

This document comprises listing particulars relating to Xstrata plc ("Xstrata" or the "Company") prepared in accordance with the listing rules made under section 74 of the Financial Services and Markets Act 2000 and a copy of it has been delivered for registration to the Registrar of Companies in England and Wales in accordance with section 83 of that Act.

Application has been made to the UK Listing Authority and to London Stock Exchange plc (the "London Stock Exchange") for the Ordinary Shares of Xstrata, issued and to be issued in connection with the Acquisitions, the Merger and the Global Offer, to be admitted to the Official List of the UK Listing Authority and for such Ordinary Shares to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to trading on the London Stock Exchange's market for listed securities ("Admission") will constitute admission to official listing on a stock exchange. Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 20 March 2002. It is expected that Admission will become effective and that unconditional dealings will commence in the Ordinary Shares at 8.00 a.m. (London time) on 25 March 2002. All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. Application has also been made to the Admissions Board of SWX Swiss Exchange ("SWX") for the Ordinary Shares of Xstrata, issued and to be issued in connection with the Acquisitions, the Merger and the Global Offer, to be admitted to listing on SWX ("Swiss Admission"). It is expected that Swiss Admission will become effective and that dealings will commence in the Ordinary Shares on SWX at 9.00 a.m. (Central European time) on 25 March 2002.

The Directors of Xstrata, whose names appear on page 11 of this document, 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.

**For a discussion of certain risks and other factors that should be considered in connection with an investment in the Ordinary Shares, see "Investment considerations" set out in Part IV.**

# Xstrata plc

*(Incorporated under the Companies Act 1985 and registered in England and Wales with registered no. 4345939)*

Global Offer of 100,000,000 Ordinary Shares of US\$0.50 each  
at a price of 870p per Ordinary Share  
and admission to the Official List of the UK Listing Authority and  
admission to trading on the London Stock Exchange

*Sponsored by J.P. Morgan plc*

***Expected ordinary share capital immediately following the Global Offer  
(assuming no exercise of the Manager's Option)***

<i>Authorised</i>			<i>Issued</i>	
<i>Number</i>	<i>Amount</i>	<i>Ordinary Shares of US\$0.50 each</i>	<i>Number</i>	<i>Amount</i>
350,000,000	US\$175,000,000		227,601,000	US\$113,800,500

In connection with the Global Offer, J.P. Morgan Securities Ltd., as stabilising manager, in consultation with the other Joint Bookrunners, may over-allot or effect other transactions with a view to supporting the market price of the Ordinary Shares at a level higher than that which might otherwise prevail for a limited period after the Offer Price is announced. However, there is no obligation on J.P. Morgan Securities Ltd. to do this. Such transactions may be effected on the London Stock Exchange, SWX, the over-the-counter market or otherwise. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

In connection with the Global Offer, the Company has granted J.P. Morgan Securities Ltd., on behalf of the Underwriters, an option (the "Manager's Option") which is exercisable in whole or in part, upon notice by J.P. Morgan Securities Ltd., for the period commencing with the date of this document and ending 30 days after Admission. Pursuant to the Manager's Option, J.P. Morgan Securities Ltd., in consultation with the other Joint Bookrunners, may require the Company to issue up to 15,000,000 additional new Ordinary Shares at the Offer Price, inter alia, to cover over-allotments or further allotments, if any, in connection with the Global Offer and to cover short positions resulting from stabilisation transactions. Any Ordinary Shares issued by the Company following the exercise of the Manager's Option will be issued on the same terms and conditions as the Ordinary Shares being issued in the Global Offer.

J.P. Morgan plc and J.P. Morgan Securities Ltd. are advising Xstrata and Xstrata AG and no one else in connection with the Global Offer, the Acquisitions and the Merger and will not be responsible to anyone other than Xstrata and Xstrata AG for providing the protections afforded to their clients or for providing any advice in relation to the Global Offer, the Acquisitions or the Merger.

Dated 20 March 2002

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## **Sponsor and Financial Adviser**

J.P. Morgan plc

## **Global Co-ordinator**

J.P. Morgan Securities Ltd.

## **Joint Bookrunners**

J.P. Morgan Securities Ltd.

Cazenove & Co. Ltd

Deutsche Bank AG London

## **Co-lead Managers**

BNP PARIBAS

HSBC Investment Bank plc

## **Co-manager**

NZB Neue Zürcher Bank

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**Unless the context otherwise requires, this document assumes that the Acquisitions and the Merger have become effective and the transactions relating to the Acquisitions and the Merger have been completed. In this document, unless otherwise provided, references to the "Group" are to Xstrata and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings as constituted immediately following the completion of the Acquisitions and the Merger and includes the Enex Group and the Duiker Group. References to the "Xstrata AG Group" are to Xstrata AG and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings as constituted immediately prior to the completion of the Acquisitions and the Merger and excludes the Enex Group and the Duiker Group. Details of the Acquisitions and the Merger are set out in Part I.**

The Ordinary Shares have not been, nor will they be, registered under the Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States or under the applicable securities laws of Australia, Japan or South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered in the United States, Australia, Japan or South Africa or to or for the account or benefit of any US person (as that term is defined in Regulation S) or any national, resident or citizen of Australia, Japan or South Africa. The Underwriters may arrange for the offer and sale of Ordinary Shares in the United States only to persons reasonably believed to be Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, or another exemption from, or transaction not subject to, the registration requirements of the Securities Act. Prospective purchasers are hereby notified that the sellers of the Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A, or another exemption from the registration requirements of the Securities Act. Ordinary Shares are also being offered and sold outside the United States in accordance with Regulation S under the Securities Act.

This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Japan or South Africa.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The offer and sale of Ordinary Shares and the distribution of this document are subject to the restrictions set out under "Additional information – Securities laws" in paragraph 11 of Part VIII.

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 so authorised. 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 Group, the Xstrata AG Group, the Enex Group or the Duiker Group since the date hereof or that the information in this document is correct as of any time subsequent to the date of this document.

