



NEWS RELEASE

PRE-CLOSE ADVISORY

Zug, 20 December 2004

Prior to entering the 'close period' in advance of the announcement of its preliminary results on 2 March 2005, Xstrata announces that the effective tax rate that will be reported in the 2004 financial accounts is expected to reduce to approximately 15%, due to the recognition of previously unrecognised tax losses.

This benefit will be mitigated by the significant negative impact of the weaker US dollar on second half earnings, and by delayed coal sales from Australia in the fourth quarter due to logistical constraints, which are expected to reduce 2004 earnings by some US\$25 million.

The above factors have had no material impact on the Group's expectations of the outcome for the current year ending 31 December 2004.

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