



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your registered holding of Ordinary Shares in Xstrata plc, please forward this document, the accompanying Form of Proxy, the Annual Report and other documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Xstrata plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 4345939)

notice of annual general meeting and resolutions to be proposed

Notice is hereby given that the third Annual General Meeting of Xstrata plc (the "Company") will be held at Congress Center Metalli, Parkhotel Zug, 6300 Zug, Switzerland at 11:00 am (Central European Time) with a satellite meeting held concurrently at Media & Business Complex, London Stock Exchange, 10 Paternoster Square, London EC4M 7LS at 10:00 am (British Summer Time) on Monday, 9 May 2005 to consider and if thought fit to pass resolutions 1 to 8, being items of ordinary business and resolutions 9 to 13, being items of special business in accordance with Article 70 of the Company's Articles of Association, as follows:

Resolutions 1 to 10 to be proposed as ordinary resolutions

1. To consider and if thought fit, to adopt the Annual Report and Financial Statements for the year ended 31 December 2004 for the Company.
2. To approve the declaration by the directors of a dividend of 16 US cents per share in respect of the year ended 31 December 2004.
3. To consider and if thought fit, to approve the directors' Remuneration Report (on pages 85 to 96 of the Annual Report) for the year ended 31 December 2004.
4. To re-elect Willy Strothotte, being a non-executive director retiring in accordance with Article 127 of the Company's Articles of Association.
5. To re-elect Trevor Reid, being an executive director retiring in accordance with Article 127 of the Company's Articles of Association.
6. To re-elect Paul Hazen, being a non-executive director retiring in accordance with Article 127 of the Company's Articles of Association.
7. To re-elect Ian Strachan, being a non-executive director retiring in accordance with Article 127 of the Company's Articles of Association.

(For directors' biographies, please refer to the Annual Report pages 68 and 69. For the recommendation of the Board on the re-election of directors, please see page 6 of this Notice).

8. To re-appoint Ernst & Young LLP as auditors to the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the directors to determine the remuneration of the auditors.

Special business – Resolutions 9-13

9. That the Xstrata plc Added Value Incentive Plan, the principal features of which are summarised on pages 7-10 of this Notice of Annual General Meeting dated 6 April 2005, be approved and the directors be authorised to do all acts and things necessary to adopt and operate the Xstrata plc Added Value Incentive Plan, including making such modifications as the directors consider appropriate to take account of the requirements of the London Stock Exchange and the UK Listing Authority and best practice.
10. That in place of all existing authorities and pursuant to the authority conferred on the directors by Article 14 of the Company's Articles of Association, the directors be authorised to allot relevant securities for a period expiring (unless previously renewed, varied or revoked) at the end of the next Annual General Meeting of the Company after the date on which the resolution is passed and for that period the section 80 amount shall be US\$105,250,402 (equivalent to 210,500,804 ordinary shares of US\$0.50 each).

Resolutions 11 to 13 to be proposed as special resolutions

11. That in place of all existing powers and pursuant to the power conferred on the directors by Article 15 of the Company's Articles of Association, the directors be authorised to allot equity securities, as if section 89(1) of the Act did not apply, for a period expiring at the end of the next Annual General Meeting of the Company after the date on which the resolution is passed and for that period the section 89 amount is US\$15,787,560 (equivalent to 31,575,120 ordinary shares of US\$0.50 each).

12. That the following Articles of Association of the Company be altered as follows:

Article 116

By deleting the words “the board may approve” and replacing them with the words “may be approved by or on behalf of the Company from time to time” immediately after the word “as” in the second line of Article 116.

By deleting the words “his attorney” and replacing them with the words “any person duly authorized by the appointor” immediately after the words “appointor or” in the fourth line of Article 116.

By deleting the following, “officer, attorney or other authorized” immediately after the first word “authorized” in the fifth line of Article 116.

By inserting the words “or in any other manner authorized by its constitution” immediately after the word “seal” in the fifth line of Article 116.

