

Unaudited pro forma financial information



This page has been intentionally left blank

Part VII Unaudited pro forma financial information

Pro Forma combined Net Assets of Xstrata as at 31 December 2001

The following pro forma statement of combined net assets of Xstrata as at 31 December 2001 is prepared for illustrative purposes only and may not, because of its nature, give a true picture of the financial position of the Group. It is prepared to illustrate the effect on the net assets of Xstrata of the Acquisitions, Merger and of the Global Offer, as if the Acquisitions, Merger and Global Offer had taken place on 31 December 2001, and is based on the balance sheets of Xstrata, Xstrata AG, the Enex Group and the Duiker Group as at 31 December 2001 extracted without material adjustment from the Accountants' Reports as set out in Part VI. Adjustments have been made in accordance with paragraph 12.29 of the Listing Rules.

	At 31 December 2001					Adjustments			
	Xstrata Note 1 US\$000	Xstrata AG Note 1 US\$000	Enex Group Note 1 US\$000	Duiker Group Note 1 US\$000	Xstrata Sub-total US\$000	Acqui- sition adjust- ments Note 2 US\$000	Global Offer adjust- ments Note 3 US\$000	Other adjust- ments Note 4 US\$000	Pro forma Xstrata plc net assets US\$000
Fixed Assets									
Goodwill	-	125,160	-	-	125,160	-	-	-	125,160
Tangible assets	-	771,680	640,946	205,351	1,617,977	1,841,830	-	-	3,459,807
Other	-	13,082	-	-	13,082	-	-	-	13,082
Investments	-	22,941	19,970	39,135	82,046	-	-	-	82,046
	-	932,863	660,916	244,486	1,838,265	1,841,830	-	-	3,680,095
Current Assets									
Stocks	-	144,768	56,777	24,646	226,191	-	-	-	226,191
Debtors	-	188,171	89,513	45,093	322,777	-	-	-	322,777
Cash and short term deposits	-	45,866	42,804	11,243	99,913	(1,237,608)	2,235,789	(999,470)	98,624
	-	378,805	189,094	80,982	648,881	(1,237,608)	2,235,789	(999,470)	647,592
Creditors: amounts falling due within one year	-	(221,726)	(100,179)	(68,943)	(390,848)	-	-	106,988	(283,860)
Net Current Assets	-	157,079	88,915	12,039	258,033	(1,237,608)	2,235,789	(892,482)	363,732
Total Assets less Current Liabilities	-	1,089,942	749,831	256,525	2,096,298	604,222	2,235,789	(892,482)	4,043,827
Creditors: amounts falling due after more than one year	-	(421,990)	(521,149)	(21,307)	(964,446)	-	(1,109,300)	892,482	(1,181,264)
Provision for liabilities and charges	-	(126,835)	(80,701)	(57,972)	(265,508)	-	-	-	(265,508)
	-	541,117	147,981	177,246	866,344	604,222	1,126,489	-	2,597,055
Minority Interests	-	(1,994)	(79,147)	-	(81,141)	-	-	-	(81,141)
Net assets	-	539,123	68,834	177,246	785,203	604,222	1,126,489	-	2,515,914

Notes:

1 The consolidated net assets of Xstrata, Xstrata AG, the Enex Group and the Duiker Group at 31 December 2001 and the profit and loss accounts for the year then ended have been extracted without material adjustment from the Accountants' Reports as set out in Part VI.

2 The total value for the Acquisitions of US\$2,573.00 million involves a consideration of US\$2,087.91 million after taking account of US\$20 million paid to the Vendors by Duiker since 1 January 2002 and addressed within this note 2 and repayment of net indebtedness and shareholder loans of US\$485.09 million addressed within note 4. Allocations related to the Acquisitions include:

(a) payment of consideration of US\$2,067.91 million payable in cash of US\$1,217.608 million, and an amount in shares of US\$850.302 million and US\$20 million paid to the Vendors by the Duiker Group since 1 January 2002, split as to US\$995.452 million for the Enex Group and US\$1,092.458 million for the Duiker Group.

(b) a fair value adjustment calculated as follows:

Consideration for the acquisition of Enex Group	US\$000	US\$000
Net assets of Enex Group per Accountants' report in Part VI	995,452	
	(68,834)	926,618
Consideration for the acquisition of Duiker Group	1,092,458	
Net assets of Duiker Group per Accountants' report in Part VI	(177,246)	915,212
Fair value adjustment to tangible fixed assets		1,841,830

Fair value allocation

A full assessment of fair values of assets and liabilities will be undertaken prior to the end of the first accounting period of Xstrata.

