commence commissioning of the hoisting shaft infrastructure to expand the new Ernest Henry underground copper mine in Australia.

In New South Wales, the Ravensworth North and Ulan West major brownfield expansion projects are currently underway. An expansion of the coal preparation plant at Ravensworth North will enable the operation to ramp up to 8 million tonnes per annum and is on track for completion in 2013. Following longwall commissioning in 2014, Ulan West will produce 7 million tonnes per annum. In Queensland, Phase 1 of the Rolleston expansion, will increase annual production from 9 million tonnes per annum to 12 million

tonnes per annum and will begin commissioning in the second half of 2013. In South Africa, we are continuing to progress the expansion of the Tweefontein open cut mine, which will increase volumes from 4 million tonnes per annum to 7 million tonnes per annum. The expansion includes the construction of a new beneficiation plant that includes coal and product handling facilities and will be completed in 2015.

The Fraser Morgan project in Sudbury is progressing on schedule and will achieve first development ore in April 2013 and bulk mining will commence in the third quarter of 2013. At Raglan, the project to increase nickel in concentrate production to 40,000 tonnes per year is progressing with the underground development at Qakimajurq mine achieving 1,580 metres of lateral progress and now operating on two headings. The mill upgrade project is in execution with detailed engineering and long lead item procurement underway.

Conditional approval has been received from the Northern Territory government for the $360 million expansion at the McArthur River Mine. This project will increase production to 380,000 tonnes per annum of zinc in concentrate from 2014.

The introduction of a number of new world-class operations into Xstrata's portfolio delivers not only significant volume increases and further improves the relative competitive position of Xstrata's portfolio through the introduction of structurally lower real unit cost operations, but lays the foundation for further attractive brownfield growth for many years to come.

Our businesses continue to improve their health, safety and environmental performances. It is particularly pleasing for me that the commitment to improve safety, demonstrated by all of our employees, has reduced our total recordable injury rate by 15% on the previous year. Our knowledge of the behavioural contributions to safety incidents improves each day as we continue to analyse near miss incidents, principle hazards and incidents themselves to put in place pre-emptive actions. Despite this, and our commitment to ensuring that our employees and contractors working at our operations return home safely each day, it saddens me to report that five people lost their lives while working at Xstrata in 2012. This tells me that our work in preventing fatalities is far from done as we seek to eradicate the loss of life and serious injury from our operations.

Balance Sheet

During our current phase of expansionary capital expenditure, required to deliver our organic growth strategy, we have maintained gearing below 30%. Despite a peak capital expenditure of $10.3 billion in 2012, our balance sheet remains robust, with net debt at year end at $14.7 billion and gearing at 24%. We further strengthened our balance sheet by taking advantage of favourable conditions in the debt markets late in 2012 to issue both US dollar and euro notes. Together, these two multi-tranche bond issues raised $7.4 billion, which was used to fully repay drawings under our revolving bank loan and maturing commercial paper. Our refinancing risk has been actively managed and we have no material debt maturities in the near term. With the financial benefits from our organic growth investments over the last four years beginning to positively impact the profitability of Xstrata, the company is now in an excellent position to enjoy improving cash flows and a return to normalised returns on capital.

Merger with Glencore

The combination of Glencore and Xstrata provides the opportunity for our shareholders to benefit from the creation of a unique natural resource super-major, forged from the amalgamation of the world's leading commodities marketer and one of the pre-eminent global diversified mining companies. As the dynamics of supply and demand change due to the emergence of large pools of demand and producers seek sources of supply in new geographies, a natural resource major which is able to selectively compete at multiple points in the value chain - leveraging its diversity and scale to gain access to new opportunities and to manage risk - has the potential to redefine the competitive playing-field.

My executive team and I are content in that we will hand over to the new Glencore Xstrata a company with a strong legacy for value creation and growth, a high quality portfolio of operations and growth options,

supported by a very healthy balance sheet. As importantly, we are certain that each of our 80,000 employees and contractors will bring to the new merged entity the unique set of capabilities and values which have made Xstrata so successful and, in particular, an approach to sustainability which is looked to as the model for the industry. At Xstrata we have been proud not only of producing the vital building blocks of society, but also of the way we have gone about doing so – with a clear understanding of the need to do so in an entrepreneurial, sustainable and responsible manner that creates shared value for all stakeholders. I look to my colleagues to keep this legacy alive within the new Glencore Xstrata for many years to come.

ML Davis

Chief Executive Officer

Operating Review

Against the backdrop of a transformational year for Xstrata's portfolio to higher quality operations, weakness in the global economy severely affected commodity prices, which together with predominantly lower copper volumes and ongoing cost inflation, reduced our operating EBITDA to $8.1 billion, 30% lower than the record $11.6 billion achieved in 2011.

After a strong start to 2012 for all our commodities, the renewed turmoil in the eurozone, the Chinese economic slowdown and the dynamics of the US domestic coal market together negatively impacted commodity prices. Despite record demand for imported thermal coal from China and India, the displacement of US coal into the export market by shale gas as a feedstock for electricity generation and increased supply from Australia and Indonesia resulted in falling coal prices in the first half of 2012. Copper and zinc prices followed similarly fluctuating trajectories through 2012 as they closely followed the year's macro-economic events. Softening in demand growth from the stainless steel market resulted in lower prices for both nickel and ferrochrome.

Despite this backdrop of falling commodity prices, the majority of our major operating currencies remained strong against the US dollar. Only the South African rand was significantly weaker. The strong local currencies, in addition to tough cost conditions for our Australian and Canadian operations, further exacerbated the tough operating environment experienced by our businesses during the year.

In 2012, ten organic growth projects successfully commenced commissioning across all of our commodity businesses as our asset base continued to transition from older, higher-cost mines to new lower-cost mines. This new set of operations has laid the foundation for Xstrata's growth in volume and improvement in unit costs for many years to come, through the introduction of a number of new world-class assets into Xstrata's portfolio.

