COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA

Case No: 13/LM/Feb02

In the large merger between:

Xstrata Ltd

and

Xstrata SA (Pty) Ltd
Duiker Mining (Pty) Ltd

Reasons for Decision

Approval

The Competition Tribunal issued a Merger Clearance Certificate on 13 March 2002 approving the merger without conditions. The reasons for our decision are set out below.

The Merger

The transaction

The primary acquiring firm is Xstrata Ltd ("Newco") a new company formed for the purposes of this transaction. The issued shares in Newco are to be traded on the London Stock Exchange. It is intended that 38.5% of the issued shares in Newco will be held by Glencore International AG ("Glencore").

The primary target firms are Xstrata South Africa (Pty) Ltd ("Xstrata SA") and Duiker Mining (Pty) Ltd ("Duiker"), a wholly owned subsidiary of Glencore. Xstrata SA is a wholly owned subsidiary of Xstrata AG, a company listed on the Swiss Stock Exchange. Glencore owns approximately 38,5% of the issued shares in Xstrata AG. Xstrata SA indirectly holds, through Carbonex (Pty) Ltd, 75% of the issued shares in Maloma Colleries Ltd, a company incorporated in Swaziland.

This transaction is part of a restructuring process within Glencore International AG. Newco or wholly owned subsidiaries of Newco will purchase the entire issued share capital of Xstrata SA and Duiker.

Evaluating the merger

The relevant market

Newco is a newly formed company and does not manufacture or produce any products or render any services.

Duiker's main focus is to mine and supply stream coal used in power generations. It also produces bituminous coal.

Xstrata supplies Ferrochrome, Chromite ore, Vanadium Pentoxide, Ferrovanadium and Anthracite from its Swaziland subsidiary Malome. It uses approximately 45% of the production internally, the rest is sold.

Bituminous coal and anthracite are not considered metallurgic substitutes. There is, therefore, no product overlap between the parties in the merger if the merger is defined narrowly.

In a broadly defined market the market share of the parties would be 8.19% of the coal market in South Africa.

Effect on competition

The Commission is of the opinion that whether one defines the market broadly or narrowly the merger will not substantially prevent or lessen competition. We agree with the Commission's analysis and conclusions and endorse its report.

Public interest

According to the party there will be no loss of employment, neither does the merger give rise to any other public interest concerns.

_______________ 15 April 2002

D.H. Lewis **Date**

Concurring: N. Manoim, P. Maponya