Part VII Unaudited pro forma financial information

- 3 The adjustments related to the Global Offer and debt issue reflect:
 - i) the gross proceeds of the Global Offer of US\$1,239.489 million.
 - ii) the issue of new long-term loans of US\$1,109.3 million (as part of the Syndicated Loan Facility of US\$1,400 million).
 - iii) the payment of fees and expenses incurred in connection with the Global Offer, the Acquisitions, the Merger and the Syndicated Loan Facility of approximately US\$113 million. These costs relate principally to underwriting and investment banking fees, as well as legal, accounting and regulatory filing fees. The pro forma adjustments represent Xstrata management's best estimate based on available information at this time. Actual amounts will differ from those reflected. This adjustment also includes the estimated associated acquisition costs of the Enex Group and the Duiker Group and of the share issue expenses.
- 4 The other adjustments reflect the repayment of US\$539.13 million gross indebtedness and shareholder loans (which results in net indebtedness of US\$485.09 million after deduction of Enex Group cash of US\$42.8 million and Duiker Group cash of US\$11.24 million as at 31 December 2001) payable by Enex Group and Duiker Group, together with the repayment of US\$460.34 million of existing Xstrata debt. The aggregate amount of US\$999.47 million is split between US\$106.988 million short-term and US\$892.482 million long-term.
- 5 No account has been taken of any trading or other transactions since 31 December 2001 for Xstrata, Xstrata AG, Duiker Group and Enex Group. No account has been taken of any other further fair value adjustments that may be necessary.

Part VII Unaudited pro forma financial information

Pro Forma combined Profit Statement of Xstrata for the year ended 31 December 2001

The following pro forma combined profit statement of Xstrata for the year ended 31 December 2001 is prepared for illustrative purposes only and may not, because of its nature, give a true picture of the results of the Group. It is prepared to illustrate the effect on the profit for the year of Xstrata of the Acquisitions, Merger and of the Global Offer, as if the Acquisitions, Merger and Global Offer had taken place on the first day of the period ended 31 December 2001, and also to illustrate the effect of the acquisitions of Asturiana and Oakbridge as if these acquisitions had taken place on 1 January 2001. The pro forma information is based on the profit and loss accounts of Xstrata, Xstrata AG, Enex Group and Duiker Group for the year ended 31 December 2001 extracted without material adjustment from the Accountant's Reports set out in Part VI. Xstrata did not trade during the period. Adjustments have been made in accordance with paragraph 12.29 of the Listing Rules.

	Year ended 31 December 2001					Adjustments			Pro forma constructed adjustment Note 9 US\$000	Pro forma Xstrata plc combined constructed US\$000	
	Xstrata Note 1	Xstrata AG Note 1 US\$000	Enex Group Note 1 US\$000	Duiker Group Note 1 US\$000	Xstrata Sub-total US\$000	Acquisition adjustments Xstrata plc Note 6 US\$000	Global Offer adjustments Note 7 US\$000	Other adjustments Note 8 US\$000			Pro forma Xstrata plc US\$000
Turnover											
Continuing operations	-	346,969	291,199	371,325	1,009,493	-	-	-	1,009,493	-	1,009,493
Acquisitions	-	266,634	371,152	-	637,786	-	-	-	637,786	227,633	865,419
	-	613,603	662,351	371,325	1,647,279	-	-	-	1,647,279	227,633	1,874,912
Operating costs	-	(521,157)	(506,717)	(226,921)	(1,254,795)	(46,000)	-	-	(1,300,795)	(206,247)	(1,507,042)
Operating profit											
Continuing operation	-	47,649	61,896	144,404	253,949	(46,000)	-	-	207,949	-	207,949
Acquisitions	-	44,797	93,738	-	138,535	-	-	-	138,535	21,386	159,921
OPERATING PROFIT	-	92,446	155,634	144,404	392,484	(46,000)	-	-	346,484	21,386	367,870
Continuing operations:											
Associate profit	-	-	(466)	56,788	56,322	-	-	-	56,322	466	56,788
Profit/(loss) on sale of operations	-	(1,954)	-	-	(1,954)	-	-	-	(1,954)	-	(1,954)
Impairment and profit/(loss) on disposal of fixed assets	-	(45,034)	1,479	131	(43,424)	-	-	-	(43,424)	-	(43,424)
Exchange difference	-	-	(29,473)	-	(29,473)	-	-	29,473	-	-	-
Net Interest Payable	-	(21,554)	(5,677)	(7,104)	(34,335)	-	(12,211)	-	(46,546)	(14,263)	(60,809)
Profit on ordinary activities before taxation	-	23,904	121,497	194,219	339,620	(46,000)	(12,211)	29,473	310,882	7,589	318,471
Tax on profit on ordinary activities	-	(10,635)	(23,561)	(40,133)	(74,329)	-	3,053	-	(71,276)	(4,392)	(75,668)
Profit on ordinary activities after taxation	-	13,269	97,936	154,086	265,291	(46,000)	(9,158)	29,473	239,606	3,197	242,803
Dividends	-	-	-	(66,683)	(66,683)	-	-	66,683	-	-	-
Minority interests:											
Equity	-	(2,016)	(13,195)	-	(15,211)	-	-	-	(15,211)	(325)	(15,536)
Profit for the financial year attributable to members of the parent company	-	11,253	84,741	87,403	183,397	(46,000)	(9,158)	96,156	224,395	2,872	227,267

