



recommended acquisition of **M.I.M. Holdings Limited** and rights issue
Supplementary prospectus

17 April 2003

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken, you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you sell or have sold or otherwise transferred all of your holding of Ordinary Shares (other than "ex rights"), in certificated form before 9 May 2003 (the "ex-rights date"), please forward this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred all of your registered holding of Ordinary Shares held in uncertificated form before the ex-rights date, a claim transaction will automatically be generated by CRESTCo which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. However, save as provided for in the Prospectus, this document should not be forwarded or transmitted in or into Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa or the United States.

A copy of this document, which comprises supplementary listing particulars relating to the new Ordinary Shares in Xstrata plc and a supplementary prospectus relating to the Stock Units should be read in conjunction with the listing particulars relating to the new Ordinary Shares in Xstrata plc and the prospectus relating to the Stock Units dated 7 April 2003 (the "Prospectus"). It has been prepared in accordance with the Listing Rules made pursuant to section 74 of the Financial Services and Markets Act 2000 and has been delivered to the Registrar of Companies in England and Wales for registration in accordance with section 83 of that Act.

Xstrata plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 4345939)

Supplementary Listing Particulars and Supplementary Prospectus relating to the Proposed Acquisition of M.I.M. Holdings Limited and Rights Issue of up to 378,901,500 units of convertible unsecured loan stock at 245 pence per Stock Unit on the basis of 3 Stock Units for every 2 Ordinary Shares equivalent to a 3 for 2 Rights Issue of up to 378,901,500 new Ordinary Shares at 245 pence per new Ordinary Share.

Application has been made to the UK Listing Authority for the Stock Units and the new Ordinary Shares to be admitted to the Official List, and will be made to the London Stock Exchange for the Stock Units and the new Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Application will also be made to the Admission Board of the SWX for the Stock Units and the new Ordinary Shares to be admitted to listing on the SWX. It is expected that Admission will become effective and that dealings in the Stock Units (nil paid) on the main market for listed securities of the London Stock Exchange (for normal settlement) and on the SWX will commence on 9 May 2003. Dealings in the new Ordinary Shares will commence following conversion of the Stock Units into new Ordinary Shares, which is expected to be on 12 June 2003.

Deutsche Bank is acting as joint sponsor, financial adviser, joint underwriter and joint broker, and JPMorgan is acting as joint sponsor, joint underwriter and joint broker, for Xstrata plc and no-one else in connection with the Acquisition and the Rights Issue and will not be responsible to anyone other than Xstrata plc for providing the protections afforded to clients of Deutsche Bank or JPMorgan nor for giving advice in relation to the Acquisition and the Rights Issue or any other matter referred to in this document.

Definitions used in this document are the same as those used in the Prospectus.

The Nil Paid Rights, the Fully Paid Rights, the Stock Units, the Provisional Allotment Letters and the new Ordinary Shares have not been and will not be registered under the Securities Act or under the securities laws of any state of the United States nor will they qualify for distribution under any of the relevant securities laws of Canada, Japan, the Republic of Ireland or the Republic of South Africa nor has any prospectus in relation to the Stock Units or the new Ordinary Shares been lodged with the Australian Securities and Investments Commission. This document does not constitute an offer for, or an invitation to apply for, or an invitation to purchase or subscribe for, any Nil Paid Rights, Fully Paid Rights, Stock Units, Provisional Allotment Letters or new Ordinary Shares in the United States. Accordingly, unless an appropriate exemption from relevant securities law requirements is available, the Nil Paid Rights, the Fully Paid Rights, the Stock Units, the Provisional Allotment Letters and the new Ordinary Shares may not be offered, sold, renounced, resold, taken up, delivered or transferred, directly or indirectly, except as otherwise described in the Prospectus, in or into the United States or in or into Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa. Provisional Allotment Letters will not be posted to any person in Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa or the United States. Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the United Kingdom should read paragraph 8 of Part III of the Prospectus entitled "Overseas Shareholders".

None of the Nil Paid Rights, the Fully Paid Rights, the Stock Units, the new Ordinary Shares, the Provisional Allotment Letters or this document have been approved, disapproved or otherwise recommended by any US federal or state securities commission or regulatory authority nor have such authorities confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than in considering an investment in the Stock Units offered hereby or the new Ordinary Shares is prohibited, except to the extent such information is otherwise publicly available. Each offeree of the Stock Units by accepting delivery of this document agrees to the foregoing.

The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company or the Underwriters that would permit an offer of Stock Units, new Ordinary Shares, the Provisional Allotment Letters, the Nil Paid Rights or the Fully Paid Rights or possession or distribution of this document or any other offering or publicity material, in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Stock Units and the new Ordinary Shares are not transferable except in accordance with, and the distribution of this document is subject to, the restrictions set out in the Prospectus under the heading "Overseas Shareholders" in paragraph 8 of Part III.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Underwriters. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company and/or MIM since the date hereof or that the information in this document is correct as at any time subsequent to its date.

