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THE RTZ CORPORATION PLC
CRA LIMITED

1995 annual report to shareholders

RTZ CRA

Minerals and metals
for the world

RTZ-CRA is a world leader in the mining industry. Created by the unification of The RTZ Corporation PLC and CRA Limited, the dual listed companies structure has placed shareholders in substantially the same position as if they held shares in a single company.

RTZ-CRA's strengths are in exploration and the extraction of mineral resources. The Group concentrates on the development of large, long life mines capable of sustaining competitive advantage and of delivering superior returns to shareholders over many years. The Group takes a long term and responsible approach to all aspects of the business.

Well balanced both by product and geographically, RTZ-CRA is strongly represented in North America and Australia with major assets in South America, Asia, Europe and Southern Africa. Principal products are aluminium, borates, coal, copper, gold, iron ore and titanium dioxide feedstock, which provide the necessary materials for economic progress and prosperity in both the developed and the developing world.

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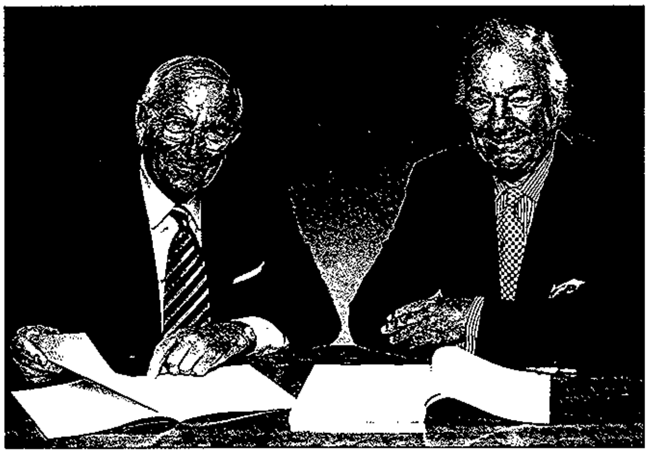
Cover photograph: Sphalerite, a form of zinc ore. This unusual example shows zinc sulphide (black crystals), chalcopyrite (copper iron sulphide) and pyrite (cubes of iron sulphide). It comes from Peru and is in the collections of The Natural History Museum in London.

RTZ-CRA is pleased to support the re-development of the Museum's Earth Galleries, which will re-open in July 1996.

CHAIRMEN'S MESSAGE


John Uhrig AO and Sir Derek Birkin

Following your overwhelming approval and the completion of formalities last December, we have proceeded rapidly to unite RTZ and CRA as dual listed companies. The boards of RTZ and CRA are now composed of the same people.

Since our last reports, we have welcomed two new directors, Sir David Simon, chairman of BP, as a non-executive director, and Lord Holme as an executive director responsible for human resources and external affairs.

The converging strategies of RTZ and CRA in recent years provide a firm foundation for rapid integration. By most measures, RTZ-CRA is easily the world's largest mining group. But of even greater importance is the pool of talent we now have to manage a global organisation which has an unrivalled mineral portfolio, substantial financial strength, and new opportunities arising from our integration.

Under the leadership of Robert Wilson as chief executive and Leon Davis as chief operating officer, key senior management appointments have already been made towards welding the RTZ-CRA Group into a worldwide team with shared objectives and a unified approach.

Economic progress the world over depends fundamentally on minerals and metals. Increasingly, communities are rightfully expecting that high standards of professionalism are achieved not only in technical areas but also in terms of sensitivity to local community needs and aspirations. RTZ-CRA will continue to respond to these expectations and accepts wholeheartedly the responsibility to perform to the highest social and environmental standards. We will aim to build enduring partnerships wherever we operate as an intrinsic part of developing the global opportunities which lie before us.

In this 1995 annual report and accounts we present the first integrated accounting for RTZ-CRA's financial and operating performance. We also describe the management principles which guide the new organisation. Additionally, you will find that we now report our results in US dollars, as well as comparisons in Australian and British currencies. RTZ shareholders will continue to receive dividends in sterling and CRA shareholders in Australian dollars.

Our aim is to increase dividends progressively over time. We wish RTZ and CRA shareholders to participate not only equally but as soon as feasible from the anticipated growth of the unified enterprise.

Derek Birkin
Chairman, The RTZ Corporation PLC

J A Uhrig
Chairman, CRA Limited

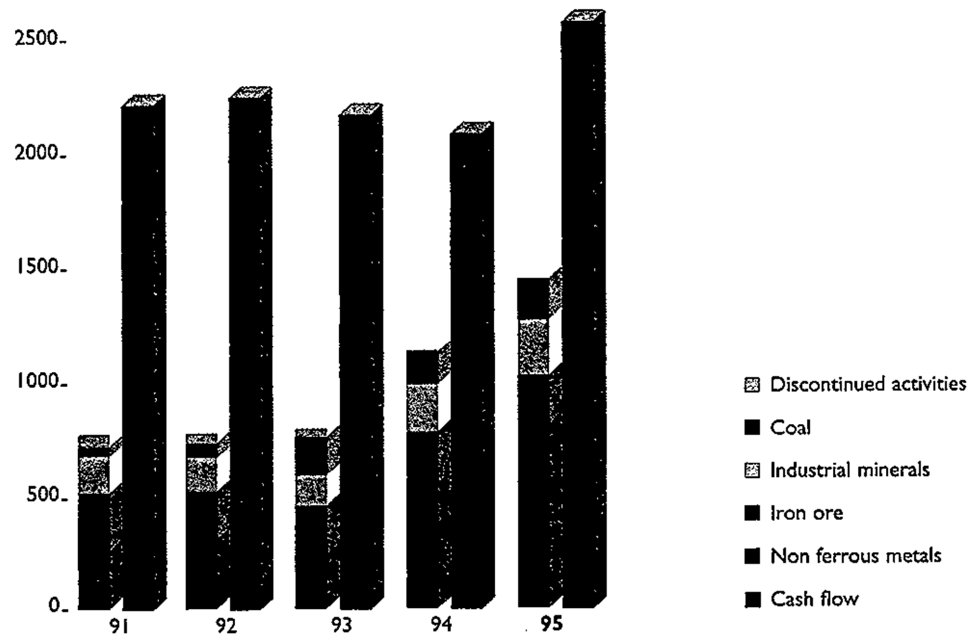
FINANCIAL HIGHLIGHTS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
12,012	10,837	**5,637**	5,173	Group turnover (continuing operations)	**8,901**	7,925
3,324	2,377	**1,560**	1,135	Group profit before taxation and exceptional items	**2,462**	1,738
1,736	1,623	**815**	775	**Net attributable profit**	**1,286**	1,187
1,945	1,549	**913**	740	**Adjusted earnings**	**1,441**	1,133
16,475	14,514	**7,894**	7,196	Group operating assets (continuing operations)	**12,259**	11,262
9,412	9,008	**4,510**	4,466	RTZ-CRA shareholders' funds	**7,004**	6,990
3,470	2,849	**1,628**	1,360	Operating cash flow	**2,571**	2,083
1,993	1,738	**955**	862	Net debt	**1,483**	1,349
2,515	2,283	**1,180**	1,090	Capital investment (including acquisitions)	**1,863**	1,670
124.5c	116.3c	**58.4p**	55.5p	**Earnings per ordinary share**	**92.2c**	85.0c
139.4c	111.2c	**65.4p**	53.1p	**Adjusted earnings per ordinary share**	**103.3c**	81.3c
				Dividends per ordinary share		
–	–	**31.5p**	27.5p	– RTZ	–	–
65.0c	60.0c	–	–	– CRA	–	–

Throughout the report references are to US dollars unless otherwise shown.

Adjusted earnings and operating cash flow

US$m



LETTER TO SHAREHOLDERS FROM THE CHIEF EXECUTIVE

The merger of RTZ and CRA economic interests represents a major and timely development. The international mining industry has changed markedly in recent years with many countries now encouraging inward investment in their mining industries. Against this background, and building on many years of close co-operation, there is much to be gained from combining the resources and skills of RTZ and CRA through a complete merger of our economic interests. Our task is now to effect the structural and organisational changes to enable the Group to realise its potential. Already, a substantial part of these changes is in place.

Robert Wilson

Pre-requisites to success

For all practical purposes RTZ-CRA is now a single business entity. Whilst this increases our strength, it does not change our direction. There are three pre-requisites to success in our industry and we shall continue to concentrate our efforts on them.

The first is the efficiency of our operations. In commodity businesses, whether we like it or not, we are generally a "price taker" and for that reason we focus heavily on what we can control – namely the efficiency of our production. Efficiency, of course, is not an absolute but a relative yardstick and has more facets than simple financial statistics. We remain committed to our policy of continuous improvement in all our operations, which we regard as fundamental to our long term success.

The second main key to success relates to our ability to generate new investment opportunities which will create shareholder wealth. These may be by expansion, by development through our exploration efforts, or by acquisition. We believe that our chances of success in all these will be enhanced as a result of the merger.

The third pre-requisite is a commitment to build enduring partnerships with the people in the areas where we operate. This in turn means we must continue to ensure that our activities are environmentally responsible and that they add economic and social value to the countries and communities in which we operate.

1995 results

The union of RTZ and CRA was the climax to a notably active year, during which we acquired a 12 per cent stake in Freeport-McMoRan Copper & Gold and a 40 per cent stake in the expansion potential of its Grasberg operation in Irian Jaya in Indonesia, one of the most important mineral deposits ever discovered. I shall revert to this later as well as to a number of other major developments, but will start with a brief review of our financial results.

