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RESOLUTIONS OF

THE MANAGING DIRECTOR OF

XSTRATA CAPITAL CORPORATION A.V.V.

DATED 5 AUGUST 2003

The undersigned, being the sole managing director (the "Managing Director") of Xstrata Capital Corporation A.V.V., an Aruban Exempt Company (*Arubaanse Vrijgestelde Vennootschap*), incorporated under the laws of Aruba, having its corporate seat in Aruba and its business address at L.G. Smith Boulevard 62, Oranjestad, Aruba (the "Company"),

WHEREAS:

- (A) the undersigned has considered the proposed issue by the Company of guaranteed convertible bonds (the "Bonds") that would be guaranteed by Xstrata plc (the "Guarantor") and convertible into exchangeable redeemable preference shares in the Company (the "Preference Shares") which would immediately be exchanged upon issue for ordinary shares (the "Ordinary Shares") in the Guarantor (the "Transaction");
- (B) for the purposes of the Transaction, the undersigned has resolved by resolutions of 24 July 2003 that the Company shall enter into the Documents (as defined in those resolutions) hereinafter the "Transaction Documents";
- (C) at a meeting of the sole shareholder of the Company held on 5 August 2003 resolutions were passed (the "Shareholders Resolution"), inter alia, to adopt an amendment to the Company's articles of incorporation (the "Articles"), which amendment included an increase in the authorised share capital of the Company to include 1,000,000 non-voting preferred shares with a nominal value of US\$0.50 per share (the "Preference Shares");
- (D) in connection with the Transaction the Company wishes to determine the terms and conditions appertaining to, and the rights and obligations attaching to, the Preference Shares in accordance with article 4 sub 5 of the Articles as amended;
- (E) in connection with the Transaction the Company wishes to issue the Preference Shares in accordance with article 4 sub 4 of the Articles as amended, subject to the fulfilment of the condition precedent that a duly completed and signed Conversion Notice (as defined in, and in accordance with, the terms of the paying, transfer,

(Certified as a true copy
of the original
R. Etim, Jr.
Company Secretary
12 March 2003)

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conversion and agency agreement to be entered into for the purposes of the Transaction between, inter alia, the Company, the Guarantor and the agents and registrar named therein (the "Agency Agreement")) be received in accordance with the terms and conditions of the Bonds;

- (F) upon receipt of the net proceeds of the subscription for the Bonds (the "Proceeds") the Company intends to transfer the Proceeds to Xstrata (Schweiz) AG ("Xstrata Schweiz"), the Company's sole shareholder, by way of a cancellation of part of the amount standing to the credit of the Company's share premium account and its distribution to Xstrata Schweiz (the "Share Premium Repayment");
- (G) the undersigned has noted and considered all factors relevant to the Transaction, which could be relevant for the Company and the commercial benefit expected to accrue to the Company by virtue of same and the risk inherent to the Transaction and the entering into thereof, as well as the interests of the holders of the Common Shares (as defined in the Articles);
- (H) the undersigned wishes to resolve to enter into the Transaction; and
- (I) even though the Articles do not require that the Managing Director obtains the authorisation or approval of the shareholders of the Company for the adoption of the resolutions as set forth below and the entering into of the Transaction, the Managing Director has requested the authorisation and approval of the general meeting of shareholders of the Company of the Transaction and the adoption of the resolutions set out below (the "Resolutions"), and the general meeting of shareholders of the Company has given the Managing Director its authorisation and approval to proceed with the Transaction, to adopt the resolutions and to perform all actions and things contemplated therein.

THE UNDERSIGNED acting in its aforementioned capacity as Managing Director hereby determines and RESOLVES that the entry by the Company into the Transaction (including, without limitation, the issue of the Bonds, the Share Premium Repayment, the issue of the Preference Shares and the entry into and performance of all relevant Transaction Documents, would materially benefit the Company, be in its best corporate interest, be in the corporate powers of the Company and be conducive to the realisation of the corporate objects of the Company.

IT IS HEREBY RESOLVED by the undersigned acting in its aforementioned capacity as Managing Director in accordance with the Articles:

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1. that the Company shall issue the Bonds subject to and in accordance with the terms and conditions of the Transaction Documents;
2. that upon receipt of the Proceeds the Company shall transfer the Proceeds to Xstrata Schweiz by way of a cancellation of part of the amount standing to the credit of the Company's share premium account and its distribution to Xstrata Schweiz;
3. that the terms and conditions appertaining to, and the rights and obligations attaching to, the Preference Shares shall be as set out in Annex 1 hereto, whose contents are included in, and form a part of, this Resolution by reference as if set forth fully herein;
4. that the allotment and issue by the Company of the Preference Shares is hereby authorised and approved, provided that the issue of each Preference Share is subject to the fulfilment of the condition precedent that a duly completed and signed Conversion Notice is received in respect of the relevant Bond to be converted into such Preference Share in accordance with the terms and conditions of the Bonds;
5. that the Preference Shares shall be issued credited as fully paid as to US\$1,000 per Preference Share (comprising the nominal value of US\$0.50 and a premium of US\$999.50 per Share), and the consideration for the issue of each Preference Share shall be the cancellation of the principal amount (being US\$1,000) owed by the Company, in respect of the Bond which is being converted into such Preference Share, to the holder of such Bond and such consideration is valid and sufficient;
6. that the Company will not amend, modify, vary or supplement the terms and conditions appertaining to, and the rights and obligations attaching to, the Preference Shares except in compliance with the provisions of the Articles as amended by the Shareholders Resolutions, the terms and conditions of the Preference Shares as set out in Annex 1 hereto, and the terms and conditions of the Transaction Documents;
7. to do all such acts and things as necessary, desirable or useful to give effect to these Resolutions and the Transaction generally;
8. that these Resolutions are in addition to and are without prejudice to the resolutions adopted by the Managing Director of the Company on 24 July 2003 and that those resolutions are, and any actions taken by any person given power and authority therein by the Managing Director therein to do or authorise any things in respect of the Transaction are, if and to the extent necessary, hereby ratified; and
9. that these Resolutions shall have immediate effect and that these Resolutions and their contents (including the provisions set out in Annex 1 hereto) shall be binding



on and enforceable against the Company and shall enure to the benefit of each holder of Preference Shares, each Bondholder and the Trustee (as defined in Annex 1).

