



Growth on Track

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Xstrata analyst tour, April 2011

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Agenda

Leading Export Coal Business

Strong Market Outlook

Delivering organic growth

Mangoola – a demonstration of successful delivery



A global high margin export coal producer

Xstrata Coal footprint - 2010 total consolidated sales: 82Mt



Xstrata Coal Americas
11 Mt export thermal

Xstrata Coal South Africa
11 Mt export thermal
7 Mt domestic thermal

Xstrata Coal Australia
8 Mt export coking
7 Mt export semi-soft
33 Mt export thermal
7 Mt domestic thermal

World leader in export coal

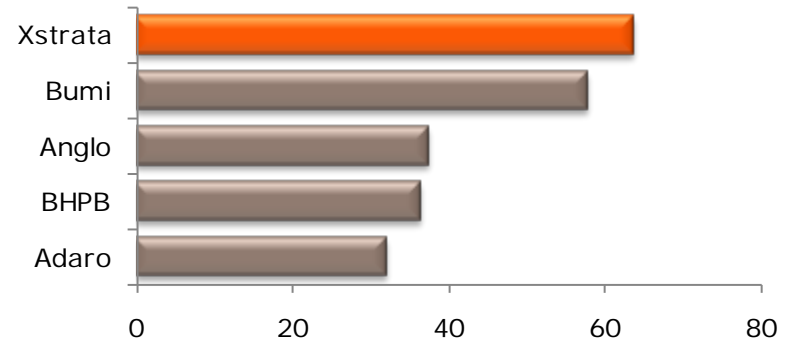
Thermal

- § Leading global producer
- § Balanced regional exposure
- § Operational diversification
- § Competitive advantage through marketing network
- § Returns through the cycle

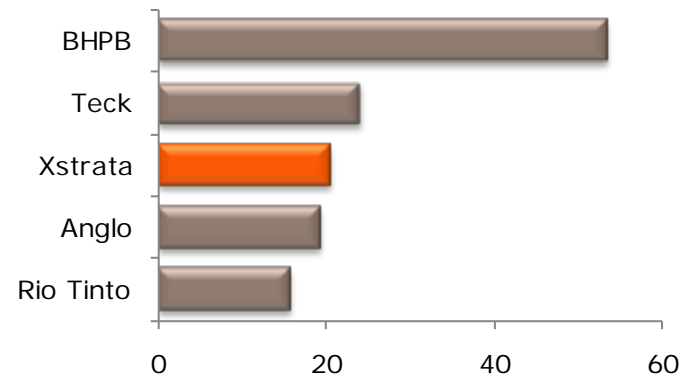
Metallurgical coal

- § Significant position in prime hard coking coal
- § Leading producer of high volatile semi-soft coking coal
- § Potential for high returns

Seaborne Traded Thermal Coal 2010



Traded Metallurgical Coal 2010



Xstrata's strategy evolves to continue to deliver growth and value □

§ Initially an M&A focussed strategy

- M&A delivered scale and diversified platform
- Asset quality improved to bottom half of cost curve position and competitive mine lives
- World-class growth options acquired and progressed

§ Focus on improving operations and asset quality accelerated during the downturn, while growth options were retained

§ Organic growth is a key component of growth

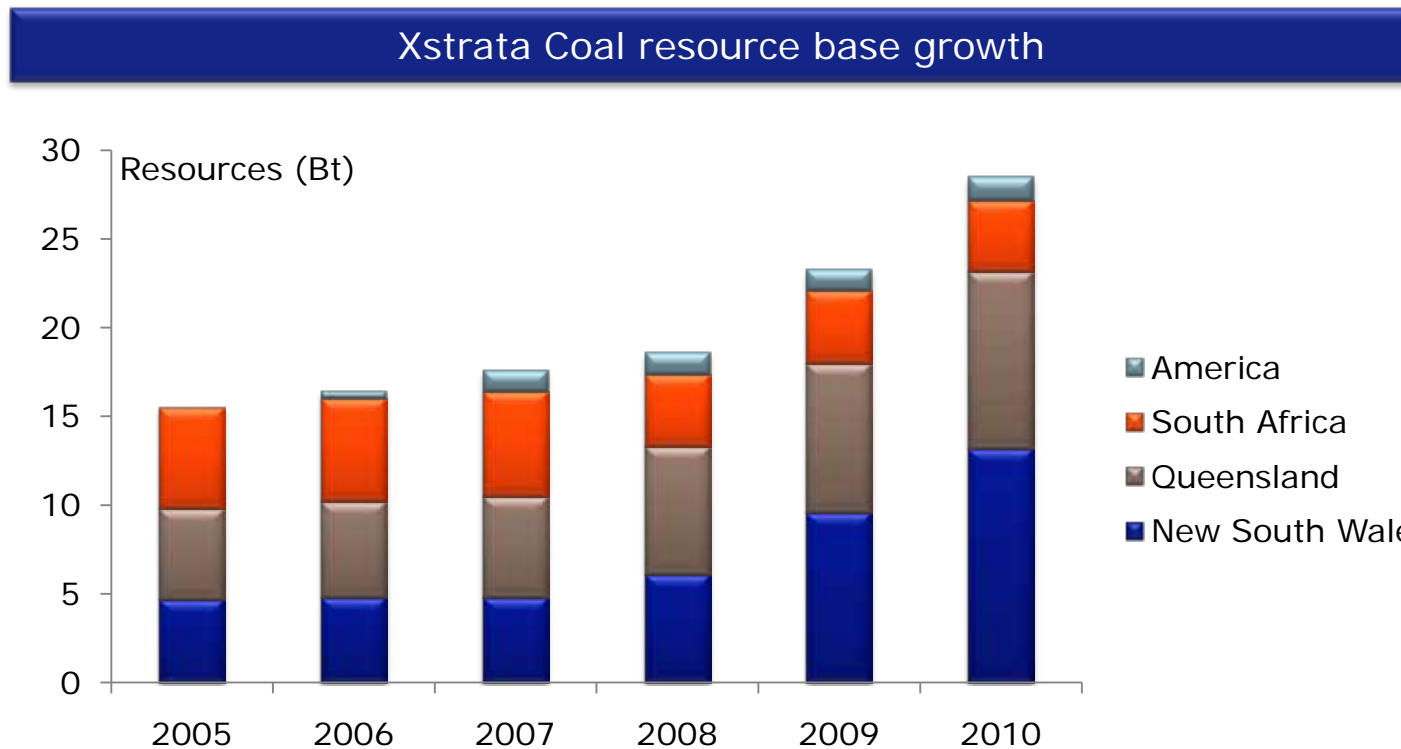
- Delivery of high return organic growth and progression of projects in feasibility study
- On-going enhancement of asset quality through operational excellence
- Opportunistic M&A with recognition of competitive environment

Key components of Xstrata strategy



Growth is underpinned by significant resource upgrades

- § World class growth of coal resources base to 28 billion tonnes and rising
- § 80% increase in resource base since 2005



Track record of value creation

§ Market factors

- Prices above 90th percentile producer
- Supply shortages attracting high cost supply

§ Xstrata portfolio

- Exchange rate movements impact costs
 - Overall cash cost position shifted from 1st to 2nd quartile
- Price increases maintaining margins

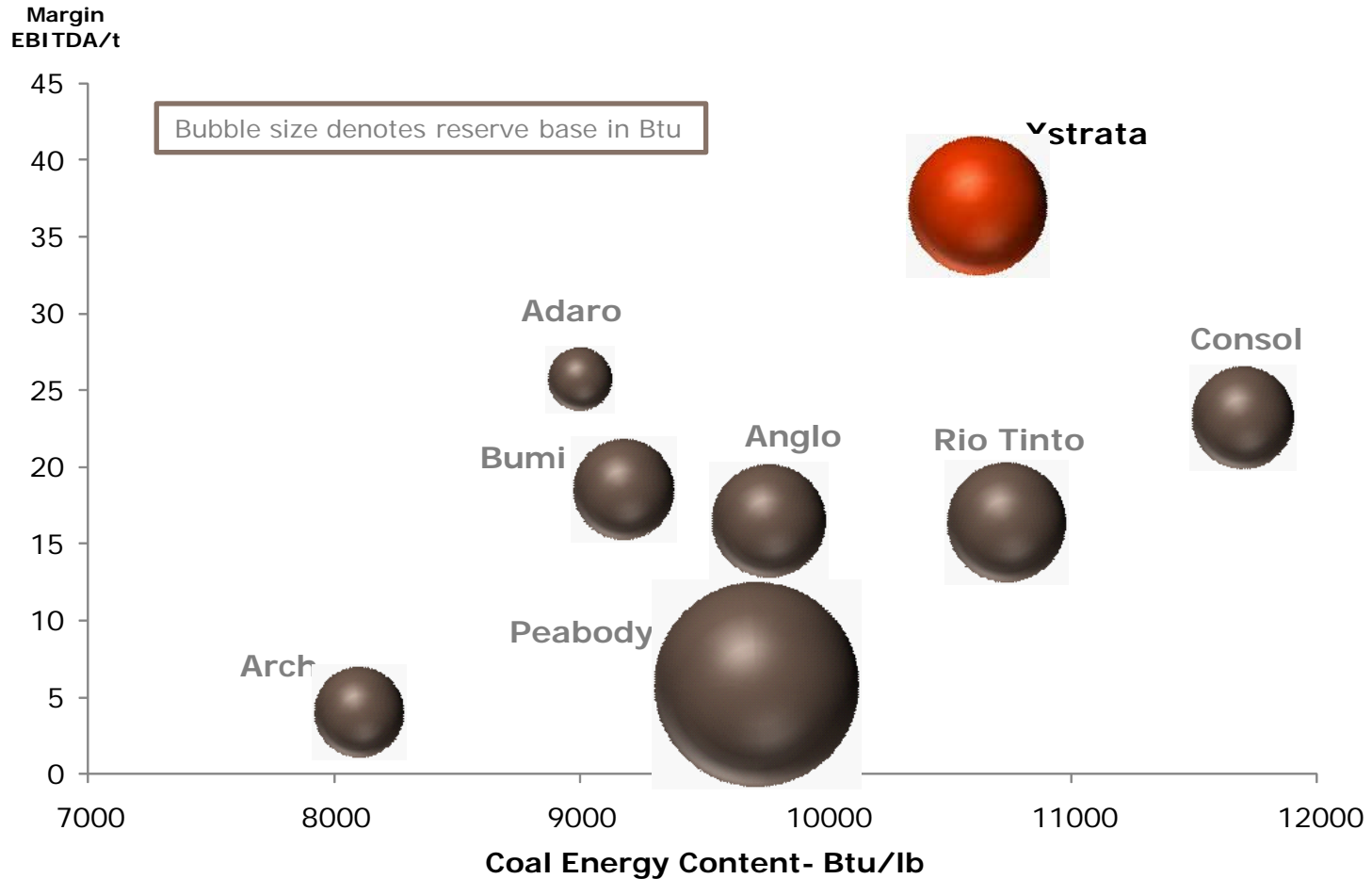
§ Disciplined approach to value creation