LETTER TO SHAREHOLDERS FROM THE CHIEF EXECUTIVE

Since the RTZ-CRA merger took effect in 1995, we have prepared our 1995 results on a combined basis. The financial statements are in both sterling and Australian dollars to reflect the two principal listings. In addition they are shown in US dollars, the currency of greatest significance to the Group, in which most of our revenues are denominated as indeed is a large proportion of our costs. Given this dominance of the US dollar, our commentary on the Group's business and financial performance is in US dollars.

The major OECD economies grew by about 2 per cent compared with 2.8 per cent in 1994. Growth in the US economy eased and Europe flattened out after a firm start to the year. Japan showed signs of renewed growth toward the year's end but the bright spots were the Asia Pacific countries and India. Terminal market metal prices reached their 1995 peak in January and their lowest level in October. Nevertheless for the year as a whole, they were 24 per cent above 1994.

I am pleased to report that Group profit before tax and exceptionals increased by 42 per cent to US$2,462 million. Net attributable profit at US$1,286 million was 8 per cent higher than in 1994 as were earnings per share. Adjusted earnings, which exclude exceptional items, were 27 per cent higher at US$1,441 million. Adjusted earnings per share likewise increased by 27 per cent. The first half was particularly strong, benefiting from much higher aluminium, copper and molybdenum prices.

Earnings would have been even higher but for technical problems at Escondida in Chile, commissioning difficulties at the Bingham Canyon smelter in the US, and an increased tax charge in Australia. Bearing these factors in mind, I believe that overall the year's outcome reflects the strength and breadth of our mineral resources and the large scale, low cost nature of our operations. The results represent a sound foundation on which to build and we are already benefiting from combining the resources and skills of RTZ and CRA.

For 1995, RTZ has declared total dividends of 31.5p per share, up 14.5 per cent on 1994, and CRA has declared total dividends of 65 Australian cents per share, up 8.3 per cent on 1994. Future ordinary dividends to RTZ and CRA shareholders will be equalized. RTZ intends to continue to pay a significant part of its dividends by way of Foreign Income Dividends and CRA intends to maximise franking credits to Australian shareholders wherever available.

Operating cash flow was 23 per cent higher at US$2,571 million. Net debt as a percentage of total capital increased only to 16 per cent, notwithstanding expenditure of US$1,366 million on new and existing projects and on net acquisitions. RTZ-CRA's continuing strong balance sheets resulted in both Moody's and Standard & Poor's confirming their double-A rating of RTZ's long term debt and raising CRA's rating to the same level following the merger.

Strategy

It is timely to state the strategy of the RTZ-CRA Group. Over the last few years the strategies adopted by both RTZ and CRA had come closely into line. While RTZ had sold its interests in building and engineering products, oil and gas, chemicals and cement, CRA had sold its downstream aluminium interests. Both had sharply refocused on their mainstream mining interests.

In the future, we shall continue to focus on the mining industry, where we have long term competitive advantage. We shall invest in downstream processing only if we are satisfied that this will enhance shareholder wealth. We shall concentrate primarily on large, low unit cost operations and we shall continue to seek both geographic and product diversity. Our investments will reflect the economic quality of opportunity rather than an idealised commodity mix. Improved efficiency at our operations will be sought continuously. In summary, our strategy is designed to create long term shareholder wealth by building on our areas of established expertise.

We also hold the view that long term success in the mining industry requires more than sound commercial strategies and efficient operations. We need a clear, unequivocal commitment to managing operations that are safe for our employees, that minimise adverse environmental effects and that contribute positively to our host communities. This philosophy is expanded in more detail on page 8 of this report.

Building on strong foundations

RTZ-CRA has an exceptional international asset base of large, long life, high quality mines. These include in copper and gold, the Bingham Canyon mine in the US and stakes in the Escondida mine in Chile and in the Grasberg mine in Indonesia; in iron ore, Hamersley Iron in Australia; in bauxite, the Weipa mine in Australia; in industrial minerals, the Boron mine in the US and the QIT and RBM titanium dioxide feedstock operations in Canada and South Africa; and in coal, the Pacific Coal, Novacoal and Coal & Allied mines in Australia, the Kaltim Prima mine in Indonesia and the Powder River Basin and Colorado mines in the US.

We intend to build on these strong foundations and indeed we have a number of significant projects at various stages of development. Amongst these are the expansion of the Boyne Island and Tiwai Point aluminium smelters in Australia and New Zealand, the development of Kennecott's Pipeline gold deposit and the redevelopment of its Greens Creek zinc/silver mine in the US, QIT's upgraded slag project in Canada, the development of the Fortaleza nickel mine and the expansion of the Morro do Ouro gold mine in Brazil, the Lihir Gold mine in Papua New Guinea and the underground development of the Palabora copper mine in South Africa. Collectively, these projects will generate significant incremental production.

Looking into the future

Coming along behind the projects already under construction, there are several more at various stages of feasibility study, a number of which result from our extensive exploration programme. The most advanced are:

- The Century zinc deposit in Australia, which, subject to satisfactory completion of negotiations with local Aboriginal people, should commence development this year at a cost of about US$850 million and start production in 1998. Over its 20 year life, it could produce an average of 450,000 tonnes of zinc in concentrates annually.

- An expansion of the Grasberg copper/gold mine. A feasibility study into taking this mine from its current 118,000 tonnes per day milling capacity to 190,000 tonnes per day should be completed shortly. We will have a direct 40 per cent interest in the incremental production.

- A new alumina refinery based on Comalco's Weipa deposit. Feasibility studies could result in a development at a cost of some US$750 million, possibly commencing as early as 1997 with production beginning in 1999.

- Yandicoogina, which is one of Hamersley's substantial deposits yet to be exploited in Australia's Pilbara iron ore province. This development might commence in 1997, with production in 1998, increasing Hamersley's capacity by a further 10 million tonnes per annum.

- The HIsmelt direct iron ore smelting process, which is undergoing further pilot plant work in 1996/97. We shall then consider whether a commercial plant could be in operation by the turn of the century, perhaps providing feedstock for the fast growing South East Asia steel market.

Our extensive exploration programme is producing some interesting discoveries. At present, the most advanced discoveries under evaluation are the diamond deposits in Canada's North West Territories, the Famatina gold prospect in Argentina, the Sepon gold deposit in Laos and the Las Cruces copper deposit in Spain. In addition, exploration is adding substantial reserves around the Grasberg mine. Cash expenditure in 1995 on exploration and evaluation was US$317 million before tax.

A worldwide team

We have already put in place many of the organisational changes to enable the combined Group to realise its potential. Most importantly the boards of RTZ and CRA have been united and a unified management structure introduced. Unlike some other dual listed companies, we shall have a single Group head office. In general terms the Group's operations will be managed on a geographical basis, so that, for example, Australia and South East Asia operations will be managed from Melbourne.

This general principle will, however, always be flexible and subject to operational and market realities and the best utilisation of human resources, irrespective of geographical distinctions. This is the case, for example, with the Group's exploration activities. The two companies between them have the largest exploration programme in the world. The programmes are already being merged on a global basis to share expertise, to eliminate overlap and to develop new synergies.

Productivity is increasing throughout the mining industry and maintaining our competitive advantage presents challenges to us all. I should like to thank all our employees in RTZ-CRA for the dedication and commitment they have shown in the past year and for the positive response they have given to the RTZ-CRA merger.

The outlook

1996 has opened on an uncertain economic note, with US growth slowing and with output faltering in several parts of Europe. The Japanese economy is, however, showing signs of improvement and major European economies might recover in the second half. Elsewhere, particularly in the Asia Pacific region and South America, prospects remain encouraging.

The global economy and demand for metals and minerals should, therefore, expand gradually as the year develops. Balance between supply and demand for most of our products should remain sound through 1996 and, although prices can also be influenced by sentiment and speculative activity, the market fundamentals suggest a reasonably satisfactory outlook.

The 1995 results provide a strong platform for the merged RTZ-CRA Group. We shall maintain pressure on the costs of our operations, thereby ensuring the continuing resilience of our cash flow. Our balance sheet strength will enable us to pursue good quality opportunities, irrespective of cyclical considerations. RTZ-CRA will continue to conduct itself as a responsible corporate citizen wherever it operates and I am confident that it will also deliver excellent long term returns to our shareholders.

Robert Wilson, chief executive

MINERALS AND METALS FOR THE WORLD

RTZ-CRA explores for and develops first class orebodies across the world, expertly and responsibly. Our aim is to increase the value of our shareholders' assets over the long term and, in so doing, to meet the growing need for minerals and metals in the world economy, not only in the developed but in the developing countries where they contribute to essential improvements in well being.

The growth in demand continues as living standards rise. Part of this demand can be met by the wise conservation of resources through product improvements, re-use and recycling where this is possible. Efficient extraction, in which RTZ-CRA is a world leader, contributes as well but new discoveries and developments are also vital.

In recent years, more countries have opened their doors to attract investment in exploration and mining, aware of the potential this represents for their own economies. With our financial and management strength and global presence RTZ-CRA is well positioned to take up these new opportunities, as well as continuing to optimise existing resources.

Everywhere we are involved, it is on the basis of partnership with our host countries and communities, not only complying carefully with local law and custom, but working with our hosts to minimise any adverse impact and, more positively, to ensure maximum synergy and transfer of benefits locally from our operations.

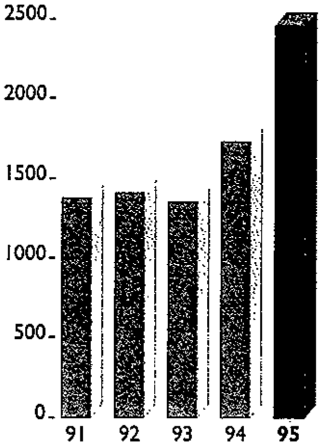
Thus RTZ-CRA is second to none in the mining industry in our commitment to the health and safety of our employees as well as to the enhancement of their skills and capabilities. Our environmental standards are high and we set out to make a lasting contribution to the communities where we operate.