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

**None of the US Securities and Exchange Commission, any other US federal or state securities commission or any non-US securities commission or any regulatory authority has approved or disapproved of the Ordinary Shares nor have such authorities reviewed or passed upon the accuracy or adequacy of these Listing Particulars. Any representation to the contrary is a criminal offence.**

#### **NOTICE TO CANADIAN INVESTORS**

None of the Ordinary Shares have been or will be qualified by a prospectus for sale to the public in Canada under applicable Canadian securities laws and, accordingly, any offer or sale of the Ordinary Shares in Canada will be made pursuant to an exemption from the applicable prospectus filing requirements, and otherwise in compliance with applicable Canadian laws. Investors in Canada should refer to "Additional information – Securities laws – Canada" in paragraph 11.7 of Part VIII and Ontario purchasers in particular should refer to "Additional information – Securities laws – Canada – Statutory rights of action (Ontario Purchasers)" in paragraph 11.7 of Part VIII.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## **ENFORCEABILITY OF JUDGMENTS IN THE UNITED STATES**

Most of the Directors and executive officers of the Group are residents of countries other than the United States. Xstrata is a public limited company incorporated under the laws of England and Wales. Furthermore, a substantial portion of the Directors' assets and the assets of the Group are located outside the United States. As a result, it may not be possible for investors in the United States to:

- effect service of process within the United States upon a majority of the Directors and executive officers of the Group or on Xstrata; or
- enforce in the US courts or outside the United States judgments obtained against a majority of the Directors and executive officers of the Group or Xstrata in the US courts in any action, including actions under the civil liability provisions of US securities laws; or
- enforce in the US courts judgments obtained against a majority of Directors and executive officers of the Group or Xstrata in courts in jurisdictions outside the United States in any action, including actions under the civil liability provisions of US securities laws.

Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under the US securities laws.

The Directors have been advised by Freshfields Bruckhaus Deringer, the Company's legal advisers as to English law, that there is doubt as to the enforceability of liabilities against these persons in the United Kingdom in original actions or in actions for the enforcement of judgments of US courts predicated upon the federal securities laws of the United States.

## **AVAILABLE INFORMATION**

For so long as any of the Ordinary Shares remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, Xstrata will, during any period in which it is not subject to Section 13 or 15(d) under the US Securities Exchange Act of 1934 (the "Exchange Act"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities, or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act upon the request of such holder, beneficial holder or prospective purchaser.

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## Expected timetable of principal events

Announcement of the Offer Price	20 March 2002
Conditional dealings in Ordinary Shares expected to commence on the London Stock Exchange	20 March 2002
Last day of dealings in Xstrata AG Shares	22 March 2002
Admission and expected commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. on 25 March 2002
Admission and expected commencement of dealings in Ordinary Shares on SWX	9.00 a.m. (Central European time) on 25 March 2002
Crediting of Ordinary Shares to CREST accounts	25 March 2002
Crediting of Ordinary Shares to SIS accounts (where applicable)	25 March 2002
Despatch of definitive share certificates (where applicable)	1 April 2002

Each of the times and dates in the above timetable is subject to change.

Other than as indicated, all times are London times.

## Global Offer statistics

Offer Price	870p
Number of Ordinary Shares being offered in the Global Offer <sup>(1)</sup>	100,000,000
Number of Ordinary Shares subject to the Manager's Option <sup>(2)</sup>	15,000,000
Number of Ordinary Shares in issue immediately following the Global Offer <sup>(3)</sup>	227,601,000
Market capitalisation of the Company at the Offer Price <sup>(4)</sup>	£1,980 million
Estimated net proceeds of the Global Offer receivable by the Company <sup>(5)</sup>	£829 million

(1) Assuming the Manager's Option is not exercised.

(2) The number of Ordinary Shares the subject of the Manager's Option is equivalent to 15% of the aggregate number of Ordinary Shares comprised in the Global Offer. If the Manager's Option is exercised, Glencore International is obliged to subscribe, at the Offer Price, for such number of Ordinary Shares as is necessary to maintain its shareholding in the Company at 40%.

(3) Assuming the Manager's Option is not exercised. If the Manager's Option is exercised in full, an aggregate of 252,601,000 Ordinary Shares will be in issue immediately following the Global Offer.

(4) Assuming the Manager's Option is not exercised. If the Manager's Option is exercised in full, the market capitalisation of the Company will be approximately £2,198 million at the Offer Price.

(5) The estimated net proceeds of the Global Offer receivable by the Company are stated after deduction of underwriting commissions and other fees and expenses of the Global Offer payable by the Company which are estimated to be approximately £41 million assuming the Manager's Option is not exercised. If the Manager's Option is exercised in full, the estimated net proceeds of the Global Offer receivable by the Company will be approximately £955 million after deduction of underwriting commissions and other fees and expenses of the Global Offer payable by the Company which are estimated to be approximately £46 million.

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## Directors, head office, secretary and registered office

### Directors

Willy Strothotte	Chairman
Michael Davis	Chief Executive
Trevor Reid	Finance Director
Santiago Zaldumbide	Executive Director
David Rough	Deputy Chairman*
Dr. Reto Domeniconi	Non-executive Director
Ivan Glasenberg	Non-executive Director
Paul Hazen	Non-executive Director
David Issroff	Non-executive Director
Robert MacDonnell	Non-executive Director
Sir Steve Robson	Non-executive Director
Dr. Frederik Roux	Non-executive Director

### Head office and business address of the Directors

Bahnhofstrasse 2  
6301 Zug  
Switzerland

### Company secretary

Chalfen Secretaries Limited  
3rd Floor, 19 Phipp Street  
London EC2A 4NZ

### Registered office

Becket House  
1 Lambeth Palace Road  
London SE1 7EU

\*David Rough has agreed to become a Non-executive Director and Deputy Chairman of the Company with effect from 1 April 2002.