1. Judicious acquisitions and re-engineering of operations
2. Delivering growth projects on time and on budget
3. Operational excellence
4. Leadership in sustainability



.... A portfolio with industry leading quality and margins

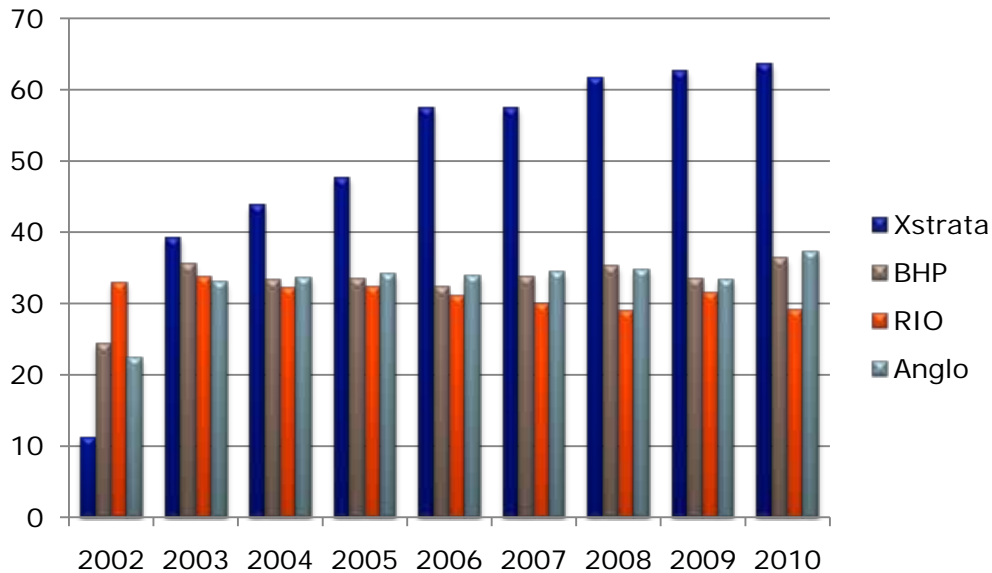
Comparison of margins and coal energy content



Track record of delivering growth... ...on time on budget

- § Track record in successful delivery of growth projects in Colombia, South Africa and Australia
- § 8 projects delivered = 31Mtpa
- § 6 projects in implementation = 31Mtpa

Comparison of peer thermal coal exports growth



Judicious acquisitions and re-engineering of operations to optimise value



Bulga / Beltana:

- § Open cut and Southern Underground winding down when acquired in 2001
- § Xstrata saw opportunity to create a new underground (Beltana) through the highwall using equipment from Southern Underground
- § Beltana became Australia's #1 producing underground

Mount Isa Mines:

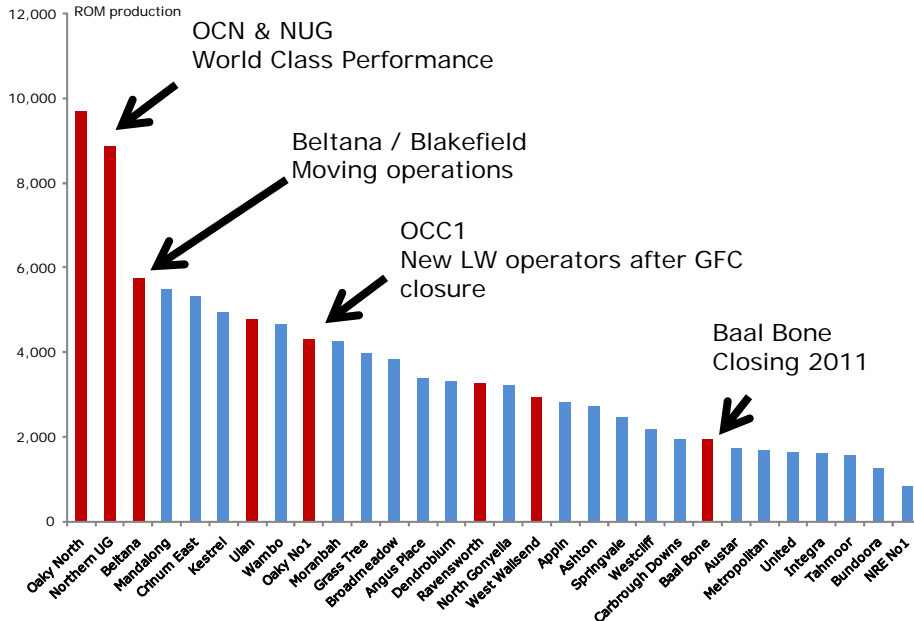
- § Transformed Oaky Creek and Newlands Undergrounds into leading longwall producers
 - Now #1 and #2 in Australia, with production up over 150% and 200% respectively
- § Developed and optimised Rolleston mine

Resource Pacific:

- § Originally seen as small underground producer
- § Xstrata also saw potential to combine with neighbouring tenements to create the Ravensworth North project

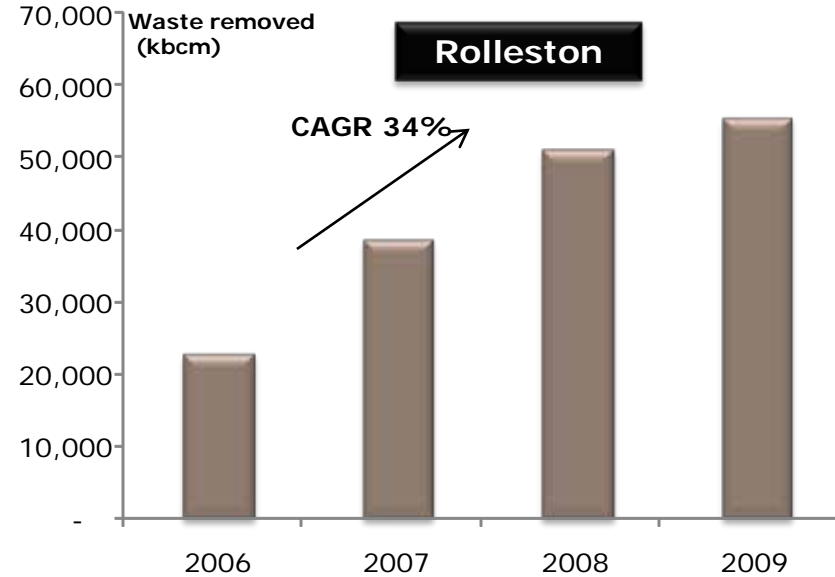
Operational excellence

Australian underground league table



- § Xstrata's 8 underground operations produce 40% of Australian underground ROM volume...and are amongst the most efficient
- § Oaky North and Newlands standout performance driven by new Project 100 implementation

Best practice open cuts



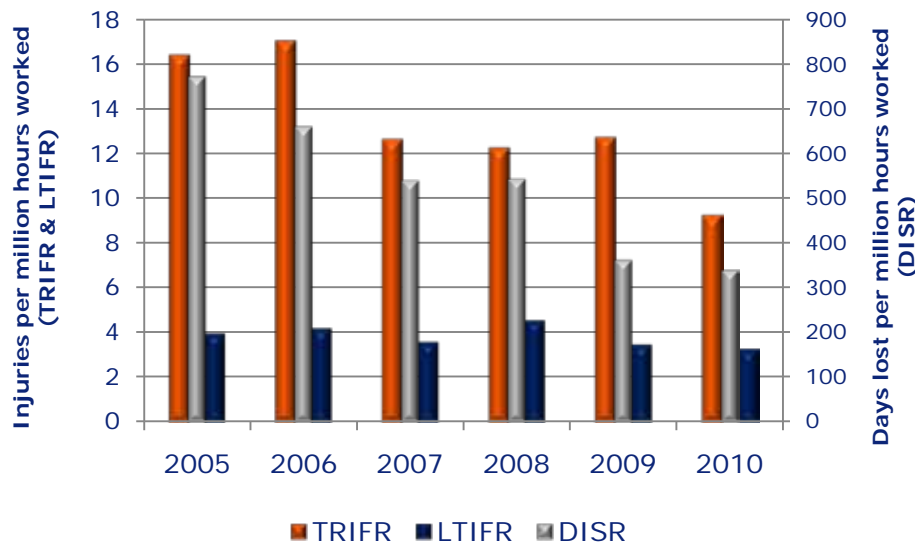
- § Substantial open cut producer with 12 draglines and 43 shovel / excavator units
- § All equipment monitored daily and benchmarked to achieve best practice
- § Rolleston draglines already best practice - in excess of 300,000 bcm pa bucket capacity

Sustainable Development - Leadership and Governance



Leadership and Governance

- § 4th consecutive year as Sector Leader in the Dow Jones Index
- § Transparent with internal and external stakeholders
- § Robust Governance and Assurance Programme
- § 12 SD awards received in 2010
- § 28% reduction in TRIFR in last 12 months



Sustainable Development – Environment and Climate Change

Environment

- § 45% reduction in fresh water consumption over 4 years
- § 10,903 hectares of land rehabilitated
- § 5,681ha- approved Biodiversity Conservation offsets

Climate change

- § Investing over \$250m over 10 years in low emission technology projects including
- § Gas utilisation projects (VAM technology)
- § Wandoan CCS Flagship Project