Notes:

- Fair value adjustment to tangible fixed assets of US\$1,841.8 million arising on the Acquisitions is amortised over the estimated useful lives of the underlying assets resulting in amortisation of US\$46 million for the year.
- Interest on debt raised as part of the transaction has been included. For this purpose, an amount of US\$12.211 million has been included based upon an interest rate of 3.5 per cent. on incremental interest bearing debt used for the purposes of the Acquisitions, adjusted for the tax effect of this charge.
- Elimination of exchange difference of US\$29.473 million arising on a US dollar loan in Enex refinanced as part of this transaction and elimination of dividends of US\$66.683 million paid by Duiker to its parent company as if Xstrata had been its parent company from 1 January 2001.
- Results for Asturiana and Oakbridge for the period between 1 January 2001 and the respective dates of acquisition have been extracted from the management accounts of these companies and translated into US\$ at average prevailing rates. Adjustments to increase interest charges by US\$6.49 million and to reduce taxes by US\$1.62 million have been made to reflect borrowings used for the purposes of acquiring Asturiana and Oakbridge. The interest adjustment has been calculated based on borrowings of US\$58.9 million for the acquisition of Oakbridge and US\$453.6 million for the acquisition of Asturiana being in place for the period since 1 January 2001 to the date of acquisition at rates of 3% and 4% respectively.
- Where appropriate taxation effects of the above adjustments have been taken into account.

Part VII Unaudited pro forma financial information

Pro Forma combined Segmental Information for the year ended 31 December 2001

The following pro forma combined segmental information for the enlarged Group for the year ended 31 December 2001 is prepared for illustrative purposes only and may not, because of its nature, give a true picture of the results of the Group. It is prepared to illustrate the effect on the segmental analysis of Xstrata of the Acquisitions, as if the Acquisitions, Merger and Global Offer had taken place on the first day of the year ended 31 December 2001, and also to illustrate the effect of the acquisitions of Asturiana and Oakbridge as if these acquisitions had taken place on 1 January 2001. The pro forma information is based on the financial information of Xstrata, Xstrata AG, Enx Group and Duiker Group for the year ended 31 December 2001 extracted without material adjustment from the Accountant's Reports set out in Part VI. Xstrata did not trade during the period. Adjustments have been made in accordance with paragraph 12.29 of the Listing Rules.

