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**OFFERING OF US\$600,000,000 3.95% GUARANTEED
CONVERTIBLE BONDS
DUE 2010**

Zug, Monday 4 August 2003

Xstrata plc ("Xstrata") announces that it has launched an issue (the "Issue") of US\$600,000,000 3.95% Guaranteed Convertible Bonds due 2010 (the "Bonds"), convertible into fully paid ordinary shares of Xstrata (the "Shares").

The Issue will incorporate a cashbox structure with the Bonds issued through Xstrata's wholly-owned subsidiary, Xstrata Capital Corporation A.V.V. (the "Issuer"). On exercise of the conversion right, the Bonds will be converted into preference shares (the "Preference Shares") of the Issuer and immediately exchanged for Shares. The Bonds are to be guaranteed by Xstrata. Cazenove is acting as Financial Adviser to Xstrata and Authorised Adviser in relation to the Issue. Deutsche Bank and JPMorgan are acting as Joint Bookrunners to the Issue.

The Bonds will be issued at par and will bear a coupon of 3.95% per annum. The conversion price will be £6.10 (US\$9.807 at an exchange rate of £1=US\$1.6077), representing a premium of 39.6% over the closing price of the Shares in London on 1 August 2003. If not converted or previously redeemed, the Bonds will be redeemed at par on 15 August 2010. The net proceeds of the Issue, estimated at US\$588 million, will be used to repay part of the Group's existing borrowings under its Syndicated Loan Facility Agreement.

Application will be made for the Bonds to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's market for listed securities.

Mr Trevor Reid, Xstrata's CFO, said: "The issue of convertible bonds achieves a number of financing objectives, including diversifying Xstrata's funding base, extending the maturity profile of the Group's debt and reducing the cost of the bank financing facility put in place at the time of the acquisition of MIM."

This release does not constitute an offer of securities in any jurisdiction in which it would be unlawful to or make such an offer. In order for this issue of Bonds to take

place, the lock-up entered into by Xstrata in connection with the recent rights issue has been waived by Deutsche Bank and JP Morgan.

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Xstrata contacts

Marc Gonsalves
Telephone +44 20 7968 2812
Mobile +44 7775 662 348
Email mgonsalves@Xstrata.com

Brigitte Mattenberger
Telephone +41 41 726 6071
Mobile +41 793 811 823
Email bmattenberger@Xstrata.com
278 294

Michael Oke & Claire Bithell
Prospero Financial
Telephone +44 20 7898 9394/9387
Mobile +44 7778 469630/07796

Cazenove

Financial Advisor to Xstrata Plc
Duncan Hunter / Paul Reynolds
Telephone +44 20 7588 2828

Deutsche Bank

Joint Bookrunners
Brett Olsher, Global Metals & Mining
Telephone +44 20 7545 6459
Marcus Le Grice, Equity Capital Markets
Telephone +44 20 7545 6736
Toby Clark, Corporate Broking
Telephone +44 20 7547 6914

JPMorgan

Joint Bookrunners
Lloyd Pengilly, Metals & Mining
Telephone +44 20 7325 6454
Ian Hannam, Equity Capital & Derivative Markets
Telephone +44 20 7325 1168
John Lydon, Equity Capital & Derivative Markets
Telephone +44 20 7325 8273

Neither the Bonds, the Preference Shares nor the Shares have been, or will be, registered under the US Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold within the United States or to US persons, except pursuant to an exemption from, or in a transaction not subject to, registration under the US Securities Act of 1933, as amended. No regulatory authority has passed upon or endorsed the merits of the offering of the Bonds, the Preference Shares or the Shares or any document in relation thereto. Any representation to the contrary is a criminal offence in the United States.

Any offering of the securities will be made only by means of an offer document containing detailed information regarding Xstrata plc and its management, including financial statements. Stabilisation/FSA.

This communication has been issued by Xstrata plc and is the sole responsibility of Xstrata plc and is directed only at persons who (i) have professional experience in matters relating to investments or (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant

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