Our aim is to work with local communities, sensitive to their cultures and ways of life – particularly where indigenous people are involved – so that even when the mine has finally closed we have helped to sustain their chosen way of life.

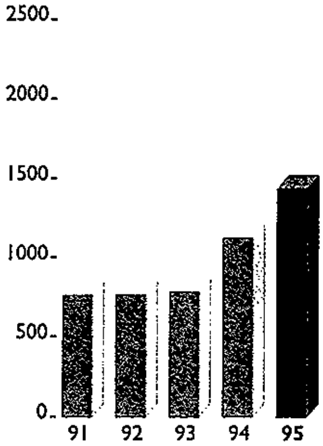
We believe that our competitiveness and long term success will continue to depend on our record as good neighbours and partners which has already made us welcome in over forty countries around the world.

Trail leader, Jenny Dee, shows the effect of water on lichens in the Ndabushe wildlife sanctuary, South Africa. The sanctuary is funded by Palabora Mining which encourages its use for environmental education.

Profit before tax and exceptionals
US$m

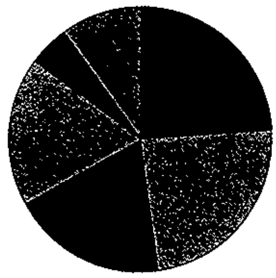


Adjusted earnings
US$m



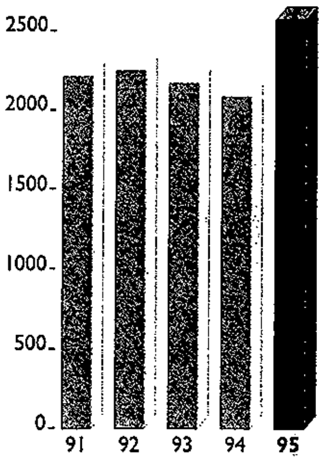
Sales by destination 1995

US$m

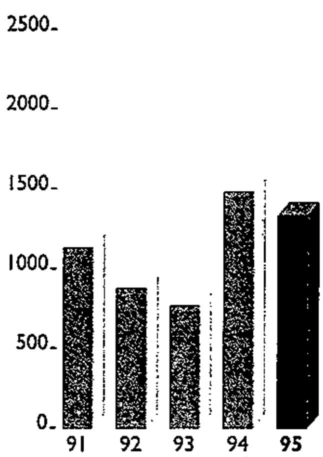


North America	2,236
Europe	2,248
Japan	1,802
Asia	1,675
Australasia	463
Other	910

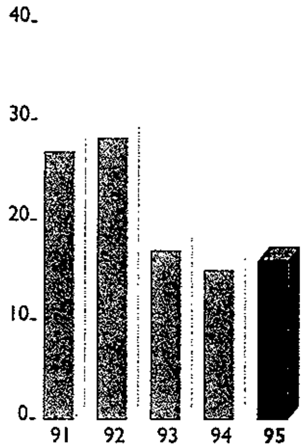
Operating cash flow
US$m



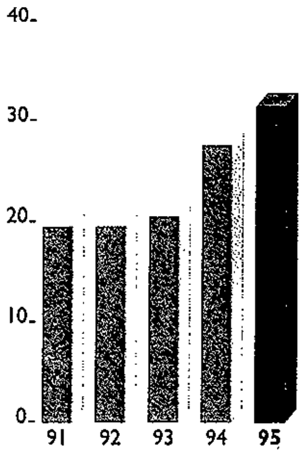
Expenditure on fixed assets
US$m



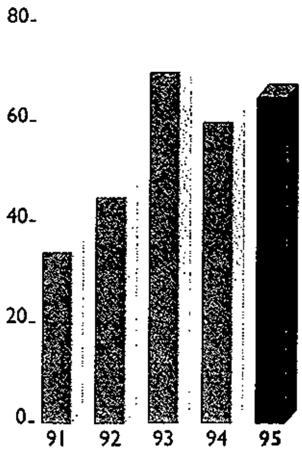
Net debt: total capital
%



RTZ dividends per share
pence



CRA dividends per share
Australian cents



FINANCIAL REVIEW

Operating performance

Group turnover of continuing operations in 1995, at US$8,901 million, was 12 per cent higher than in 1994. Profit before tax and exceptional items at US$2,462 million was 42 per cent up on 1994, to give a margin on sales of 26 per cent. After a higher tax charge than in 1994, when it was low for several non-recurring reasons, adjusted earnings (excluding exceptional items) attributable to shareholders of RTZ and CRA were 27 per cent up at US$1,441 million. Of the increase over 1994, US$453 million was from selling price increases and US$70 million was from volume growth.

Basis of financial statements

Given the desirability of CRA and RTZ presenting the merged Group's financial statements in identical form, a choice of accounting conventions has had to be made. The Australian Securities Commission has agreed, using its powers under sub-section 313(2) of the Australian Corporations Law, to the accounts being prepared in accordance with UK generally accepted accounting practice (GAAP), but with a reconciliation to Australian GAAP. In accordance with UK accounting standard FRS 6 regarding merger accounting, the figures for 1995, the year in which the merger was completed, are those of the combined Group and the figures for prior years have been restated.

Reporting currencies

The RTZ-CRA Group accounts are presented in US dollars as well as in pounds sterling and Australian dollars. The US dollar is the most natural reporting currency for the Group since most Group revenues are denominated in US dollars, as are many of the Group's costs. In explaining key features and trends of Group financial performance, the US dollar provides a more consistent view which should correspond more closely to underlying business performance.

Earnings and earnings per share

UK accounting standard FRS 3 provides for the presentation of an additional measure of earnings per share, adjusted at the directors' discretion. Adjusted earnings and adjusted earnings per share, as presented by RTZ-CRA, exclude the effect of exceptional items and therefore reflect underlying performance more clearly than the unadjusted figures.

Balance sheet

The merger of RTZ and CRA has created a strong combined Group balance sheet within which both companies enjoy the double-A credit ratings previously assigned by Moody's and Standard & Poor's to RTZ: the only such ratings in the world mining industry. These ratings reflect the unified credit status of the Group, achieved through cross-guarantees whereby contractual obligations of either the CRA or the RTZ parent company are automatically guaranteed by the other. The ratings provide financial flexibility and consistent access to major capital markets. RTZ-CRA also enjoys the highest available short term credit ratings, enabling extremely competitive terms to be obtained on commercial paper issues.

The financing of the US$500 million investment in Freeport-McMoRan Copper & Gold (FCX), and heavy capital expenditure in Kennecott and Comalco, caused Group net debt to rise to US$1,483 million in 1995, but this was still a modest 16 per cent of total capital. Net interest, including capitalised interest, was 35 times covered by pre-interest profit. There is, therefore, ample capacity to fund the continuing high level of capital expenditure planned for 1996 and subsequent years, including the proposed expansion of the Grasberg mine.

UK accounting standard FRS 4 requires the classification of commercial paper as short term borrowings. The Group believes its US$1,131 million of commercial paper would be more realistically classified as medium term borrowing since it is backed by medium term committed bank facilities. It would be so classified under both Australian and US GAAP.

Cash flow

Net cash flow from operating activities at US$2,571 million was 23 per cent higher than in 1994. Interest, tax and dividend payments absorbed US$1,257 million while capital expenditure was US$1,336 million. Acquisitions of US$622 million, predominantly the FCX investment, were largely offset by disposals, primarily of Comalco downstream businesses.

The presentation of the cash flow statement is in the format required by UK accounting standard FRS 1. This format requires the term "net cash flow before financing" to refer to cash flow after purchase and/or realisation of short term investments with an original maturity of more than three months. In the case of RTZ-CRA, the majority of such investments are liquid securities and money market instruments used for the purpose of cash management, and would be more realistically treated as cash equivalents or dealt with in the "financing" section of the cash flow statement. A more useful and significant measure of Group net cash generation or absorption is "Cash flow before changes in liquid investments and financing", which is shown separately at the foot of the cash flow statement. The cash absorption of US$170 million in 1995 was a satisfactory result in a year of heavy capital expenditure.

Exchange rates and currency exposure

RTZ-CRA's assets, earnings and cash flows are broadly spread geographically and are linked to a wide variety of currencies, but particularly the US dollar. RTZ-CRA is managed as a predominantly US dollar business. Currency exchange rate movements were not a significant influence on Group financial performance in 1995.

RTZ-CRA's revenues are subject to the influence on product prices of the currencies of the countries where the products are produced and consumed. The US dollar is the most important currency of revenue determination, but there is a wide range of other currencies which have an effect, the most significant being the Japanese yen and the German mark. RTZ-CRA's operating costs are also incurred in a wide range of currencies, largely determined by where its mines and processing plants are located. The US dollar and the Australian dollar are the most important currencies in this respect.

The RTZ-CRA Group's natural diversity of exposure to currencies provides a substantial degree of protection against currency fluctuations. The Group's net debt is mainly denominated in US dollars, as this is the predominant currency determining revenues. RTZ-CRA does not believe an active short term currency hedging programme would provide long term benefit to shareholders.

Interest rates

RTZ-CRA's normal interest rate management policy is to borrow and invest cash at floating rates of interest rather than to fix rates for long term periods. Short term interest rates are normally lower than long term rates, resulting in lower interest costs to the Group. Furthermore, cyclical movements of interest rates tend broadly to counteract those of commodity prices.