The contents of this document are not to be construed as legal, business, financial or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

Part I

Supplementary Information to the Prospectus

Xstrata wrote to its shareholders on 7 April 2003 giving details of a recommended acquisition of MIM and Rights Issue in the Prospectus. Xstrata wishes to advise shareholders of the following amendments to the Prospectus, although they are not considered to be material in the context of the MIM acquisition or the Rights Issue as a whole.

- 1.1 A re-allocation in the pro forma segmental analysis of EBITDA and EBIT, between the Zinc-Lead-Silver category and the unallocated costs category and its impact on the geographical allocation; and
- 1.2 A correction of the weighted average number of shares used in the historic pro forma Earnings per Share calculations.

A redlined version of the pages in the Prospectus which are affected by the changes referred to in 1.1 and 1.2 above is set out in the Appendix to this document and is available from Xstrata's website: www.xstrata.com.

Part II

Additional Information

1. Responsibility

- 1.1 The Directors of Xstrata, whose names are set out in paragraph 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 This document has not been issued on behalf of, nor have its contents been authorised in whole or in part by, MIM or any of its respective directors or officers and no such person accepts responsibility for this document or any part of it.

2. Directors

Willy Strothotte (Chairman)*
David Rough (Deputy Chairman)*
Michael Davis (Chief Executive)
Trevor Reid (Finance Director)
Santiago Zaldumbide (Executive Director)
Ivan Glasenberg*
Paul Hazen*
David Issroff*
Robert MacDonnell*
Sir Steve Robson*
Dr Fred Roux*
Ian Strachan* **

*Non-executive Directors; **Ian Strachan became a consultant to the Board in June 2002 and has agreed to become a Non-executive Director if he is elected at the AGM

3. Significant Change

Save as disclosed in this document, there has been no significant change and no new significant matter has arisen since the publication of the Prospectus on 7 April 2003.

4. Consent

Each of Ernst & Young LLP, Deutsche Bank, J.P. Morgan plc and J.P. Morgan Securities Ltd. has given and not withdrawn its consent to the inclusion in this document of its name in the form and context in which it appears.

5. Documents Available for Inspection

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of publication of this document until the last time and day for acceptance at the offices of Freshfields Bruckhaus Deringer at 65 Fleet Street, London EC4Y 1HS:

- 5.1 this document;
- 5.2 the Prospectus; and
- 5.3 the letters of consent referred to in paragraph 4 above.

17 April 2003

Part I

Letter from the Chairman of Xstrata plc

in favour of the Resolutions, including those relating to the Acquisition and the Rights Issue set out in the notice of Extraordinary General Meeting at the end of this document.

Summary information on MIM

MIM is a large, cost-competitive mining, smelting and refining company incorporated in Australia with a primary listing on the Australian Stock Exchange and secondary listings on the New Zealand and Frankfurt Stock Exchanges. MIM's major products include copper, thermal and metallurgical (coking) coal, gold, zinc, lead and silver. The MIM Group employs approximately 8,000 people in Queensland and the Northern Territory in Australia, Argentina and the United Kingdom.

MIM announced its consolidated interim results for the half year ended 31 December 2002 on 17 February 2003 and reported, including discontinuing operations, turnover of A\$1,922.0 million (US\$1,062.7 million) and a loss before interest and tax of A\$54.7 million (US\$30.2 million), after recording losses associated with currency hedging of A\$99.3 million (US\$54.9 million). In respect of continuing operations, the respective figures for turnover and earnings before interest and tax were A\$1,745.1 million (US\$964.9 million) and A\$187.1 million (US\$103.5 million). MIM reported net assets as at 31 December 2002 of A\$3,152.4 million (US\$1,770.9 million). This financial information is extracted without material adjustment from the unaudited interim results for the six months ended 31 December 2002 relating to MIM set out in Part VI which were prepared under MIM's existing accounting policies.

The table below provides unaudited UK GAAP financial information in relation to the MIM Group for the year ended 31 December 2002. MIM prepares its annual audited accounts to 30 June each year under Australian GAAP and in Australian dollars (as set out in Part VI). In order to present this information on a more comparable basis with that of Xstrata, the financial information in the table below, which has been extracted without material adjustment from the unaudited pro forma financial information set out in Part X, has been presented for the period ended 31 December 2002 and has been prepared on the basis set out below and in Part X.

