



11 February 2005

The Hon Peter Costello, MP
Treasurer
4 Treasury Place
Melbourne, Victoria 3002
Australia

Dear Treasurer

I refer to our discussions regarding approval under the Foreign Acquisitions and Takeovers Act, 1975 for Xstrata plc's proposed acquisition of WMC Resources Limited.

As we discussed, Xstrata recognises the value of having Australian representation on the Boards of Group companies. This is a particular imperative given the Groups' strong Australian geographic presence. In addition to the many Australians already on the Xstrata Executive Committee and on the Boards of Xstrata Copper and Xstrata Coal, I confirm that Xstrata is already engaged in the process of identifying an Australian resident who will be invited to join the Board of Xstrata plc.

As a UK listed and incorporated company Xstrata adheres to high standards of financial and corporate disclosure. In dealings with Australian regulatory authorities, I am happy to confirm that Xstrata will continue to make full disclosure of information in its possession or available to it, as required under Australian law. Xstrata will make every effort to ensure that information held in foreign jurisdictions will be made available to Australian regulatory authorities as required under Australian Law, notwithstanding any less stringent requirements in other jurisdictions where Xstrata operates.

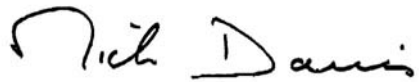
Critical to the Group's strategy and success is our belief that authority and responsibility should be devolved to the maximum extent possible to the executive managements of the businesses themselves. In keeping with this core belief, we established the head offices and executive managements of our global copper and coal businesses - Xstrata Copper and Xstrata Coal - in Australia. If successful with the proposed acquisition of WMC, Xstrata will also establish the head office and executive management of its new global nickel business - Xstrata Nickel - in Australia.

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Xstrata is in Australia for the long-haul and a great deal of our future growth will be in this country - irrespective of the acquisition of WMC. We will continue to be a major investor in the Australian mining industry and remain very positive about the opportunities for realising the potential of our Australian assets, for the benefit of all our stakeholders.

With warmest best wishes

Sincerely

A handwritten signature in black ink that reads "M L Davis". The letters are cursive and fluid, with the first name "M" and last name "Davis" clearly legible.

M L Davis