



NEWS RELEASE

DISCHARGE OF OPTION OVER XSTRATA SHARES

Zug, 21 September 2005

As part of a package to attract him to take the position of chief executive of Xstrata AG in October 2001, Glencore International AG ("Glencore") awarded Mick Davis an option ("the Option") over shares in Xstrata owned by Glencore, at an exercise price 46% higher than the share price on the day he joined and exercisable after three years (from 19 September 2004). Following the creation of Xstrata plc ("Xstrata"), the merger with Xstrata AG and the Rights Issue associated with the acquisition of MIM, the Option was over 1,334,669 shares in Xstrata, owned by Glencore, at an exercise price of CHF13.60 per share. The Option was disclosed in the Listing Particulars of Xstrata plc, and in all subsequent annual reports.

Xstrata was advised by Mr Davis yesterday that the Option over these Xstrata shares has been discharged in full and he has received from Glencore a consideration equating to the current value of the Option (CHF26.3 million, representing 1.334 million shares at CHF19.70 per share, being the difference between Xstrata's closing price of CHF33.30 per share on Monday 19 September 2005 and the exercise price of CHF13.60 per share). As a consequence, Mr Davis no longer has an option over these 1.334 million Xstrata shares. The finalisation of this arrangement also avoids any requirement for Glencore to sell any Xstrata shares and dilute its current holding.

Mr Davis still owns 146,380 shares in Xstrata, and has rights in 320,777 contingent share awards, 170,959 contingent shares relating to his deferred bonuses and 1,932,247 share options in Xstrata.

ends

Notes for Editors:

On 19 September 2001 Glencore International AG awarded Mick Davis, chief executive of Xstrata plc, an option over 88,500 Xstrata AG shares owned by Glencore, at an exercise price of CHF205.00 per share and exercisable from 19 September 2004. The closing share price of Xstrata AG on the day Mick Davis joined the Company (1 October 2001) was CHF140.00 per share.

Under the terms of Xstrata plc's merger with Xstrata AG in March 2002, each Xstrata AG share was replaced by ten Xstrata plc shares and the option was therefore replaced with an option over 885,000 shares in Xstrata plc, owned by Glencore, at an exercise price of CHF20.50 per share. The option was subsequently amended to reflect the Rights Issue, associated with the acquisition of MIM Holdings Limited in June 2003, to a revised number of 1,334,669 shares in Xstrata at an exercise price of CHF13.60 per share. This option was disclosed in the Listing Particulars of Xstrata plc, issued at the time of its merger with Xstrata AG and listing on the London Stock Exchange, in the Prospectus issued in connection with the Rights Issue referred to above and in all subsequent annual reports.

Based on Xstrata plc's closing price on Monday 19 September, £1 invested in Xstrata AG on 1 October 2001 would now be worth £4.06, the total shareholder return for this period being 306%.

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