Sustainable Development, Social Programmes



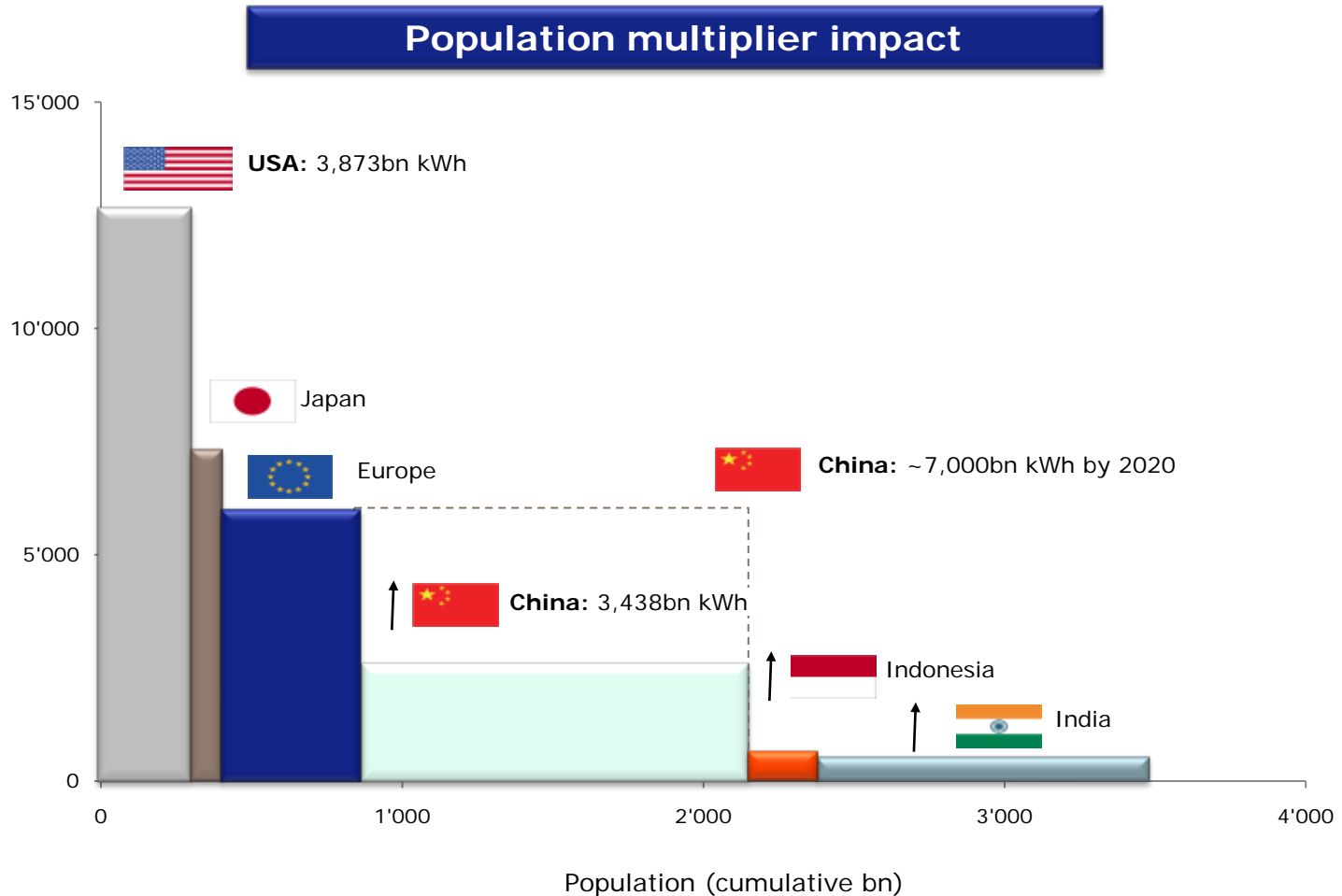
- In 2010, Xstrata contributed a total of \$83 million or 1.2% of the group profit before tax





Global energy intensity growth drives demand

§ Not only a Chinese phenomenon but increasing contribution from other populous nations such as India, Indonesia and Brazil



Source: IMF, USGS, CIA Factbook
 Note: ¹ Stylised intensity curves based on developed countries

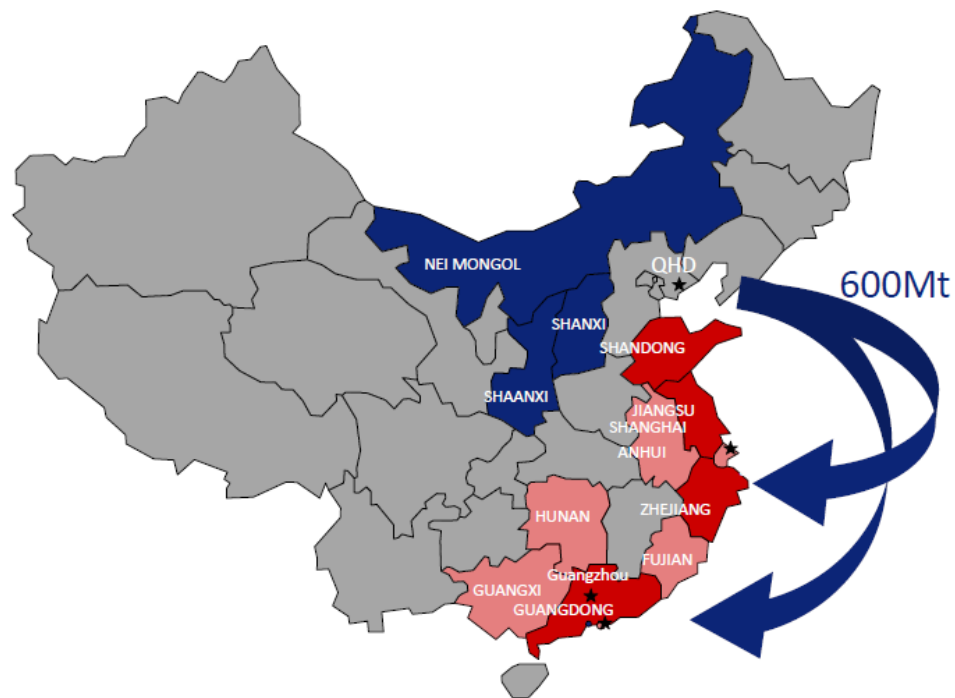
China emerges as growing importer of thermal coal

- § Rapid demand growth will see China overtake US as largest electricity producer in 2012
- § During 2010-2015 average increase of 330 TWh compared to 200 TWh average over 2000-2010
- § Local supply growth increasingly dependent on lower grade reserves from Shanxi, Shaanxi and Inner Mongolia
- § Growing coastal provinces have potential to displace seaborne domestic coal with imported coal

Flows of Chinese domestic seaborne coal

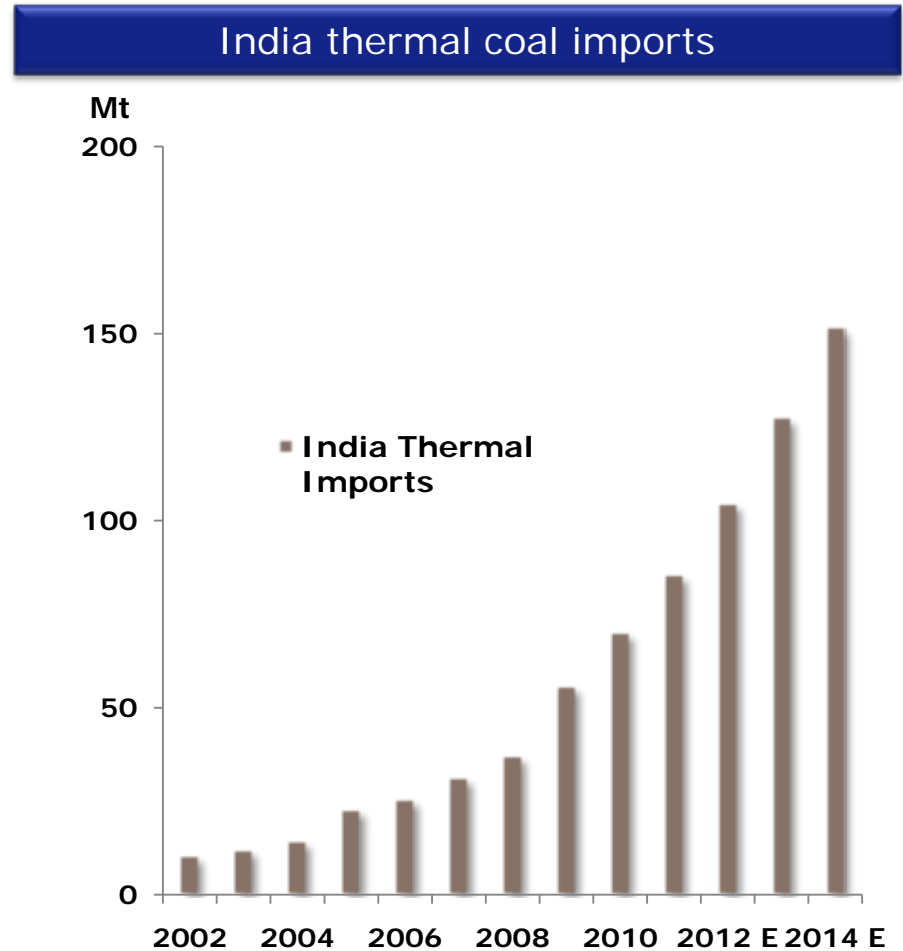
Annual coal production 2010: ~3.2 billion tonnes

Projected requirement 2020: ~5 billion tonnes



India import demand now significant

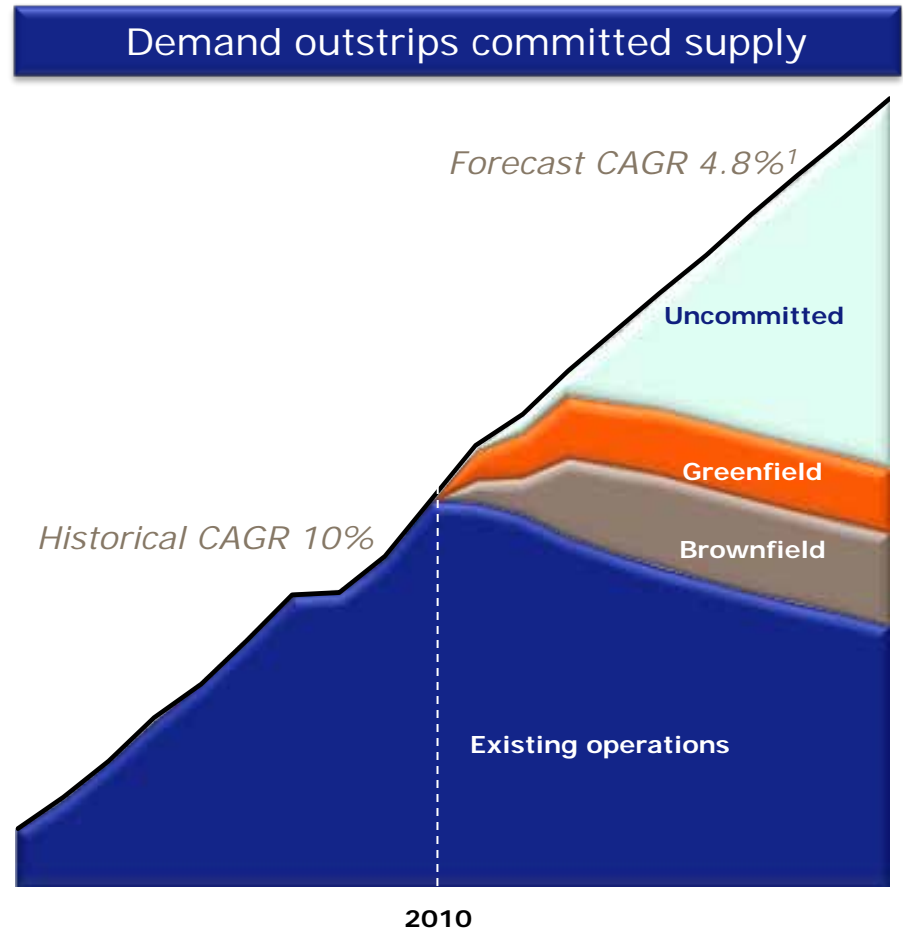
- § Urbanisation of growing population requires significant investment in electricity generation
 - Current 5yr plan includes an additional 50GW of coal fired generation capacity
- § Logistical and environmental constraints drive development of coastal power stations to imported coal
 - Indian coal imports grown from 37.5mtpa in 2008 to 71Mt in 2010
 - South African coals redirected to India, tightening the Atlantic market