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# Advisers

## **Sponsor and Financial Adviser**

J.P. Morgan plc  
125 London Wall  
London EC2Y 5AJ

## **Global Co-ordinator**

J.P. Morgan Securities Ltd.  
60 Victoria Embankment  
London EC4Y 0JP

## **Joint Bookrunners**

J.P. Morgan Securities Ltd.  
60 Victoria Embankment  
London EC4Y 0JP

Cazenove & Co. Ltd  
12 Tokenhouse Yard  
London EC2R 7AN

Deutsche Bank AG London  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

## **Legal advisers to the Company as to English and US law**

Freshfields Bruckhaus Deringer  
65 Fleet Street  
London EC4Y 1HS

## **Legal advisers to the Company as to Swiss law**

Bär & Karrer  
Seefeldstrasse 19  
8024 Zurich  
Switzerland

## **Legal advisers to the Sponsor, Global Co-ordinator and Joint Bookrunners as to English and US law**

Linklaters  
One Silk Street  
London EC2Y 8HQ

## **Auditors to the Company and reporting accountants**

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **Registrar**

Computershare Investor Services PLC  
P.O. Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 7NH

## **Paying Agent (in Switzerland)**

Credit Suisse First Boston  
Uetlibergstrasse 231  
P.O. Box 100  
8070 Zurich  
(and all branches of Credit Suisse within Switzerland)

## **Clearing Agent (in Switzerland)**

SIS SegalInterSettle AG  
Abteilung Corporate Action UK  
Thurgauerstrasse 54  
8050 Zurich

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# Presentation of information

## Presentation of business information

On 21 February 2002, Xstrata and certain members of the Xstrata AG Group agreed to acquire the Enex Group and the Duiker Group. See "Information on the Group – The acquisition of the Coal Assets and the Merger – The acquisition of the Coal Assets" in Part I. In addition, pursuant to the proposed Merger, all of the assets of Xstrata AG will be transferred to Xstrata and Xstrata will become the ultimate holding company of the Group. In addition, Xstrata will assume all of Xstrata AG's liabilities. See "Information on the Group – The acquisition of the Coal Assets and the Merger – The Merger" in Part I. Completion of the Acquisitions and the Merger is conditional upon Admission occurring not later than 25 March 2002 or such later date as may be agreed between the parties.

Unless the context otherwise requires, this document assumes that the Acquisitions and the Merger have become effective and the transactions relating to the Acquisitions and the Merger have been completed. In this document, unless otherwise provided, references to the "Group" are to Xstrata and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings as constituted immediately following the completion of the Acquisitions and the Merger and includes the Enex Group and the Duiker Group. References to the "Xstrata AG Group" are to Xstrata AG and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings as constituted immediately prior to the completion of the Acquisitions and the Merger and excludes the Enex Group and the Duiker Group. The Company expects to complete the Acquisitions and the Merger simultaneously with Admission.

## Presentation of financial information

This document includes financial information for each of Xstrata, the Xstrata AG Group, the Enex Group and the Duiker Group. Because the Acquisitions have not yet completed, there is no historical consolidated audited financial information relating to the Group. As a result, Part VI contains separate Accountants' Reports for each of the Xstrata AG Group, the Enex Group and the Duiker Group for the three accounting periods ended 31 December 2001 and for Xstrata as at 31 December 2001 (its date of incorporation).

Unless otherwise indicated, financial information in this document has been prepared in accordance with UK GAAP and in US dollars. UK GAAP differs in certain significant respects from US GAAP and IAS. For a discussion of the most significant differences between UK GAAP and US GAAP and between UK GAAP and IAS as they relate to Xstrata, the Xstrata AG Group, the Enex Group and the Duiker Group, see "Additional information – Summary of differences between GAAP" in paragraph 12 of Part VIII.

The Accountants' Reports included in Part VI for Xstrata, the Xstrata AG Group, the Enex Group and the Duiker Group have been prepared in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom.

EBITDA represents earnings before interest, taxation, depreciation and amortisation. EBIT represents earnings before interest and taxation. Although UK GAAP does not define the measures EBITDA and EBIT, they are measures which are widely used in the natural resources sector to evaluate a company's operating performance. Nevertheless, EBITDA and EBIT should not be considered in isolation or as a substitute for operating profit, cash flows from operating activities or any other measure for determining Xstrata's or the Group's operating performance or liquidity that is calculated in accordance with UK GAAP. As EBITDA and EBIT are not measures of performance calculated in accordance with UK GAAP, these measures may not be comparable to similarly titled measures employed by other companies.

## Pro forma financial information

In this document, references to "pro forma" financial information are to information which has been extracted from the unaudited pro forma combined financial information contained in Part VII. Potential investors should read the whole document and not just rely on the information contained in Part VII. The unaudited pro forma combined financial information contained in Part VII is based on, and is derived from, as appropriate, the audited financial statements or Accountants' Reports on the Xstrata AG Group, the Enex Group and the Duiker Group for the year ended 31 December 2001 and on Xstrata as at 31 December 2001 (its date of incorporation). The unaudited pro forma combined financial information is compiled having made adjustments that result from aggregating amounts relating to the companies which are the subject of the Acquisitions which the Group did not own during the year ended 31 December 2001 and making certain estimates and assumptions in respect of such period. The Company believes that these adjustments, assumptions and estimates are appropriate and reasonable. However, the unaudited pro forma combined financial information is not necessarily indicative of the operating results or financial position that the Group would have achieved had the Acquisitions and the Merger occurred at 1 January 2001 or of what the Group's results of operations may be for any future period. In the compilation of such unaudited pro forma combined financial information, profit and loss account information has been translated using an average exchange rate for the relevant period or average monthly rates as appropriate and balance sheets have been translated using the exchange rate at the period end. The unaudited pro forma combined financial information is for illustrative purposes only and is not intended to give a true picture of the financial position or results of the Group.

## Pro forma unaudited combined constructed illustrative financial information

This document includes pro forma unaudited combined constructed illustrative financial information in relation to the Group for the year ended 31 December 2001. This information has been prepared as if the Acquisitions together with the acquisitions of Asturiana (by the Xstrata AG Group) and Oakbridge (by the Enex Group) had occurred on 1 January 2001 and includes the results of these companies and businesses acquired by the Xstrata AG Group and the Enex Group during 2001 prior to the date of their respective acquisition. The information, which has been extracted without material adjustment from the pro forma unaudited combined constructed financial information set out in Part VII, has been prepared using information extracted from the Accountants' Reports set

# Presentation of information

out in Part VI including information relating to the results of the companies acquired by the Xstrata AG Group and the Enex Group during the period since 1 January 2001 to the date of their respective acquisition. This information has been adjusted to reflect the amortisation of goodwill on the acquisition of Asturiana and incremental interest charges on borrowings utilised to finance the acquisitions of Asturiana and Oakbridge. The Company believes that these adjustments are appropriate and reasonable, however, the pro forma unaudited combined constructed illustrative financial information is not necessarily indicative of the operating results or financial position that the Group would have achieved had the Acquisitions and the other acquisitions referred to above occurred at 1 January 2001 or of what the Group's results of operations may be for any future period. The pro forma unaudited combined constructed illustrative financial information is for illustrative purposes only and is not intended to give a true picture of the financial position or results of the Group.