THE UNDERSIGNED HEREBY FURTHERMORE:

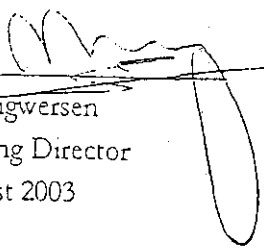
- (a) acknowledges that it is in its good faith and judgement for the commercial benefit and in the best interest of the Company to enter into the Transaction and to issue the Bonds and the Preference Shares, make the Share Premium Repayment and to perform all legal acts and other acts as may be necessary or desirable to enter into all relevant Transaction Documents and to implement the foregoing;
- (b) after having giving due consideration to all facts and circumstances of which he is aware or should at this moment reasonably be aware of, the issuance of the Bonds and the Preference Shares, and the terms and conditions thereof, and the making of the Share Premium Repayment, are (i) not prejudicial to the interests of the Company's creditors and do not result in a violation of any applicable Aruban statutory provision relating to fraudulent conveyance (*actio pauliana*) and (ii) is conducive to the realisation of the corporate objects of the Company and is *intra vires* such objects;
- (c) confirms that there is no conflict of interest between him and the shareholder, the Company and the parties to the Transaction, or any of them; and
- (d) confirms his authority to adopt the Resolutions described herein.

The signatory may deliver a signed copy of these Resolutions by fax or as a scanned copy by email and any such faxed copy or emailed scanned copy shall be deemed to be an original for all purposes.

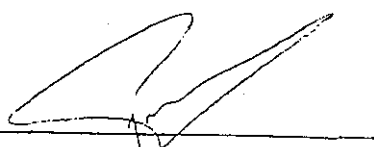
IN WITNESS WHEREOF the undersigned has executed these Resolutions on the date set out above. The signatures to these Resolutions appear on the next page.

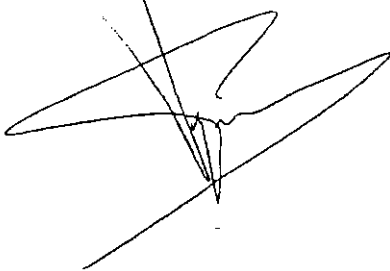

IMC INTERNATIONAL MANAGEMENT & TRUST COMPANY N.V.



By: Marc Ingwersen
Title: Managing Director
Date: 5 August 2003
Place: Aruba



By: Evelyn Palm
Title: Proxy Holder
Date: 5 August 2003
Place: Aruba



ANNEX 1

TERMS AND CONDITIONS FOR THE ISSUANCE OF THE PREFERENCE SHARES AND THE RIGHTS AND OBLIGATIONS ATTACHED TO THE PREFERENCE SHARES

Preference Share Rights

1. The rights attaching to the Preference Shares are as follows:

(a) As regards Income - Each Preference Share shall, on allotment, and subject to the availability of distributable profits, confer on the holder thereof a right to receive a (net) fixed cumulative dividend at the rate of 3.95 per cent. per annum of the Paid-up Value of each such Preference Share payable semi-annually in arrear in equal instalments on 15 February and 15 August in each year, (each a "Dividend Payment Date") starting on 15 February 2004 in respect of the full semi-annual period from (and including) the Issue Date to (but excluding) 15 February 2004. The dividend payable in respect of each Preference Share for any Dividend Period shall be calculated by applying the fixed cumulative dividend at the rate of 3.95 per cent. to the Paid-up Value of such Preference Share, divided by two and rounding the resulting figure to the nearest cent (0.5 of a cent being rounded upwards). The dividend payable in respect of each Preference Share for any period which is not a Dividend Period shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed, by reference to the same rate, where "Dividend Period" means each period beginning on (and including) a Dividend Payment Date (or the Issue Date in respect of the first Dividend Period) and ending on (but excluding) the next succeeding Dividend Payment Date.

Such dividends shall accrue from day to day. Each Preference Share will cease to accrue dividends from and including the date upon which such Preference Share is transferred to any member of the Xstrata Group, or its due date for redemption, whichever is earlier. No account shall be taken of accrued dividends on an exchange pursuant to any Share Exchange Call. The fixed cumulative dividend payable in respect of the Preference Shares shall be paid in priority to any dividend in respect of any other class of shares in the capital of the Company, other than any such class which shall rank *pari passu* with the Preference Shares as respects rights to dividends. The Preference Shares shall not confer any further rights of participation in the profits of the Company.

Any unclaimed dividend may be invested or otherwise made use of by the board of directors of the Company for the benefit of the Company until claimed and any dividend or other sum payable on any Preference Shares unclaimed after a period of ten years from the date when it became due for payment shall be forfeited and shall revert to the Company and the payment by the director of the Company of any unclaimed dividend or other sum payable on or in respect of a Preference Share into a separate account shall not constitute the Company a trustee in respect of it.

(b) As regards Capital - On a winding-up of the Company or other return of capital (other than a purchase or redemption of any Preference Share or any share of any other class of redeemable shares), the Preference Shares shall carry the First Right in priority to any payment in respect of any other class of shares in the Company. In the event that the assets of the Company available for distribution are insufficient to repay in full the Paid-up Value of each Preference Share or shares carrying the like right together with such arrears or accruals, the available assets shall be apportioned *pro rata* amongst the Preference Shares and shares carrying

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the like right then in issue according to the Paid-Up Value and the amount at which any such other share is credited as paid-up and arrears or accruals outstanding.