	Xstrata AG Year ended 31 Dec 2001 US\$000	Enx Group Year ended 31 Dec 2001 US\$000	Duiker Group Year ended 31 Dec 2001 US\$000	Total US\$000	Adjustments Note 12 US\$000	Pro forma Year ended 31 Dec 2001 US\$000	Adjustments Note 13 US\$000	Pro forma combined constructed Year ended 31 Dec 2001 US\$000
Turnover								
Coal	–	662,351	371,325	1,033,676	–	1,033,676	110,950	1,144,626
Zinc	266,634	–	–	266,634	–	266,634	116,683	383,317
Chrome	257,659	–	–	257,659	–	257,659	–	257,659
Vanadium	63,498	–	–	63,498	–	63,498	–	63,498
Magnesium	25	–	–	25	–	25	–	25
Forestry	25,787	–	–	25,787	–	25,787	–	25,787
Total	613,603	662,351	371,325	1,647,279	–	1,647,279	227,633	1,874,912
EBITDA								
Coal	–	199,727	216,792	416,519	–	416,519	(505)	416,014
Zinc	65,934	–	–	65,934	–	65,934	35,519	101,453
Chrome	64,262	–	–	64,262	–	64,262	–	64,262
Vanadium	9,234	–	–	9,234	–	9,234	–	9,234
Magnesium	(4,096)	–	–	(4,096)	–	(4,096)	–	(4,096)
Forestry	792	–	–	792	–	792	–	792
Common costs	(10,170)	–	–	(10,170)	–	(10,170)	–	(10,170)
Total	125,956	199,727	216,792	542,475	–	542,475	35,014	577,489
EBIT								
Coal	–	156,647	201,323	357,970	(46,000)	311,970	(505)	311,465
Zinc	44,798	–	–	44,798	–	44,798	22,357	67,155
Chrome	59,318	–	–	59,318	–	59,318	–	59,318
Vanadium	(42,360)	–	–	(42,360)	–	(42,360)	–	(42,360)
Magnesium	(5,040)	–	–	(5,040)	–	(5,040)	–	(5,040)
Forestry	561	–	–	561	–	561	–	561
Common costs	(11,819)	–	–	(11,819)	–	(11,819)	–	(11,819)
Total	45,458	156,647	201,323	403,428	(46,000)	357,428	21,852	379,280

Part VII Unaudited pro forma financial information

	Xstrata AG Year ended 31 Dec 2001 US\$000	Enex Group Year ended 31 Dec 2001 US\$000	Duiker Group Year ended 31 Dec 2001 US\$000	Total US\$000	Adjustments Note 12 US\$000	Pro forma Year ended 31 Dec 2001 US\$000	Adjustments Note 13 US\$000	Pro forma combined constructed Year ended 31 Dec 2001 US\$000
Profit before tax								
Coal	-	121,497	194,219	315,716	(46,000)	269,716	(947)	268,769
Zinc	44,798	-	-	44,798	-	44,798	8,536	53,334
Chrome	59,318	-	-	59,318	-	59,318	-	59,318
Vanadium	(42,360)	-	-	(42,360)	-	(42,360)	-	(42,360)
Magnesium	(5,040)	-	-	(5,040)	-	(5,040)	-	(5,040)
Forestry	561	-	-	561	-	561	-	561
Common costs	(33,373)	-	-	(33,373)	17,262	(16,111)	-	(16,111)
Total	23,904	121,497	194,219	339,620	(28,738)	310,882	7,589	318,471

	Xstrata AG 31 Dec 2001 US\$000	Enex Group 31 Dec 2001 US\$000	Duiker Group 31 Dec 2001 US\$000	Total US\$000	Adjustments Note 12 US\$000	Pro forma 31 Dec 2001 US\$000
Tangible fixed assets						
Coal	-	640,946	205,351	846,297	1,841,830 ⁽ⁱⁱⁱ⁾	2,688,127
Zinc	387,765	-	-	387,765	-	387,765
Chrome	224,267	-	-	224,267	-	224,267
Vanadium	104,601	-	-	104,601	-	104,601
Magnesium	21,757	-	-	21,757	-	21,757
Forestry	32,618	-	-	32,618	-	32,618
Others	672	-	-	672	-	672
Total	771,680	640,946	205,351	1,617,977	1,841,830	3,459,807

	Xstrata AG 31 Dec 2001 US\$000	Enex Group 31 Dec 2001 US\$000	Duiker Group 31 Dec 2001 US\$000	Total US\$000	Adjustments Note 12 US\$000	Pro forma 31 Dec 2001 US\$000
Net current assets						
Coal	-	88,915	12,039	100,954	-	100,954
Zinc	95,471	-	-	95,471	-	95,471
Chrome	98,857	-	-	98,857	-	98,857
Vanadium	24,021	-	-	24,021	-	24,021
Magnesium	(792)	-	-	(792)	-	(792)
Forestry	1,144	-	-	1,144	-	1,144
Unallocated assets	(61,622)	-	-	(61,622)	105,699 ^(iv)	44,077
Total	157,079	88,915	12,039	258,033	105,699	363,732