## Currencies

In this document, references to "Australian dollars" or "A\$" are to the lawful currency of Australia, references to "Euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to "pounds sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom, references to "Rand" or "ZAR" are to the lawful currency of South Africa, references to "Cdn\$" are to the lawful currency of Canada, references to "US dollars" or "US\$" are to the lawful currency of the United States, references to "CHF", "Swiss Francs" or "Swiss francs" are to the lawful currency of Switzerland, references to "ARS" are to the lawful currency of Argentina, references to "CLP" are to the lawful currency of Chile and references to "Lilangeni" are to the lawful currency of Swaziland.

**The Offer Price is in pounds sterling. On 18 March 2002 (being the latest practicable date prior to the publication of this document), the exchange rate from pounds sterling to Canadian dollars was £0.4417 = Cdn\$1.00, based on the Bank of Canada noon exchange rate.**

Unless otherwise indicated the financial information contained in this document has been expressed in US dollars. In addition, solely for convenience, this document contains translations of relevant currencies to US dollars at specified rates. These translations should not be construed as representations that the relevant currency could be converted into US dollars at the rate indicated or at any other rate.

The basis of translation of Australian dollars and Rand amounts into US dollars for the purpose of inclusion in the financial information set out in Part VI and Part VII are shown below.

## Australian dollars

	Average rate	Period end rate
Year ended 31 December 1999	1.5498	1.5310
Year ended 31 December 2000	1.7255	1.7974
Year ended 31 December 2001	1.9352	1.9556

## Rand

	Average rate	Period end rate
Year ended 30 September 1999	6.0341	6.0157
Year ended 31 December 1999	6.1139	6.1558
Year ended 31 December 2000	6.9387	7.5550
15 months ended 31 December 2000	6.7779	7.5550
Year ended 31 December 2001	8.6249	12.0900

The basis of translation of foreign currency amounts for the purpose of inclusion in the financial information set out in Part VI is described in that Part. Information derived from this financial information set out elsewhere in this document has been translated on the same basis.

## Ore reserve and mineral resource reporting – basis of preparation

Other than as set out below, ore reserves and mineral resources reported in this document comply with the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves". This Code is subtitled "Report of the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia", and is commonly referred to as the "JORC Code". The edition of the JORC Code in force as at the date of this document is dated September 1999. The JORC Code recognises a fundamental distinction between resources and reserves. Resources are based on mineral occurrences quantified on the basis of geological data and an assumed cut-off grade, and are divided into Measured, Indicated and Inferred categories reflecting decreasing confidence in geological and grade continuity. No allowances are included for dilution and losses during mining, but the reporting of resource estimates carries the implication that there are reasonable prospects for eventual economic exploitation. Resources may therefore be viewed as the estimation stage prior to the application of more stringent economic criteria for reserve definition, such as a rigorously defined cut-off grade and mine design outlines, along with allowances for dilution and losses during mining. Under this system of reporting, it is common practice for companies to include in the resource category material with a high expectation of conversion to reserves, but for which the required detailed mine design work has not yet been undertaken.

# Presentation of information

Ore reserves as defined by the JORC Code are designated as Proved and Probable and are derived from the corresponding Measured and Indicated Resource estimates by including allowances for dilution and losses during mining. It is an explicitly stated further requirement that other modifying economic, mining, metallurgical, marketing, legal, environmental, social and governmental factors also be taken into account. Reporting conventions that may be adopted are to report resource estimates as including that portion separately assigned to the Proved and Probable category, or to report resources as additional to that portion separately assigned to the Proved and Probable category.

Other than as set out below, the reserve and resource estimates provided in this document comply with the reserve and resource definitions of the JORC Code. The resource estimates shown include that portion separately assigned to, and presented as, Proved and Probable Reserves. As permitted by the JORC Code, Proved and Probable ore (coal) reserves are combined in certain places in this document and reported as "Recoverable Reserves". The relevant definitions from the September 1999 edition of the JORC Code can be found in "Definitions and glossary of technical terms" in Part X.

In this document, resource and reserve estimates are reported as at 31 December 2001, except for:

- the Rietspruit, Douglas and Middelburg coal mines in South Africa for which resource and reserve estimates are reported as at 31 December 2000;
- the coal mines in the Enex Group for which resource and reserve estimates are reported as at 30 November 2001 other than the Ravensworth Group coal mines for which resource and reserve estimates are reported as at 28 February 2002; and
- the Maloma mine in Swaziland.

Resource and reserve estimates in relation to the Maloma mine have not been audited under the JORC Code.

## Inferred Resources

The reserves and resources tables in Part I and the competent persons' reports in Part IX make reference to "Inferred Resources". An Inferred Resource is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. This categorisation is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

## Resources and reserves, production and sales

In this document, unless expressly stated otherwise, references to resources and reserves are to attributable resources and attributable reserves. Attributable resources means that part of the resources from a mine in which the Xstrata AG Group, the Enex Group or the Duiker Group, as the case may be, has an economic interest. Attributable reserves means that part of the reserves from a mine in which the Xstrata AG Group, the Enex Group or the Duiker Group, as the case may be, has an economic interest. Attributable resources and attributable reserves therefore exclude resources and reserves attributable to minority interests in controlled subsidiaries and the interests of joint venture partners. Reserves are a subset of resources and are included in resource estimates.

In this document, production has been measured in two ways:

- **Mine production** or **total production** or **total mine production**. Mine production or total production or total mine production is equal to the total production from a particular mine or operation for the whole year regardless of ownership of that mine or that operation.
- **Attributable production**. Attributable production is that part of mine, total or total mine production in which the Xstrata AG Group, the Enex Group or the Duiker Group, as the case may be, had an economic interest at the relevant time. It therefore excludes production attributable to minority interests in controlled subsidiaries and the interests of joint venture partners.