(c) As regards Voting - The holders of the Preference Shares shall be entitled to receive notice of general meetings of the Company and to attend but not vote thereat.

(d) As regards Redemption - The Preference Shares shall, or as provided in paragraph 1(d)(B) may, be redeemed by the Company upon and subject to the provisions of the Law and any other applicable law in Aruba and the following terms and Conditions:

- (A) Subject as provided in paragraph 1(d)(B), all Preference Shares shall automatically and forthwith upon their allotment and issue be redeemed by the Company for cash at their Paid-up Value.
- (B) Where a Share Exchange Call has been or is deemed to have been exercised and the Preference Shares have been transferred to the Guarantor or its nominee in exchange for the issue to the holder thereof of that number of fully paid Ordinary Shares to which the holder is entitled upon such exercise, the relevant Preference Shares shall not be redeemed forthwith pursuant to paragraph 1(d)(A) but shall be redeemed for cash at their Paid-up Value at any time after the first transfer thereof into the name of the Guarantor or its nominee on any date specified by the holder thereof for the time being in any notice given by the holder to the Company requiring such redemption either forthwith or on any subsequent date. Any such notice may be a standing notice (which may be revoked or amended at any time) requiring all or any part of the Preference Shares transferred from time to time into the name of the giver of such notice to be redeemed forthwith upon such transfer or at any time thereafter as specified therein and different directions may be given concerning different portions of the Preference Shares so transferred and accordingly such notice will apply to all such transfers following such notice (without the need for a separate notice requiring redemption to be served in respect of each such transfer of Preference Shares) until amended or revoked.
- (C) On redemption of a Preference Share, the Company will cancel the Preference Share and any certificate relating thereto and such Preference Share may not be re-issued or sold as a Preference Share but shall be available for issue in accordance with the Articles.
- (D) The obligations of the Company to redeem Preference Shares on the terms outlined above are subject to applicable law in Aruba.

(e) As regards Exchange

(A) Exercise of Share Exchange Calls

(aa) By exercising a Conversion Right, a Bondholder (or, in the case of the exercise of Conversion Rights by the Trustee pursuant to Condition 7(c), the Trustee) will be deemed, subject to and in accordance with these presents, to have made a Share Exchange Call applicable to the Preference Shares arising on the exercise of such Conversion Right. If Conversion Rights are exercised in relation to the Bonds:

- (i) the Directors shall issue Preference Shares as of the relevant Conversion Date (x) in the name of the Bondholder completing the relevant Conversion Notice or of his nominee

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in the case of the exercise of Conversion Rights by a Bondholder, or (y) in the name of the Trustee or as the Trustee may direct in the case of the exercise of Conversion Rights by the Trustee; and

- (ii) the Company will procure that the Preference Shares arising therefrom are immediately, following issue of such Preference Shares to the Bondholder or his nominee (or to the Trustee or as the Trustee directs, as the case may be), exchanged in accordance with these presents for Ordinary Shares on the relevant Conversion Date,

without any further action being required to be taken by any Bondholder or the Trustee.

- (bb) The number of Ordinary Shares which the Company is required to procure are issued on the making of a Share Exchange Call shall be determined by dividing the Paid-up Value of the relevant Preference Shares (which shall be US\$1,000 per Preference Share translated into pounds sterling at the fixed rate of US\$1.6077 = £1.00) by the Exchange Price in effect on the relevant Conversion Date. The initial Exchange Price is 610 pence per Ordinary Share and the Exchange Price shall thereafter be subject to adjustment in the circumstances set out in paragraph (B) below. Fractions of Ordinary Shares will not be issued on exchange and no cash adjustment will be made. However, if a Share Exchange Call in respect of more than one Preference Share is exercised at any one time, the number of such Ordinary Shares to be issued in respect thereof shall be calculated on the basis of the aggregate Paid-up Value of such Preference Shares being so exchanged (rounded down to the nearest whole number). Where the Trustee shall have exercised its rights pursuant to Condition 7(c), all relevant Bonds and Preference Shares shall, for the purpose of the immediately preceding sentence, be deemed to be held by one person. Ordinary Shares to be issued on exchange will be deemed to be registered as of the relevant Conversion Date in the name of the holder of the relevant Preference Shares or his nominee or, where they are to be issued to the Trustee pursuant to Condition 7(c), the Trustee or its nominee or agent on behalf of the relevant Bondholders.

(B) Adjustment to the Exchange Price

- (aa) Upon the happening of any of the events described in the following provisions of this paragraph 1(e)(B), the Exchange Price will be adjusted in relation to subsequent exchanges of Preference Shares as follows:

- (i) Consolidation, Reclassification or Subdivision: If and whenever there shall be an alteration to the nominal value of the Ordinary Shares as a result of consolidation, reclassification or subdivision, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to such alteration by the following fraction:

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$$\frac{A}{B}$$

where:

A is the nominal amount of one Ordinary Share immediately after such alteration; and

B is the nominal amount of one Ordinary Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) Capitalisation of Profits or Reserves: If and whenever the Guarantor shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than Ordinary Shares issued instead of the whole or any part of a cash dividend which the Shareholders would or could otherwise have received, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (iii) Capital Distribution: If and whenever the Guarantor shall pay or make any Capital Distribution to the Shareholders, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date on which the Ordinary Shares are traded on the Relevant

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Stock Exchange ex-the relevant Capital Distribution;
and

B is the portion of the Fair Market Value (as determined as at the date of announcement of the relevant Dividend) of the Capital Distribution attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase of Ordinary Shares by or on behalf of the Issuer, by the number of Ordinary Shares issued and outstanding immediately prior to such purchase) of the Capital Distribution attributable to one Ordinary Share.

Such adjustment shall become effective on the date on which such Capital Distribution is made.