As Xstrata Copper transitioned from older, end of life mines to new mines and expansions, planned lower volumes, together with production issues at Collahuasi, resulted in a 16% reduction in total mined copper production on 2011 performance. However copper production progressively increased quarter on quarter to reach an annualised production rate of approximately 900,000 tonnes in December as we ramped up production at Ernest Henry, commissioned the Antamina plant expansion, commenced production at our new Mount Margaret and Antapaccay mines, and completed the Lomas Bayas II project.

Total consolidated coal production reached a record 90.4 million tonnes, 7% higher than in 2011. Australian thermal coal sales volumes increased following the restart of mining at Blakefield South, a full year of sales from Mangoola, the recovery from flooding at Rolleston and the early stage production tonnes from Ulan West, Ulan Open Cut and Ravensworth North. In South Africa, the continued ramp up of Goedgevonden, and a full year of production from the ATCOM East mine, combined with continued productivity improvements at our Impunzi and Tweefontein open cut mines positively impacted sales volumes. At the Cerrejón joint venture in Colombia, productivity improvements also increased volumes.

Total nickel production was a record 106,873 tonnes in 2012, a further increase on the record volumes achieved in 2011. This increase was supported by a full year's production of nickel in ferronickel from our Falcondo operation in the Dominican Republic, which operated 7% above its current nameplate capacity. As our nickel plants processed a higher proportion of higher cost third-party feed, the cost of goods processed was higher than in the prior year. More higher-margin mined feed is sequenced to be processed in 2013.

Total zinc in concentrate production was slightly higher in 2012 than in 2011, driven by an 8% increase at our Australian operations that more than offset lower grades at our end of life mines in Canada and lower zinc production at Antamina, where the mine plan continues to operate in a predominantly copper ore zone. During the year, Xstrata Zinc successfully commissioned the George Fisher North expansion and crushing projects, the Lady Loretta mine and the heavy medium separation plant at McArthur River Mine.

During 2012, our ferrochrome operating capacity was reduced to 66% of its total operating capacity in response to power buybacks by Eskom and weak market conditions. PGM sales volumes declined as a result of Eland transitioning from an open pit to an underground operation.

In 2012, we achieved $176 million of cost savings, predominantly through a combination of cost efficiency initiatives and the benefit of increased volumes in our coal and zinc businesses.

Our coal business realised real unit cost improvements principally from the recommencement of production at Blakefield South during the first half of 2012, a full year of sales from Mangoola and the commencement of production at Ravensworth North. These improvements were partially off-set by production issues related to the new low seam longwall at Oaky Creek No.1 underground.

At our zinc business, real cost savings were achieved through permanent cost cutting initiatives and other production improvements and efficiencies. Increased volumes at our Australian operations were the main drivers, more than compensating lower production at Antamina, where the mine plan continues to operate in a predominantly copper ore zone, and at our Canadian mines, where ore reserves approach the end of their lives.

Our nickel business' cash costs dropped to their lowest level since the formation of the business and delivered $61 million of real unit cost savings in 2012, with increased throughput and aggressive cost reduction programmes. The Integrated Nickel Operation's cash costs were 36% lower than the previous year at $1.18 per pound, positioning it in the first quartile of the cost curve, enabled by improved cost performance and increased by-product revenues from Sudbury's Nickel Rim South mine.

Our copper business endured a tough operating year. Lower grades, predominantly from Collahuasi, negatively impacted our real unit costs by $85 million, which was further compounded by adverse weather and a major ball mill failure at Collahuasi. This was partially offset by the results of cost reduction measures across all operating divisions, most notably in North Queensland, following an extensive business review completed early in the year. A comprehensive business improvement plan, implemented by Collahuasi shareholders during the second half of 2012, is resulting in more reliable operating performances. Collahuasi's annualised production levels are expected to be restored to around 400,000 tonnes of copper per annum (on a 100% basis) in 2013.

Earnings

A reassessment of tax payable estimates, following the lodgement of taxation returns and receipt of taxation assessments, led to a one-off reversal of prior year tax provisions which significantly reduced the income tax charge, making our effective tax rate in 2012 14%. The pre-exceptional items effective tax rate before this adjustment was 24% for 2012, due to lower earnings in higher-tax jurisdictions compared to 26% for 2011.

Attributable profit and earnings per share both fell 37% mainly as a result of the reduced operating EBITDA.

During the year we recognised a number of exceptional items in the income statement, which in total reduced earnings by $2.6 billion. These were predominantly due to the impairment of assets, including the write down of Xstrata's investment in Lonmin ($840 million), the write downs of the Brunswick zinc mine in Canada and the Cosmos nickel mine in Australia as they reached the end of their operational lives and write downs in response to adverse market conditions for the Eland PGM operation in South Africa and the Africa Carbon Group ($978 million).

Our share of the exceptional items recognised by Lonmin in its 2012 annual results was $105 million and consisted of employee strike related costs, impairments, net financing costs and related taxation credits.

We accrued costs of $136 million in relation to the recommended all-share merger of equals with Glencore International plc. Following the approval by our shareholders in November, the expected vesting date for all share-based compensation plan awards was revised forward resulting in an accelerated share-based compensation plan charge of $185 million.

Net debt and consolidated capital expenditure

Net debt increased by $6.5 billion dollars to $14.7 billion dollars during 2012. Total expansionary capital expenditure increased by 31% to $7.6 billion during 2012, reflecting the peak year for capital investment in our organic growth programme and the commissioning of ten projects. Major items of expansionary capital spending in 2012 were:

- $1.2 billion at the greenfield Koniambo nickel project in New Caledonia where the mine is now fully operational and all utilities required to deliver first ore have been commissioned;
- $1.1 billion to progress the greenfield Las Bambas copper project in Peru which will commence commissioning at the end of 2014;
- $800 million in respect of the Ravensworth North brownfield project in New South Wales, expected to be completed during 2013; and
- $600 million at the Antapaccay copper project in southern Peru, where production started in November 2012.

Dividend

The Directors have recommended the payment of a final dividend of 31.5¢ per share for approval by shareholders, bringing the dividends paid in 2012 to a total of 45.5¢ per share. The final dividend will be paid on 7 June 2013.