In this document, sales by volume have been measured in two ways:

- **Total sales** or **total mine sales**. Total sales or total mine sales is equal to the total sales from a particular mine or operation for the whole year regardless of ownership of that mine or that operation.
- **Attributable sales**. Attributable sales is that part of sales from a particular mine or operation in which the Xstrata AG Group, the Enex Group or the Duiker Group, as the case may be, had an economic interest at the relevant time. It therefore excludes sales attributable to minority interests in controlled subsidiaries and the interests of joint venture partners.

## Cost curves

This document contains references to "cost curves". A cost curve is a graphic representation in which the total production volume of a given commodity across the relevant industry is arranged on the basis of average unit costs of production from lowest to highest to permit comparisons of the relative cost positions of particular production sites, individual producers or groups of producers across the world or within a given country or region. Generally, a producer's position on a cost curve is described in terms of the particular quartile or tercile in which the production of a given plant or producer or group of producers appears.

The cost curves referred to in this document have been obtained by the Xstrata AG Group from independent industry analysts with recognised experience in constructing cost curves for the relevant commodities, namely AME, Brook Hunt and CRU. To construct cost curves, these analysts compile information from a variety of sources, including reports made available by producers, site visits,

## Presentation of information

personal contacts, trade publications and other analysts' reports. Although producers may thus participate to some extent in the process through which cost curves are constructed, they are typically unwilling to validate cost analyses directly because of commercial sensitivities. Inevitably, assumptions must be made by the analyst with respect to data that such analyst is unable to obtain and judgement must be brought to bear in the case of virtually all data, however obtained. In addition, the time required to produce cost curves means that even the most recent available examples will be unable to take account of recent developments; in some cases, the most recent available cost curve may be based on data that is several years old. Costs data for specific producers may be based on costs incurred by the producers over their respective accounting years; to the extent these differ, the direct comparability of their costs may be limited. The cost curves referred to in this document reflect direct cash costs of production only, and exclude non-cash or indirect costs (such as depreciation, interest and unrelated overhead expenses) and costs relating specifically to marketing and export. The ferrochrome cost curve excludes indirect costs but includes delivery costs. Delivery costs reflect estimates for each producer to accepted selling points, based on actual sales. They include estimates for all costs involved in delivery, including freight, insurance, warehousing and financing costs as well as sales commissions. Moreover, all cost curves embody a number of significant assumptions with respect to exchange rates and other variables. In summary, the manner in which cost curves are constructed means that they have a number of significant inherent limitations.

In certain cases, cost curves produced by more than one reputable industry analyst may exist with regard to a specific commodity. The methodologies employed and conclusions reached by such analysts may differ. Moreover, the reliability of any given cost curve may be difficult to assess, as the accuracy of the data, and the reasonableness of the assumptions on which it has been based, usually cannot be tested directly. Particular producers are, however, in a position to validate the accuracy of the presentation with respect to their own costs, which can provide a useful indication of the reliability of a cost curve overall and, notwithstanding their shortcomings, independently produced cost curves are widely used in the industries in which the Group operates.

The specific cost curves to which this document refers are the most recent cost curves which have been obtained by the Xstrata AG Group from the independent industry analysts named above. All such cost curves are based on 2001 data. Whilst the Directors have satisfied themselves that the Group's own production costs are accurately represented, the Group is not in a position to verify directly the cost data on other producers from which these cost curves were constructed or to update such data.

### Forward-looking statements

Certain statements contained in this document, including those under the captions "Key information", "Information on the Group", "Relationship with Glencore", "Investment considerations", "Operating and financial review", "Financial information" and "Competent persons' and technical reports", constitute "forward-looking statements". Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, amongst others, general economic and business conditions, industry trends, competition, changes in government regulation, currency fluctuations (including the A\$/US\$ and the ZAR/US\$ exchange rates), the Group's ability to recover its reserves or develop new reserves and changes in business strategy or development plans and other risks described in "Investment considerations" in Part IV. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this document will, in fact, occur. These forward-looking statements speak only as at the date of this document. The Company will not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this document except as required by law or by any appropriate regulatory authority.

# Key information



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## Key information

*The following summary information does not purport to be complete and is taken from, and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this document. Certain of the terms used in this document are defined in "Definitions and glossary of technical terms" in Part X.*

*This section assumes that the Acquisitions and the Merger have become effective and the transactions relating to the Acquisitions and the Merger have been completed. See "Presentation of information – Presentation of business information".*

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

## Overview

The Group is an international natural resources group based in Switzerland. The Group focuses on low cost operations and has a significant market share in export thermal coal, zinc metal and primary vanadium production and has a leading market share in ferrochrome production. The Group comprises three major businesses:

- the Coal Business, which has interests in 28 operating coal mines, 14 of which are located in Australia and 14 of which are located in South Africa;
- the Zinc Business, which has a zinc mining and smelting operation in Spain; and
- the Ferroalloys Business, comprising the chrome operations and the vanadium operations, which has integrated production facilities in South Africa and Australia.

In addition, the Group has a magnesium re-cycling facility in North America and a forestry plantation in Chile.

The Group's strategy is to achieve growth as a natural resources business and enhance overall value for its shareholders.

The Group is headquartered in Zug, Switzerland. The Xstrata AG Group has approximately 4,800 employees world-wide. Immediately following the completion of the Acquisitions, the Group is expected to have approximately 11,500 employees world-wide.

## Summary description of the business

### Coal Business

The Group's Coal Business, which is comprised of the Australian and South African coal operations, is one of the world's largest export thermal coal producers with interests in a portfolio of cost competitive mines. In the year ended 31 December 2001, the Enx and Duiker Groups' combined attributable sales were approximately 36.5 million tonnes, with approximately 53% of those sales coming from the Enx Group. The Group focuses primarily on the export of thermal coal for use in electricity generation although it also exports semi-soft coal for use in steel manufacturing. The Group also exports thermal coal for use in domestic electricity generation and, in South Africa, for use in various industrial applications. The Group's Proven and Probable Reserves exceed 1.4 billion tonnes of coal and, at the current rate of production, the Company estimates that those reserves will support mining in excess of 20 years. In addition, the Group's Measured and Indicated Resource base exceeds 5.4 billion tonnes of coal.