	Xstrata AG 31 Dec 2001 US\$000	Enex Group 31 Dec 2001 US\$000	Duiker Group 31 Dec 2001 US\$000	Total US\$000	Adjustments Note 12 US\$000	Pro forma 31 Dec 2001 US\$000
Net assets (Note 11)						
Coal	-	68,834	177,246	246,080	1,841,830 ⁽ⁱⁱⁱ⁾	2,087,910
Zinc	548,009	-	-	548,009	-	548,009
Chrome	187,990	-	-	187,990	-	187,990
Vanadium	106,642	-	-	106,642	-	106,642
Magnesium	25,344	-	-	25,344	-	25,344
Forestry	21,782	-	-	21,782	-	21,782
Unallocated assets	(350,644)	-	-	(350,644)	(111,119) ^(iv)	(461,763)
Total	539,123	68,834	177,246	785,203	1,730,711	2,515,914

Part VII Unaudited pro forma financial information

	Xstrata AG 31 Dec 2001 US\$000	Enex Group 31 Dec 2001 US\$000	Duiker Group 31 Dec 2001 US\$000	Total US\$000	Adjustments Note 12 US\$000	Pro forma 31 Dec 2001 US\$000
Net assets (Note 11)						
Americas	47,126	-	-	47,126	-	47,126
Africa	265,471	-	177,246	442,717	915,212 ^(vi)	1,357,929
Europe	548,009	-	-	548,009	-	548,009
Australia	29,161	68,834	-	97,995	926,618 ^(vi)	1,024,613
Unallocated assets	(350,644)	-	-	(350,644)	(111,119) ^(vi)	(461,763)
Total	539,123	68,834	177,246	785,203	1,730,711	2,515,914

Notes

- 11 Adjustments to net assets reflect the division's share of the adjustment made in respect of the Group's net assets set out in notes 2 and 3 in this Part VII.
- 12 Adjustments to segmental information include:
- (i) Amortisation of US\$46 million per annum as described in note 6 in this Part VII.
 - (ii) US\$17.262 million comprises US\$12.211 million incremental interest and elimination of foreign exchange adjustment of US\$29.473 million in Enex, as described in notes 7 and 8 respectively in this Part VII.
 - (iii) US\$1,841.8 million fair value adjustment on the Acquisition, as described in note 2 in this Part VII.
 - (iv) US\$105.699 million adjustments in respect of the net impact of the cash consideration for the Acquisitions of US\$1,237.608 million, the net proceeds of the Global Offer of US\$1,126.489 million and debt raised of US\$1,109.3 million and the repayment of existing long-term debt of US\$892.482 million, as described in notes 2, 3 and 4 of this Part VII.
 - (v) US\$111.119 million adjustment in respect of net new debt following the gross proceeds of the Global Offer of US\$1,239.489 million, the payment of expenses of US\$113 million relating to the Global Offer, the Acquisitions, the Merger and the Syndicated Loan Facility, and the cash payment for the Acquisitions of US\$1,237.608 million as described in notes 2 and 3 of this Part VII.
 - (vi) US\$915.212 million and US\$926.618 million are the allocation of the fair value adjustment in note 2 of this Part VII.
- 13 Adjustments relating to the period from 1 January 2001 until the date of acquisition of 3 May 2001 for Asturiana and 31 March 2001 for Oakbridge, as extracted from the financial information as contained within Part VI prepared in respect of these periods. An additional adjustment has been included to reflect the increased amortisation of goodwill of US\$2.59 million that would have been recognised had these acquisitions occurred on 1 January 2001.

Part VII Unaudited pro forma financial information



The Directors
Xstrata plc
Becket House
1 Lambeth Palace Road
London SE1 7EU

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

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

20 March 2002

Dear Sirs

We report on the pro forma financial information set out in Part VII of the listing particulars, which has been prepared, for illustrative purposes only, to provide information about how the Acquisitions, the Merger and the Global Offer might have affected the financial information presented.

Responsibility

It is the responsibility solely of the directors of Xstrata plc ("Xstrata") to prepare the pro forma financial information in accordance with paragraph 12.29 of the Listing Rules.

It is our responsibility to form an opinion, as required by the Listing Rules of the UK Listing Authority, on the pro forma financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and the Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Group.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of Xstrata; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 12.29 of the Listing Rules of the UK Listing Authority.

Yours faithfully

Ernst & Young LLP

This page has been intentionally left blank