Dividend dates	2013
Ex-dividend date	22 May
Record date	24 May
Deadline for return of currency election form	28 May
Applicable exchange rate date	31 May
Payment date	7 June

Financial statements

Consolidated income statement

For the year ended 31 December 2012

US$m	Notes	Before exceptional items	Exceptional items†	Total 2012	Before exceptional items	Exceptional items†	Total 2011
Revenue		**31,618**	**–**	**31,618**	33,877	–	33,877
Operating costs*		**(23,496)**	**–**	**(23,496)**	(22,229)	–	(22,229)
Other exceptional items*	5	**–**	**(636)**	**(636)**	–	16	16
Operating profit/(loss) before interest, taxation, depreciation and amortisation		**8,122**	**(636)**	**7,486**	11,648	16	11,664
Depreciation and amortisation		**(3,332)**	**–**	**(3,332)**	(3,217)	–	(3,217)
Impairment of assets	5	**–**	**(978)**	**(978)**	–	(469)	(469)
Reversal of assets previously impaired		**–**	**–**	**–**	–	463	463
Operating profit/(loss)		**4,790**	**(1,614)**	**3,176**	8,431	10	8,441
Share of results from associates	5	**1**	**(945)**	**(944)**	29	12	41
Profit before interest and taxation		**4,791**	**(2,559)**	**2,232**	8,460	22	8,482
Finance income	6	**184**	**–**	**184**	137	–	137
Finance costs	7	**(397)**	**(12)**	**(409)**	(452)	(19)	(471)
Profit before taxation		**4,578**	**(2,571)**	**2,007**	8,145	3	8,148
Income tax (charge)/credit	8	**(649)**	**14**	**(635)**	(2,140)	(75)	(2,215)
Profit/(loss) for the year		**3,929**	**(2,557)**	**1,372**	6,005	(72)	5,933
Attributable to:							
Equity holders of the parent		**3,652**	**(2,472)**	**1,180**	5,785	(72)	5,713
Non-controlling interests		**277**	**(85)**	**192**	220	–	220
		3,929	**(2,557)**	**1,372**	6,005	(72)	5,933
Earnings per share (US$)							
– basic	11	**1.24**	**(0.84)**	**0.40**	1.97	(0.02)	1.95
– diluted	11	**1.23**	**(0.83)**	**0.40**	1.95	(0.02)	1.93

† Exceptional items are significant items of income and expense, presented separately due to their nature or the expected infrequency of the events giving rise to them. These items are disclosed in further detail in note 5.

* Before depreciation, amortisation and impairment charges.

Consolidated statement of comprehensive income

For the year ended 31 December 2012

US$m	2012	2011
Profit for the year	**1,372**	5,933
Income and expenses recognised directly in equity:		
Actuarial losses on defined benefit pension plans	**(151)**	(195)
Income tax benefit	**40**	50
Gains/(losses) on available-for-sale financial assets	**69**	(37)
Income tax expense	**(25)**	(5)
Gains on cash flow hedges	**39**	29
Income tax expense	**(8)**	(9)
Foreign currency translation gains/(losses)	**80**	(1,309)
Income tax (expense)/credit	**(8)**	2
	36	(1,474)
Transfers to the income statement:		
Gains on cash flow hedges	**(44)**	(59)
Income tax expense	**9**	28
Losses/(gains) on available-for-sale financial assets	**27**	(8)
Income tax expense	**1**	6
Other comprehensive income/(loss)	**29**	(1,507)
Total comprehensive income for the year	**1,401**	4,426
Attributable to:		
Equity holders of the parent	**1,209**	4,210
Non-controlling interests	**192**	216
	1,401	4,426

Consolidated statement of financial position

As at 31 December 2012

US$m	Notes	2012	2011
Assets			
Non-current assets			
Intangible assets		**7,414**	8,228
Property, plant and equipment		**59,937**	51,454
Biological assets		**24**	23
Inventories		**2**	7
Trade and other receivables		**400**	210
Investments in associates		**1,018**	1,769
Available-for-sale financial assets		**336**	258
Derivative financial assets		**771**	680
Other financial assets		**717**	743
Prepayments		**48**	41
Deferred tax assets		**16**	44
		70,683	63,457
Current assets			
Inventories		**6,031**	5,242
Trade and other receivables		**3,865**	3,742
Derivative financial assets		**38**	96
Prepayments		**314**	347
Cash and cash equivalents	9	**1,983**	1,948
Income taxes receivable		**163**	–
Assets classified as held-for-sale	3	**36**	–
		12,430	11,375
Total assets		**83,113**	74,832

Consolidated statement of financial position *continued*

As at 31 December 2012

US$m	Notes	2012	2011
Equity and liabilities			
Capital and reserves – attributable to equity holders of Xstrata plc			
Issued capital	13	**1,501**	1,482
Share premium	13	**14,952**	15,458
Own shares	13	**(1,302)**	(1,140)
Other reserves		**7,078**	6,681
Retained earnings		**22,223**	21,183
		44,452	43,664
Non-controlling interests		**2,339**	2,037
Total equity		**46,791**	45,701
Non-current liabilities			
Trade and other payables		**45**	82
Interest-bearing loans and borrowings	9	**16,344**	8,804
Derivative financial liabilities		**351**	417
Other financial liabilities		**867**	708
Provisions		**4,698**	3,708
Pension deficit		**704**	692
Deferred tax liabilities		**6,114**	6,109
Other liabilities		**8**	8
		29,131	20,528
Current liabilities			
Trade and other payables		**5,285**	5,102
Interest-bearing loans and borrowings	9	**723**	1,566
Derivative financial liabilities		**10**	65
Provisions		**700**	778
Income taxes payable		**398**	1,037
Other liabilities		**64**	55
Liabilities classified as held-for-sale	3	**11**	–
		7,191	8,603
Total liabilities		**36,322**	29,131
Total equity and liabilities		**83,113**	74,832