### Zinc Business

The Group's Zinc Business is one of the largest (in terms of capacity) and among the lowest cost producers of zinc metal in the world. The Zinc Business's main activities are the production of zinc metal and the mining of zinc bearing ores. Its operating facilities comprise the San Juan de Nieva smelting plant (which, following an expansion of the plant's capacity in July 2001, has total production capacity of 460,000 tonnes per annum), the Reocín mine, the Hinojedo roasting facility and the Arnao manufacturing plant. For the year ended 31 December 2001, the Zinc Business's total production of zinc metal was approximately 390,000 tonnes and its saleable production was approximately 370,000 tonnes.

# Key information

## Ferroalloys Business

*Chrome operations.* The Group's chrome operations are the world's largest producer of ferrochrome (in terms of both attributable production and attributable sales) and among the lowest cost producers of ferrochrome with attributable ferrochrome production capacity exceeding 1.3 million tonnes per annum, representing approximately 25% of global capacity. The chrome operations' assets are situated in South Africa and consist of three operating chromite mines and 16 ferrochrome furnaces (two of which are in a 50% production joint venture). The chrome operations are also entitled to utilise ore from a fourth operating mine pursuant to a joint venture arrangement. The attributable ferrochrome production of the chrome operations for the year ended 31 December 2001 was approximately 861,000 tonnes.

*Vanadium operations.* The Directors believe that the Group's vanadium operations are one of the world's leading producers of primary vanadium, consisting of three integrated mining and vanadium pentoxide recovery plants, two situated in South Africa and one in Australia, and a recently commissioned ferrovanadium conversion facility in South Africa. Combined capacity for the vanadium operations' three plants is approximately 46 million pounds of vanadium pentoxide equivalent per annum, which the Company believes represents approximately 18% of estimated global capacity. For the year ended 31 December 2001, the vanadium operations' total production was approximately 39 million pounds of vanadium pentoxide equivalent.

## Additional activities

The Group's additional activities are comprised of the magnesium operation, consisting of a magnesium re-cycling facility in North America and the forestry operation, consisting of a *eucalyptus globulus* forestry plantation in Chile. The magnesium re-cycling facility, which was established in 2001, has an initial capacity of 25,000 tonnes per annum, 12,500 tonnes per annum of which has been commissioned. The second production line of 12,500 tonnes per annum will be commissioned in the second half of 2002 and will build up to full production as market conditions allow. The forestry operation is expected to harvest approximately 36,400 bone dry tonnes equivalent in 2002.

## Group strategy

The Group's strategy is to achieve growth as a natural resources business and enhance overall value for its shareholders. The Company intends to pursue this strategy by:

- using its critical mass, strong cash flows and financial flexibility to provide a platform for exploitation of high quality acquisition opportunities as they arise;
- increasing performance whilst maintaining its position as a cost competitive producer thereby maximising returns;
- actively managing its asset portfolio in order to increase long-term returns; and
- using its London listing to broaden access to international capital markets.

The Group recognises that the health and safety of its employees and the maintenance of high environmental performance standards are significant responsibilities involved in the conduct of its operations. The Group's aim is to be recognised as a leader in health, safety and environmental management.

The Directors believe that the above factors combined with its strong management team and the Group's commercial arrangements with Glencore will put the Group in a strong position to pursue its strategies of growth and increasing returns for its shareholders.

## Key strengths

The Directors believe that the key strengths of the Group are:

- **Significant producer and cost competitive operator.** The Group is amongst the largest producers of export thermal coal, zinc metal, ferrochrome and primary vanadium with significant reserves of coal, chrome ore and vanadium ore. The Zinc Business and chrome operations, in particular, are amongst the lowest cost producers of their respective commodities.

## Key information

- **Diversified business.** The Group has a diversified business, in terms of the range of commodities it produces, the geographical location of its assets and its customer base.
- **Proven senior management.** The Group's senior management have significant experience and technical expertise in the natural resources sector and international capital markets.
- **Ongoing commercial relationship with Glencore.** The Group's commercial arrangements with Glencore will provide it with additional market intelligence, access to customers and marketing expertise.

## Selected financial information

The table below provides certain unaudited pro forma combined financial information in relation to the Group. The information has been prepared using information extracted without material adjustment from the pro forma unaudited combined constructed financial information set out in Part VII. See "Presentation of information – Pro forma financial information".

Business	At 31 December 2001		
	Group tangible fixed assets US\$ million	Group net current assets US\$ million	Group net assets US\$ million
Coal	2,688	101	2,088
Zinc	388	95	548
Ferroalloys	329	123	295
Additional activities	55	1	47
Unallocated assets/(liabilities)	–	44	(462)
<b>Group Total</b>	<b>3,460</b>	<b>364</b>	<b>2,516</b>

Basis of preparation: The above table is for illustrative purposes only and may not, because of its nature, give a true picture of the financial position of the Group and has been extracted, without material adjustment, from the pro forma unaudited combined constructed financial information set out in Part VII.

The table below provides pro forma unaudited combined constructed illustrative financial information in relation to the Group for the year ended 31 December 2001. The information, which has been extracted without material adjustment from the pro forma unaudited combined constructed financial information set out in Part VII, has been prepared using information extracted from the Accountants' Reports set out in Part VI and has been prepared on the basis set out in the footnote to the table and explained in more detail in "Presentation of information – Pro forma unaudited combined constructed illustrative financial information".

Businesses/operations	Year ended 31 December 2001					
	Turnover <sup>(1)</sup>		EBITDA <sup>(1)</sup>		EBIT <sup>(1)</sup>	
	US\$ million	As a percentage of the Group	US\$ million	As a percentage of the Group	US\$ million	As a percentage of the Group
Coal	1,145	61%	416	71%	311	80%
Zinc	383	20%	101	17%	67	17%
Ferroalloys						
Chrome	258	14%	64	11%	59	15%
Vanadium	63	3%	9	2%	(42)	(11)%
Additional activities	26	2%	(3)	(1)%	(4)	(1)%
Group combined before common costs	1,875	100%	587	100%	391	100%
Less: common costs	N/A	N/A	(10)	N/A	(12)	N/A
<b>Group combined</b>	<b>1,875</b>	<b>N/A</b>	<b>577</b>	<b>N/A</b>	<b>379</b>	<b>N/A</b>

(1) Includes share of joint ventures and associates.