Thermal demand stretching supply capability

Demand drivers intact:

- § Developing economy urbanisation
 - China, India
- § Asian industrialisation
 - Korea, Taiwan
- § Energy supply diversification
 - Low cost alternative
- § Declining Indonesian quality
- § Supply dependent on infrastructure investment



Recent trends exceeding forecasts

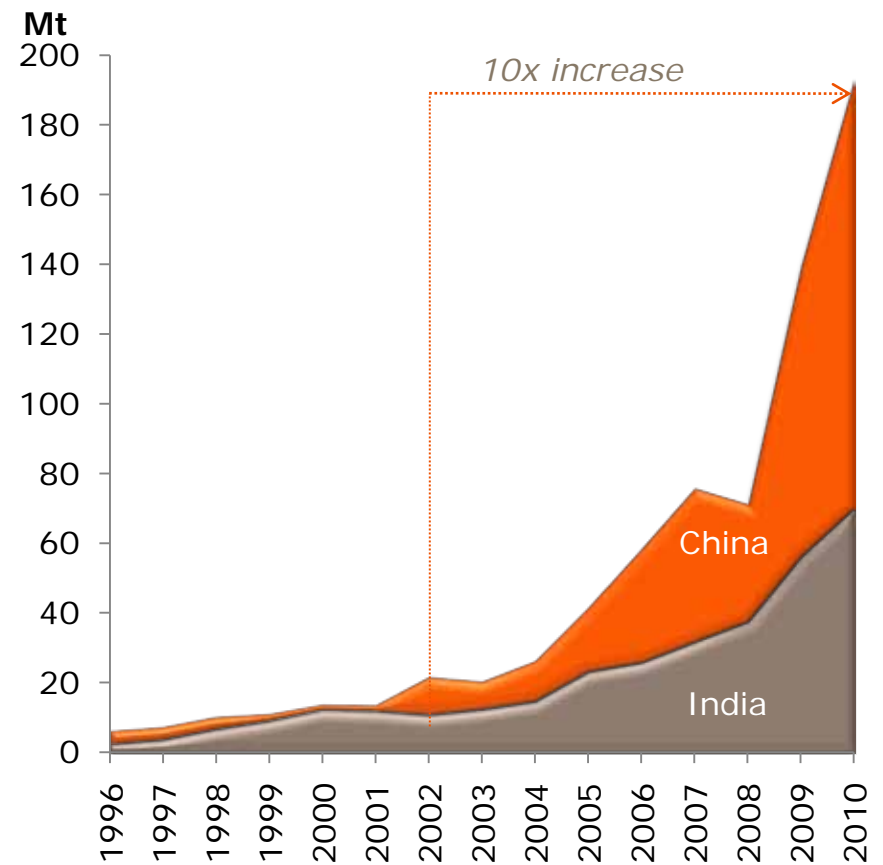
Chinese coal supply limitations

- § Production limits being considered
- § Inner Mongolia dependency exposing infrastructure constraints
- § Domestic power generation growth

Indian outlook strong

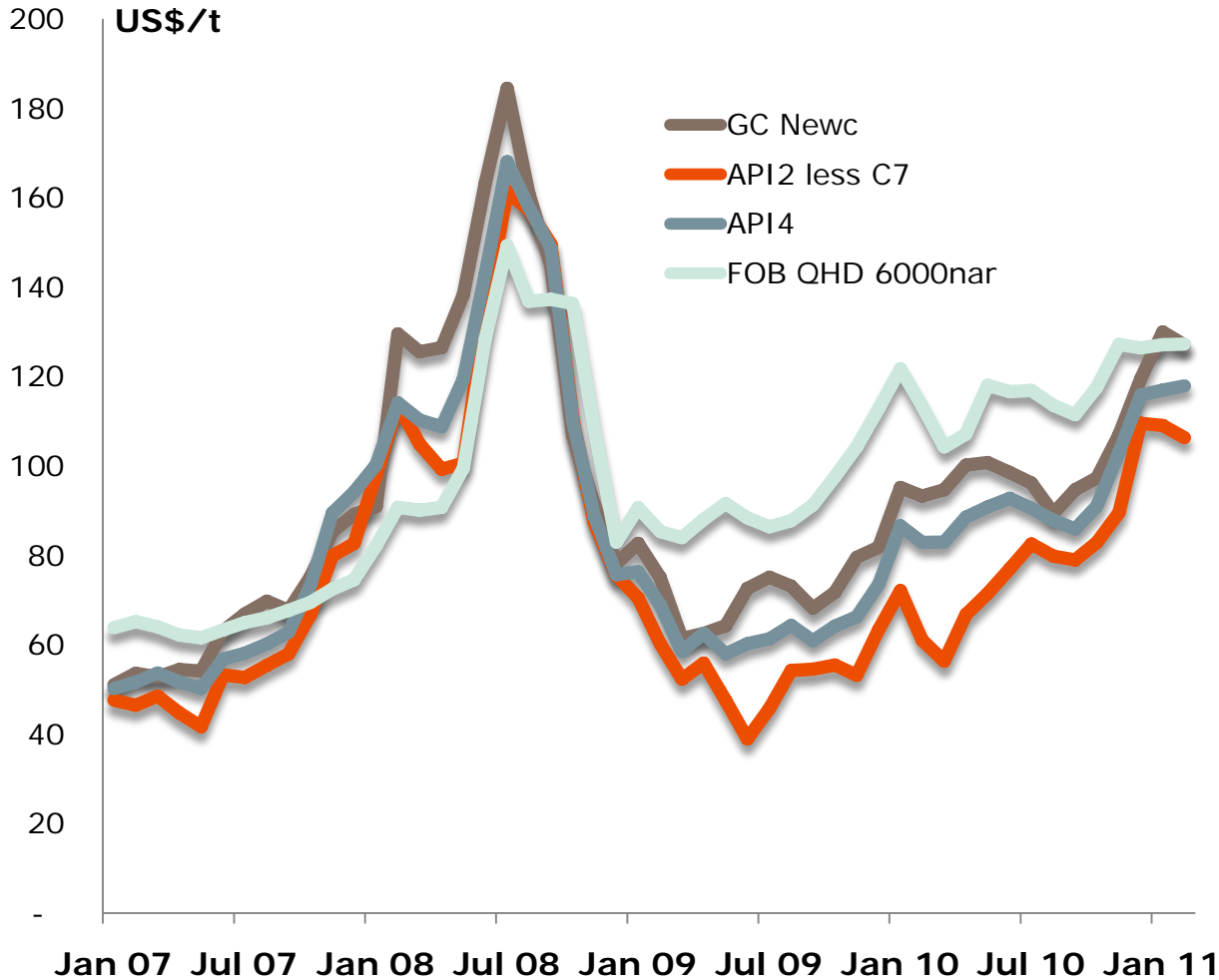
- § Coastal coal fired power station construction program progressing
- § New orders confirmed
 - Reliance 30GW
 - Adani 8GW

China & India thermal coal imports



Thermal coal price recovery

Strong price recovery in all key markets

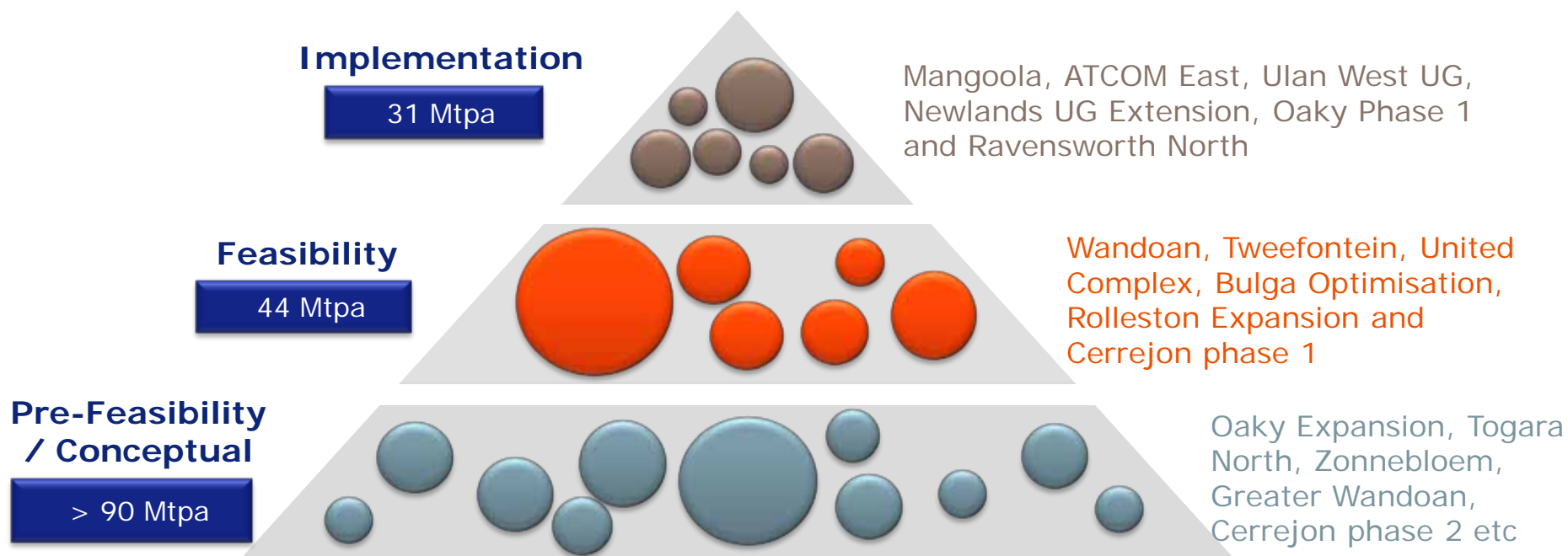


- § Demand driven
- § Integrated global energy complex
- § Integrated 600Mt Chinese coastal market
- § High cost supply underpins pricing
 - Russia
 - USA swing volume