Consolidated cash flow statement

For the year ended 31 December 2012

US$m	Notes	2012	2011
Profit before taxation		**2,007**	8,148
Adjustments for:			
Finance income	6	**(184)**	(137)
Finance cost	7	**409**	471
Share of results from associates		**944**	(41)
Net loss/(profit) on disposal of property, plant and equipment		**3**	(54)
Liability fair value adjustments	5	**116**	–
Profit on sale of operations	5	**(18)**	(8)
Available-for-sale financial assets write-down	5	**32**	43
Depreciation		**3,225**	3,118
Amortisation		**107**	99
Impairment of assets	5	**978**	469
Loss on establishment of a joint venture	5	**166**	(48)
Reversal of assets previously impaired	5	**–**	(463)
Share-based compensation plans		**411**	(4)
(Increase)/decrease in trade and other receivables		**(51)**	637
Increase in other assets		**(393)**	(487)
Increase in inventories		**(782)**	(604)
(Decrease)/increase in trade and other payables		**(108)**	450
(Decrease)/increase in provisions		**(238)**	(274)
Other non-cash movements		**(10)**	20
Cash generated from operations		**6,614**	11,335
Income tax paid		**(1,345)**	(1,664)
Interest paid		**(377)**	(379)
Interest received		**103**	64
Dividends received		**–**	2
Net cash flow from operating activities		**4,995**	9,358
Purchase of property, plant and equipment		**(10,037)**	(8,108)
Proceeds from sale of property, plant and equipment		**40**	33
Purchase of intangible assets		**(43)**	(31)
Proceeds from the sale of available-for-sale assets		**5**	51
Purchase of available-for-sale financial assets		**(13)**	(29)
Other investing activities		**3**	–
Acquisition of interest in associates		**(202)**	–
Acquisition of subsidiaries, net of cash acquired		**–**	(209)
Acquisition of assets		**(500)**	(327)
Proceeds from partial disposal of subsidiaries, net of disposal costs		**426**	–
Net cash flow used in investing activities		**(10,321)**	(8,620)
Purchase of own shares		**(22)**	(18)
Disposal of own shares		**163**	15
Proceeds from interest-bearing loans and borrowings		**10,536**	6,929
Repayment of interest-bearing loans and borrowings		**(3,995)**	(6,194)
Payment of finance lease liabilities		**(28)**	(46)
Dividends paid to equity holders of the parent		**(1,210)**	(967)
Dividends paid to non-controlling interests		**(75)**	(209)
Net cash flow from financing activities		**5,369**	(490)
Net increase in cash and cash equivalents		**43**	248
Net foreign exchange difference		**(8)**	(15)
Cash and cash equivalents at 1 January		**1,943**	1,710
Cash and cash equivalents at 31 December	9	**1,978**	1,943

Consolidated statement of changes in equity

For the year ended 31 December 2012

US$m	Issued capital	Share premium	Share premium distributable reserves	Own shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the parent								
At 1 January 2011	1,482	15,458	–	(1,181)	8,039	16,478	40,276	1,762	42,038
Comprehensive income	–	–	–	–	(1,358)	5,568	4,210	216	4,426
Own share purchases	–	–	–	(18)	–	–	(18)	–	(18)
Own share disposals	–	–	–	59	–	(44)	15	–	15
Cost of IFRS 2 equity-settled share-based compensation plans	–	–	–	–	–	148	148	–	148
Acquisition of subsidiaries	–	–	–	–	–	–	–	258	258
Capital contributions	–	–	–	–	–	–	–	10	10
Dividends paid (refer to note 14)	–	–	–	–	–	(967)	(967)	(209)	(1,176)
At 31 December 2011	**1,482**	**15,458**	**–**	**(1,140)**	**6,681**	**21,183**	**43,664**	**2,037**	**45,701**
Comprehensive income	**–**	**–**	**–**	**–**	**140**	**1,069**	**1,209**	**192**	**1,401**
Issue of share capital	**19**	**704**	**–**	**(723)**	**–**	**–**	**–**	**–**	**–**
Share premium reduction	**–**	**(7,978)**	**7,978**	**–**	**–**	**–**	**–**	**–**	**–**
Own share purchases	**–**	**–**	**–**	**(22)**	**–**	**–**	**(22)**	**–**	**(22)**
Own share disposals	**–**	**–**	**–**	**583**	**–**	**(420)**	**163**	**–**	**163**
Cost of IFRS 2 equity-settled share-based compensation plans	**–**	**–**	**–**	**–**	**–**	**391**	**391**	**–**	**391**
Partial disposal (refer to note 3)	**–**	**–**	**–**	**–**	**257**	**–**	**257**	**173**	**430**
Capital contributions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12**	**12**
Dividends paid (refer to note 14)	**–**	**–**	**(1,210)**	**–**	**–**	**–**	**(1,210)**	**(75)**	**(1,285)**
At 31 December 2012	**1,501**	**8,184**	**6,768**	**(1,302)**	**7,078**	**22,223**	**44,452**	**2,339**	**46,791**

Notes

1. Principal accounting policies

Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of the following new standards and interpretations:

- IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets (Amendment)

The adoption of this amendment has no impact on Group earnings or equity in the current or prior periods. The annual financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with IFRSs as adopted by the European Union.

The unaudited financial information for the year ended 31 December 2012 and audited financial information for the year ended 31 December 2011 contained in this document does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the year ended 31 December 2012 has been extracted from the financial statements of Xstrata plc which will be delivered to the Registrar of Companies in due course. The auditors have issued an unqualified opinion on the Group's statutory financial statements for the year ended 31 December 2011, which have been filed with the Registrar of Companies. The audit report for 31 December 2012 is yet to be signed by the auditors.

The preliminary financial results were approved by the Board on 4 March 2013.