Basis of preparation: The above table is for illustrative purposes only and is not intended to give a true picture of financial information relating to the Group. This information has been prepared to illustrate the earnings before interest and taxation, earnings before interest, taxation, depreciation and amortisation and turnover of the Group as if the Acquisitions and the acquisitions undertaken by the Xstrata AG Group and the Enx Group in that year had occurred on 1 January 2001 and includes the earnings before interest and taxation, earnings before interest, taxation, depreciation and amortisation and turnover of Oakbridge and Asturiana from 1 January 2001 to their respective dates of acquisition together with an adjustment to reflect the amortisation of goodwill on the acquisition of Asturiana.

# Key information

## Current trading and prospects

The operating performance of the Group is influenced, to a significant degree, by commodity prices and exchange rates, primarily the Rand/US\$, the A\$/US\$ and the Euro/US\$ exchange rates.

### Coal Business

*The Australian operations.* Since 31 December 2001, the Australian operations have experienced high demand in certain key markets whilst unit prices have generally remained steady. Attributable sales for January and February 2002 amounted to approximately 3.7 million tonnes compared with a budget of 3.5 million tonnes for that period. Attributable sales have also been considerably higher than those achieved by the Australian operations in January and February 2001 partly as a result of the acquisitions of several mines during 2001. Attributable sales during January and February 2002 were higher than attributable sales (including attributable sales from those mines acquired in 2001) for the corresponding period in the prior year. Average prices achieved by the Australian operations for export coal, which accounts for over 90% of sales, have varied between US\$28.15 to US\$34.75 per tonne. See "Financial information – Expected cash flow requirements – Turnover and operating costs" in Part VI.

The Australian dollar has strengthened slightly against the US dollar since 31 December 2001 although average rates are consistent with those experienced during 2001. The Enx Group had hedged forward its exposure to Australian dollar commitments. Accordingly, the movement in exchange rates has had limited impact upon the results of the Australian operations during the current period.

The Directors currently expect that the trading volumes of the Australian operation will be significantly higher than in 2001 due principally to the effect of the mines acquired during 2001 but also as a result of increased production and demand. The potential impact resulting from movements in the Australian dollar is expected to continue to be largely hedged. The Directors expect the combination of these features to have a positive impact upon activity levels and margins.

*The South African operations.* Attributable sales for the South African operations for January and February 2002 amounted to 2.5 million tonnes compared with attributable sales achieved in January and February 2001 of 2.8 million tonnes. Average prices achieved by the South African operations for export coal and domestic coal since 31 December 2001 have been marginally lower than the forecast for 2002 of US\$29.60 per tonne and US\$8.32 per tonne, respectively. See "Financial information – Expected cash flow requirements – Turnover and operating costs" in Part VI.

Average Rand/US\$ exchange rates have remained broadly constant since 31 December 2001 as compared with prevailing rates during December 2001. Trading results for February 2002 indicate a performance slightly better than that of the corresponding period of the prior year.

The Directors expect the South African operations to maintain steady sales volumes during the remainder of 2002.

### Zinc Business

Production and sales volumes of the Zinc Business have increased during the first two months of 2002 compared to volumes experienced in the corresponding period in the prior year reflecting the expansion of the San Juan de Nieva smelting plant's capacity in July 2001. Market prices for zinc declined during January and February 2002 to levels below those observed at the end of 2001. The Directors expect total sales volumes for refined zinc in 2002 to exceed volumes experienced in 2001 as a result of the Zinc Business's increased smelting capacity.

### Ferroalloys Business

The results of the Ferroalloys Business improved during the first two months of 2002 compared to the corresponding period in the prior year. Sales volumes of the vanadium operations have increased during the first two months of 2002 compared to the volumes experienced in the corresponding period in the prior year although prices have declined and are below the levels experienced during the corresponding period in the prior year.

## Key information

Prices for ferrochrome remain close to historic lows but have marginally improved during the first two months of 2002 although prices remain lower than those experienced in the corresponding period in the prior year. Attributable sales of ferrochrome were higher than those achieved during the corresponding period in the prior year reflecting improved trading conditions compared to the weak conditions observed in the corresponding period in the prior year.

The Directors believe that sales of both ferrochrome and vanadium will continue to recover during the remainder of 2002.

The average Rand/US\$ exchange rate during January and February 2002 has been weaker than the average Rand/US\$ exchange rate during the same period in the prior year and this has partly led to the improved profitability of the Ferroalloys Business in US dollar terms. The average Rand/US\$ exchange rate has remained broadly constant during the current period.

### The Group

As described above, the Group's trading and prospects are influenced to a significant degree by commodity prices and exchange rates against the US dollar.

Management expects that the completion of the Acquisitions, the Merger and Admission will create a platform for growth and provide the Group with increased access to international capital markets. The Group will utilise this platform to pursue further acquisitions and to fund the ongoing development of its existing businesses. In particular, the Group will seek to maintain its position as a cost competitive producer thereby maximising returns.

The Directors are satisfied with the current trading and prospects of the Group.

## The acquisition of the Coal Assets and the Merger

### The acquisition of the Coal Assets

On 21 February 2002, the Purchasers, Xstrata AG and the Vendors entered into the Acquisition Agreement pursuant to which the Company, Xstrata (Schweiz) AG and Xstrata South Africa agreed to purchase the Coal Assets for US\$2,067,910,000 (which includes an agreed amount relating to working capital of US\$73,000,000), in addition to which the Company has agreed to assume net indebtedness of the Duiker and Enx Groups and procure the repayment of shareholder loans to Glencore International, resulting in a total value of US\$2,573,000,000. The effective date of the Acquisitions will be 1 January 2002. The purchase price payable for the Coal Assets will be satisfied partly in cash and partly by an issue of shares by the Company. The cash element will be funded in part from the proceeds of the Global Offer and in part from the Syndicated Loan Facility. Completion of the Acquisitions is subject to a number of conditions including Admission.

The Directors believe that the Acquisitions will be earnings enhancing from Completion and will earn returns in excess of the Group's cost of capital at long-term Australian export thermal coal prices as low as US\$26 per tonne.