Commodity prices

RTZ-CRA's fundamental business is mining and not commodity trading. The Group does not undertake transactions in products other than those it produces itself. Its normal policy is to sell its products at prevailing market prices. Exceptions to this rule are subject to strict limits laid down by the CRA and RTZ boards and rigid internal controls ensure that these limits are adhered to. RTZ-CRA's exposure to commodity prices is naturally diversified by virtue of its broad commodity spread, and the Group does not believe an active short term commodity price hedging programme would provide long term benefit to shareholders.

Treasury management

Treasury activities operate as a service to the businesses of the RTZ-CRA Group and not as a profit centre. Strict limits on the size and type of transaction permitted are laid down by the RTZ and CRA boards and rigid internal controls ensure that these limits are adhered to. Corporate funding and overall strategic management of the RTZ-CRA balance sheets is handled through the Group Treasury based in London.

Internal financial control

The effectiveness of internal control has always been a high priority in CRA and RTZ. The improved process of continuing review of internal financial controls introduced in 1994 was extended in 1995 to include all parts of the Group. The established internal control framework of the Group is described in volume 2 of the annual report, where the directors' comment on the review of internal control also appears.

Taxation

The overall tax rate for 1995, excluding exceptional items, was 33.8 per cent, compared with the 1994 rate of 28.5 per cent. The difference is largely the result of non-recurring items in 1994 and the increase in the Australian tax rate in 1995.

Dividends

Future dividends paid on RTZ and CRA ordinary shares will be equalised, following a progressive dividend policy in line with RTZ's previously established policy. Equalisation will be on a net cash basis, that is without taking into account any associated tax credits. RTZ shareholders will receive dividends in pounds sterling and CRA shareholders will receive dividends in Australian dollars. Equalisation applies in respect of dividends payable after April 1996.

INTRODUCTION TO THE OPERATIONAL REVIEW

Leon Davis

The merger of RTZ and CRA economic interests creates a Group with a portfolio of mineral resources well balanced by both commodity and geography. Our seven principal products – aluminium, borates, coal, copper, gold, iron ore and titanium dioxide feedstock – are supported by a wide range of others – including diamonds, lead, molybdenum, nickel, salt, silver, talc, uranium and zinc. Geographically we are well represented in the developed and the developing world.

A number of significant and diverse projects are currently underway to enhance the asset base even further. Amongst these are:

- The expansion of Comalco's Boyne Island and Tiwai Point aluminium smelters in Australia and New Zealand (36 per cent and 53 per cent beneficially owned respectively). The US$750 million Boyne Island expansion will increase production by about 217,000 tonnes to 480,000 tonnes per annum when it comes on stream in 1997. It will then be one of the world's largest aluminium smelters. The 16 per cent expansion of Tiwai Point to 313,000 tonnes will be completed this year at a cost of US$325 million.

- The development of the Pipeline gold deposit in the US in which we have a 40 per cent interest, will cost US$319 million. Over its 12 year life, commencing in 1997, it will yield an average 310,000 ounces of gold annually. A feasibility study is in hand at the adjacent South Pipeline discovery.

- QIT's upgraded feedstock project in Canada costing US$260 million. This will enable the alkalis to be removed from QIT's slag, making it suitable as a high grade titanium dioxide feedstock for the fast growing chloride sector of the pigment industry. This project will increase QIT's output by 200,000 tonnes per annum when it is completed at the end of 1997.

- The US$233 million Fortaleza mine in Brazil which will produce 10,000 tonnes of nickel per annum over a 20 year life beginning in 1998.

- The US$47 million expansion of our 51 per cent owned Morro do Ouro gold mine in Brazil which will access additional reserves. This will be in production at the beginning of 1998 and will extend the mine life by 8 years to 2009. Average annual production between 1998 and 2005 is estimated at 210,000 ounces.

- The US$673 million Lihir Gold mine in Papua New Guinea, in which we have a 17 per cent beneficial interest and management responsibility. This should produce an average of 584,000 ounces of gold per annum over the first 15 years of its 36 year life from the start of full production early in 1998.

- The US$440 million development of an underground copper mine at Palabora in South Africa, where our beneficial ownership is 39 per cent. This will be in full production in 2002 when the current open pit mine is closed. Over a planned 20 year life it will process 30,000 tonnes of ore per day giving planned copper production of 91,500 tonnes in 2003 declining to 56,500 tonnes by 2018.

The maintenance of our competitive advantage in the world mining industry is increasingly dependent upon technological leadership. Our technical development centres in Australia, Europe and North America will be crucial to the continuous improvement of operations. This is evidenced by the part they have played in the improvement of Comalco's aluminium smelting technology, the development of the HIsmelt project and, in industrial minerals, QIT's new UGS project and Borax's product development process, all of which are discussed in the operational review, pages 16 to 42.

These technology skills are vital, but are not the only ones utilised in the growth of our business. Just as important are the skills needed to enable us to understand the social and environmental dimensions of our activities better, to design and engineer our operations to meet those needs and to explain more effectively how we are responding to them. We have paid considerable attention to these competencies and can report successful progress in applying them.

Equally, we must harness the same skills to enable and encourage our own employees to realise their full potential in our employ. Whilst being sensitive to the many differing attitudes and workplace practices around our worldwide Group, increasingly we shall be encouraging our managers to become mentors and team leaders, rather than bosses and instructors.

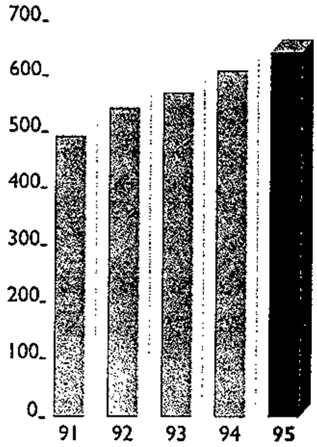
Ultimately, these are the most enduring and constructive ways to provide secure jobs, to meet the needs of our customers, to return benefits to our host communities, and – above all – to build long term value for our shareholders. Our progress during the past year towards this end is reported in the following pages.

Leon Davis, chief operating officer

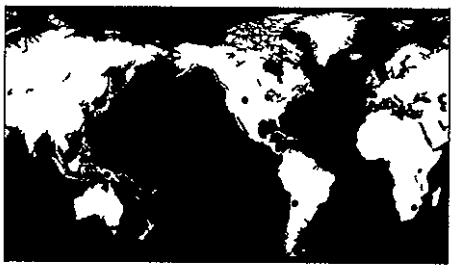
RTZ-CRA copper and gold earnings

	US$m	A$m	£m
1994	495	677	323
1995	**712**	**961**	**451**

Copper
RTZ-CRA
mined production
thousand tonnes



RTZ-CRA copper locations



Copper

RTZ-CRA is one of the world's largest copper producers. In 1995, copper represented 23 per cent of RTZ-CRA's total revenue.

Through significant interests in Bingham Canyon in the US, Neves Corvo (49 per cent) in Portugal, Palabora (39 per cent) in South Africa, Escondida (30 per cent) in Chile and Grasberg (10 per cent) in Indonesia, the Group can maximise the value of some of the world's greatest copper reserves.

During 1995, world production struggled to keep pace with consumption and there was an overall deficit for the second successive year. Prices rose by 27 per cent giving an average of 133 US cents per pound in 1995 compared with 105 US cents per pound in 1994. The increase was most marked in the first half when a 44 per cent rise saw prices average 132 US cents per pound compared with 91 US cents per pound in the same period in 1994.