The following exchange rates to the US dollar (US$) have been applied:

	31 December 2012	**Average 12 months 2012**	31 December 2011	Average 12 months 2011
Argentine pesos (US$:ARS)	**4.9155**	**4.5503**	4.3063	4.1282
Australian dollars (AUD:US$)	**1.0395**	**1.0358**	1.0205	1.0331
Canadian dollars (US$:CAD)	**0.9922**	**0.9996**	1.0212	0.9892
Chilean pesos (US$:CLP)	**478.71**	**486.31**	519.50	483.83
Colombian pesos (US$:COP)	**1,767**	**1,797**	1,938	1,848
Euros (EUR:US$)	**1.3193**	**1.2860**	1.2960	1.3926
Great Britain pounds (GBP:US$)	**1.6247**	**1.5853**	1.5550	1.6041
Peruvian nuevo sol (US$:PEN)	**2.5525**	**2.6372**	2.6904	2.7532
South African rand (US$:ZAR)	**8.4575**	**8.2103**	8.0796	7.2642
Swiss francs (US$:CHF)	**0.9156**	**0.9377**	0.9376	0.8866

Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current year figures.

Exceptional items

Exceptional items represent significant items of income and expense which due to their nature or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statement to give a better understanding to shareholders of the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Exceptional items include, but are not limited to, acquisition and disposal costs, accelerated share-based compensation plan charges, available-for-sale financial assets write-down, impairment charges and reversals, liability fair value adjustments, profit or loss on establishing a joint venture, profit on sale of operations, restructuring and closure costs, loan issue costs written-off on facility refinancing and the related tax impacts of these items.

2. Acquisitions

Business combinations

There were no business combinations during the year.

There were no fair value adjustments during the period to the identifiable assets and liabilities acquired through business combinations in 2011.

3. Disposals and assets held for sale

2012

Western Canada Coalfields

In March 2012, the Group entered into an agreement between Xstrata Coal and JX Nippon Oil & Energy Corporation Group (JX) comprising contiguous metallurgical coal assets in the Peace River Coalfields. As consideration, JX paid US$435 million in cash to acquire a 25% non-controlling interest in the Peace River Coalfields in Western Canada. Disposal costs of US$5 million were incurred and the excess over the carrying value of the non-controlling interest of US$257 million has been recorded within Other reserves.

Energía Austral Joint Venture

In April 2012, the Group entered into a joint venture agreement with Origin Energy Limited (Origin) whereby Origin acquired a 51% interest in the Group's Energía Austral hydroelectric development in Chile. Under the terms of the agreement, Origin will invest US$75 million for the completion of a detailed project feasibility study and will invest an additional US$75 million if the project is deemed feasible. The Group is entitled to cash consideration payments from Origin once the project is operational and if certain performance threshold targets are met. No intangible asset is able to be recognised for the technical expertise and industry experience that Origin is contributing to the project. The retained 49% interest and the deferred cash consideration have been measured at their estimated fair value, consequently a non-cash loss of US$166 million has been recognised upon entering into the joint venture agreement (refer to note 5).

Assets and liabilities held-for-sale:

The net assets classified as held-for-sale as at 31 December 2012 was US$25 million (2011 US$nil) relating to a coal project in Canada.

2011

Bakwena Ba Magopa Community Trust

In February 2011 the Group finalised a black empowerment agreement in respect of the Group's Rhovan vanadium operations (Rhovan) in South Africa. The Bakwena Ba Magopa Community Trust (Bakwena) acquired 26% interest in the Rhovan business for US$56 million. The Group facilitated the transaction by providing vendor financing and the loan will be repayable from a portion of Bakwena's share of future free cash flows. A profit of US$48 million has been recognised on the finalisation of the transaction (refer to note 5) reflecting the change from control to joint control.

Mpumalanga

In December 2011, the Group received final government and regulatory approval for the sale of the Mpumalanga coal assets in South Africa. The total consideration was $43 million, made up of cash and value attributed to a favourable off-take agreement. A gain on disposal of US$8 million has been recognised in other revenue.

4. Segmental analysis

Operating segments

Xstrata's business is organised into five global commodity businesses, each of which operates with a high degree of autonomy. In addition to the five global segments, the Xstrata Technology Services and Xstrata Iron Ore businesses, which are not significant parts of the business, are also included below for disclosure purposes.

Management monitors the operating results of each business unit as a standalone entity. Segment performance is evaluated based on a number of measures including return on capital employed and operating profit. Finance income and costs, and income tax, are managed on a Group basis.

The following tables present revenue and profit information and certain asset and liability information regarding the Group's operating segments for the years ended 31 December 2012 and 2011.

4. Segmental analysis *continued*

US$m	Before exceptional items	Exceptional items	2012	Before exceptional items	Exceptional items	2011
Revenue						
External parties:						
Coal – Thermal	8,410	–	8,410	8,057	–	8,057
Coal – Coking	1,675	–	1,675	1,924	–	1,924
Coal	10,085	–	10,085	9,981	–	9,981
Alloys	1,503	–	1,503	1,689	–	1,689
Copper	13,363	–	13,363	15,037	–	15,037
Nickel	2,689	–	2,689	3,192	–	3,192
Zinc Lead	3,672	–	3,672	3,756	–	3,756
Technology	306	–	306	222	–	222
Total	31,618	–	31,618	33,877	–	33,877
Profit before interest, taxation, depreciation and amortisation (EBITDA)						
Coal – Thermal	2,572	(166)	2,406	2,834	–	2,834
Coal – Coking	414	(5)	409	1,019	(3)	1,016
Coal	2,986	(171)	2,815	3,853	(3)	3,850
Alloys	155	(19)	136	294	48	342
Copper	3,389	(234)	3,155	4,915	(28)	4,887
Nickel	746	(25)	721	1,234	–	1,234
Zinc Lead	1,070	(29)	1,041	1,223	–	1,223
Iron Ore	(11)	(2)	(13)	(11)	(1)	(12)
Technology	48	(2)	46	34	–	34
Segment EBITDA	8,383	(482)	7,901	11,542	16	11,558
Unallocated	(261)	(154)	(415)	106	–	106
Operating EBITDA	8,122	(636)	7,486	11,648	16	11,664
Share of results from associates (net of tax):						
Coal	4	–	4	4	–	4
Alloys	(16)	(945)	(961)	25	12	37
Zinc Lead	13	–	13	–	–	–
Total	8,123	(1,581)	6,542	11,677	28	11,705
Depreciation and amortisation						
Coal	(1,155)	–	(1,155)	(1,043)	–	(1,043)
Alloys	(160)	–	(160)	(141)	–	(141)
Copper	(935)	–	(935)	(991)	–	(991)
Nickel	(596)	–	(596)	(623)	–	(623)
Zinc Lead	(475)	–	(475)	(409)	–	(409)
Technology	(7)	–	(7)	(7)	–	(7)
Depreciation and amortisation	(3,328)	–	(3,328)	(3,214)	–	(3,214)
Unallocated	(4)	–	(4)	(3)	–	(3)
Total	(3,332)	–	(3,332)	(3,217)	–	(3,217)