### The Merger

Pursuant to the Merger the entire undertaking of Xstrata AG, including all of its assets, will be transferred to the Company in consideration for which the Company will issue Ordinary Shares to the former shareholders of Xstrata AG in proportion to their respective holdings of Xstrata AG Shares and the Company will assume all of Xstrata AG's liabilities.

It is anticipated that the Merger, Completion and Admission will occur simultaneously. See "Information on the Group – The acquisition of the Coal Assets and the Merger" in Part I.

# Key information

## Relationship with Glencore

Immediately following the completion of the Merger and Admission, Glencore International will own 40% of the issued ordinary share capital of the Company (even if the Manager's Option is exercised, see "The Global Offer and related matters – Glencore Option Shares" in Part III) and will be regarded as a controlling shareholder of the Company for the purposes of the Listing Rules. The Company and Glencore International have entered into the Relationship Agreement, the principal purpose of which is to ensure that following Admission the Group is capable of carrying on its business independently of Glencore and that transactions and relationships with Glencore are at arm's length and on normal commercial terms. See "Relationship with Glencore – Relationship with controlling shareholder" in Part II and "Additional information – Material contracts" in paragraph 18 of Part VIII.

In addition to the Relationship Agreement, Glencore has entered into various other agreements with members of the Group including various agency agreements pursuant to which Glencore provides marketing services to members of the Group. See "Relationship with Glencore – Commercial relationship" in Part II.

## Investment considerations

Prior to investing in the Ordinary Shares prospective investors should consider, together with the other information contained in this document, the investment considerations set out in Part IV.

## Dividend policy

The Directors intend to adopt a progressive dividend policy which will take into account the underlying growth in earnings of the Group, as well as its capital requirements and cash flows, whilst maintaining an appropriate level of dividend cover. However, as a company incorporated in England and Wales, the Company may only pay dividends if distributable profits are available for the purpose; as a holding company, the Company will be dependent upon dividends and interest distributed to it by its subsidiaries.

For illustrative purposes, and assuming that the Group had been in existence and the Ordinary Shares admitted to trading on the London Stock Exchange since 31 December 2000 with the capital structure of the Group which is expected to be in place on Admission (but excluding the Global Offer and related net proceeds), and on the basis of results to date, the Directors have estimated that they would have recommended an aggregate dividend in respect of the year ended 31 December 2001 of 21.75p per Ordinary Share. This would give a notional dividend yield of approximately 2.5% based on the Offer Price.

The Directors intend that the Company will pay a final dividend in April 2003 in respect of the year ending 31 December 2002 and an interim dividend in September 2003 in respect of the half year to 30 June 2003. Thereafter, the Directors intend that interim and final dividends will be paid in September and April in each year in the approximate proportions of one-third and two-thirds of the total annual dividend, respectively.

The Company publishes its accounts in US dollars. Any dividends declared by the Company will generally be paid in US dollars unless a Shareholder elects to receive dividends in pounds sterling, Euro or Swiss Francs. Fluctuations in the exchange rate between pounds sterling, Euro or Swiss Francs and US dollars will affect the pounds sterling, Euro or Swiss Franc amount received in respect of dividend payments declared in US dollars by the Company.

As the Company is Swiss tax resident, dividends paid by the Company will be subject to Swiss federal withholding tax. Swiss federal withholding tax is currently charged at the rate of 35%. Shareholders who are residents of countries that have double taxation agreements with Switzerland will generally be entitled to a refund of part of that withholding tax from the Swiss authorities but the refund is partial only and a Shareholder can only obtain the refund by submitting the relevant claim forms to the Swiss authorities. For further information see "Additional information – UK Taxation", "Additional information – Swiss Taxation" and "Additional information – US Taxation" in paragraphs 15,16 and 17, respectively, of Part VIII.

# Key information

## The Global Offer

The Global Offer comprises an issue of 100,000,000 new Ordinary Shares (assuming that the Manager's Option is not exercised).

Assuming that the Manager's Option is not exercised, the Company is raising approximately £829 million (US\$1,181 million) pursuant to the Global Offer, net of underwriting commissions and other fees and expenses.

Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. (London time) on 25 March 2002. Swiss Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on SWX at 9.00 a.m. (Central European time) on 25 March 2002. Ordinary Shares will be quoted on SWX in Swiss Francs.

The Global Offer comprises an offer to institutional and certain other investors in the United Kingdom, the United States (in reliance upon Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act) and elsewhere.

In connection with the Global Offer, the Company has granted J.P. Morgan Securities Ltd., on behalf of the Underwriters, the Manager's Option which is exercisable in whole or in part, upon notice by J.P. Morgan Securities Ltd., for the period commencing on the date of this document and ending 30 days after Admission. Pursuant to the Manager's Option, J.P. Morgan Securities Ltd., in consultation with the other Joint Bookrunners, may require the Company to issue up to 15,000,000 additional new Ordinary Shares at the Offer Price, inter alia, to cover over-allotments or further allotments, if any, in connection with the Global Offer and to cover short positions resulting from stabilisation transactions. Any Ordinary Shares issued by the Company following the exercise of the Manager's Option will be issued on the same terms and conditions as the Ordinary Shares being issued in the Global Offer.

It is expected that the Company will be considered for inclusion in the FTSE UK index series at the review in June 2002. In addition, the Company has received in principle approval for inclusion in the SPI Index in Switzerland.

## Use of proceeds

The Company will receive the net proceeds of the issue of the new Ordinary Shares. The net proceeds are estimated to be approximately £829 million (US\$1,181 million) after deduction of the Underwriters' estimated commissions and other fees and expenses of approximately £41 million payable by the Company in connection with the Global Offer and assuming that the Manager's Option is not exercised.

The Company and certain members of the Group have also entered into a US\$1.4 billion Syndicated Loan Facility Agreement. Further details of this facility are set out in "Additional information – Agreements relating to the Acquisitions and the Merger – Syndicated Loan Facility Agreement" in paragraph 10 of Part VIII.

The net proceeds of the Global Offer referred to above will be used to fund the Acquisitions, with the remainder of the funding required for the Acquisitions being cash raised from borrowings made under the Syndicated Loan Facility Agreement.

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