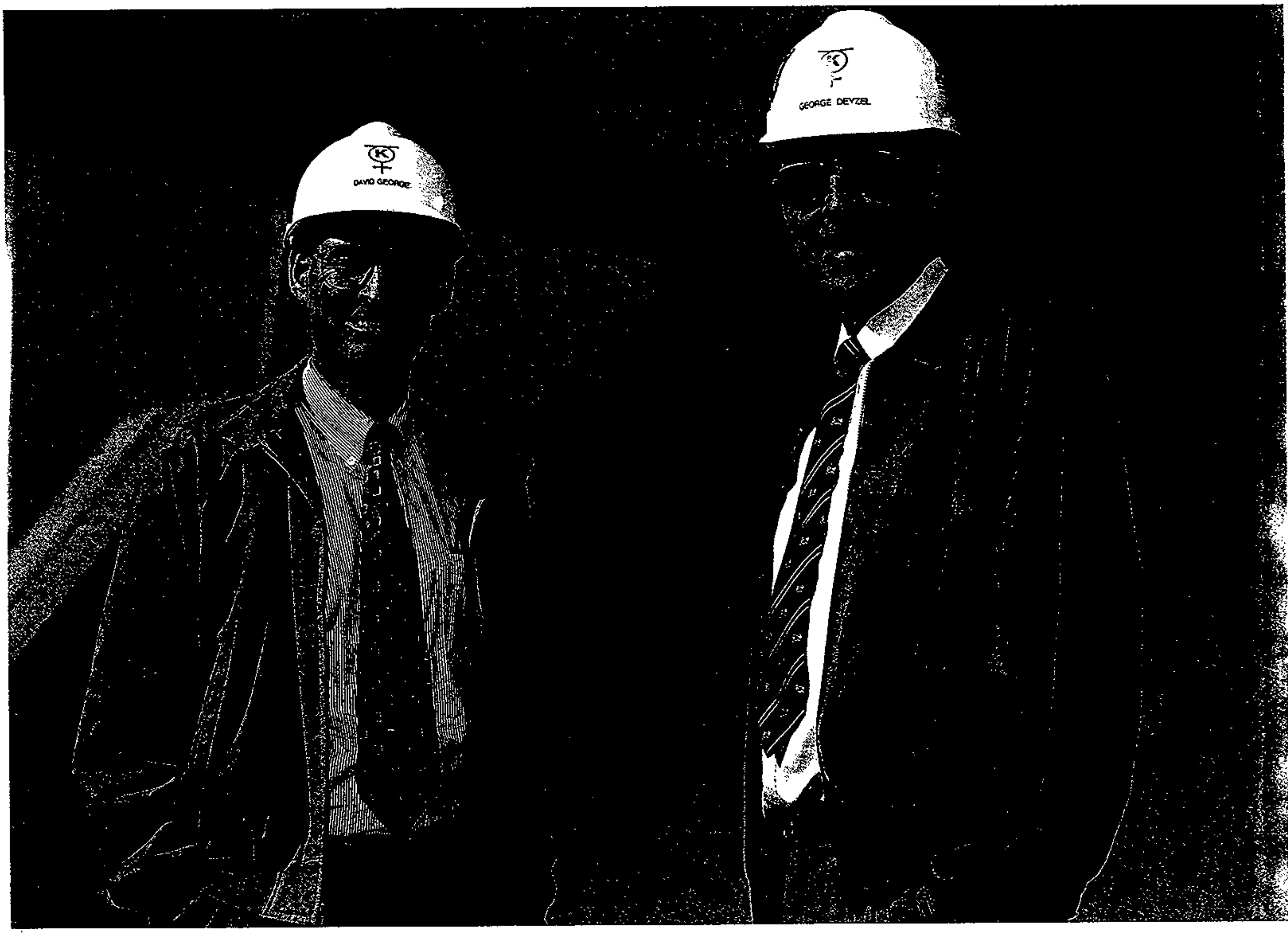
Production

RTZ-CRA attributable mine production increased by almost 5 per cent to 640,000 tonnes of copper in concentrate compared with 610,000 tonnes the previous year. Refined metal production was down by over 31 per cent compared with 1994.

Mine production at Bingham Canyon was virtually unchanged at 308,000 tonnes as higher ore grade compensated for mining harder ore.

Refined copper production at Bingham Canyon was reduced by 41 per cent in 1995 due to difficulties encountered at the new smelting facility during start up and production build up. The failure of a cooling element in its flash converting furnace in September necessitated the rebuilding of the furnace hearth. Late in the year, a failure also occurred in the heat recovery system at the acid plant. Operations were resumed in early January 1996, and full production is expected later in the year.

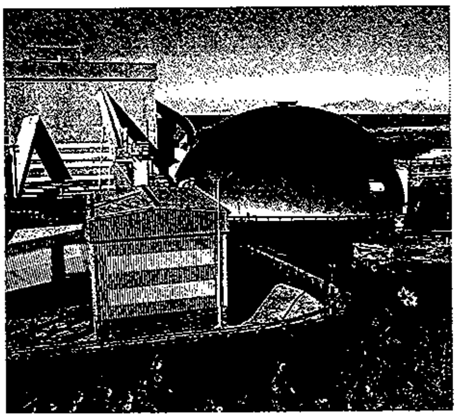
At Escondida, high clay content ore and a change in the mining plan due to an unstable pit wall resulted in a 12 per cent fall in production during the first half of the year. For the full year,



"Our approach was to search for the technology that would result in the very highest emission control. 99 per cent of sulphur emissions are removed." David George, head of technology, smelter modernisation project at Bingham Canyon.

On 4 July 1995 Kennecott Utah Copper in the US began using smelting and refining technology that will make Kennecott's Bingham Canyon operation one of the lowest cost copper producers in the world when full production is reached this year. The new smelter also sets the standard for environmental excellence.

The capacity to produce refined copper is doubled, water consumption is reduced to one seventh of its previous amount, while the smelter produces 85 per cent of its electric power through recovery of heat from furnace gases. The mine's entire annual production of one million tonnes of concentrate can be smelted and refined on site.



Kennecott Utah Copper's new smelter.

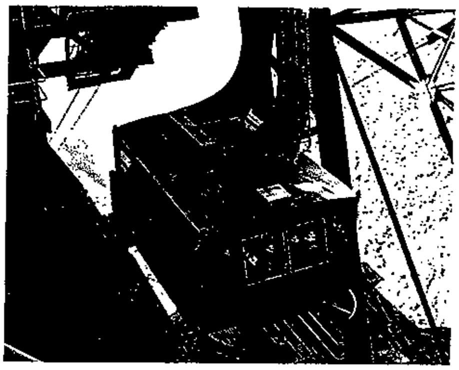
"We were producing more concentrates than the old smelter could handle and shipping half to the Pacific Rim and Europe. In-house processing of our entire concentrate production will halve smelting and refining costs," says George Deyzel (above right), Kennecott's head of engineering.

production was marginally below 1994 levels as production rates of 500,000 tonnes per annum were achieved in the second half.

The cathode plant at Escondida began producing copper in November 1994. However, process and mechanical problems will keep the plant from reaching its full capacity until at least mid 1996. Construction of the US$560 million Phase 3 expansion was completed in December 1995, and commissioning is in progress.

Palabora's production of copper in concentrate increased by over 11 per cent in 1995 compared with 1994 due to higher grade ore and improved milling rates. In March 1996, a decision was taken to proceed with a US$440 million underground mining operation when the current open pit mine ceases production in 2002. Feasibility studies showed positive results for a 20 year life underground block cave operation producing 30,000 tonnes of ore per day.

Despite the higher tonnage mined and treated at Neves Corvo, copper in concentrate production decreased marginally in 1995 due to lower ore grades. There were also alterations from the original mining sequence to extract unplanned ore in the stoping areas. Benefits from buoyant copper prices were partially offset by a less favourable escudo/US dollar exchange rate.



A cable car, which rises to about 4,000 metres, carries workers to the Grasberg mine in Indonesia.

In the US, Flambeau's production declined 6 per cent due to lower grades which are expected to continue to decline over the remaining one and a half years of mine life.

Through its interest in Freeport-McMoRan Copper & Gold (FCX), RTZ-CRA gained a beneficial interest in the Grasberg mine in Indonesia of approximately 10 per cent in July 1995. RTZ-CRA's share of the mine's output added 31,900 tonnes of copper in concentrate by the end of the year to RTZ-CRA's production.

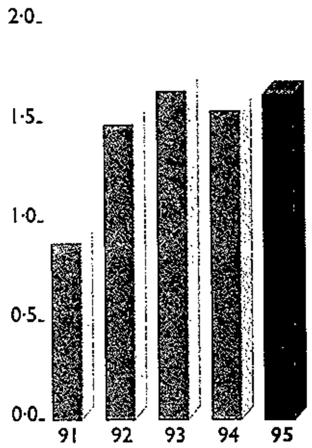
Developments

Since 1989 a US$2 billion investment programme at Bingham Canyon has introduced state-of-the-art mining, concentrating, smelting and refining technology, making it one of the lowest cost major copper producers in the world. The new smelter also sets industry standards for emission control. At the modernised refinery, a computer controlled material handling system has been deployed to lower costs and boost efficiency.

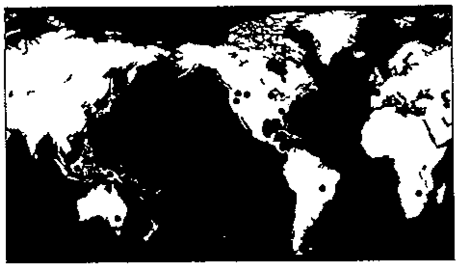
From mid 1996 production at Escondida will rise to a rate of over 800,000 tonnes of copper per year following the Phase 3 expansion, making the mine the biggest copper producer in the world. Analysis of further expansions, including a solvent extraction/electrowinning plant producing 125,000 tonnes per annum of copper cathode, is in train.

The acquisition of approximately 12 per cent in FCX in 1995 gives RTZ-CRA access to its 86 per cent owned Grasberg mine and a joint venture will provide the opportunity to benefit from 40 per cent of further expansion and new discoveries. A feasibility study in 1996 is assessing the viability of expanding mill output at Grasberg from the rated 118,000 tonnes of ore per day capacity to up to 190,000 tonnes per day. Subject to Indonesian Government approvals, commissioning is anticipated by the end of 1998.

Gold
RTZ-CRA
mined production
million ounces



RTZ-CRA gold locations



Gold

RTZ-CRA is a major gold producer. In 1995, gold represented 7 per cent of RTZ-CRA's total revenue. Against a backdrop of increasing demand and stagnant world mine production, gold traded in a narrow price range throughout 1995. The year's average price of US$384 per ounce was virtually unchanged compared with 1994.

Production

RTZ-CRA attributable mine production increased in 1995 by 5 per cent. The acquisition of a 10 per cent beneficial interest in the Grasberg mine was a major factor in boosting the Group's production to a total of 1·64 million ounces from 1·56 million ounces in 1994. RTZ-CRA's share of Grasberg contributed 95,000 ounces of new gold production in 1995.

In the US, higher grade ore at Bingham Canyon resulted in a 3 per cent increase in mine output to 525,000 ounces. Start up and production build up at the new smelter facility led to a fall in the output of refined gold from 228,000 ounces to 119,000 ounces.

Elsewhere in the US, production at Cortez (40 per cent) increased by 59 per cent and Flambeau was up by over 11 per cent. Production at Ridgeway and Barneys Canyon was reduced by 8 and 1 per cent respectively during 1995 whilst at Rawhide it was unchanged.

Higher grades and increased throughput at the Peak mine in Australia produced 138,700 ounces of gold in bullion and concentrate in 1995, representing an almost 16 per cent rise on the previous year.

At the Kelian mine (90 per cent) in Indonesia lower gold production, flat prices and increased operating costs depressed performance. An 11 per cent decline in recovered gold grade and a fall in plant throughput of 4 per cent resulted in 1995 gold production down over 14 per cent to 369,000 ounces. During the year approval was obtained to realign the Kelian River enabling the extension of the East Prampus pit. The river diversion project will be completed in the first half of 1997.