New Article 121

By inserting the following, “Article 120 does not apply to the appointment of a proxy made through a relevant system. Where the appointment of a proxy through a relevant system is expressed to have been or purports to have been executed by a person on behalf of a holder of a share:

- a) the Company may treat the appointment as sufficient evidence of the authority of that person to execute the appointment on behalf of that holder;
- b) that holder shall, if requested by or on behalf of the Company at any time, send or procure the sending of any written authority under which the appointment has been executed, or a copy of such authority certified notarially or in some other way approved by the board, to such address and by such time as may be specified in the request and, if the request is not complied with in any respect, the appointment may be treated as invalid; and
- c) whether or not a request under Article 121 (b) has been made or complied with, the board may determine that it has sufficient evidence of the authority of that person to execute the appointment on behalf of that holder and may treat the appointment as invalid.”,

as new Article 121 and renumbering all subsequent articles accordingly and by altering all cross-references accordingly;

Article 121

By deleting the following sentence, “No proxy appointment shall be valid more than twelve months after the date stated in it as the date of its execution.” in the third and fourth lines of Article 121;

By deleting the word “executed” immediately after the word “was” in the sixth line of Article 121;

By inserting the words “delivered or received” immediately after the word “last” in the sixth line of Article 121; and

By deleting the following, “; if the Company is unable to determine which was executed last, none of them shall be treated as valid in respect of that share” and replacing it with “. The board may determine at its discretion when a proxy appointment shall be treated as delivered or received for the purposes of these Articles” immediately after the word “share” in the seventh line of Article 121.

13. That the following Articles of Association of the Company be altered as follows:

By deleting Article 223 in its entirety and substituting it with the following words:

"Subject to the provisions of the Companies Acts, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that this Article 223 shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article 223, or any element of it, to be treated as void under the Act or otherwise under the Companies Acts.

(For an explanation of the proposed changes to the Articles of Association, please see page 11 of this Notice).

By order of the Board

Richard Elliston
Company Secretary
6 April 2005

Registered Office:
4th Floor
Panton House
25/27 Haymarket
London SW1Y 4EN

Note 1

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of them. The proxy need not also be a member of the Company.

Note 2

To be valid, a form of proxy and, if applicable, any authority under which it is signed, or a certified copy of such authority, must be lodged at the offices of Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bristol, BS99 3FA, not later than 48 hours before the time appointed for holding the meeting. Completion and return of a form of proxy will not prevent a member from attending and voting at the meeting should they so wish.

Note 3

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company no later than close of business on Saturday, 7 May 2005, (48 hours before the AGM) shall be entitled to attend or vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant Register after close of business on Saturday, 7 May 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Note 4

Resolutions 1 to 10, being ordinary resolutions, will be decided by a show of hands unless a poll is demanded in the manner permitted by the Company's Articles of Association.

Resolutions 11 to 13, being special resolutions, must be taken on a poll as required by the Company's Articles of Association.

Note 5

On a show of hands, each member present in person or by proxy has one vote. If a person holds more than one proxy to vote in different ways, then that person may vote for and against on a show of hands, although this will only count as one vote in each sense, without regard to the number of shares in respect of which the proxy has been appointed.

Note 6

As permitted by the Company's Articles of Association, the Chairman (or at least 5 members or members holding not less than 10% of all votes, or their proxies in each case) may demand a poll. On a poll, each member present in person or by proxy has one vote for each fully paid share of which he is authorised to vote.

Note 7

As permitted by the Company's Articles of Association, a proxy appointment will include the right to: (i) demand or join in demanding a poll; (ii) speak at a meeting; (iii) vote on any amendment of a resolution put to the meeting; and (unless it provides to the contrary) be valid for any adjournment of the meeting.

Note 8

As permitted by the Company's Articles of Association, members present in person or by proxy at the satellite meeting will be treated as present at the meeting and entitled to vote.

Note 9

The following documents will be available for inspection at the Annual General Meeting with copies available at the satellite meeting:

- i) Directors' service contracts;
- ii) Register of Directors' Interests;
- iii) The Company's current Articles of Association;
- iv) The Company's proposed draft of the new Articles of Association; and
- v) Rules of the Xstrata plc Added Value Incentive Plan.