4. Segmental analysis *continued*

US$m	Before exceptional items	Exceptional items	2012	Before exceptional items	Exceptional items	2011
Impairment of assets						
Alloys	–	(374)	(374)	–	–	–
Nickel	–	(447)	(447)	–	(469)	(469)
Zinc Lead	–	(157)	(157)	–	–	–
Reversal of assets previously impaired						
Nickel	–	–	–	–	463	463
Total	–	(978)	(978)	–	(6)	(6)
Profit before interest and taxation (EBIT)						
Coal – Thermal	1,551	(166)	1,385	1,921	–	1,921
Coal – Coking	280	(5)	275	889	(3)	886
Coal	1,831	(171)	1,660	2,810	(3)	2,807
Alloys	(5)	(393)	(398)	153	48	201
Copper	2,454	(234)	2,220	3,924	(28)	3,896
Nickel	150	(472)	(322)	611	(6)	605
Zinc Lead	595	(186)	409	814	–	814
Iron Ore	(11)	(2)	(13)	(11)	(1)	(12)
Technology	41	(2)	39	27	–	27
Segment EBIT	5,055	(1,460)	3,595	8,328	10	8,338
Unallocated	(265)	(154)	(419)	103	–	103
Operating profit	4,790	(1,614)	3,176	8,431	10	8,441
Share of results from associates (net of tax):						
Coal	4	–	4	4	–	4
Alloys	(16)	(945)	(961)	25	12	37
Zinc Lead	13	–	13	–	–	–
EBIT	4,791	(2,559)	2,232	8,460	22	8,482
Finance income	184	–	184	137	–	137
Finance expense	(397)	(12)	(409)	(452)	(19)	(471)
Profit before taxation	4,578	(2,571)	2,007	8,145	3	8,148
Income tax (charge)/credit	(649)	14	(635)	(2,140)	(75)	(2,215)
Profit/(loss) for the year	3,929	(2,557)	1,372	6,005	(72)	5,933

4. Segmental analysis *continued*

US$m	At 31.12.12	At 31.12.11
Net assets		
Coal	**16,655**	14,550
Alloys	**3,696**	4,691
Copper	**21,593**	18,325
Nickel	**11,775**	10,625
Zinc Lead	**7,443**	6,235
Iron Ore	**1,250**	1,160
Technology	**107**	80
Net assets	**62,519**	55,666
Unallocated	**(15,728)**	(9,965)
Total	**46,791**	45,701

Capital expenditure		
Sustaining:		
Coal	**983**	801
Alloys	**123**	137
Copper	**816**	654
Nickel	**259**	287
Zinc Lead	**553**	504
Iron Ore	**–**	1
Technology	**3**	3
Total sustaining	**2,737**	2,387
Unallocated	**13**	5
Total	**2,750**	2,392
Expansionary:		
Coal	**2,114**	1,193
Alloys	**290**	250
Copper	**2,627**	2,424
Nickel	**1,565**	1,351
Zinc Lead	**832**	381
Iron Ore	**148**	171
Technology	**6**	3
Total expansionary	**7,582**	5,773
Total capital expenditure:		
Coal	**3,097**	1,994
Alloys	**413**	387
Copper	**3,443**	3,078
Nickel	**1,824**	1,638
Zinc Lead	**1,385**	885
Iron Ore	**148**	172
Technology	**9**	6
Total	**10,319**	8,160
Unallocated	**13**	5
Total	**10,332**	8,165

5. Exceptional items

US$m	2012	2011
Other exceptional items:		
Acquisition and disposal costs	**(143)**	(4)
Accelerated share-based compensation plan charges	**(185)**	–
Available-for-sale financial assets write-down	**(32)**	(43)
Liability fair value adjustments	**(116)**	–
(Loss)/profit on establishment of a joint venture	**(166)**	48
Profit on sale of operations	**18**	–
Restructuring and closure costs	**(12)**	15
Operating EBITDA exceptional items	**(636)**	16
Impairment of assets	**(978)**	(469)
Reversal of assets previously impaired	**–**	463
Operating (loss)/profit on exceptional items	**(1,614)**	10
Impairment of investment in associates	**(840)**	–
Share of exceptional results from associates	**(105)**	12
Exceptional items before interest and taxation	**(2,559)**	22
Loan issue costs written-off on facility refinancing	**(12)**	(19)
Exceptional items before taxation	**(2,571)**	3
Income tax credit/(charge)	**14**	(75)
Exceptional items after taxation	**(2,557)**	(72)

Acquisition and disposal costs US$143 million (2011 US$4 million)
During 2012, the Group incurred acquisition and disposal costs of US$136 million in relation to the recommended all-share merger of equals with Glencore International plc, as announced on 7 February 2012 and approved by shareholders on 20 November 2012. During 2012, the Group incurred a further US$7 million dollars with respect to asset acquisitions and disposal costs. During 2011 the Group incurred acquisition and disposal costs of US$4 million in relation to offers made to acquire companies and dispose assets.

Accelerated share-based compensation plan charges US$185 million (2011 US$nil)
Following the approval by shareholders on 20 November 2012 of the recommended all-share merger of equals with Glencore International plc, the expected vesting date for all share-based compensation plan awards was revised forward as all awards will vest upon completion of the transaction and change of control. This has resulted in an accelerated share-based compensation plan charge of US$185 million (US$149 million after tax) for 2012.