Business/operations	Year ended 31 December 2002							
	Turnover ⁽¹⁾		EBITDA ⁽¹⁾ (pre-exceptionals) ⁽⁴⁾		EBIT ⁽¹⁾ (pre-exceptionals) ⁽⁴⁾		Net assets ⁽¹⁾ at 31 December 2002	
	US\$m	As a percentage of the MIM Group	US\$m	As a percentage of the MIM Group ⁽³⁾	US\$m	As a percentage of the MIM Group ⁽³⁾	US\$m	As a percentage of the MIM Group
Copper	1,053	48.0%	502	69.6%	315	70.3%	2,018	76.6%
Coal								
– Thermal	225	10.2%	75	10.4%	n/a	n/a	n/a	n/a
– Coking	355	16.2%	142	19.7%	n/a	n/a	n/a	n/a
	580	26.4%	217	30.1%	184	41.1%	397	15.1%
Zinc-lead-silver	540	24.6%	14	1.9%	(38)	(8.5%)	191	7.3%
Gold	21	1.0%	(12)	(1.6%)	(13)	(2.9%)	25	1.0%
	2,194	100.0%	721	100.0%	448	100.0%	2,631	100.0%
Unallocated	(31)	–	(182)	–	(206) ⁽⁵⁾	–	(1,382)	–
Total	2,163	–	539	–	242	–	1,249	–

n/a – information not available

Basis of preparation:

⁽¹⁾ Includes share of joint ventures and excludes impact of fair value adjustments upon the Acquisition.

⁽²⁾ The unaudited financial information for MIM for the year ended 31 December 2002 has been compiled by:

- Restating MIM audited financial information in US dollars for the year ended 30 June 2002 and published unaudited financial information for the six month periods ended 31 December 2001 and 2002 on the basis of UK GAAP as adopted by Xstrata; and
- Aggregating the resulting amounts for the year ended 30 June 2002 and the six month period ended 31 December 2002 and deducting amounts for the six month period ended 31 December 2001, as described in note 6 to Part X.

⁽³⁾ As a percentage of EBITDA and EBIT before common costs and income.

⁽⁴⁾ Exceptional items are in respect of discontinued operations and comprise operating impairment charges of US\$124 million and non-operating losses on disposal of operations of US\$37 million. These amounts are not included in the above table. Operating losses of US\$31 million incurred by discontinued operations are included in the above table.

⁽⁵⁾ MIM unallocated costs include hedging losses, exploration costs and other corporate costs.

Part V Information on MIM

Shareholders should read the whole of this document and not just rely upon key or summarised information.

Overview

The MIM Group comprises four major businesses:

- **Copper.** Interests in three operating mines, two in Australia and one in Argentina, and smelting and refining plants in Australia.
- **Coal.** Interests in three operating coal projects, two coal development projects and interests in the operating companies of two coal ports and a coke production plant in Australia.
- **Zinc-Lead-Silver.** Interests in three operating mines and a lead smelter in Australia and a lead refining plant in the United Kingdom.
- **Gold.** Ownership of an operating mine in Australia.

In addition to the information on the MIM Group in this Part V, information on the MIM Group is included in Part VI and Part XIII.

Description of MIM's business

The table below provides unaudited UK GAAP financial information in relation to the MIM Group for the year ended 31 December 2002. MIM prepares its annual audited accounts to 30 June each year under Australian GAAP and in Australian dollars (as set out in Part VI). In order to present this information more comparably with that of Xstrata, the financial information in the table below, which has been extracted without material adjustment from the unaudited pro forma financial information set out in Part X, has been presented for the year ended 31 December 2002 and has been prepared on the basis set out below and in Part X.

	Year ended 31 December 2002					
	Turnover ⁽¹⁾		EBITDA ⁽¹⁾ (pre-exceptionals) ⁽⁴⁾		EBIT ⁽¹⁾ (pre-exceptionals) ⁽⁴⁾	
	US\$m	As a percentage of the MIM Group	US\$m	As a percentage of the MIM Group ⁽³⁾	US\$m	As a percentage of the MIM Group ⁽³⁾
Copper	1,053	48.0%	502	<u>69.6%</u>	315	<u>70.3%</u>
Coal						
– Thermal	225	10.2%	75	<u>10.4%</u>	n/a	n/a
– Coking	355	16.2%	142	<u>19.7%</u>	n/a	n/a
	580	26.4%	217	<u>30.1%</u>	184	<u>41.1%</u>
Zinc-lead-silver	540	24.6%	14	<u>1.9%</u>	(38)	<u>(8.5%)</u>
Gold	21	1.0%	(12)	(1.6%)	(13)	<u>(2.9%)</u>
	2,194	100.0%	<u>721</u>	100.0%	<u>448</u>	100.0%
Unallocated	(31)	–	<u>(182)</u>	–	<u>(206)</u> ⁽⁵⁾	–
Total	2,163	–	539	–	242	–

n/a – information not available

Basis of Preparation

⁽¹⁾ Includes share of joint ventures and excludes impact of fair value adjustments upon Acquisition.

⁽²⁾ The unaudited financial information for MIM for the year ended 31 December 2002 has been compiled by:

- Restating MIM audited financial information for the year ended 30 June 2002 and published unaudited financial information for the six month periods ended 31 December 2001 and 2002 on the basis of UK GAAP as adopted by Xstrata and in US dollars; and
- Aggregating the resulting amounts for the year ended 30 June 2002 and the six month period ended 31 December 2002 and deducting amounts for the six month period ended 31 December 2001, as described in note 6 to Part X.