- (iv) Rights Issues of Ordinary Shares or Options Over Ordinary Shares: If and whenever the Guarantor shall issue Ordinary Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares, in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the announcement of the terms of the issue or grant of such Ordinary Shares, options, warrants or other rights, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such announcement;
- B is the number of Ordinary Shares which the aggregate amount (if any) payable for the Ordinary Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares issued or, as the case may be, deliverable on the exercise of such options, warrants or other rights.

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Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

- (v) Rights Issues of other Securities: If and whenever the Guarantor shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares) to Shareholders as a class by way of rights, or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire Ordinary Shares), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date on which the terms of such issue or grant are publicly announced; and

B is the Fair Market Value on the date of such announcement, of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

- (vi) Issues at less than Current Market Price: If and whenever the Guarantor shall issue (otherwise than as mentioned in paragraph 1(e)(B)(aa)(iv) above) wholly for cash any Ordinary Shares (other than Ordinary Shares issued on the making of a Share Exchange Call or on the exercise of any other rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares), or grant (otherwise than as mentioned in paragraph 1(e)(B)(aa)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares, in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of announcement of the terms of such issue or grant, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to such issue by the following fraction:

$$\frac{A+B}{A+C}$$

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where:


- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the issue of such options, warrants or rights and the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued pursuant to such issue of such additional Ordinary Shares or upon exercise of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

- (vii) Other Issues at less than Current Market Price: If and whenever the Guarantor or any Subsidiary of the Guarantor or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary of the Guarantor), any other company, person or entity (otherwise than as mentioned in paragraphs 1(e)(B)(aa)(iv), (v) or (vi) above) shall issue wholly for cash or for no consideration any securities (other than the Bonds (excluding for this purpose any further bonds issued pursuant to Condition 18 of the Bonds, and other than the Preference Shares)) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or purchase of, or otherwise to acquire, Ordinary Shares issued or to be issued by the Guarantor (or shall grant any such rights in respect of existing securities so issued) or securities which by their terms might be redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase, acquisition or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of announcement of the terms of issue of such securities (or the terms of such grant), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to such issue (or grant) by the following fraction:

$$\frac{A + B}{A + C}$$

where:

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- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant securities carry rights of conversion into or rights of exchange or subscription or purchase or acquisition of, Ordinary Shares which have been issued by the Guarantor for the purposes of, or in connection with, such issue, less the number of such Ordinary Shares so issued);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription or purchase or acquisition attached to such securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such securities or upon the exercise of such right of subscription, purchase or acquisition attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares to be issued or be made available or to arise from any such redesignation.

Such adjustment shall become effective on the date of issue or grant of such securities.

- (viii) Modification of Rights of Conversion, etc. If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities as are mentioned in paragraph 1(e)(B)(aa)(vii) (other than in accordance with the terms (including terms as to adjustment) applicable to such securities) so that following such modification the consideration per Ordinary Share receivable is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of announcement of the proposals for such modification, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or

acquisition of, Ordinary Shares which have been issued by the Guarantor for the purposes of, or in connection with, such issue, less the number of such Ordinary Shares so issued);

- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription or purchase or acquisition attached to the securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange, subscription or purchase price of such securities; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription or purchase price or rate but giving credit in such manner as determined by an Independent Financial Adviser to be appropriate for any previous adjustment under this paragraph 1(e)(B)(aa)(viii) or paragraph 1(e)(B)(aa)(vii) above.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

Other Offers to Shareholders: If and whenever the Guarantor or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity shall offer any securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exchange Price falls to be adjusted under paragraph 1(e)(B)(aa)(iv) above (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant dealing day) or under paragraph 1(e)(B)(aa)(v) above, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date on

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which the terms of such offer are publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

(x) Exchange Price Adjustment upon Change of Control: If an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as many be practicable all) such Shareholders other than the offeror and/or any associate of the offeror (as defined in Section 430E(4) of the Companies Act 1985 of Great Britain, or any modification or re-enactment thereof), to acquire the whole or any part of the issued ordinary share capital of the Guarantor or if any person proposes a scheme with regard to such acquisition and (such offer or scheme having become or been declared unconditional in all respects) the Guarantor becomes aware that, other than in circumstances constituting an Excluded Relevant Event, the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Guarantor has or will become unconditionally vested in the offeror and/or such associate(s) as aforesaid (a "Relevant Event"), the Guarantor and/or the Issuer shall give written notice thereof to Bondholders (which shall include notice of the Exchange Price applicable as a consequence of the occurrence of the Relevant Event as set out below) within 14 calendar days of the first day on which it becomes so aware, which notice shall contain a statement informing the Bondholders of their entitlement to exercise their Conversion rights as provided in the Conditions. Upon any exercise of Conversion Rights within 60 calendar days following a Relevant Event or, if later, 60 calendar days following the date on which notice thereof is given, the Exchange Price shall be adjusted by dividing the Exchange Price in force immediately prior to such Relevant Event by a figure calculated in accordance with the formula and subsequent proviso set out below:

$$A \times \frac{C}{B}$$

where:

A is the arithmetic average of the historic daily median of the bid and offer price quoted by each of the three leading market makers in the bonds selected by the Guarantor and approved by the Trustee and expressed as a percentage of the nominal amount thereof for each day during the Calculation Period;

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B is the average of the daily highest and lowest quoted prices expressed in US Dollars (translated from pounds sterling at the US\$:£ exchange rate appearing on or derived from Reuters' Page FXBENCH as at or about 12 noon (London time) on such day) of an Ordinary Share during the Calculation Period as derived from the Relevant Stock Exchange; and

C is the average Exchange Price (as adjusted from time to time) expressed in US Dollars (translated from pounds sterling at the fixed rate of US\$1.6077 = £1.00) during the Calculation Period,

provided that no increase of the Exchange Price shall be made pursuant to this paragraph 1(e)(B)(aa)(x).