Copies of directors' service contracts, the Company's current Articles of Association and the Company's proposed draft of the new Articles of Association and the Rules of the Xstrata plc Added Value Incentive Plan will be made available for inspection by any person:

- (a) at the registered office of the Company during normal business hours on each business day; and
- (b) at the place of the Annual General Meeting and at the satellite meeting, for at least 15 minutes prior to and during the meeting.

Recommendation of the Board of Directors on the re-election of Directors Resolutions 4, 5, 6 and 7

Resolutions 4, 5, 6 and 7 set out in the Notice of Annual General Meeting concern the re-election to the Board of Willy Strothotte (Chairman and Non-executive director), Paul Hazen (Non-executive director), Trevor Reid (Chief Financial Officer) and Ian Strachan (Non-executive director) together referred to as “the retiring directors”. The Board recommends the shareholders to vote in favour of each of these resolutions. In making this recommendation the Board has been guided by the recommendation of the Board’s Nomination Committee. The Board was informed of the results of formal performance evaluations of the three non-executive directors and is of the view that in the case of each of the retiring directors, their performance continues to be effective and each continues to show commitment to their individual and collective roles and are of the opinion that the Board will continue to benefit from the skills, knowledge and experience which each bring to their role.

Willy Strothotte, aged 60, is Chairman of Glencore International AG. From 1961 to 1978 Mr Strothotte held various positions with responsibility for international trading in metals and minerals in Germany, Belgium and the USA. In 1978, Mr Strothotte joined Glencore International, taking up the position of Head of Metals and Minerals in 1984. Mr Strothotte was appointed Chief Executive Officer of Glencore in 1993 and held the combined positions of Chairman and Chief Executive Officer from 1994 until 2001, when the roles of Chairman and Chief Executive were split. Mr Strothotte is currently a director of Century Aluminium Corporation and Minara Resources Limited.

Mr Strothotte is Chairman of Xstrata plc and Chairman of the Remuneration Committee.

Paul Hazen, aged 63, joined the Board of Xstrata AG in May 2000, and was appointed a director of Xstrata plc in February 2002. Mr Hazen is a former Chairman and CEO of Wells Fargo and Company. Mr Hazen retired in April 2001 as Chairman after a 30 year career with the Bank. Mr Hazen is currently Chairman of Accel-KKR and of KKR Financial Corp. He also serves as Deputy Chairman and Lead Independent Director of Vodafone Group Plc, Lead Independent Director of Safeway, Inc., and a director of Willis Group Holdings Ltd.

Mr Hazen is a member of the Remuneration Committee.

Trevor Reid, aged 44, Chief Financial Officer. Mr Reid joined Xstrata AG in January 2002, and was appointed to the Board of Xstrata plc in February 2002. Prior to joining Xstrata, he was Global Head of Resource Banking at the Standard Bank Group. He joined the Standard Bank Group in 1997 from Warrior International Limited, a corporate finance boutique specialising in the minerals sector.

Ian Strachan, aged 61, became Chairman of Instinet Group Inc in 2003, and is also a director of Reuters Group plc, Johnson Matthey plc, Rolls Royce plc and Transocean Inc. Mr Strachan was Deputy Chairman of Invensys plc from 1999 to 2000, and he was Chief Executive of BTR plc from 1996 to 1999. Mr Strachan joined Rio Tinto plc (formerly RTZ plc) as CFO in 1987, and was Deputy Chief Executive from 1991 to 1995. Mr Strachan was appointed to the Board of Xstrata plc at the Annual General Meeting held in May 2003.

Mr Strachan is a member of the Audit Committee and Chairman of the HSEC Committee.

Recommendation of the Board of Directors with respect to the items of special business Resolutions 9 to 13

Your directors are unanimously of the opinion that resolutions 9 to 13 which are items of special business, are in the best interests of shareholders and of the Company. Accordingly, they recommend you vote in favour of these resolutions as set out in the Notice of Annual General Meeting.

Xstrata plc Added Value Incentive Plan (“the Added Value Plan”) Resolution 9

Summary

The principal terms of the Added Value Incentive Plan (“the Added Value Plan”) are set out below. The Added Value Plan is designed to incentivise the Chief Executive by providing a share of the long-term value he creates for shareholders over and above the value created by Xstrata’s peer companies and to create alignment with shareholders by means of share ownership.