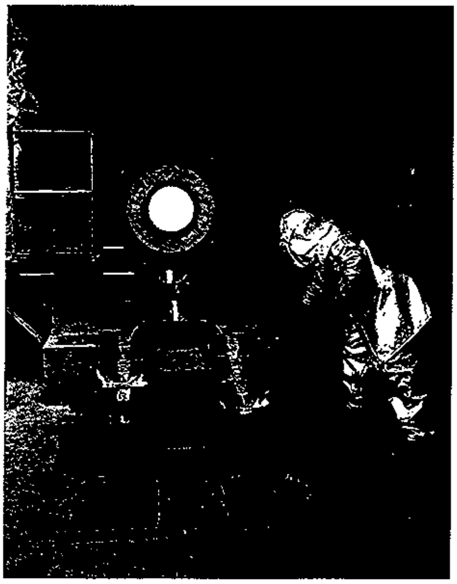
Despite slightly higher throughput, gold production at Morro do Ouro (51 per cent) in Brazil was some 4 per cent lower at 162,000 ounces in 1995 compared with 169,000 ounces in 1994 due mainly to reduced plant recovery. The introduction of a US$15.5 million mining truck fleet two months ahead of schedule will result in substantial cost savings at the mine by replacing sub-contractors.

Rio Tinto Zimbabwe (56 per cent) reported a 7 per cent rise in gold production from its three wholly owned underground mines – Renco, Patchway and Brompton. Total production at these mines was 86,000 ounces for the year.

Developments

In Indonesia an extensive in-pit and mine area drilling programme is under way to increase the understanding of the highly variable Kelian ore body. This programme will result in a revised production strategy being developed in the second half of 1996.

Since 1994, Morro do Ouro has identified substantial additional mineable reserves. A feasibility study for a 33 per cent production expansion was concluded in 1995. In March 1996 a decision was taken to increase the annual mining rate from 13 to 18 million tonnes of ore when an expanded plant comes into production early in 1998 at a cost of US$47 million. This will extend the mine's life by 8 years to 2009. Gold production should average 210,000 ounces per year between 1998 and 2005.

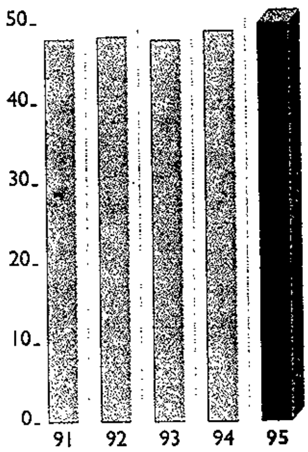


Pouring gold at the Kelian mine, East Kalimantan, Indonesia.

In March 1996 approvals were received for the development of the Pipeline deposit (40 per cent) near the Cortez mine in the US. Construction of a mill and related facilities is now under way to create an open pit mine which has 4.3 million ounces of gold reserves. The total capital cost to develop the combined carbon-in-leach mill and heap leach facility is US$319 million, with production beginning in mid-1997. Output is planned to average about 310,000 ounces of gold per year for 12 years. Additional mineralisation has also been identified at South Pipeline, near the main Pipeline deposit. Feasibility studies are complete and under review. Permit applications may be submitted in 1996.

RTZ-CRA has a 17 per cent beneficial interest in Lihir Gold Limited, the company formed by the original joint venture partners to raise the finance required for the development of a large gold deposit on Lihir Island in Papua New Guinea. Following approval of the Proposal for Development and the issue of a Special Mining Lease by the PNG Government in March 1995, the people of Lihir Island signed a comprehensive benefits package in April 1995. Full construction of the RTZ-CRA managed project commenced after debt and equity financing of Lihir Gold had been completed in October 1995. This US$673 million development will process some 2.8 million tonnes of ore yielding 584,000 ounces of gold per annum on average in the first 15 years. Production from oxide ore is projected to start in July 1997 and from sulphide ore in January 1998.

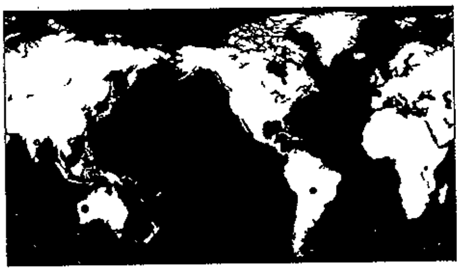
Iron ore
RTZ-CRA
mined production
million tonnes



RTZ-CRA iron ore earnings

	US$m	A$m	£m
1994	242	331	158
1995	**245**	**330**	**155**

RTZ-CRA iron ore locations



Iron ore

RTZ-CRA is a leading low cost, premium quality iron ore producer through the five Hamersley Iron mines – Mount Tom Price, Paraburdoo, Marandoo, Brockman and Channar (all owned 100 per cent, with the exception of Channar, 60 per cent) – in the Pilbara region of Western Australia. In 1995, iron ore represented 11 per cent of RTZ-CRA's total revenue.

The seaborne traded iron ore market continued to grow in 1995 with good demand for both lump and fines. Benchmark prices applicable to the 1995/6 Japanese fiscal year increased by nearly 8 per cent for lump ore and just under 6 per cent for fines. In 1996/7 prices will increase by a further 6 per cent.

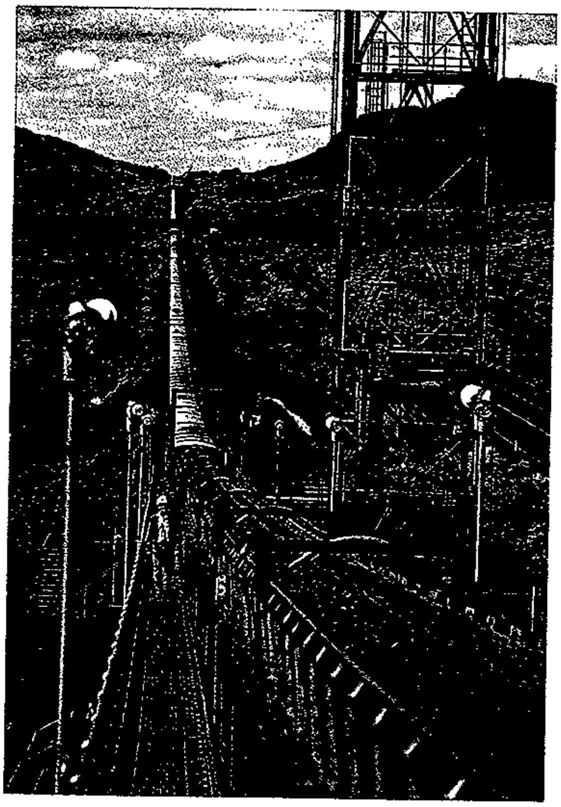
Production

Hamersley set a number of operating records during 1995, including sales and production volumes. Shipments of 54.9 million tonnes represented an increase of 6 per cent over the previous record of 51.8 million tonnes, set in 1994. The increase resulted from strong sales to China and Europe. During 1995, offices were established in Shanghai and Beijing to expand sales into China. Total saleable ore production was 52.2 million tonnes (RTZ-CRA share 49.8 million tonnes), exceeding the previous record of 51.3 million tonnes (RTZ-CRA share 49.0 million tonnes) set in 1994. Total material mined was 135.3 million tonnes, also a record.

The Marandoo mine, commissioned in 1994, increased production during the course of the year reaching an operating rate of 12 million tonnes per annum in the final quarter of 1995. A new fleet of twenty nine locomotives was commissioned and is generating efficiency and cost improvements.

A processing plant at Paraburdoo was commissioned successfully in the

Hamersley's Paraburdoo mine, Western Australia.



Ore conveyor between Hamersley's Channar and Paraburdoo mines, Western Australia.

second half to beneficiate the Hamersley blended fines product by reducing the level of impurities (especially alumina) thus making it more attractive to steel mill customers.

Production at Channar, the joint venture with a subsidiary of China Metallurgical Import & Export Corporation, increased by some 3 per cent to a total of 6.0 million tonnes. All Channar's output is sold to the People's Republic of China.

In Brazil, iron ore sales from the Corumbá mine (49 per cent) were underpinned by the successful commissioning of a US$25 million fleet of barges in mid year for river transportation. Sales were mostly to customers in Argentina and Paraguay.

Developments

Work began on the definitive engineering study and approvals process for Hamersley's Yandicoogina deposit, which could add a further 10 million tonnes per year to production. The Yandicoogina project is expected to be commissioned in mid 1998. It will be linked by rail to Hamersley's existing transport system and port facilities.

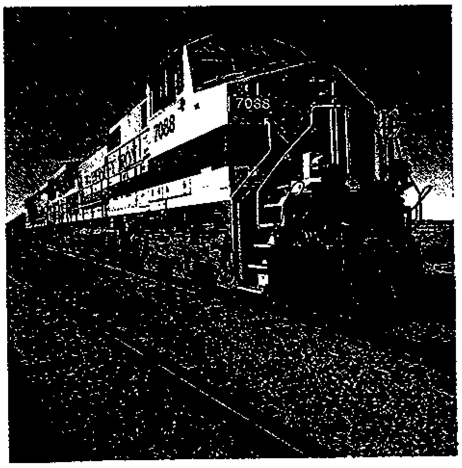
Test work during 1995 continued to confirm the potential of the HIsmelt direct iron ore smelting process. It produces a premium quality metallic iron from abundantly available iron ore fines and thermal coals. The process uses high intensity techniques within an enclosed molten bath reactor.

The HIsmelt product is expected to be a very competitive source of iron metallics to the growing iron and steel industry in the South East Asian region. The commercial viability of the process is expected to be confirmed before the end of 1997. This could lead to the first commercial plant being commissioned around the turn of the century.