Available-for-sale financial assets write-down US$32 million (2011 US$43 million)
During 2012, the Group recognised US$32 million (2011 US$43 million) of unrealised losses associated with significant or prolonged declines in the market value of listed investments.

Liability fair value adjustments US$116 million (2011 US$nil)
The Group is required to recognise a liability at fair value representing African Rainbow Minerals Limited's (ARM) interest in Xstrata's South African coal operations. In 2012 the liability increased by US$116 million due mainly to improved productivity, increased lives of certain operations and favourable foreign exchange movements. During 2011, there was no change in the liability.

(Loss)/profit on establishment of a joint venture US$166 million (2011 gain of US$48 million)
During 2012, the Group recognised a US$166 million loss on the formation of the Energia Austral joint venture, which resulted in the loss of control over the previously wholly owned hydroelectricity project in Chile (refer to note 3). During 2011, the Group recognised a US$48 million profit on the disposal of an interest in its Rhovan vanadium operations upon the finalisation of a black empowerment agreement in South Africa (refer to note 3).

Profit on sale of operations US$18 million (2011 US$nil)
During 2012, the Group recognised a US$18 million profit on the disposal of copper exploration tenements in Brazil.

Restructuring and closure costs US$12 million (2011 gain of US$15 million)
During 2012, US$7 million of restructuring and closure costs were incurred in relation to the Kidd metallurgical plants and US$5 million were incurred in relation to the Cosmos nickel mine in Western Australia following its suspension as announced on 26 September 2012.

During 2011, US$15 million of surplus restructuring and closure costs provided for the Kidd metallurgical plants were reversed to the income statement.

5. Exceptional items *continued*

Impairment of assets and reversal of assets previously impaired

2012 (US$978 million)

In March 2012, the Group announced that the Brunswick zinc mine was approaching the end of its mine life and will close by the end of March 2013. During 2012, the Group recorded a US$157 million impairment of goodwill that was initially recognised from the Falconbridge Limited acquisition in 2006, as a result of the requirement to recognise a deferred tax liability on the fair value adjustments.

Following a review of the Australian nickel operations due to a prolonged period of low nickel prices and a strong Australian dollar, the Cosmos mine was placed on care and maintenance and mine plans at other Australian nickel operations were updated during 2012, resulting in an impairment of US$447 million (US$313 million after tax).

During 2012, there was a deterioration in the precious group metals (PGM) market conditions, particularly in Europe, and as a result of this weak market outlook, increasing cost pressures across the industry and challenging geological conditions, a strategic review of the Eland PGM operation in South Africa was performed. As a result of the review, the planned development of the eastern decline will be deferred, delaying forecast production increases. This, coupled with the factors described above, resulted in the recognition of an impairment of US$354 million, inclusive of US$273 million of goodwill.

During 2012, a US$20 million impairment of goodwill was recorded in the African Carbon Group in South Africa as a result of the adverse market conditions for char within the ferrochrome industry.

2011(impairment of US$469 million and US$463 million reversal of assets previously impaired)

As a consequence of ongoing optimisation across the business, the estimated recoverable amount of the Integrated Nickel Operations (INO) increased, resulting in an impairment reversal of US$463 million (US$324 million after tax).

The Prospero nickel mine in Australia was permanently closed during 2011 resulting in an impairment of US$469 million (US$328 million after tax) against the carrying value of its assets and surrounding prospective mines.

Impairment of investment in associates US$840 million (2011 US$nil)

During 2012, an impairment charge of US$840 million was recorded in respect of the Group's equity investment in Lonmin. This impairment is consistent with our updated forecast of Lonmin's performance based on its 2012 annual results and the challenging outlook for the company and the industry.

Share of exceptional results from associates US$105 million (2011 gain of US$12 million)

During 2012, US$105 million (2011 US$12 million) was recognised in relation to the Group's share of the exceptional items consisting of employee strike related costs, impairments, net financing costs and related taxation credits recognised by Lonmin in its 2012 annual report.

Loan issue costs written off on facility refinancing US$12 million (2011 US$19 million)

During 2012, the Group incurred costs of US$12 million in relation to unutilised finance facilities which were cancelled. In 2011 the Group refinanced its bank facilities and wrote off related issue costs of US$19 million.

Income tax credit/(charge) US$14million (2011 charge of US$75 million)

During 2012, the Group recognised an exceptional tax credit of US$14 million, primarily as a result of the tax effect of the impairment of assets, acquisition and disposal costs, accelerated share-based compensation plan charges, refinancing and restructuring and closure costs offset by the permanent change in the statutory corporate income tax rate in Chile from 17% to 20%.

During 2011, the Group recognised an exceptional tax charge of US$75 million, primarily as a result of the introduction of a number of new taxes levied on the mining industry in Peru, the impairment of assets, profit on sale of operations, refinancing and the reversal of restructuring and closure costs.

6. Finance income

US$m	2012	2011
Bank and interest received from third parties	**124**	121
Discount unwinding	**8**	–
Dividends	**–**	2
Foreign currency gains on other loans*	**52**	14
Total finance income	**184**	137

* These amounts mainly relate to foreign currency gains on US and Canadian dollar inter-company loans in Australian entities.

7. Finance costs

US$m	2012	2011
Amortisation of loan issue costs	**21**	9
Discount unwinding	**129**	145
Finance charges payable under finance leases and hire purchase contracts	**19**	18
Interest on bank loans and overdrafts	**17**	23
Interest on capital market notes	**156**	173
Interest on non-controlling interest loans	**1**	5
Interest on other financial liabilities	**23**	20
Hedge ineffectiveness	**4**	31
Other	**27**	28
Finance cost before exceptional items	**397**	452
Loan issue costs written-off on facility refinancing	**12**	19
Total finance cost	**409**	471

8. Income taxes

Income tax charge

Significant components of the income tax charge for the years ended:

US$m	2012	2011
Consolidated income statement		
Current tax:		
Based on taxable income for the current year	**1,110**	2,023
Prior year adjustment	**(556)**	7
Total current taxation charge for the year	**554**	2,030
Deferred taxation:		
Origination and reversal of temporary differences	**(183)**	160
Change in tax rates	**180**	70
Deferred tax credit arising from the reversal of a previous write-down of a deferred tax asset	**(3)**	(86)
Prior year adjustment	**87**	41
Total deferred taxation charge for the year	**81**	185
Total taxation charge	**635**	2,215

Prior year adjustments include true up balancing following lodgement of income tax returns, receipt of income tax assessments and revisions to tax payable estimates after the resolution of certain tax audits.