(xi) Other Events: If the Guarantor determines that an adjustment should be made to the Exchange Price as a result of one or more events or circumstances not referred to in paragraphs 1(e)(B)(aa)(i) to 1(e)(B)(aa)(x) (even if the relevant event or circumstance is specifically excluded from the operation of paragraphs 1(e)(B)(aa)(i) to 1(e)(B)(aa)(x)), the Guarantor shall, at its own expense and acting reasonably, request a firm of accountants or an independent investment bank in London of international repute (acting in each case as experts), in each case selected by the Guarantor and, in each case, approved in writing by the Trustee (such consent not to be unreasonably withheld or delayed), to determine as soon as practicable what adjustment (if any, and provided that it shall result in a reduction to the Exchange Price) to the Exchange Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this paragraph 1(e)(B)(aa)(xi) if such firm of accountants and such independent investment bank are so requested to make such a determination not more than 21 calendar days after the date on which the relevant event or circumstance arises.

(bb) For the purposes of any calculation of the consideration receivable referred to in paragraphs 1(e)(B)(aa)(vi), 1(e)(B)(aa)(vii) and 1(e)(B)(aa)(viii), the following provisions shall apply:

(a) the aggregate consideration receivable for Ordinary Shares issued for cash shall be the amount of such cash provided that in no case shall any deduction be made for any commission, fees or any expenses paid or incurred by the Guarantor for any underwriting of the issue or otherwise in connection therewith;

(b) (1) the aggregate consideration receivable for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any securities shall be deemed to

be the consideration received or receivable for any such securities and (2) the aggregate consideration receivable for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration received or receivable for such securities or, as the case may be, for such options, warrants or rights which is attributed by the Guarantor to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the announcement of the terms of issue of such securities or, as the case may be, such options, warrants or rights, plus in the case of each of (1) and (2) above, the additional minimum consideration (if any) to be received upon the conversion or exchange of such securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (3) the consideration per Ordinary Share receivable upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration referred to in (1) or (2) above (as the case may be), divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate.

- (cc) On any adjustment, the resultant Exchange Price, if not an integral multiple of £0.01, shall be rounded down to the nearest whole £0.01. No adjustment shall be made to the Exchange Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Exchange Price then in effect. Any adjustment not required to be made, and any amount by which the Exchange Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment but such subsequent adjustment shall be made on the basis that the adjustment not required to be made has been made at the relevant time.
- (dd) No adjustment will be made to the Exchange Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to employees (including directors holding executive office) of the Guarantor or any Subsidiary or any associated company of the Guarantor pursuant to any employees' share scheme (as defined in section 743 of the Companies Act 1985 of Great Britain or any modification or re-enactment thereof).
- (ee) The Exchange Price may not be reduced so that, on the making of a Share Exchange Call, Ordinary Shares would fall to be issued at a discount to their nominal value.
- (ff) Where more than one event which gives or may give rise to an adjustment to the Exchange Price occurs within such a short period of

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time that, in the opinion of a firm of accountants or of an independent investment bank of international repute in London in either case selected by the Guarantor and approved in writing by the Trustee, a modification to the operation of the adjustment provisions is required in order to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by such accountants or investment bank to be in their opinion appropriate to give such intended result.

- (gg) Where the circumstances giving rise to any adjustment pursuant to this paragraph 1(e)(B) have already resulted or will result in an adjustment to the Exchange Price or where the circumstances giving rise to any adjustment arise by virtue of any other circumstances which have already given or will give rise to an adjustment to the Exchange Price, such modification shall be made to the operation of the provisions of this paragraph 1(e)(B) as may be advised by a firm of accountants or by an independent investment bank of international repute in London in either case selected by the Guarantor and approved in writing by the Trustee to be in their opinion appropriate to give the intended result.
- (hh) If any doubt shall arise as to the appropriate adjustment to the Exchange Price, a certificate of a firm of accountants or of an independent investment bank of international repute in London in either case selected by the Guarantor and approved in writing by the Trustee shall be conclusive and binding on all concerned, save in the case of manifest or proven error.
- (ii) If the Conversion Date in relation to any Bond shall be after the record date for any such issue, distribution, grant or offer (as the case may be) as is mentioned in paragraphs 1(e)(B)(aa)(ii) to 1(e)(B)(aa)(v) and paragraph 1(e)(B)(aa)(ix), or any such issue as is mentioned in paragraphs 1(e)(B)(aa)(vi) and 1(e)(B)(aa)(vii) which is made to the Shareholders or any class of them, but before the relevant adjustment becomes effective under paragraph 1(e)(B), the Guarantor shall (conditional upon the relevant such adjustment becoming effective) procure that there shall be issued to the converting Bondholder, or in accordance with the instructions contained in the Conversion Notice or, as the case may be, to the Trustee or as directed by the Trustee (subject, in each such case, to any applicable exchange control or other laws or other regulations) such additional number of Ordinary Shares (if any) as, together with the Ordinary Shares issued or to be issued on conversion of the relevant Bond and exchange of the related Preference Share, is equal to the number of Ordinary Shares which would have been required to be issued on conversion of such Bond and exchange of the related Preference Share if the relevant adjustment (more particularly referred to in the said provisions of this paragraph 1(e)(B)) to the Exchange Price had in fact been made and become effective immediately after the relevant record date. Such additional Ordinary Shares will be allotted within one month after the relevant Conversion Date or, if later, within one month after the date of issue of Ordinary Shares or other securities if the adjustment results from the issue of Ordinary Shares. Any such additional Ordinary Shares will be issued in uncertificated form through the dematerialised securities trading system operated by CRESTCo Limited, known as CREST, unless the holder of such beneficial interests elects to hold such additional Ordinary Shares


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in certificated registered form or, at the time of issuance, the Ordinary Shares are not a participating security in CREST.

- (ii) References to any issue or offer to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer to all or substantially all Shareholders other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer.