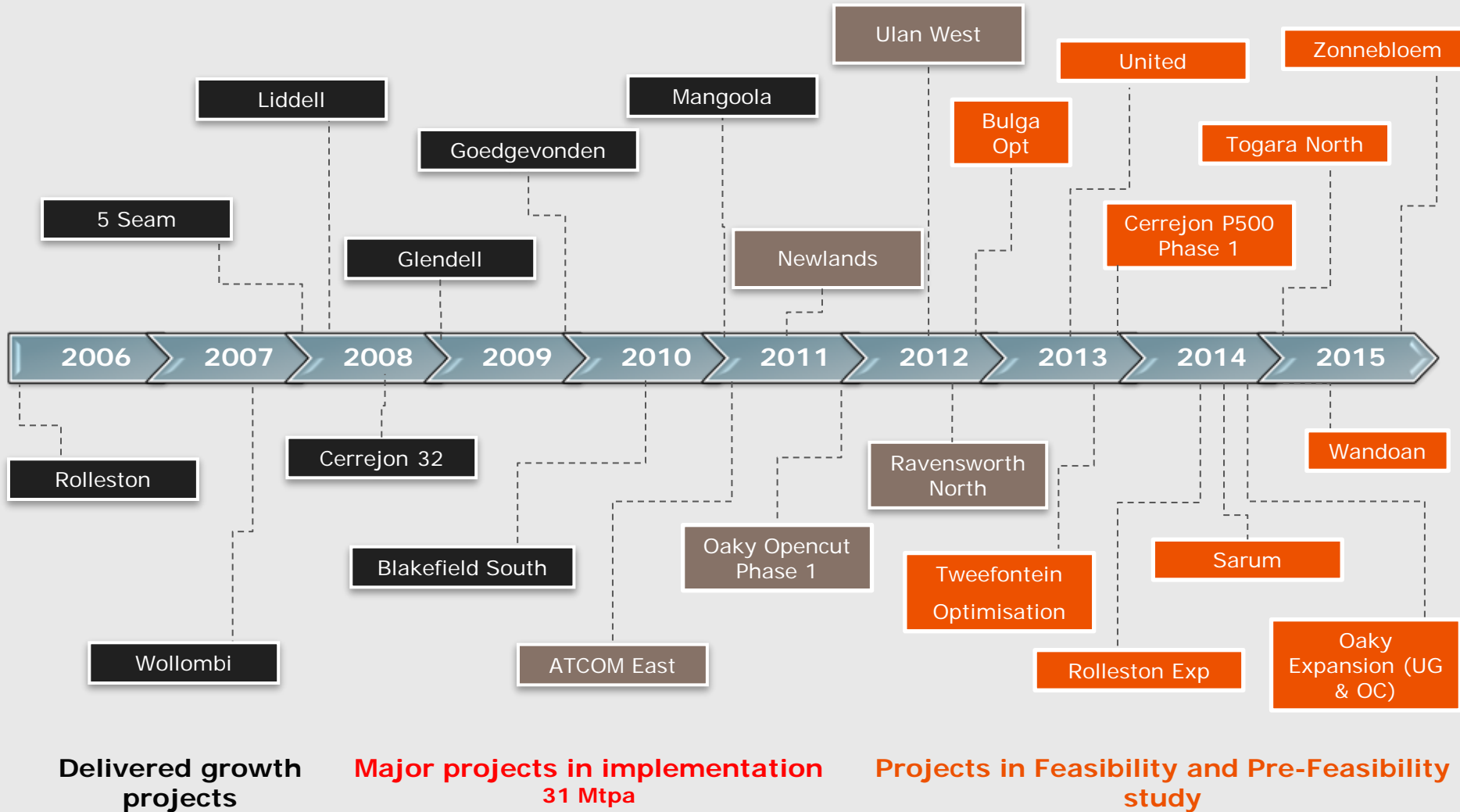


Large portfolio of future low cost organic growth options

- § A strong portfolio of organic growth options underpinned by outstanding resources
- § Gated investment review process - priority given to high value projects
- § A track record of successful project delivery



Delivery of organic growth



Delivered growth projects

Major projects in implementation
31 Mtpa

Projects in Feasibility and Pre-Feasibility study

Growth projects delivered in 2010

Blakefield South (87.5%), NSW

- § Part of the Bulga complex
- § Capex: AUD 375 million
- § Production capacity: 4Mtpa
- § Thermal / Semi soft - 100% Export
- § 1st quartile cost base



Goedgevonden (74%), South Africa

- § Capex: ZAR 3,640 million
- § Production capacity: 7Mtpa
- § Thermal - 50% Export; 50% Domestic
- § 1st quartile operating cost

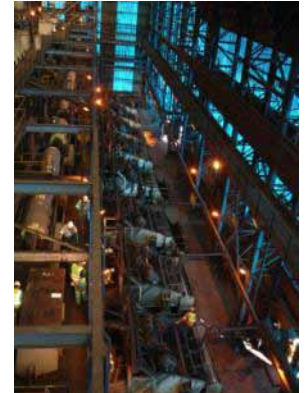


Key projects in implementation

ATCOM East (100%), Sth Africa

- § Separation & restructure of Douglas Tavistock JV
- § Capex: ZAR 3,151 million
- § 4Mtpa: 65% Export; 35% Domestic
- § 1st quartile operating cost

Project Status:
 Approved October 2009
 Construction: Q3 2009 – Q2 2011



Ravensworth North (90%), NSW

- § **Robust brownfield project**
- § Capex: USD 1.4 billion
- § 8Mtpa: **75%** Export thermal; 25% export semi-soft
- § **2nd** quartile operating cost

Project Status:
 Approved: December 2010
Construction: Q2 2011 – H1 2013
Production commences: H2 2012



Ulan West (90%), NSW

- § Capex: AUD 1.3 billion
- § Greenfield longwall expansion
- § 7Mtpa: 100% Export
- § 2nd quartile operating cost

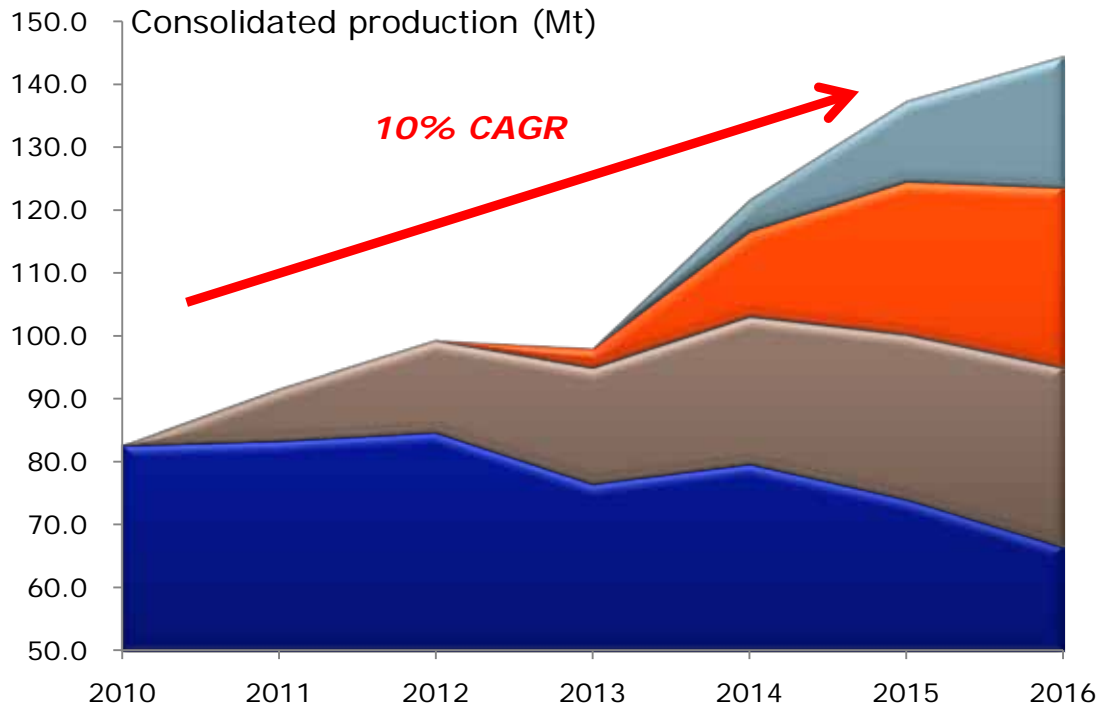
Project Status:
 Approved: July 2010
 Construction: H1 2011 – H1 2012
 Production: 2012 (LW H2 2014)



World class organic growth pipeline to deliver double digit growth in output



Xstrata Coal Growth Profile



§ Majority of projects are brownfield expansions with typically:

- Lower capex
- Higher returns
- Lower risk
- Lower opex

Implementation	Saleable Production
Mangoola	8 Mtpa
Ulan West	7 Mtpa
ATCOM East	4 Mtpa
Oaky Phase 1	1 Mtpa
Ravensworth North	8 Mtpa
Newlands UG Extension	3 Mtpa

Feasibility	Saleable Production
United OC	4 Mtpa
Bulga Optimisation	5 Mtpa
Rolleston Expansion	6 Mtpa
Tweefontein Optimisation	4 Mtpa
Cerrejon P500 Phase 1	3 Mtpa
Wandoan Phase 1	22 Mtpa

Pre Feasibility	Saleable Production
Oaky OC Expansion	5 Mtpa
Togara North	6 Mtpa
Zonnebloem	4 Mtpa

Legend:

Greenfield project	Brownfield Expansion
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Wandoan – New world class coal basin