Payments under the Added Value Plan will be directly related to Xstrata’s outperformance of an index of global mining companies. The Remuneration Committee believes this is the most appropriate way to recognise superior performance. Participation is conditional on building up and retaining a significant shareholding in Xstrata and vesting will be phased over a three to five-year period. In each plan cycle, a comparison will be made between Xstrata’s total shareholder return (“TSR”) and a TSR index and any payments will depend on the extent of Xstrata’s outperformance as follows:

- No payments will be made if Xstrata underperforms the index.
- Payments will be moderate if Xstrata narrowly outperforms the index.
- Substantial payments will be available if Xstrata significantly outperforms the index.

The Added Value Plan will be administered by the Remuneration Committee.

Main features

Eligibility

The Chief Executive has a unique role in delivering value to shareholders through the efficient utilisation of Xstrata’s assets and by making value enhancing acquisitions and divestments. For this reason, it is intended that membership of the Added Value Plan will be restricted to the current Chief Executive and any future successor in that role.

The Chief Executive’s participation in the Added Value Plan is contingent on his building up and maintaining a holding of at least 350,000 ordinary Xstrata shares. Based on the share price as at 1 March 2005, this is more than three times his annual salary. The holding may be met through shares held beneficially and, subject to the agreement of the Remuneration Committee, fully vested share options that have not yet been exercised and which have exercise prices materially below the market share price at the commencement of the relevant plan cycle.

New Added Value Plan cycles will commence at the discretion of the Remuneration Committee.

The Chief Executive will no longer be eligible for awards under the Xstrata plc Long Term Incentive Plan (“the LTIP”) in any year when an Added Value Plan cycle commences. The LTIP will continue in force for other executive directors and other employees at the discretion of the Remuneration Committee.

No Added Value Plan cycles may commence in respect of a Chief Executive within six months of his or her anticipated retirement date. Payments will not be pensionable.

Calculation of payments

Payments under the Added Value Plan will be directly related to the growth in the total shareholder value of Xstrata relative to an index of global mining companies – the Xstrata TSR Index (defined below).

The performance period will run for three years from the date at which a new plan cycle commences. A one-month averaging period will be applied to the starting and closing values. At the end of each three-year performance period, the Excess Return (defined below) achieved by Xstrata will be computed. The excess return will be the three-year TSR of Xstrata minus the three-year return on the Xstrata TSR Index (“the Excess Return”). For example, if the three-year TSR of Xstrata is 35% and the three-year return on the Xstrata TSR index is 20%, the Excess Return will be 15%.

The Excess Return will be applied to the market capitalisation of Xstrata at the start of the performance period to measure the extra value (“the Added Value”) added relative to the movement in the market. The Added Value for any plan cycle will be limited to 50% of the initial market capitalisation.

If the Added Value is negative (i.e. Xstrata has underperformed the index) there will be no payments from the Added Value Plan. If the Added Value is positive, the Added Value will be multiplied by the Participation Percentage to calculate the base reward (“the Base Reward”). The Remuneration Committee will determine the Participation Percentage for each plan cycle; for the first plan cycle it will be 0.5% of the Added Value.

There will be no retesting of the Added Value calculation.

The Remuneration Committee recognises that the absolute value received by shareholders is higher when outperforming a rising market than outperforming a market which is static or falling. For this reason, in order to calculate the Final Reward, the Base Reward will be modified in two ways, as follows.

- The Base Reward will be increased or decreased in line with the Xstrata Share Price Index (defined below). This will ensure that higher payments are delivered for higher levels of absolute performance, as is the case with an orthodox share option or performance share plan. The adjustment is in line with index performance rather than Xstrata’s to avoid double counting Xstrata’s outperformance of the index.
- Furthermore a reduction will be made for lower levels of absolute performance. To achieve this, a multiplier will be applied to the indexed Base Reward to calculate the Final Reward, as follows.

Xstrata absolute TSR over 3 years	Multiplier
+25% or above	1 x
0%	0.5 x
-25% or below	0 x

Straight-line interpolation will apply between these points. For example, if absolute TSR over three years were minus 10%, a multiplier of 0.3 would be applied.