(C) Generally

- (aa) Neither the Preference Shares nor the Ordinary Shares will be available for issue (i) to, or to a nominee for, Euroclear, Clearstream, Luxembourg, or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depositary receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the "abolition day" as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom.
- (bb) Ordinary Shares to be issued on exchange of the Preference Shares issued on conversion of the Bonds will be issued in uncertificated form through the dematerialised securities trading system generated by CRESTCo Limited, known as CREST, unless the Bondholder elects to hold the Ordinary Shares in certificated registered form or, at the time of issuance, the Ordinary Shares are not a participating security in CREST. Certificates for Ordinary Shares issued on conversion (if Ordinary Shares are in certificated form) will be dispatched by mail free of charge (but uninsured and at the risk of the person entitled thereto) within one month after the Conversion Date.
- (cc) Save as provided in Condition 7(d), no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Bonds since the Interest Payment Date immediately preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Issue Date).
- (dd) On the exercise of a Share Exchange Call pursuant to an exercise of Conversion Rights by or on behalf of a Bondholder or the Trustee, such Bondholder or the Trustee must pay (in the case of the Trustee by means of deduction from the net proceeds of sale referred to in Condition 7(c)) any stamp, capital, transfer, issue, registration, documentary, transaction or other similar tax (if any) arising on the relevant conversion and/or exchange (other than any stamp, capital, transfer, issue, registration, documentary, transaction or other similar tax payable in Aruba, the United Kingdom or Switzerland or any jurisdiction where the Issuer or the Guarantor is resident for tax purposes or where the Issuer or Guarantor has a permanent establishment, branch or agency, on the issue of the Preference Shares



or the Ordinary Shares to be issued in exchange for Preference Shares on conversion of the Bonds, such taxes being payable by the Issuer, failing whom the Guarantor, apart from (a) any stamp duty or stamp duty reserve tax that arises under Sections 67, 70, 93 or 96 of the United Kingdom Finance Act 1986 to the extent that the stamp duty or stamp duty reserve tax exceeds that which would have been payable had the person to whom the Preference Shares or the Ordinary Shares were issued not been a person within Section 67(6), (7) or (8), Section 70(6), (7) or (8), Section 93(2) or (3) or Section 96(1) of such Act (as applicable) or (b) any Swiss Securities Transfer Tax arising solely in consequence of Bonds, Preference Shares or Ordinary Shares being converted, issued or exchanged by or through a Swiss securities dealer (unless the use of a Swiss securities dealer as the person by or through whom the Bonds, Preference Shares or Ordinary Shares are converted, issued or exchanged occurs at the direction of the Issuer or Guarantor or is required by law) to the extent that the Securities Transfer Tax exceeds that which would have been payable had the Swiss securities dealer not been involved, such taxes (a) and (b) to be paid by the Bondholders or the Trustee (as the case may be) and such Bondholder or the Trustee (as the case may be) must pay (in the case of the Trustee, by way of deduction from the net proceeds of sale as aforesaid) all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or Preference Share in connection with such conversion..

- (f) As regards Transfer - Any Preference Share in respect of which a Share Exchange Call has been or is deemed to have been made shall forthwith upon allotment and issue of the same be transferred to the Guarantor or its nominee in exchange for the issue to the holder thereof of that number of fully paid Ordinary Shares to which the holder is entitled upon making (or deemed making) of the Share Exchange Call. Any such transfer shall be effected by the Company (or a person appointed for this purpose by the Company) as agent for the holder thereof and the Company (or a person appointed as aforesaid) shall be and is hereby authorised by such holder to execute all such documents and do all such things as may be necessary properly to effect the same, without any cost or liability to, or any further action required by, the holder (save as provided in Condition 7(b)). Transfers of Preference Shares shall be effected by any instrument of transfer in common or usual form or such other form as may be approved by the Board. The transferor shall be deemed to remain the holder of the Preference Share until the name of the transferee is entered in the register in respect of it. All instruments of transfer, when registered, may be retained by the Company.

- (g) The Preference Shares shall only be issued on conversion of Bonds pursuant to the Conditions and the terms of the Trust Deed and shall be issued at the Paid-up Value per Preference Share credited as fully paid and will rank pari passu with all (if any) fully paid Preference Shares then in issue.

- (h) As regards modification

- (A) The rights appertaining to the Preference Shares may be varied, abrogated or modified, in accordance with the provisions of Article 11 of the Articles, either (i) by the approval of such variation, abrogation or modification by a General Meeting of Shareholders (as defined in the Articles) after the prior approval of such variation, abrogation or modification by a Special Class Meeting of the holders of the Preference Shares (as defined in the Articles) pursuant to a resolution adopted by at



least two-thirds of the votes that can be cast on all issued and outstanding Preference Shares; or (ii) in accordance with the following provisions of this paragraph 1(h).

- (B) The Board may modify the Articles or Resolution 3 (of which this Annex 1 forms a part), 4, 5 or 6, insofar as such modification relates to the variation, abrogation or modification of the rights appertaining to the Preference Shares, provided that the Board shall only make such modification:

- (aa) subject to paragraph 1(h)(B)(bb) below, with the consent of Bondholders by way of an Extraordinary Resolution of Bondholders validly passed at a meeting of Bondholders validly convened and held in accordance with the terms of the Trust Deed consenting to such modification of the Articles or Resolutions 3, 4, 5 or 6 above; or
- (bb) with the consent of the Trustee alone (and without the consent of Bondholders) if the proposed modification to the Articles or Resolutions 3, 4, 5 or 6 above is, in the Trustee's opinion, of a formal, minor or technical nature or to correct a manifest or proven error, or is some other modification which, in the Trustee's opinion, is not materially prejudicial to the interests of the Bondholders.