⁽³⁾ As a percentage of EBITDA and EBIT before common costs and income.

⁽⁴⁾ Exceptional items are in respect of discontinued operations and comprise operating impairment charges of US\$124 million and non-operating losses on disposal of operations of US\$37 million. These amounts are not included in the above table. Operating losses of US\$31 million incurred by discontinued operations are included in the above table.

⁽⁵⁾ MIM unallocated costs include hedging losses, exploration costs and other corporate costs.

Part V Information on MIM

Financial Information

The table below provides unaudited UK GAAP financial information in relation to the MIM Copper Business for the year ended 31 December 2002. MIM prepares its annual audited accounts to 30 June each year under Australian GAAP and in Australian dollars (as set out in Part VI). In order to present this information more comparably with that of Xstrata, the financial information in the table below, which has been extracted without material adjustment from the unaudited pro forma financial information set out in Part X, has been presented for the year ended 31 December 2002 and has been prepared on the basis set out below and in Part X.

Copper	Year ended 31 December 2002 US\$m	As a percentage of the MIM Group ⁽³⁾
Turnover ⁽¹⁾	1,053	48.0%
EBITDA ⁽¹⁾ (pre-exceptionals)	502	<u>69.6%</u>
EBIT ⁽¹⁾ (pre-exceptionals)	315	<u>70.3%</u>

Basis of preparation

⁽¹⁾ Includes share of joint ventures and excludes impact of fair value adjustments upon Acquisition.

⁽²⁾ The unaudited financial information for MIM for the year ended 31 December 2002 has been compiled by:

- Restating MIM audited financial information for the year ended 30 June 2002 and published unaudited financial information for the six month periods ended 31 December 2001 and 2002 on the basis of UK GAAP as adopted by Xstrata and in US dollars; and
- Aggregating the resulting amounts for the year ended 30 June 2002 and the six month period ended 31 December 2002 and deducting amounts for the six month period ended 31 December 2001, as described in note 6 to Part X.

⁽³⁾ As a percentage of EBITDA and EBIT before common costs and income.

Cost Curve

A cost curve provided by Brook Hunt for 2002, ranks MIM's copper mines, on a weighted average basis, in the second quartile of global copper producers. Brook Hunt has also ranked MIM's copper smelter and refinery for 2002, and concluded that both are in their respective second quartiles. See "Presentation of Information- Cost curves" in Part II.

Industry Overview

Background

Global refined copper sales are currently around 15 Mtpa. Copper's main use is in wire and cable applications, which account for approximately 70% of total refined consumption. Within the copper wire and cable sector there are three main end-use categories; energy cable including all products from heavy power transmission cables to house wiring, accounts for about 62% of demand; winding wire, used in electrical motors, accounts for 20%; and communications cable makes up the rest.

Copper and its primary alloys, brass and bronze, are also used to make a variety of other products such as tubes, for both plumbing and air-conditioning, sheet and strip, for end-uses such as roofing, coinage, electrical connectors, and rods and bars for further manufacturing into industrial parts, fixtures, taps and other goods.

Approximately 68% of refined copper is produced from ore, which is mined, concentrated, smelted and electrolytically refined. Around 20% of production is via the solvent extraction/electrowinning process route, where certain copper ores are leached with acid, thus avoiding concentration and smelting. The remaining 12% of refined production is from reprocessing and refining of copper scrap and wastes.

Approximately two thirds of refined copper production comes from integrated producers, who mine and then process the ore through to refined metal either by concentrating and smelting or by leaching and solvent extraction. The remaining third is produced from non-integrated smelting and refining companies who buy concentrates from custom mines. Of total cathode production, approximately 60% is further processed into semi-fabricated products by the refiner, with the remainder being sold, largely on an annual contract basis, to independent semi-fabricators.

The five largest copper miners currently account for approximately 36% of world mine production, whilst the top five refined producers account for approximately 29% of refined output. The industry has seen some consolidation in the past twenty years but remains fairly fragmented.

Part V Information on MIM

Production

The table below sets out the mine production and attributable production of the MIM Coal Business for the year ended 31 December 2002. Production figures have been extracted without material adjustment from the Minarco Competent Person's Report contained in Part XIII:

Mine Production (Mtpa)	Product Type	Type of Mine ⁽¹⁾	Life of Mine ⁽²⁾ (Years)	MIM's Attributable Interest (%)	Year Ended 31 December 2002		
					Mine Production (Mt)	Attributable Production (Mt)	Attributable Sales (Mt)
Oaky Creek Joint Venture	Coking	OC/UG	20.0	75	9.1	6.8	6.8
Newlands Coal Project	Thermal	OC/UG	8.5	75	8.5	6.4	6.3
Collinsville Coal Project	Thermal	OC	11.5	75	3.6	2.7	2.5
	Coking	OC	8.5	75	1.7	1.3	1.3
Total Coal Business	Thermal		11.5		12.1	9.1	8.8
	Coking		20.0		10.8	8.1	8.1

(1) OC = Open Cut. UG = Underground

(2) Life of mine figures are estimates based on planned and scheduled extraction of reserves.