Provided Xstrata’s TSR is at least equal to that of the Xstrata TSR Index, the Final Reward under each plan cycle will be at least US\$1,000,000.

Adjustment of starting point for TSR

As noted above, Added Value will be limited to 50% of initial market capitalisation. Where this limit is applied and a new plan cycle begins at that time for the same participant, the Remuneration Committee will have the discretion to reduce the share price starting point for the Xstrata TSR calculation in the new cycle.

This provision is necessary to avoid penalising the Chief Executive for achieving higher levels of performance. As Added Value is capped (to avoid excessive payments), having achieved higher levels of performance would add nothing to remuneration but would make the starting point for the plan cycle commencing at the same time more difficult, potentially reducing payments from the next cycle.

The indices

The Xstrata Share Indices will be weighted by market capitalisation. The group will initially comprise 20 global mining firms consisting of Xstrata's key competitors for both financial and human capital: Alcoa Inc; Alcan Inc, Anglo American plc; Arch Coal Inc, BHP Billiton plc, Coal & Allied Industries Ltd, Elkem ASA, Eramet SA, Grupo Mexico SA de CV, Inco Ltd, Korea Zinc Inc, Lonmin plc, Noranda Inc, Norddeutsche Affinerie AG, Peabody Energy Corp, Phelps Dodge Corp, Rio Tinto plc, Teck Cominco Ltd, Umicore SA and WMC Resources Ltd.

The same group is already in use for the LTIP. Two forms of the index will be used in the ways described above:

- **The Xstrata TSR Index** will be a total shareholder return index calculated on the basis of reinvested gross dividends.
- **The Xstrata Share Price Index** will be a share price index.

In the event of one or more constituents undergoing a take-over, merger, dissolution, variation in capital or any other event that will materially affect calculation of the index, the Remuneration Committee shall determine how this should be reflected in the index calculation. The Remuneration Committee may add other relevant comparators to the index if required.

Performance Conditions

The Added Value Plan's key performance condition is integral to its operation as described above. There will be no payments from any plan cycle if Xstrata underperforms the Xstrata TSR Index and any payments that are made are related directly to the level of outperformance achieved. There will be no retesting of the Added Value calculation.

Commencement of new plan cycle

New cycles may commence no more frequently than once per annum.

New cycles will normally commence within a 42-day period following the date on which the Company publishes its annual or interim results. For 2005, a cycle will commence as soon as is practicable following approval of the Added Value Plan by shareholders.

New cycles will not commence during a close period.

Form of Payments

At the end of the three-year performance period, 50% of the Final Reward will vest immediately. The vesting of the remainder will be deferred in equal tranches for a further one year and two years. The deferred tranches will be increased or decreased in line with the value of Xstrata's share price. No deferral will take place following a change of control (see below).

Payments under the Added Value Plan may be settled in cash or shares as determined by the Remuneration Committee at the date of payment. Shares may be newly issued, purchased or transferred – see "Dilution Limits" below.

Limits on Participation

The maximum aggregate Participation Percentages for plan cycles commencing in any three-year period shall not exceed 1.1%.

Dilution Limits

The Added Value Plan and the LTIP will operate within the limits recommended by the Association of British Insurers as at the date of this circular in respect of payments settled by the issue of new shares. To the extent that newly issued or treasury Shares are to be used to satisfy awards granted under the Added Value Plan, the aggregate number of newly issued or treasury Shares that may be allocated pursuant to such rights under Added Value Plan, when added to the number of Shares issued or issuable and treasury Shares transferred pursuant to subsisting rights to subscribe for Shares granted in the preceding ten years under any other employees' share scheme of Xstrata plc shall not, on the date of grant, exceed 10% of the Company's issued share capital and when added to the number of Shares issued or issuable and treasury Shares transferred pursuant to subsisting rights to subscribe for Shares granted in the preceding ten years under any other discretionary employees' share scheme of the Company shall not, on the date of grant, exceed 5% of the Company's issued share capital.

The options and awards granted under the Xstrata AG Share Schemes, which were replaced by rights over Shares in the Company, will not be counted against these limits.

Change of control

In the event of a change of control, all open plan cycles will vest immediately. The Final Reward under each open plan cycle will be calculated as if the performance period terminated on the date of the transaction.