- (C) For the avoidance of doubt, the consent of the Trustee or the Bondholders is not required for an alteration or modification of the Articles or these Resolutions in respect of the rights appertaining to the Class A or Class B Shares, provided that any such alteration or modification does not, or does not have the effect of, varying, abrogating or modifying the rights appertaining to the Preference Shares. As used above, "Class A Shares" or "Class B Shares" has the meaning provided for in the Articles.

- (D) Any modification of the rights appertaining to the Preference Shares pursuant to paragraphs 1(h)(A) or (B) shall be binding on all Bondholders and holders of Preference Shares and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Bondholders in accordance with Condition 17 as soon as practicable thereafter.

- (i) For the avoidance of doubt, "Preference Shares" as referred to in these Resolutions and in this Annex 1 in particular shall be the Initial Preference Shares as defined in the Articles.

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Interpretation

2. In this Resolution the words standing in the first column of the Table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context.

Words	Meanings
Articles	articles of incorporation of the Company
Board	the board of Directors of the Company
Bondholder	the person in whose name a Bond is registered
Bonds	U.S.\$ 600,000,000 3.95 per cent. Guaranteed Convertible Bonds due 2010 of the Company constituted by the Trust Deed, guaranteed by the Guarantor and such expression shall include, unless the context otherwise requires, any further bonds issued pursuant to Condition 18 and forming a single series with the Bonds
Calculation Period	a period of 30 consecutive days ending on, or if the Commencement Date occurs prior to the day that is 35 calendar days after the Issue Date, a period commencing on the Issue Date and ending on, the fifth dealing day prior to the Commencement Date
Capital Distribution	any Dividend which is, or to the extent determined to be, a capital distribution in accordance with the following formula:

$$E = A+B-C$$

Where:

- A is the Fair Market Value of the relevant Dividend (*Dividend A*) (such Fair Market Value being determined as at the date of announcement of Dividend A);
- B is the Fair Market Value of all other Dividends (other than any Dividend or portion thereof which was or was previously determined to be a Capital Distribution) made in respect of the same fiscal year as Dividend A (*Fiscal Year A*) (such Fair Market Value being determined in each case as at the date of announcement of the relevant Dividend);
- C is equal to 120 per cent. of the highest Fair Market Value of all Dividends (other than any Dividend or portion thereof which was or was previously determined to be a Capital Distribution) made in respect of a fiscal year (such Fair Market Value being determined, in each case, as at the date of

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announcement of the relevant Dividend), provided that C shall never be less than US\$126 million converted into pounds sterling at the weighted average rate of exchange used to determine Dividend A and each of the other Dividends made in Fiscal Year A, if any such determination was required to be made; and

E is the Capital Distribution (provided that, if E is zero or a negative number, the Capital Distribution shall be deemed to be zero)

City Code

City Code on Takeovers and Mergers

Commencement Date

means commencement of an offer period (as determined in accordance with the City Code, as if the City Code applied to the Guarantor) and being an offer period in respect of which or in relation to which a Relevant Event occurs or, as the case may be, the date of the announcement of a scheme in relation to which a Relevant Event occurs, provided that if the Commencement Date would otherwise have occurred less than 90 calendar days after the end of a previous offer period (as determined in accordance with the City Code, as if the City Code applied to the Guarantor), then the Commencement Date shall be the commencement of such previous offer period (determined as above);

Company

Xstrata Capital Corporation A.V.V.

Conditions

the terms and Conditions endorsed on the Bonds in or substantially in the form set out in Schedule 2 of the Trust Deed as from time to time modified in accordance with the Trust Deed and any reference in these presents to a particular numbered Condition shall be construed accordingly

Conversion Right

the right of (a) a Bondholder or (b) the Trustee at specified times in accordance with Condition 7 to convert each Bond into one fully paid Preference Share in the Company, such Preference Share to be allotted and issued at a price equal to the Paid-Up Value in accordance with the Conditions, which will be immediately exchanged for Ordinary Shares of the Guarantor at the Exchange Price

Conversion Date

shall have the meaning ascribed to it in Condition 7(b)

Conversion Notice

shall have the meaning ascribed to it in Condition 7(b)

Current Market Price

in respect of an Ordinary Share at a particular date, the simple average of the bid and offer quotations published by, or derived from, the Relevant Stock Exchange for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that if at any time during the said five day period the Ordinary Shares shall have been quoted ex-dividend and during some other part of that period the Ordinary Shares shall have been quoted cum-

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dividend then:

- (a) if the Ordinary Shares to be issued do not rank for the dividend in question, the quotations on the dates on which the Ordinary Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Ordinary Share (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the United Kingdom);
- (b) if the Ordinary Shares to be issued do rank for the dividend in question, the quotations on the dates on which the Ordinary Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount,

and provided further that if the Ordinary Shares on each of the said five dealing days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Ordinary Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Ordinary Share (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the United Kingdom)

dealing day a day on which the Relevant Stock Exchange is open for business and Shares may be dealt in on the Relevant Stock Exchange

Directors the directors of the Company

Dividend any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes without limitation an issue of shares or other securities credited as fully or partly paid up) provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Ordinary Shares be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, then the Dividend in question shall be treated as a Dividend (i) of the cash Dividend so announced or (ii) of the Fair Market Value, on the date of announcement of such Dividend, of the Ordinary Shares or other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Ordinary Shares elected therefor, regardless of whether any such election is made) if the Fair Market Value of such Ordinary Shares or other property or assets is greater than the cash

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Dividend so announced;