In India, RTZ-CRA entered into a joint venture agreement with Orissa Mining Corporation in early 1995 to conduct a pre-feasibility study on two iron ore projects. The first phase of the study, covering the development of the Gandhamardan and Malangtoli deposits in Keonjar-Singhbum region, will be completed during 1996.

"The improvements in grade variations are due as much to team effort as to technology."

Rob Atkinson, superintendent operations scheduling at Hamersley's Mount Tom Price mine.

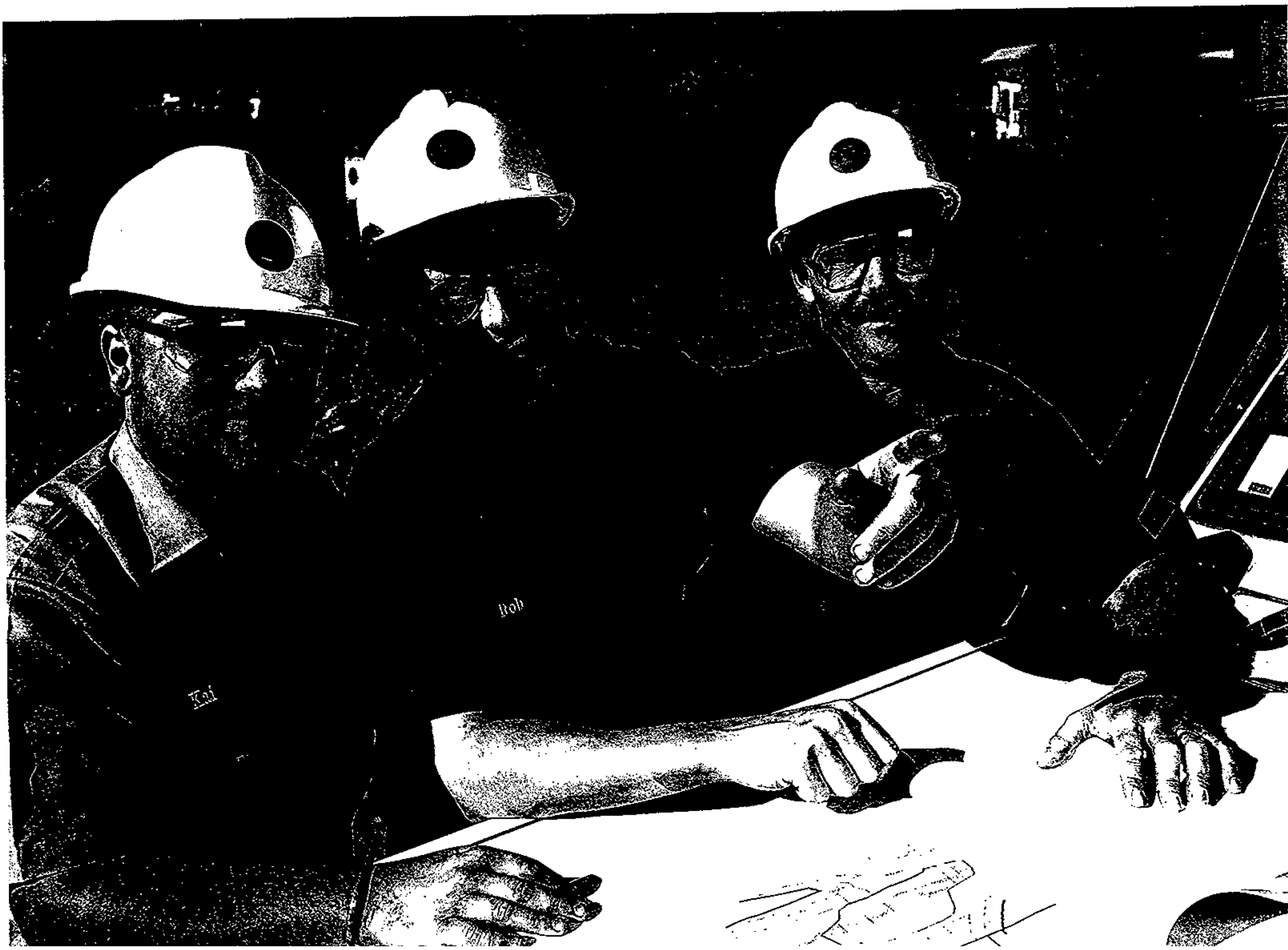


Hamersley Iron runs a 430 km railway and has its own port and power stations.

Hamersley Iron sells to the steel mills of the world. Europe and South East Asia are major customers, with Japan and China especially large importers, the latter rivalling South Korea.

Hamersley exports 18 million tonnes a year to Japan alone, with contracts in place for the next seven years. Customers require a consistent quality iron ore with minimum variation, and Hamersley's contracts are a recognition by the steel mills of the company's record in improving product quality and reliability of supply. This has been achieved through quality control at each stage of the operation. Geologists identify areas of high or low grade ore and assemble a materials plan for the mine. Blending officers control the type and amount of ore that goes to the crusher.

Rob Atkinson is a mining engineer and his job is to work closely with geologists, such as Kai Dettbarn, below left, and blending officers, such as Neil Creer, below right, to achieve the correct grades.

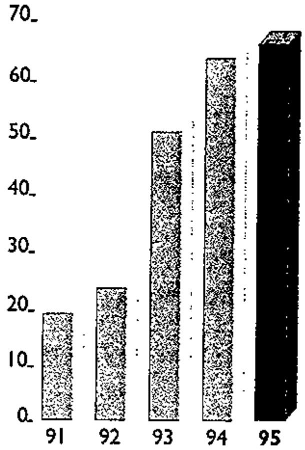


Coal

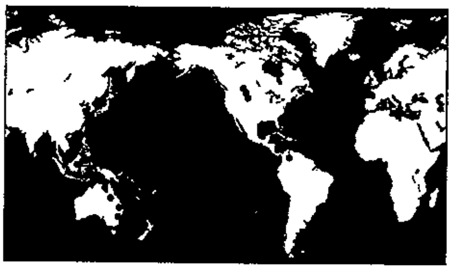
RTZ-CRA coal earnings

	US$	A$m	£m
1994	152	207	99
1995	**202**	**273**	**128**

Coal RTZ-CRA production
million tonnes



RTZ-CRA coal locations



The global coal operations of RTZ-CRA make the Group a major force both in internationally traded coal and in US domestic markets. In 1995 total coal production for the Group accounted for 16 per cent of total revenue.

The market for internationally traded coal was relatively buoyant in 1995. Power industry demand for thermal coal rose in most markets and led to higher prices. Strong demand from the steel industry also helped metallurgical coal to higher price levels especially at the beginning of the year.

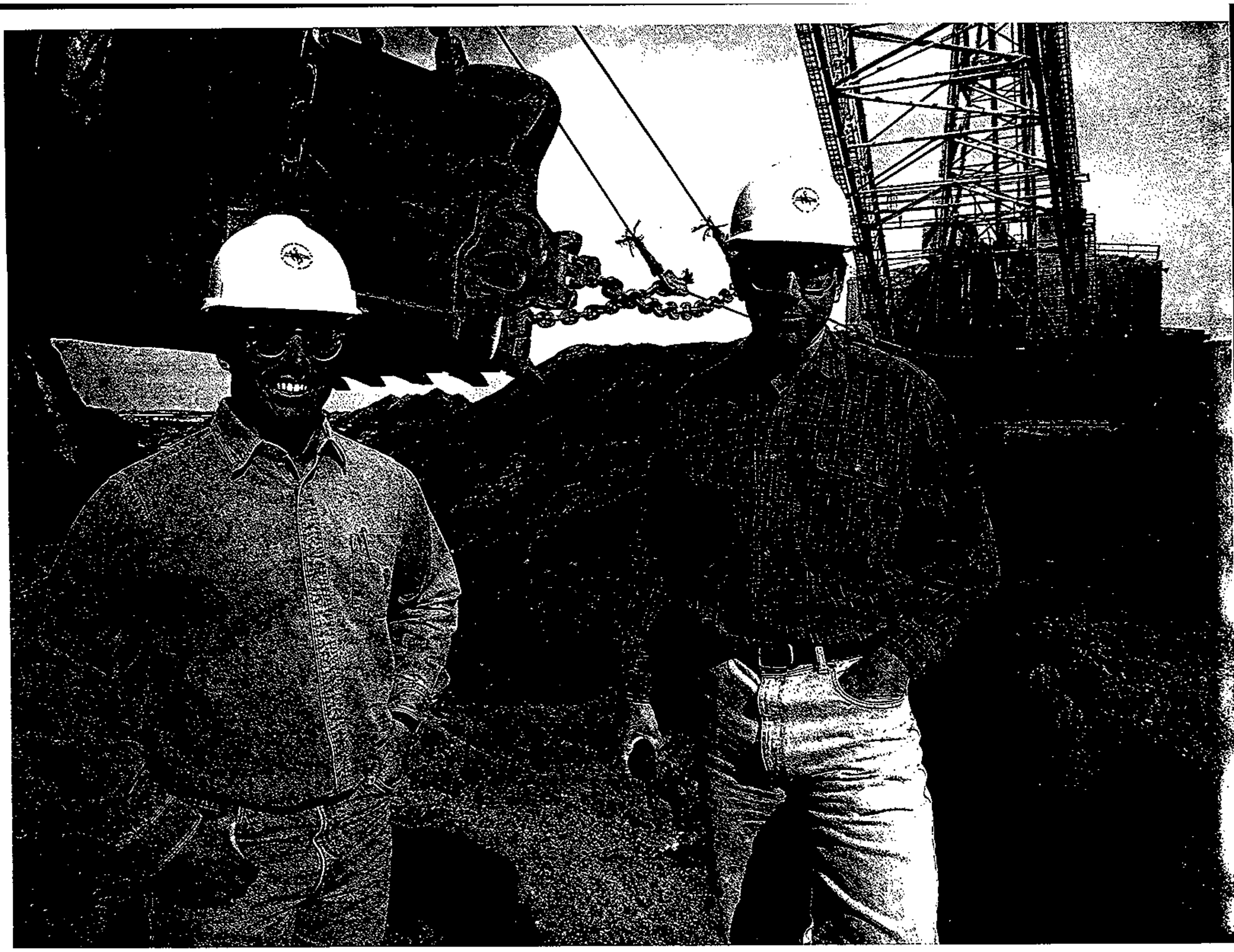
In 1995, US coal prices stabilised at 1994 levels. Warm, wet weather reduced US coal consumption, allowed utilities to replenish low 1994 inventory levels, and made low cost hydroelectric power plentiful in the Pacific Northwest. Concurrently, coal producers continued to make small incremental expansions and to bid aggressively for sales. In the future, RTZ-CRA's low sulphur domestic coal will become increasingly attractive as the US Clean Air Act is implemented.