The amounts above include the tax charge attributable to exceptional items (refer to note 5).

9. Interest-bearing loans and borrowings

US$m	2012	2011
Current:		
At amortised cost:		
Bank overdrafts	**5**	5
Bank loans – other unsecured	**66**	139
Capital market notes	**627**	1,382
Obligations under finance leases and hire purchase contracts	**23**	38
Other loans	**2**	2
	723	1,566
Non-current:		
At amortised cost:		
Bank loans – other unsecured	**34**	34
Capital market notes	**15,891**	8,394
Non-controlling interest loans	**254**	204
Obligations under finance leases and hire purchase contracts	**160**	166
Other loans	**5**	6
	16,344	8,804
Total	**17,067**	10,370
Less cash and cash equivalents	**(1,983)**	(1,948)
Net debt excluding hedges*	**15,084**	8,422
Hedges**	**(420)**	(273)
Net debt including hedges*	**14,664**	8,149

* Net debt is defined as loans and borrowings net of cash and cash equivalents.
** Derivative financial instruments that have been designated specifically to provide a hedge of capital market notes have been included above to reflect a more accurate economic position of the Group's overall net debt at year end.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

US$m	2012	2011
Cash at bank and in hand	**817**	945
Short-term deposits	**1,166**	1,003
Bank overdrafts	**(5)**	(5)
	1,978	1,943

10. Related parties

During the year, the Group entered into the following transactions, in the ordinary course of business, with Glencore International plc:

US$m	2012	2011
Sales*	**8,057**	9,475
Purchases	**1,209**	1,098
Treatment and refining charges	**209**	241
Treatment and refining revenue	**31**	17
Agency and other charges	**82**	83
Interest and other revenue	**1**	1
Amounts payable	**105**	134
Amounts receivable*	**699**	560

* No provision for doubtful debts has been raised in respect of transactions with related parties.

Included in the transactions with Glencore International plc (Glencore) are US$276 million (2011 US$1,227 million) of back-to-back sales whereby the title to the goods has passed to Glencore but they are then on-sold to customers at the same sales price that the Group received.

There were no significant changes in the terms of the long-term contracts with Glencore as outlined on pages 175 to 177 of the Group's annual financial statements for the year ended 31 December 2011.

11. Earnings per share

US$m	2012	2011
Profit before exceptional items attributable to ordinary equity holders of the parent	**3,652**	5,785
Exceptional items	**(2,472)**	(72)
Profit attributable to ordinary equity holders of the parent	**1,180**	5,713
Profit attributable to ordinary equity holders of the parent for diluted earnings per share	**1,180**	5,713
Weighted average number of shares (000s) excluding own shares:		
For basic earnings per share	**2,950,181**	2,931,448
Effect of dilution:		
– Share-based payments	**21,316**	37,315
For diluted earnings per share	**2,971,497**	2,968,763
Basic earnings per share (US$)		
– basic before exceptional items	**1.24**	1.97
– exceptional items	**(0.84)**	(0.02)
	0.40	1.95
Diluted earnings per share (US$)		
– before exceptional items	**1.23**	1.95
– exceptional items	**(0.83)**	(0.02)
	0.40	1.93

Basic earnings per share is calculated by dividing the net profit for the year attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding for the year, excluding own shares. Adjustments are made before exceptional items and after exceptional items as outlined above, to present a meaningful basis for analysis.

Diluted earnings per share is based on basic earnings per share adjusted for the potential dilution if director and employee free shares and share options are exercised.

12. Interests in joint venture entities

The Group has various interests in jointly controlled entities, operations and assets, including Energia Austral which was partially disposed during 2012 (see note 3). The Group recognises its interests in jointly controlled entities using the proportionate method of consolidation.

The following is a summary of the financial information of the Group's jointly controlled entities in Africa, Australia and South America:

US$m	2012	2011
Share of joint ventures' balance sheets:		
Non-current assets	**12,105**	11,163
Current assets	**997**	1,016
Total assets	**13,102**	12,179
Non-current liabilities	**(2,239)**	(1,996)
Current liabilities	**(432)**	(747)
Total liabilities	**(2,671)**	(2,743)
Net assets	**10,431**	9,436
Net assets consolidated	**10,431**	9,436
Share of joint ventures' revenue and profit:		
Revenue	**3,021**	3,075
Operating costs (before depreciation and amortisation)	**(1,210)**	(762)
EBITDA	**1,811**	2,313
Depreciation and amortisation	**(413)**	(381)
EBIT	**1,398**	1,932
Finance income	**1**	1
Finance costs	**(6)**	(5)
Profit before tax	**1,393**	1,928
Income tax expense	**(613)**	(541)
Profit for the year	**780**	1,387

13. Capital and reserves

38,000,000 ordinary shares were issued on 5 March 2012 to the Employee Share Ownership Plan (ESOP).

In May 2012, a US$7,978 million reduction of the share premium account was confirmed following the passing of a resolution at the Company's Annual General Meeting and finalisation of regulatory approvals. This reduction enabled the creation of a distributable share premium reserve.

14. Dividends paid and proposed

US$m	2012	2011
Declared and paid during the year:		
Final dividend for 2011 – 27.0 cents per ordinary share (2010 – 20.0 cents per ordinary share)	**797**	586
Interim dividend for 2012 – 14.0 cents per ordinary share (2011 – 13.0 cents per ordinary share)	**413**	381
	1,210	967
Proposed for approval at the Annual General Meeting (not recognised as a liability as at 31 December):		
Final dividend for 2012 – 31.5 cents per ordinary share (2011 – 27.0 cents per ordinary share)	**933**	797