Financial Information

The table below provides unaudited UK GAAP financial information in relation to the MIM Coal Business for the year ended 31 December 2002. MIM prepares its annual audited accounts to 30 June each year under Australian GAAP and in Australian dollars (as set out Part VI). In order to present this information more comparably with that of Xstrata, the financial information in the table below, which has been extracted without material adjustment from the unaudited pro forma financial information set out in Part X, has been presented for the period ended 31 December 2002 and has been prepared on the basis set out below and in Part X.

	Year ended 31 December 2002 (US\$m)	As a percentage of the MIM Group ⁽³⁾
Coal		
Turnover ⁽¹⁾		
– Thermal	225	10.2%
– Coking	355	16.2%
	580	26.4%
EBITDA ⁽¹⁾ (pre-exceptionals)		
– Thermal	75	<u>10.4%</u>
– Coking	142	<u>19.7%</u>
	217	<u>30.1%</u>
EBIT ⁽¹⁾ (pre-exceptionals)	184	<u>41.1%</u>

Basis of Preparation

⁽¹⁾ Includes share of joint ventures and excludes impact of fair value adjustments upon Acquisition.

⁽²⁾ The unaudited financial information for MIM for the year ended 31 December 2002 has been compiled by:

- Restating MIM audited financial information for the year ended 30 June 2002 and published unaudited financial information for the six month periods ended 31 December 2001 and 2002 on the basis of UK GAAP as adopted by Xstrata and in US dollars; and
- Aggregating the resulting amounts for the year ended 30 June 2002 and the six month period ended 31 December 2002 and deducting amounts for the six month period ended 31 December 2001, as described in note 6 to Part X.

⁽³⁾ As a percentage of EBITDA and EBIT before common costs and income.

Cost Curve

A cost curve provided by McCloskey for 2001-2002 ranks MIM's Coal Business, on a weighted average basis, in the second quartile of export producers of both coking coal and thermal coal worldwide. See "Presentation of Information – Cost curves" in Part II.

Industry Overview

Background

Coal is one of the world's most extensive, affordable and geographically diverse natural sources of energy. The black or hard coal industry is divided into two key markets: coking and thermal coal. Thermal coal is also referred to as steaming

Part V Information on MIM

Financial Information

The table below provides unaudited UK GAAP financial information in relation to the MIM Zinc-Lead-Silver Business for the year ended 31 December 2002. MIM prepares its annual audited accounts to 30 June each year under Australian GAAP and in Australian dollars (as set out in Part VI). In order to present this information more comparably with that of Xstrata, the financial information in the table below, which has been extracted without material adjustment from the unaudited pro forma financial information set out in Part X, has been presented for the period ended 31 December 2002 and has been prepared on the basis set out below and in Part X.

Zinc-Lead-Silver	Year ended 31 December 2002 (US\$m)	As a percentage of MIM ⁽³⁾
Turnover ⁽¹⁾	540	24.6%
EBITDA ⁽¹⁾ (pre-exceptionals) ⁽⁴⁾	<u>14</u>	<u>1.9%</u>
EBIT ⁽¹⁾ (pre-exceptionals) ⁽⁴⁾	<u>(38)</u>	<u>(8.5%)</u>

⁽¹⁾ Includes share of joint ventures and excludes impact of fair value adjustments upon Acquisition.

⁽²⁾ The unaudited financial information for MIM for the year ended 31 December 2002 has been compiled by:

- Restating MIM audited financial information for the year ended 30 June 2002 and published unaudited financial information for the six month periods ended 31 December 2001 and 2002 on the basis of UK GAAP as adopted by Xstrata and in US dollars; and
- Aggregating the resulting amounts for the year ended 30 June 2002 and the six month period ended 31 December 2002 and deducting amounts for the six month period ended 31 December 2001, as described in note 6 to Part X.

⁽³⁾ As a percentage of EBITDA and EBIT before common costs and income.

⁽⁴⁾ Exceptional items are in respect of discontinued operations and comprise operating impairment charges of US\$124 million and losses on disposal of operations of US\$37 million. These amounts are not included in the above table. Operating losses of US\$31 million incurred by discontinued operations are included in the above table.

Cost Curve

A cost curve provided by Brook Hunt for 2002 ranks MIM's zinc mines, on a weighted average basis, in the fourth quartile among producers of zinc worldwide. A cost curve provided by Brook Hunt for the same assets ranks MIM's lead mines on a weighted average basis, in the third quartile among producers of lead worldwide. See "Presentation of Information – Cost curves" in Part II.