Wandoan Coal Joint Venture

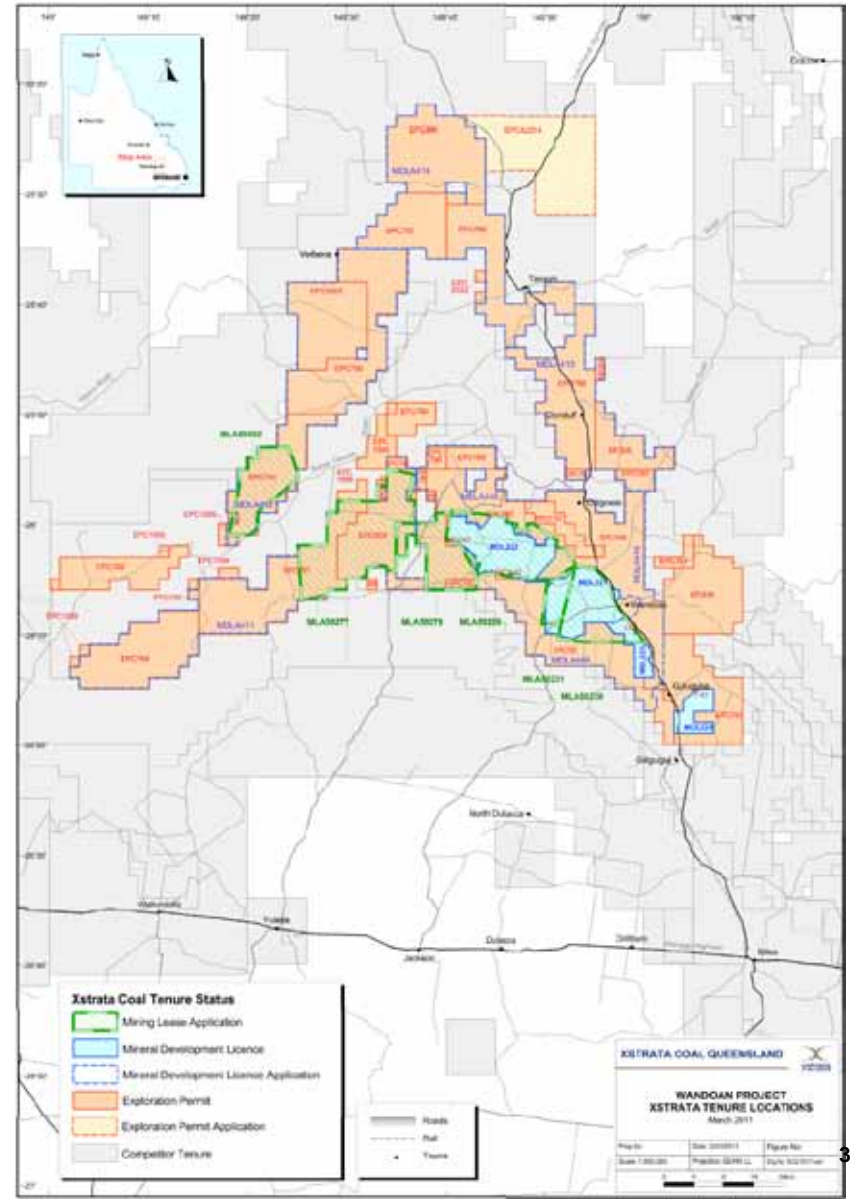
- § 75% Xstrata Coal Queensland
- § 12.5% Sumisho Coal Australia
- § 12.5% ICRA Wandoan (Itochu)

New world class thermal coal basin

- § 382km SW of Port of Gladstone
- § Potential capacity >100Mtpa
- § Coal well received by market

Stage 1 - in advanced Feasibility

- § State Approval received Nov 2010
- § Federal Approval received Mar 2011
- § Mining Lease expected Q3 2011
 - § 30Mtpa Mine (22Mtpa product)
 - § 200km new Surat Basin Rail line
 - § 180km upgrades to existing QR Network
 - § Wiggins Island Terminal: (22Mtpa reserved)
- § Train Consists

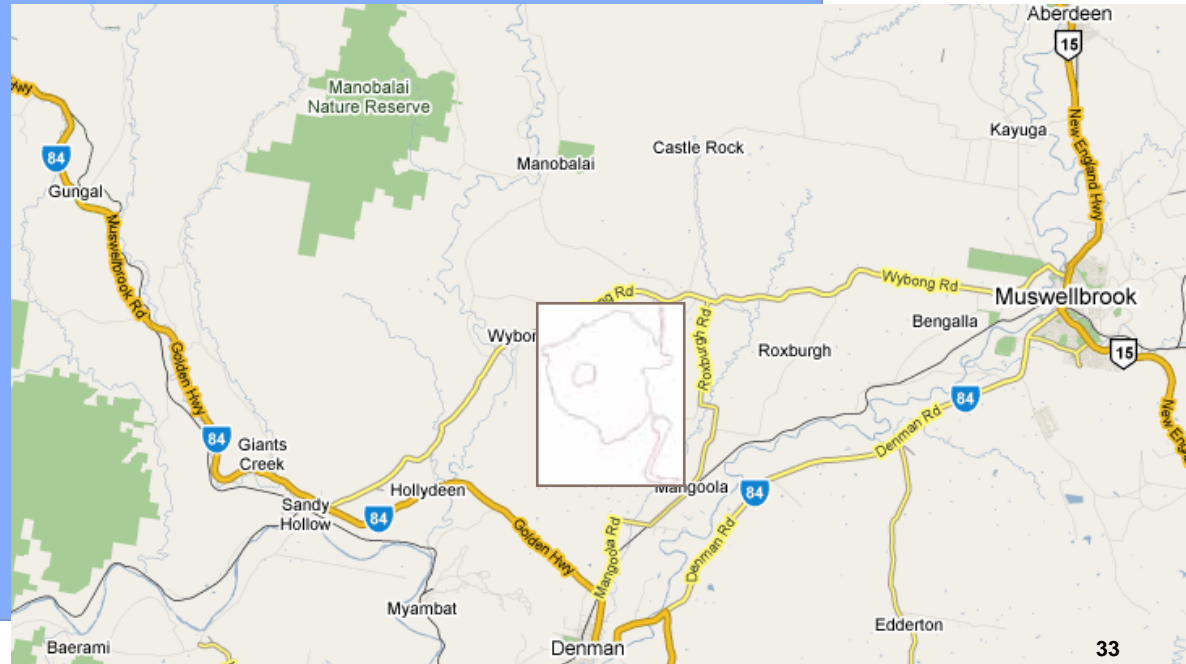


Conclusion

Market leader	Global export coal producer with leading positions in high margin export countries
High quality assets	High quality large scale assets underpinned by large resource base
Low cost position	Low cost position being enhanced through efficiency initiatives and development of low cost projects
Track record of value creation	Proven management team which adds value: from mine re-engineering to operational excellence to judicious acquisitions
Superior market intelligence	Unmatched marketing capability and superior price realisation
Strong market outlook	Strong market outlook for both thermal and metallurgical coal
Organic growth	Delivering near term organic growth through high return projects
Future options	Large portfolio of future growth options being progressed



Mangoola location



Mangoola project history

Prior to Xstrata ownership

- § Exploration commenced 1999
- § Environmental Assessment submitted Aug 2006
- § Development Approval granted June 2007
- § Xstrata acquires from Centennial Sep 2007



Since Xstrata

- § Project delivery & operations teams established Nov 2007
- § Renamed Mangoola Coal May 2008
- § Project re-design and review completed June 2008
- § Xstrata approves commencement of construction Aug 2008
- § Mining Lease ML 1626 granted Nov 2008
- § Early Works commences Jan 2009
- § Site earthworks begin Sept 2009
- § Rail and CHPP construction start Nov 2009
- § MIA construction starts Feb 2010
- § Operator recruitment from May 2010
- § Overburden production commences Sept 2010
- § First coal washed 23 February 2011

Mangoola Coal Project – Creating Value

PRE- FEAS.

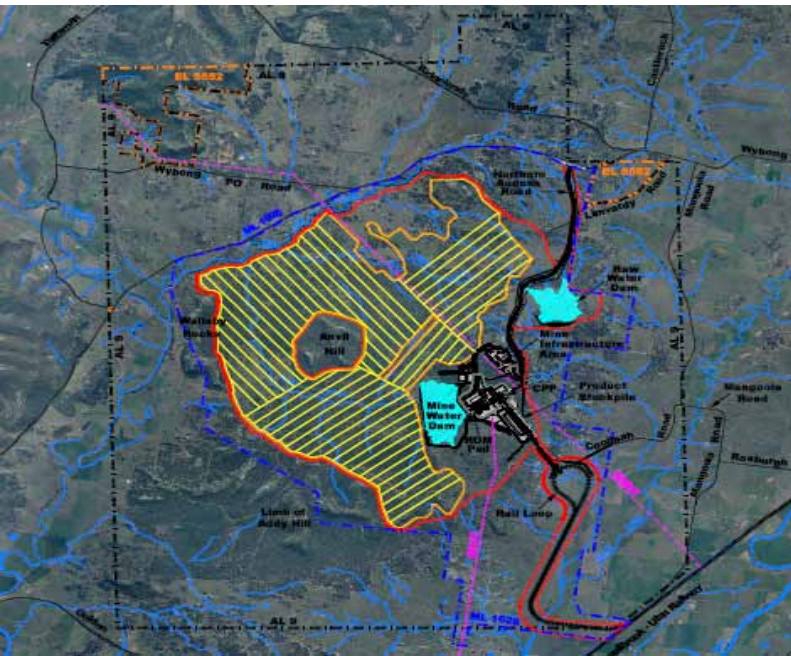
FEAS

Value enhanced project since acquisition:

1. Redeveloped mine plan more efficient and increased resource recovery
2. Changed to owner operator to apply XC best practice
3. Rationalised design to standardise CHPP to be consistent with XC proven designs
4. Maximised revenue via portfolio management – blending synergies

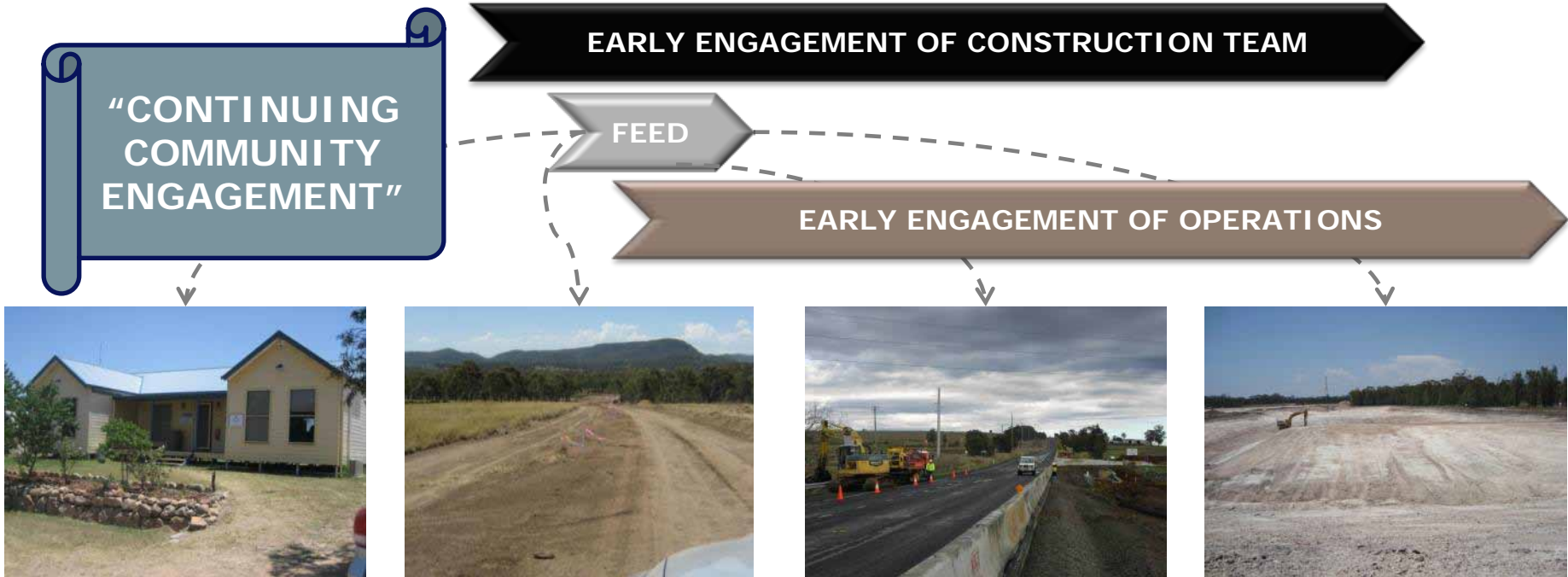


Major consultation and community engagement a key success factor to pre construction preparation