- (b) for the purposes of the definition of Capital Distribution, any issue of Ordinary Shares falling within paragraph 1(e)(B)(aa)(ii) shall be disregarded;
- (c) a purchase or redemption of share capital by the Guarantor shall not constitute a Dividend unless, in the case of purchases of Ordinary Shares, the weighted average price (before expenses) on any one day in respect of such purchases exceeds by more than 5 per cent. the closing price of the Ordinary Shares on the Relevant Stock Exchange as derived from, or published by, the Relevant Stock Exchange at the opening of business either (1) on that date, or (2) where an announcement (excluding for the avoidance of doubt for these purposes any general authority for such purchases or redemptions approved by a general meeting of Shareholders or any meeting convening such a meeting of Shareholders) has been made of the intention to purchase Ordinary Shares at some future date at a specified price, on the dealing day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a dealing day, the immediately preceding dealing day, in which case such purchase shall be deemed to constitute a Dividend to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased by the Guarantor exceeds the product of (3) 105 per cent. of the closing price of the Ordinary Shares determined as aforesaid and (4) the number of Ordinary Shares purchased by the Guarantor; and
- (d) in making such calculation, such adjustments (if any) shall be made as are determined by an Independent Financial Adviser to be appropriate to reflect any division or subdivision of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves

Dividend Payment Date	is defined in paragraph 1(a) of these presents
Dividend Period	is defined in paragraph 1(a) of these presents
Exchange Price	the deemed price of the Ordinary Shares determined in accordance with the provisions of paragraph 1(e) of these presents
Excluded Relevant Event	a scheme or an offer as referred to in paragraph 1(e)(B)(aa)(x) which: <ul style="list-style-type: none">(a) upon full implementation would result in the Guarantor being a wholly-owned subsidiary of a body corporate more than 50 per cent. of the share capital having the right ordinarily to vote on a poll at a general meeting of

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which would be held by persons who received such share capital pursuant to the scheme or offer in their capacity as shareholders of the Guarantor; and

- (b) incorporates or is accompanied by arrangements pursuant to which each Bondholder is given a reasonable opportunity to exchange the Bonds held by such Bondholder for bonds to be issued by such new holding company convertible into shares of such new holding company on terms determined by an independent investment bank of international repute in London selected by the Guarantor and approved in writing by the Trustee to be such that the Bondholders are not disadvantaged in comparison with the holders of the ordinary share capital of the Guarantor

Fair Market Value

with respect to any property on any date, the fair market value of that property as determined by an Independent Financial Advisor, provided that (1) the fair market value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (2) where options, warrants or other rights are publicly traded in a market of adequate liquidity as determined by an Independent Financial Advisor, the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five dealing days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded, or such shorter period as such options, warrants or other rights are publicly traded; (3) where options, warrants or other rights are not publicly traded (as aforesaid), the fair market value of such options, warrants or other rights will be as determined by an Independent Financial Advisor on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof; and (4) in the case of (1) converted into pounds sterling (if declared or paid in a currency other than pounds sterling) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid the cash Dividend in pounds sterling; and in the absence of such a stated rate of exchange and in the case of (2) and (3) converted into pounds sterling (if expressed in a currency other than pounds sterling) at such rate of exchange as determined by an Independent Financial Advisor to be the spot rate at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available); provided that for the purposes of determining Fair Market Value under paragraph 1(e)(B)(aa)(v), references in this definition to options, warrants or other rights shall be deemed to be the entitlement to such options, warrants or other rights as

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the case may be

First Right

the right carried by the Preference Shares on a winding-up of the Company to payment of the Paid-up Value thereof, together with a sum equal to any accrued but unpaid preferential dividend due in respect of such Preference Shares to be calculated to the date when payment of the return of capital is made and to be payable irrespective of whether or not such dividend has been declared or earned, in priority to any payment in respect of any other class of shares in the Company

Guarantor

Xstrata plc

Independent Financial
Advisor

an investment bank, bank or financial adviser of international repute appointed by the Guarantor for the relevant purpose and approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of Bondholders) and acting as an expert or, if the Guarantor shall not have appointed such an adviser within 21 calendar days after becoming aware of the need for such appointment hereunder and the Trustee is indemnified to its satisfaction against the costs, fees and expenses of such adviser, appointed by the Trustee following notification to the Guarantor

Issue Date

15 August 2003, being the date of initial issue of the Bonds

the Law

the Code of Commerce of Aruba and every modification or re-enactment thereof for the time being in force

Ordinary Shares

ordinary shares in the capital of the Guarantor having, on the Issue Date, a nominal value of US\$ 0.50 each (and any other shares or stock resulting from any sub-division, consolidation or re-classification of such ordinary shares)

Paid-up Value

the agreed issue price of U.S.\$1,000 at which each Preference Share is issued credited as fully paid-up

Preference Shareholder

a holder of a Preference Share

Preference Shares

3.95 per cent. Exchangeable Redeemable Preference Shares in the capital of the Company each having the rights attaching thereto prescribed in these presents

Relevant Event

is defined in paragraph 1(e)(B)(aa)(x) of these presents

Relevant Stock Exchange

at any time, in respect of the Ordinary Shares, the Official List of the United Kingdom Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and/or, as the context requires, the market for listed securities of London Stock Exchange plc or, if the Ordinary Shares are not at that time so listed, the principal stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in

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Resolution	this resolution of the Managing Director of the Company passed on 5 August 2003
securities	includes, without limitation, shares in the share capital of the Guarantor
Share Exchange Call	the right, pursuant to and subject to the terms of these presents, of a holder of a Preference Share arising from the exercise of a Conversion Right to exchange such Preference Share for Ordinary Shares at the Exchange Price
Shareholders	holders of Ordinary Shares of the Guarantor
Subsidiary	in relation to the Company, the meaning attributed to it by the Law and in relation to the Guarantor, any subsidiary undertaking (within the meaning of section 258) of the Companies Act 1985 of Great Britain
these presents	this Resolution in its present form or as from time to time altered
Trust Deed	the trust deed to be dated on or about 15 August 2003 made between the Company, the Guarantor and the Trustee constituting the Bonds, as from time to time modified or amended in accordance with the terms thereof.
Trustee	Law Debenture Trust Corporation p.l.c. or such other persons or companies for the time being the trustee or trustees of the trusts constituted by the Trust Deed

Handwritten signature and initials, possibly 'CM'.