Industry overview

Background

Zinc

Zinc's major use, accounting for more than half of total consumption, is as a coating for steel to guard against corrosion (galvanising). Other major uses include the production of brass (alloy with copper) and as a die casting material for manufacturing toys, motor housings and locks. Zinc dust is used in paints, and zinc oxide is used in the manufacture of rubber.

Zinc companies can be divided into three categories. Zinc mining companies produce zinc concentrate for sale to smelters and generally receive payment for 85% of the contained zinc at the LME cash price less a treatment charge. Zinc smelting companies buy concentrates and sell refined metal. Integrated companies mine zinc ore, smelt concentrates to produce metal and sell refined metal. Few producers are integrated further downstream, with the exception of alloy production.

The gross returns achievable by zinc smelting and refining companies are linked to the difference between the amount they pay for zinc metal contained in concentrate (85% of contained zinc), the level of the zinc treatment charge, which is deducted from the price paid for the zinc concentrate, the amount of "free zinc" or the amount of zinc above the payment level of 85% which they are able to recover and any premiums achieved on the sale of refined zinc.

The zinc mining industry is highly fragmented with the top five producers accounting for only 33% of total western world mine production. The zinc smelting industry is similarly fragmented with the top five smelting companies accounting for approximately 43% of western world production. Approximately only one-third of western world zinc production is accounted for by integrated producers. There is some scope for further consolidation, in addition to what has taken place in recent years.

Lead

By far the most important application for lead is the lead-acid battery, which now accounts for more than two-thirds of total consumption worldwide. Lead is also used as a roofing material in certain countries, and in ammunition, cable

Part V Information on MIM

Financial Information

The table below provides unaudited UK GAAP financial information in relation to the MIM Gold Business for the year ended 31 December 2002. MIM prepares its annual audited accounts to 30 June each year under Australian GAAP and in Australian dollars (as set out in Part VI). In order to present this information more comparably with that of Xstrata, the financial information in the table below, which has been extracted without material adjustment from the unaudited pro forma financial information set out in Part X, has been presented for the period ended 31 December 2002 and has been prepared on the basis set out below and in Part X.

Gold	Year ended 31 December 2002 (US\$m)	As a percentage of the MIM Group ⁽³⁾
Turnover ⁽¹⁾	21	1.0%
EBITDA ⁽¹⁾ (pre-exceptionals)	(12)	(1.6%)
EBIT ⁽¹⁾ (pre-exceptionals)	(13)	<u>(2.9%)</u>

Basis of preparation

⁽¹⁾ Includes share of joint ventures and excludes impact of fair value adjustments upon Acquisition.

⁽²⁾ The unaudited financial information for MIM for the year ended 31 December 2002 has been compiled by:

- Restating MIM audited financial information for the year ended 30 June 2002 and published unaudited financial information for the six month periods ended 31 December 2001 and 2002 on the basis of UK GAAP as adopted by Xstrata and in US dollars; and
- Aggregating the resulting amounts for the year ended 30 June 2002 and the six month period ended 31 December 2002 and deducting amounts for the six month period ended 31 December 2001, as described in note 6 to Part X.

⁽³⁾ As a percentage of EBITDA and EBIT before common costs and income.

Gold Mine Operations

Ravenswood is located approximately 90 kilometres south of Townsville and 80 kilometres east of Charters Towers in northeast Queensland.

The mine is an open pit mine operated in conjunction with other, smaller pits in its immediate vicinity. Overall extraction of mineralised rock and waste is scheduled at nearly 16 Mtpa. The gold ore is processed in the Sarsfield crushing and beneficiation plant and the carbon-in-leach concentrator at the Nolan's plant. The beneficiated ore from the Sarsfield plant is conveyed to the Nolan's plant for grinding and processing to produce a gold-silver doré.

Until recently, the process plant was operated as a joint venture with Haoma Mining NL. On 4 February 2003 MIM announced that it had agreed to pay A\$20 million to buy Haoma Mining's stake in the process plant. Completion of this acquisition took place on 21 March 2003.

Sales and marketing

At Ravenswood, gold doré is poured into bars containing approximately 80% gold and 20% silver. It is subsequently sold to the Perth Mint in Western Australia under third party refining terms.

Regulatory and Environmental Matters

MIM's exploration, mining and processing activities are subject to significant environmental regulation in areas such as air and water quality, mine rehabilitation and waste disposal.

In particular, the Mount Isa operations in Queensland are subject to specific legislation of the Queensland State Parliament, the Mount Isa Mines Limited Agreement Act 1985. The Mount Isa Mines Limited Agreement Act 1985 exempts the Mount Isa operations from compliance with the otherwise applicable Environmental Protection Act 1994 with respect to air emissions. The State environmental regulator has informed MIM of its desire to seek amendments to the Mount Isa Mines Limited Agreement Act 1985 and associated legislation to bring the applicable air emission limits into line with limits under the Environmental Protection Act 1994. This could have significant cost consequences; it may reduce production capacity and require investment in environmental technologies and practices to ensure the operations function within these more stringent emission limits. Xstrata has taken these matters into consideration in its evaluation of the Mount Isa operation.