The Remuneration Committee believes that full vesting is appropriate because of the direct link between payments and the shareholder value added by management.

Early Vesting

In the event of the Chief Executive ceasing to be an Xstrata employee as a result of death, ill health or disability, all open plan cycles will vest immediately. The Final Reward under each open plan cycle will be calculated as if the performance period terminated on the date of cessation.

In the event of the Chief Executive ceasing to be an Xstrata employee other than in the circumstances described above, all plan cycles will lapse and no payments will be made unless the Remuneration Committee in its absolute discretion determines otherwise.

Variation in capital

In the event of a variation in the capital of the Company, the Participation Percentages may be adjusted in such way as the Remuneration Committee determines.

Amendments

The Remuneration Committee may amend the Added Value Plan as it considers appropriate. However, any amendment concerning eligibility, calculation of payments, limits on participation, dilution limits, vesting schedule, variation in capital and amendment powers that would be to the material advantage of participants will be subject to shareholder approval. Shareholder approval will not be required in the case of minor amendments to benefit the administration of the Added Value Plan, to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

Expiry

The Remuneration Committee will review the Added Value Plan regularly. The Remuneration Committee recognises that it is no longer best practice to operate plans with a ten-year life and therefore no plan cycles may commence after the fifth anniversary of adoption.

Note

This summary sets out the main terms of the Added Value Plan. However, this summary does not form part of the Added Value Plan and shall not be taken as affecting the interpretation of its detailed rules. The directors reserve the right up to the time of the Annual General Meeting to make such amendments or additions to the Added Value Plan as they may consider necessary or appropriate provided that such amendments or additions do not conflict in any material respect with this summary of the Added Value Plan.

Proposed Amendment of Articles of Association Resolutions 12 and 13

Appointment of Proxies through CREST

With effect from January 2003, CREST made arrangements to enable a registered holder of shares in CREST, to appoint and instruct a proxy electronically through the CREST system. In order to enable the appointment of proxies in this way, but not necessarily limited to appointments through the CREST system, certain changes must be made to the Articles of Association.

Article 116: Appointment of proxy: execution – Registered holders of shares in CREST may appoint other CREST members to appoint a proxy and give voting instructions on their behalf. These other members are called Voting Service Providers (VSPs). The changes in Article 116, for instance, the change from “attorney” to “any person duly appointed by the appointer”, allows VSPs to appoint proxies.

New Article 121: Receipt of authority for proxy appointment through a Relevant System – The new Article 121 allows Xstrata plc to accept a proxy appointment without the VSP having submitted a hard copy of its authority. Under the new Article 121, the Company still has the right to request a hard copy of the authority to appoint a proxy. Therefore, the new Article 121 preserves some of the Company’s protection afforded in Article 120.

Article 121: Validity of proxy appointment – The existing Article 121 provides that, where two or more proxy appointments are received in relation to the same share for the same meeting, the last “executed” is deemed to be the valid one. Where an appointment has been made through CREST, it may be difficult to tell when “execution” took place. The amendments to Article 121 provide that the last “delivered or received” proxy appointment will be the valid one. The revised Article 121 also gives the board the discretion to decide when a proxy appointment is deemed to be delivered or received.

Exemption and Indemnification of Directors against Liability

Article 223: Indemnity to directors and officers – This Article is amended to provide for the indemnification by the Company of its directors for any liability which attaches to them in relation to defending proceedings brought against them, to the extent permitted by the Companies Act 1985, as amended by new legislation.

The Companies (Audit, Investigations and Community Enterprise) Act 2004 introduced relaxations of the current prohibitions on companies exempting directors from, or indemnifying them against, liability. The provisions of the Companies Act 1985, as amended by this Act, now permit, but do not require, companies (i) to indemnify directors in respect of proceedings brought by third parties (covering both legal costs and the financial costs of any adverse judgement, except for the legal costs of unsuccessful defence of criminal proceedings, fines imposed in criminal proceedings and penalties imposed by regulatory bodies, or the unsuccessful defence of civil proceedings brought against the director by the company or any associated company); and (ii) to pay directors’ defence costs as they are incurred, though the director would still be liable to repay his defence costs to the company in certain circumstances.



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