1. Xstrata purchased Anvill Hill from Centennial in September 2007
2. Name changed to Mangoola in May 2008
3. Mining Lease granted November 2008
4. Xstrata reviewed studies and completed Feasibility early 2009
5. Major community consultation undertaken
6. Several legal challenges as to validity of Mangoola's licence to operate resolved and validated
7. Three Consent Modifications prepared and submitted to progress and streamline project

Mangoola Coal Project – Early Engagement



1. Post financial crisis, expenditure revised, budgets reduced, activities scheduled to retain project optionality and delivery opportunity
2. Early Work commenced end Q1 2009 and included site establishment, upgrade works to local infrastructure, early site preparation and improved environmental approvals
3. Early engagement of key operational team to work with an experienced owners team
4. Major Alliances established with key providers
5. Detailed design completed and all construction packages prepared for execution phase

Mangoola Coal Project – Keys to Success

Keys to a successful project

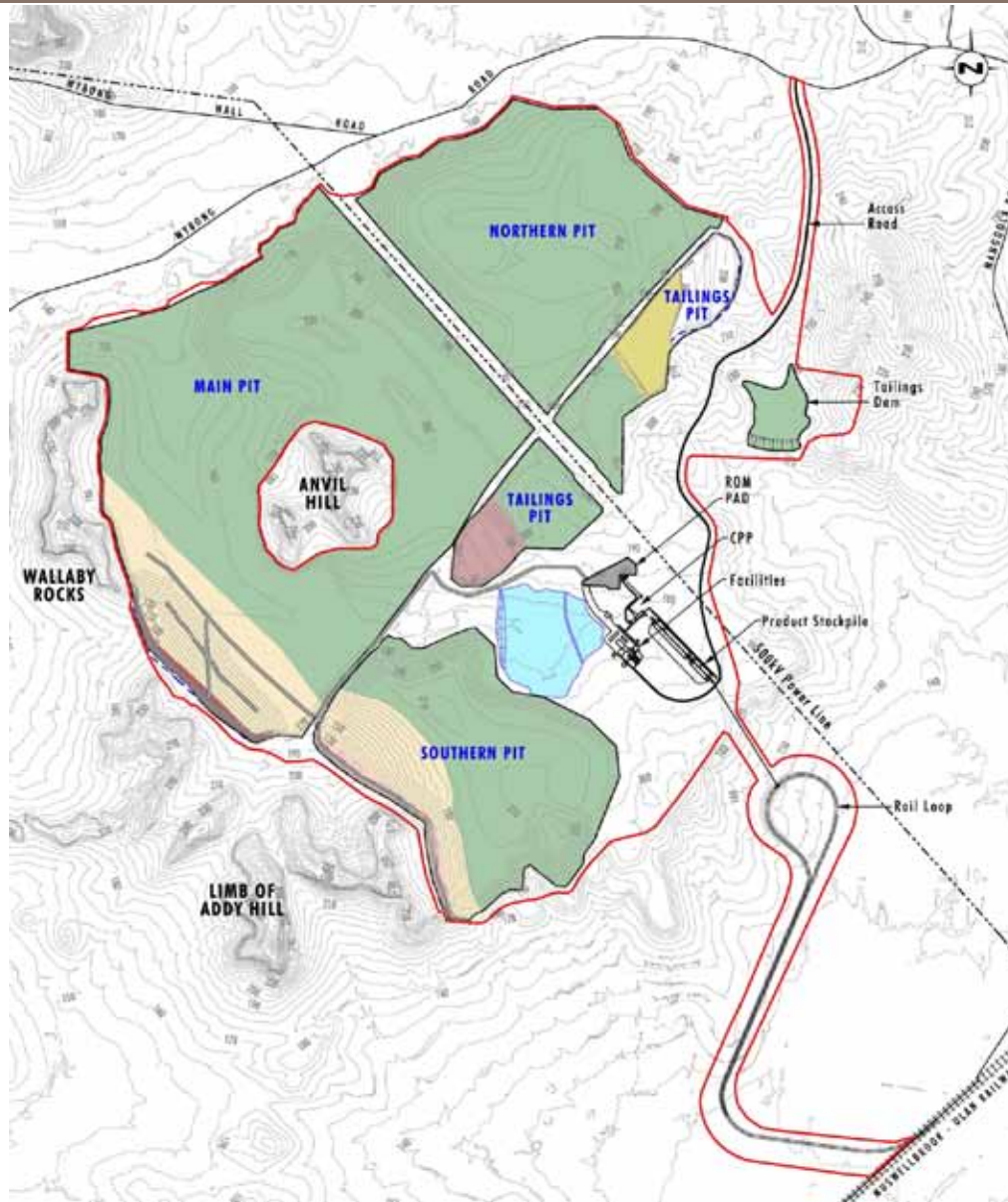
1. Integrated owners and EPCM team for project delivery – a key to effective delivery
2. Early engagement of operations team, customer acceptance of the product
3. Continuing community engagement and communication



- Outstanding safety record:
 - No LTIs and TRIFR of 4.4
- Project delivered and operational 3 months ahead of schedule
- Project capital ~USD178M below budget
 - High quality infrastructure / operation
- First coal 23 February and first train 6 March 2011. Testing and reliability runs March - May
- Mining commenced



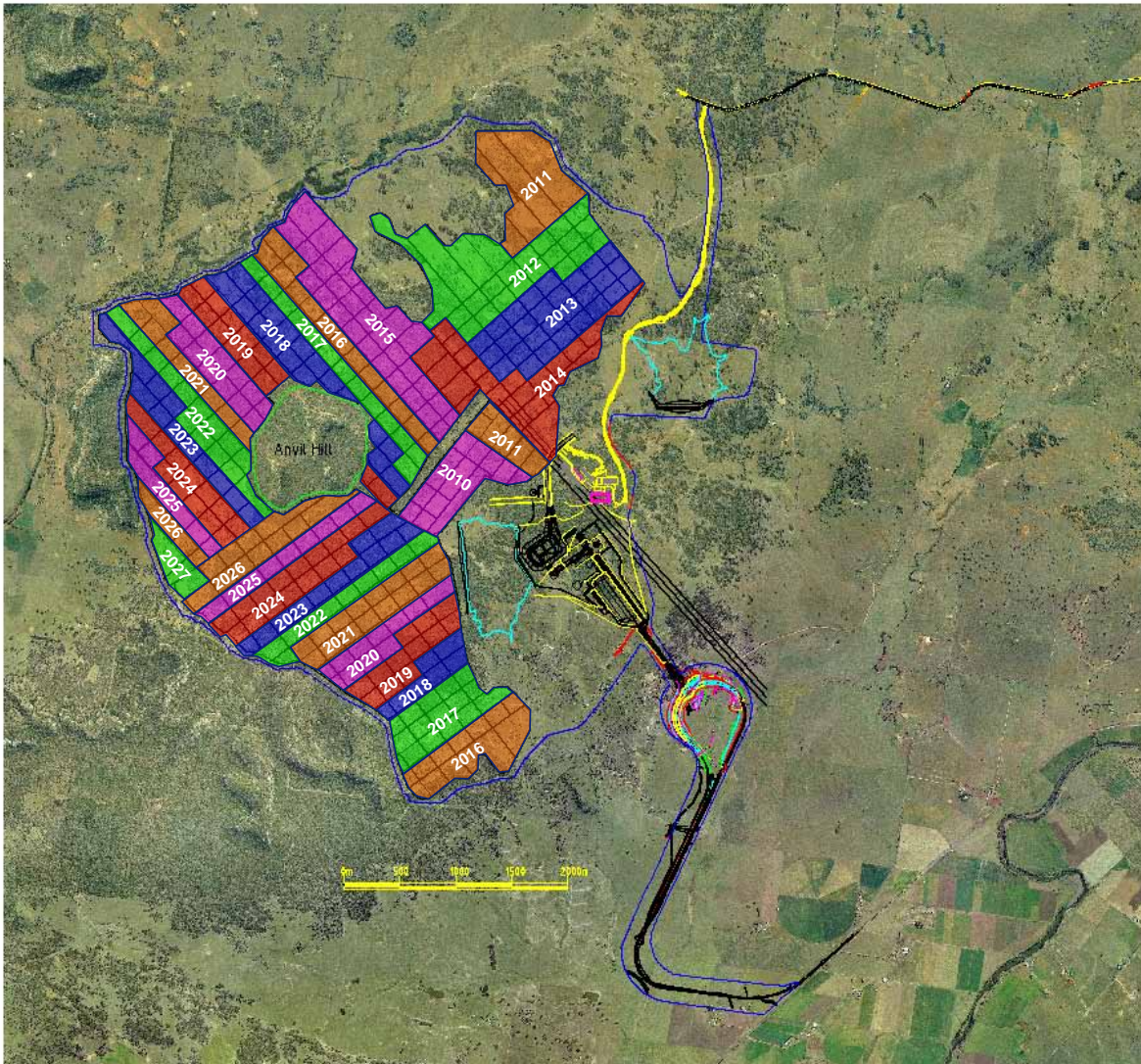
Existing project approval



Legend

- Proposed Disturbance Area
- Proposed Mining Area
- Haul Road
- Active Pit
- Active Overburden Emplacement
- Active Tailings
- Inactive Tailings
- Pit Floor
- Rehabilitation
- Main Dam