In common with other diversified natural resources and mineral processing companies, MIM's operations generate hazardous and non-hazardous waste, effluent and emissions into the atmosphere. See, for example, the Competent Persons' Reports in Part XIII. There are many national, regional and local environmental laws and regulations which apply to

Part X

Unaudited Pro Forma Financial Information

Pro Forma Profit Statement of Xstrata for the year ended 31 December 2002

The following pro forma profit statement of Xstrata for the year ended 31 December 2002 is prepared for illustrative purposes only and may not, because of its nature, give a true picture of the results of the Enlarged Group. It is prepared to illustrate the effect of the Acquisition, the Rights Issue of Stock Units and conversion of Stock Units to new Ordinary Shares on the profit for the year of Xstrata, as if the Acquisition and issue and conversion of the Stock Units had taken place on 1 January 2002 and as if the acquisitions of Enx and Duiker and the Xstrata IPO had taken place on that date. The pro forma information is based on the profit and loss account of Xstrata for the year ended 31 December 2002 extracted without material adjustment from the Comparative Table as set out in Part VIII and the unaudited UK GAAP reconciliation statement for MIM for the year ended 30 June 2002 and the periods ended 31 December 2001 and 2002 as set out in Part VI.

	Year ended 31 December 2002			Adjustments			Pro Forma Xstrata Group
	Xstrata	Other Xstrata acquisitions	Xstrata sub-total	MIM	Financing Adjustments	Fair Value Adjustments	
	NOTE 1 US\$m	NOTE 5 US\$m	US\$m	NOTE 6 US\$m	NOTE 7 (a and d) US\$m	NOTE 7 (b, c, d and e) US\$m	
Turnover							
Continuing operations:							
Ongoing	772	–	772	1,943	–	–	2,715
Acquisitions	1,037	182	1,219	–	–	–	1,219
	1,809	182	1,991	1,943	–	–	3,934
Discontinued operations	–	–	–	220	–	–	220
Turnover	1,809	182	1,991	2,163	–	–	4,154
Net operating costs before exceptionals	(1,547)	(133)	(1,680)	(1,920)	–	185	(3,415)
Net operating profit before exceptionals	262	49	311	243	–	185	739
Impairment charge	(51)	–	(51)	(124)	–	–	(175)
Operating profit							
Continuing operations:							
Ongoing	34	–	34	274	–	185	493
Acquisitions	177	49	226	–	–	–	226
	211	49	260	274	–	185	719
Discontinued operations	–	–	–	(155)	–	–	(155)
Operating profit	211	49	260	119	–	185	564
Income from associated undertakings	1	–	1	–	–	–	1
Loss on sale of operations	–	–	–	(37)	–	–	(37)
Profit/(Loss) on disposal of fixed assets	3	–	3	(1)	–	–	2
Profit before interest and taxation	215	49	264	81	–	185	530
Net interest payable	(37)	(3)	(40)	(65)	(31)	(14)	(150)
Profit before taxation	178	46	224	16	(31)	171	380
Tax	(30)	(13)	(43)	(56)	20	(47)	(126)
Profit after taxation	148	33	181	(40)	(11)	124	254
Equity minority interests	(6)	(1)	(7)	(43)	–	(2)	(52)
Profit attributable to members of the parent company	142	32	174	(83)	(11)	122	202
Earnings per share information	NOTES 1,8 US\$		NOTES 1,8 US\$				NOTES 1,8 US\$
All operations (Basic):							
Earnings per share	0.65		0.70				<u>0.32</u>
Adjusted earnings per share	0.46		0.49				<u>0.32</u>
Adjusted earnings before tax per share	0.57		0.63				<u>0.60</u>
Continuing operations (Basic):							
Adjusted earnings per share (pre-exceptionals)	0.62		0.63				<u>0.71</u>
Adjusted earnings before tax per share (pre-exceptionals)	0.73		0.77				<u>0.99</u>
Adjusted EBITDA per share	1.33		1.35				<u>2.00</u>

Adjusted amounts reflect the bonus element of the rights issue.

The impact of dilutive options is not considered material

Part X

Unaudited Pro Forma Financial Information

8. The Earnings per share, Earnings before tax per share and EBITDA per share calculations have been based on the following financial information within the audited financial statements and the unaudited pro forma financial information contained within the Annual Report of Xstrata for the year ended 31 December 2002 and on the unaudited pro forma financial information as set out above as follows:

	Xstrata US\$m	Xstrata sub total US\$m	Pro Forma Xstrata Group US\$m
a. Attributable Profit			
Attributable profit	142	174	202
Adjustments in respect of exceptional items:			
Impairment charges	51	51	175
Operating losses of discontinued operations	–	–	31
Losses on sale of operations	–	–	37
Earnings (pre-exceptionals)	193	225	445
Basic weighted average number of shares (000s)	219,534	251,351	<u>628,378</u>
Adjusted weighted average number of shares (000s)	311,738	356,918	<u>628,378</u>
	Xstrata US\$m	Xstrata sub total US\$m	Pro Forma Xstrata Group US\$m
b. Profit before tax (pre exceptionals)			
Profit before tax	178	224	380
Adjustments in respect of exceptional items:			
Impairment charges	51	51	175
Operating losses of discontinued operations	–	–	31
Losses on sale of operations	–	–	37
Earnings before tax (pre-exceptionals)	229	275	623
Adjusted weighted average number of shares (000s)	311,738	356,918	<u>628,378</u>
	Xstrata US\$m	Xstrata sub total US\$m	Pro Forma Xstrata Group US\$m
c. EBITDA			
Earnings before Interest, Tax, Depreciation and Amortisation (pre-exceptionals)	414	482	1,188
Adjustments in respect of discontinued operations:			
Operating losses of discontinued operations	–	–	31
Losses on sale of operations	–	–	37
EBITDA – continuing operations	414	482	1,256
Adjusted weighted average number of shares (000s)	311,738	356,918	<u>628,378</u>

There is no tax impact associated with the exceptional items above.

Part X

Unaudited Pro Forma Financial Information

Pro Forma Segmental Information of Xstrata for the year ended 31 December 2002 (continued)

	Year ended 31 December 2002			Adjustments			Pro Forma Xstrata Group US\$m
	Xstrata	Other Xstrata acquisitions	Xstrata Sub-total	MIM NOTE 6 US\$m	Financing Adjustments NOTE 7(a) US\$m	Fair Value Adjustments NOTE 7 (b and c) US\$m	
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	
EBIT (pre-exceptionals)⁽³⁾							
Coal	181	49	230	184	–	–	414
Copper	–	–	–	315	–	–	315
Zinc-Lead-Silver	54	–	54	<u>(38)</u> ⁽¹⁾	–	–	<u>16</u>
Chrome	56	–	56	–	–	–	56
Vanadium	7	–	7	–	–	–	7
Gold	–	–	–	(13)	–	–	(13)
Additional activities	(8)	–	(8)	–	–	–	(8)
Unallocated costs	(24)	–	(24)	<u>(206)</u> ⁽²⁾	–	185	<u>(45)</u>
EBIT (pre-exceptionals)⁽³⁾	266	49	315	242	–	185	742
Impairment	(51)	–	(51)	(124)	–	–	(175)
Loss on sale of operations	–	–	–	(37)	–	–	(37)
Total	215	49	264	81	–	185	530

⁽¹⁾ Includes US\$31m operating loss in respect of discontinued operations.

⁽²⁾ MIM unallocated costs include hedging losses, exploration costs and other corporate costs.

⁽³⁾ Includes income from associated undertakings and profit/losses on disposal of fixed assets.

	Year ended 31 December 2002			Adjustments			Pro Forma Xstrata Group US\$m
	Xstrata	Other Xstrata acquisitions	Xstrata sub-total	MIM NOTE 6 US\$m	Financing Adjustments NOTE 7(a) US\$m	Fair Value Adjustments NOTE 7 (b and c) US\$m	
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	
EBITDA by business segment							
Coal – Thermal	279	68	347	75	–	–	422
Coal – Coking	–	–	–	142	–	–	142
Copper	–	–	–	502	–	–	502
Zinc-Lead-Silver	88	–	88	<u>14</u>	–	–	<u>102</u>
Chrome	63	–	63	–	–	–	63
Vanadium	10	–	10	–	–	–	10
Gold	–	–	–	(12)	–	–	(12)
Additional activities	(4)	–	(4)	–	–	–	(4)
Common costs	(22)	–	(22)	<u>(182)</u>	–	167	<u>(37)</u>
Total	414	68	482	539	–	167	1,188

	Year ended 31 December 2002			Adjustments			Pro Forma Xstrata Group US\$m
	Xstrata	Other Xstrata acquisitions	Xstrata Sub-total	MIM NOTE 6 US\$m	Financing Adjustments NOTE 7(a) US\$m	Fair Value Adjustments NOTE 7 (b and c) US\$m	
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	
EBITDA by geographical area							
Africa	190	29	219	–	–	–	219
Americas	(5)	–	(5)	286	–	–	281
Asia	–	–	–	7	–	–	7
Australia	163	39	202	<u>324</u>	–	167	<u>693</u>
Europe	88	–	88	<u>(78)</u>	–	–	<u>10</u>
Common costs	(22)	–	(22)	–	–	–	(22)
Total	414	68	482	539	–	167	1,188



Xstrata plc Bahnhofstrasse 2 PO Box 102 6301 Zug Switzerland
Tel +41 41 726 6070 Fax +41 41 726 6089 www.xstrata.com