Project overview



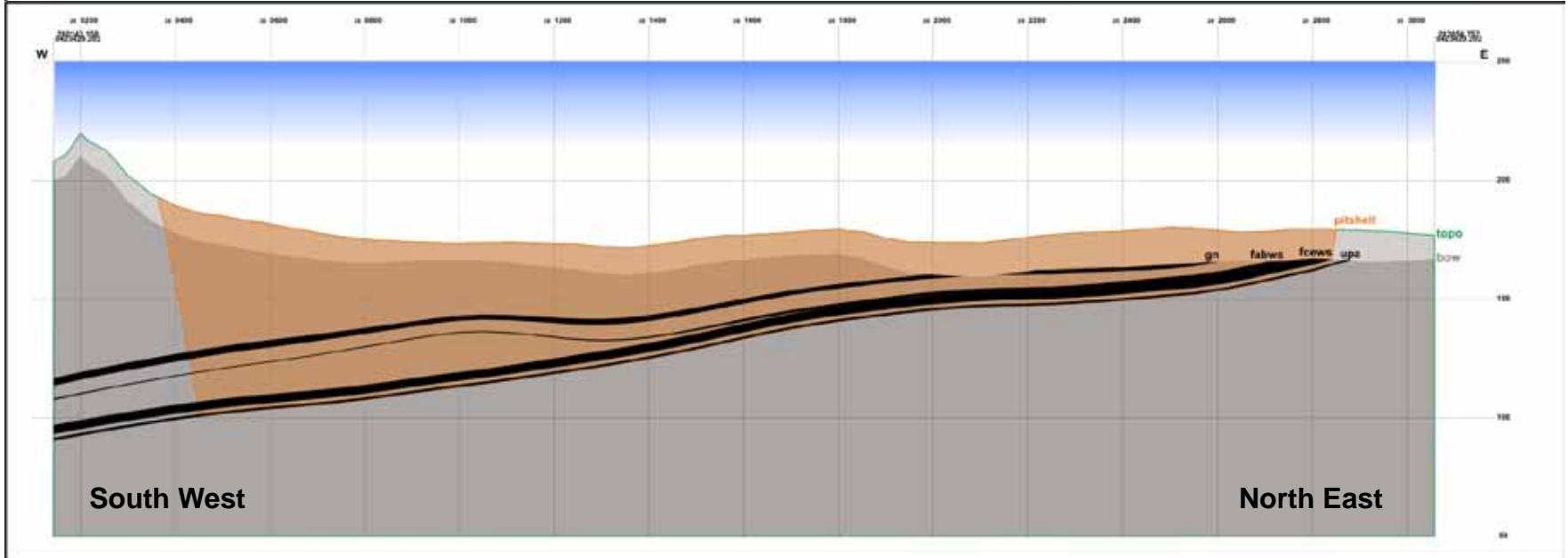
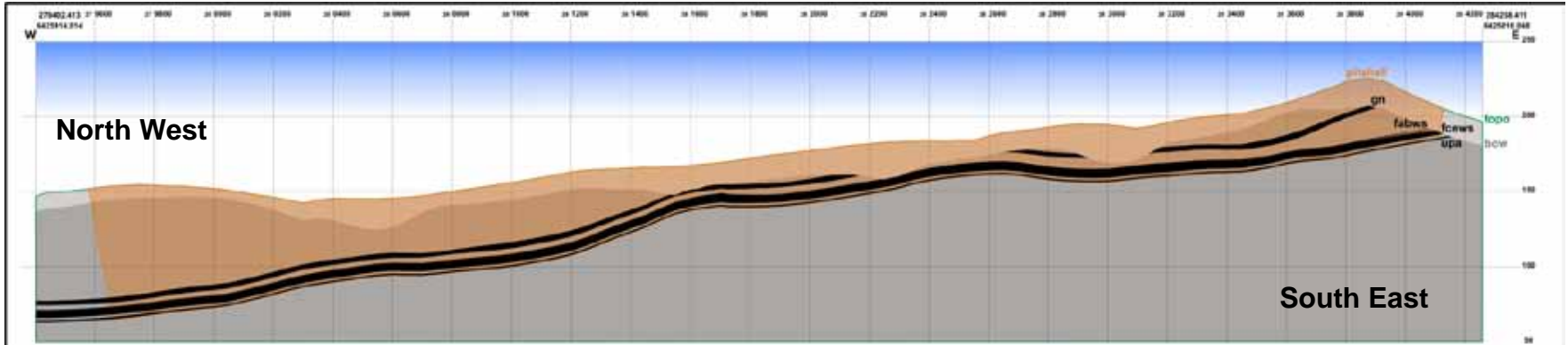
Proposed life of mine plan

- § Average in-situ Strip Ratio – 2.9
- § Range of 2:1 to 5:1
- § 73% yield

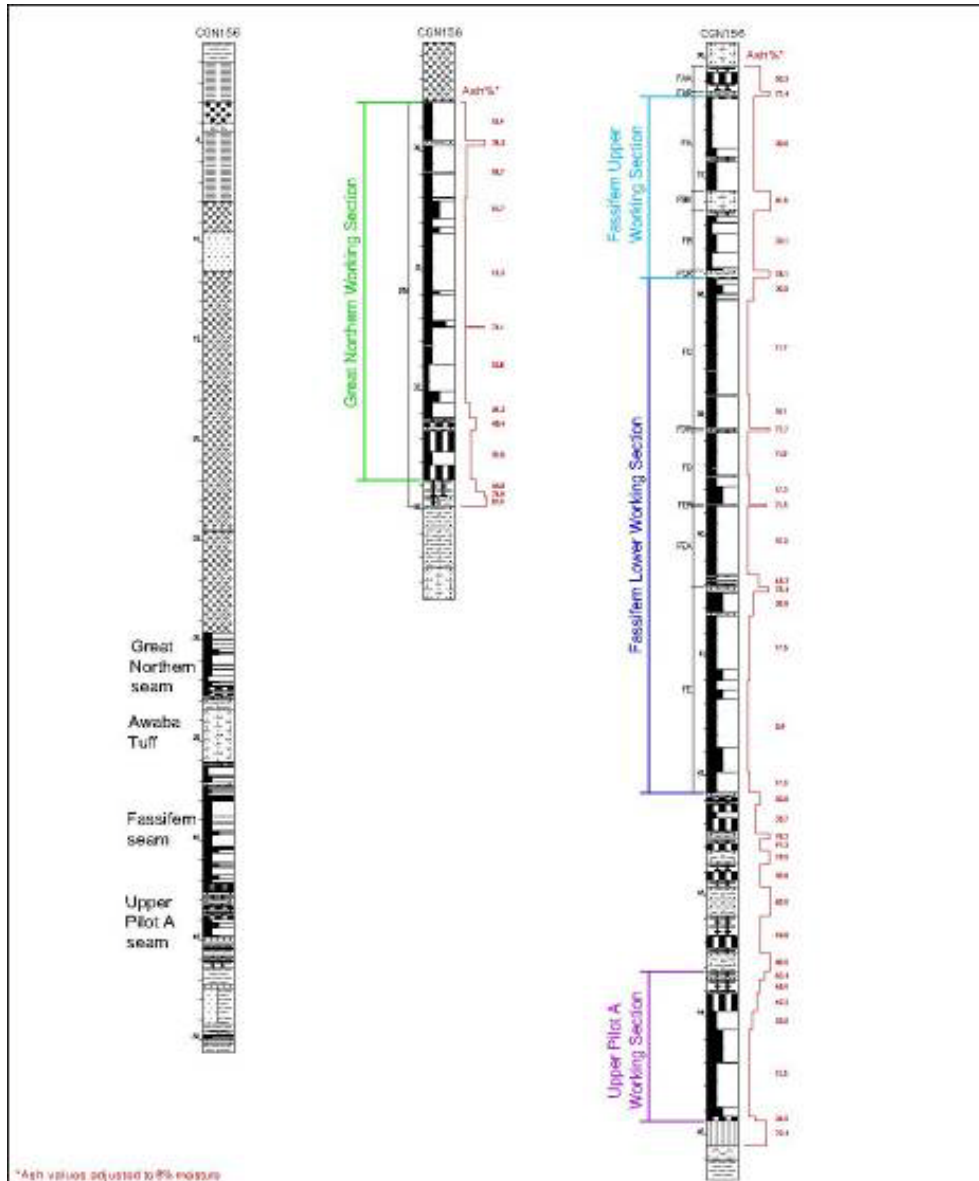
2011 Budget: Key numbers

- § Overburden Production – 15.3 MBcm
- § ROM Coal Production – 6.4Mt
- § Strip Ratio – 2.4
- § Washed Coal Product – 4.5Mt
- § Yield 70.6%

Sections



Typical bore log showing coal sequence



- § Massive conglomerate / sandstone overburden 15 to 90m thick
- § Three seams, typically 9-10m total coal thickness in 15m thick interval
- § Awaba Tuff (typically 3-4m thick) between the Great Northern and Fassifern seams
- § Inter-bedded tuffaceous and carbonaceous bands between the Fassifern and Upper Pilot A seams

Equipment fleet

Equipment	Start Date	Accompanying equipment
Letourneau Loader L-1850	Sep 2010	6 x Cat 793's (initially) 16m Grader Cat777 Watercart & D10 Dozer
Liebherr EX9400 – Excavator (Waste & Coal)	Dec 2010	5 x Cat 789's Push Cat (RTD) & Cat D11 Dozer
Liebherr EX9250– Excavator (Waste & Coal)	Oct 2010	6 x Cat 789's 2xCat D10 Dozers & Push Cat (RTD)
Liebherr EX996 – Face Shovel (Waste)	Dec 2010	2 x Cat 793's 24m Grader & Cat777 Watercart 2xCat D11 Dozers
Service Carts (Cat 773)	Sep 2010 Nov 2010	
Drills SKS-W & SKF	Sep 2010 Dec 2011	

Project Milestones: Northern access road – Feb 2009



Project Milestones: First borrow pits



Project Milestones: CHPP Footings – December 2009



Project Milestones: Rail loop earthworks – February 2010



Project Milestones: CHPP – April 2010



Project Milestones: Workshop – July 2010



Project Milestones: Commencement of Operations

First Overburden Production – 31 August 2010



Project Milestones: Commencement of Operations

First ROM Coal Production – 29 November 2010



Project Milestones: Current ROM stocks – 2.2Mt



Project Milestones: Tailings Dam development



Project Milestones: First washed coal – 23 February 2011



Project Milestones: First Train loaded - 6th March 2011



Workforce

First intake of operators and trades – 23rd August 2010



- § Total Mangoola Operations workforce now on site: 232
 - § 152 operators
 - § 27 tradesmen
 - § 16 CHPP operators
 - § 37 staff
- § 56% clean/green operators and trades
- § 20% female machinery operators

Use of Simulation Technology in recruitment and training



Community engagement

We believe in direct engagement with our community. Since commencement of operations we have hosted more than 340 visitors including immediate neighbours, community groups and local schools





Questions