Internationally traded coal production

At Kaltim Prima (50 per cent) in Indonesia, coal production increased in 1995 by almost 3 per cent to 10.2 million tonnes, despite unseasonally high rainfall. Sales were also marginally up at 10.1 million tonnes. Process plant upgrades were completed in advance of Kaltim Prima production rising to 15 million tonnes per annum in 1998.

Good sales and production levels were achieved at Pacific Coal's mines in Queensland, Australia. At Blair Athol (57 per cent) production in 1995 increased by almost 5 per cent to reach 10.2 million tonnes as a result of the introduction of 12 hour shifts, productivity improvements and equipment upgrades. Record sales of 10.6 million tonnes were assisted by strong demand for thermal coal from the Asian power industry. Production and sales from the Tarong mine were level compared with 1994.

Production from the New South Wales mines of Coal & Allied Industries (71 per cent) for 1995 was 9.1 million tonnes, down by 7 per cent on the 9.8 million tonnes for 1994. Output was adversely affected by industrial relations problems.

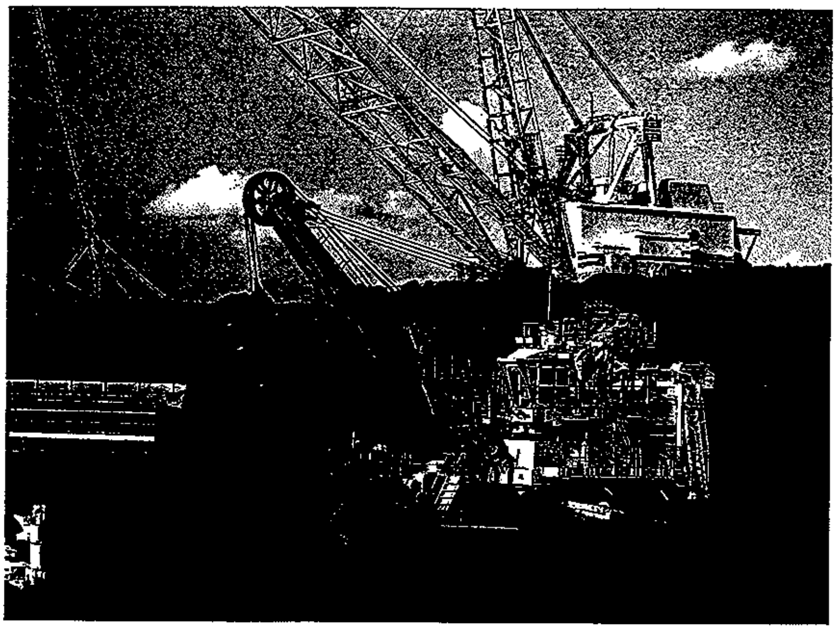


"Every employee has contributed to our productivity. We stress team effort and contribution. The results are obvious." Dean Dvorak, general manager, Cordero mine.

Continuous improvement is the driving force behind Kennecott Energy's world class status. Kennecott's Cordero open pit coal mine, in the Powder River Basin of north eastern Wyoming, USA, epitomises this philosophy.

Rusty McGee operates the dragline at Cordero in Wyoming, USA.

Until 1992 Cordero was a truck and shovel operation. Investment in a Marion 8200 dragline has allowed productivity increases of 30 per cent since then. In 1995 Cordero shipped 13 million tonnes of coal to its domestic customers. Mine engineer, Keith Haley (above left) and Cordero's general manager, Dean Dvorak (above right) emphasise that the improvement is not only due to better pit design, mining methods and closer production monitoring but is a team effort with the dragline operators closely involved in decisions and developing new ideas and techniques to reduce down time.



The Blair Athol coal mine in Queensland, Australia.

Production from Novacoal's Howick mine (60 per cent) was unchanged at 3.7 million tonnes.

Rationalisation began at Kembla Coal & Coke, reducing the business to a core of two mines – West Cliff and Tahmoor – and a small support and services group. The process was completed in early 1996 following the sale of the coke works. Production in 1995 was 2.2 million tonnes of coal and 236,000 tonnes of coke.

US coal production

RTZ-CRA's US coal production increased 8 per cent to 39.6 million tonnes during the year. It was boosted by a full year of production from the Colowyo mine in Colorado where production and sales were 4.0 million tonnes in 1995.

The Antelope mine in Wyoming stepped up production by over 31 per cent to a record level of 9.9 million tonnes in response to strong contract customer demand. Operational improvements included the use of larger trucks and shovels along with completion of development work.

Cordero's 1995 production fell 11 per cent below the record 14.9 million tonnes in 1994 due to weakening of demand on the spot market. Low cost hydroelectric power in the north western US and competition from other mines in Wyoming's southern Powder River Basin were factors behind the reduction of production at Spring Creek in 1995. At the 50 per cent owned Decker mine, production remained at the 1994 level.

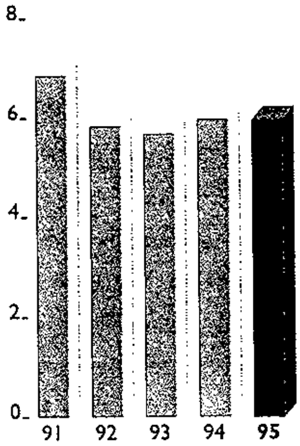
Developments

In December 1995, RTZ-CRA finalised the terms of a US$36 million investment to gain a 75 per cent interest in Oreganal SA from Carbones del Caribe in Colombia. Oreganal holds a 28 year lease from the Colombian Government over 2,000 hectares containing a recoverable reserve of 130 million tonnes of high quality coal in the Cerrejon Basin in north east Colombia. RTZ-CRA will begin a feasibility study in 1996 to evaluate the development of a large scale operation yielding 6 to 7 million tonnes per year of low sulphur coal.

Significant progress was also made on Kaltim Prima's Bengalon deposit in Indonesia. An initial feasibility study confirmed the viability of a 7 million tonnes per annum mine and a full feasibility study will be conducted in 1996.

Aluminium

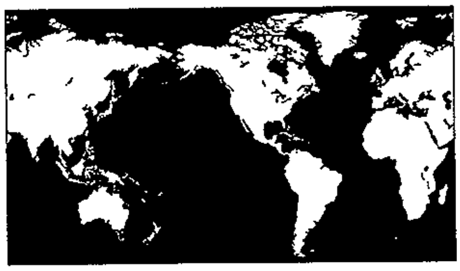
Bauxite (beneficiated) RTZ-CRA production
million tonnes



RTZ-CRA aluminium earnings

	US$m	A$m	£m
1994	92	126	60
1995	**197**	**266**	**125**

RTZ-CRA aluminium locations



The principal aluminium operations of RTZ-CRA are those of the 67 per cent owned Comalco, based in Australia and New Zealand. Comalco produces approximately 21 per cent of Australia's total bauxite output, 9 per cent of its alumina and 17 per cent of its primary aluminium. RTZ-CRA also has a 51 per cent interest in Anglesey Aluminium in the UK. Aluminium production represented nearly 18 per cent of RTZ-CRA's total revenue in 1995.

Because of growth in demand and speculative activity, aluminium prices were strong in early 1995. The LME three month price peaked at 99 US cents per pound in January 1995. Over the year, demand exceeded supply with LME aluminium stocks falling from 1.7 to 0.59 million tonnes. However, most of the inventory reduction occurred in the first half of the year and with flattening of demand, prices fell in the second half. The year's average price was 83 US cents per pound, up 22 per cent on 1994.

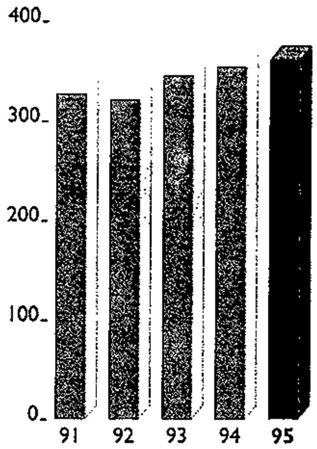
The international alumina market tightened considerably over the year with generally higher prices. 1995 was also characterised by a number of sharp spot price increases.

Production

RTZ-CRA's share of beneficiated bauxite production was 5.96 million tonnes in 1995, marginally lower than 1994 primarily due to equipment reliability problems at the Weipa mine (67 per cent) in Queensland, Australia. Industrial action in November cut shipments from Weipa and caused vessel scheduling disruptions. Additional shipments late in the year through into early 1996 compensated for volume losses. Weipa operations moved to continuous shift in September 1995. This enabled the de-commissioning of a significant proportion of the equipment fleet thereby reducing costs.

Sales of bauxite for non-metallurgical applications were higher than in 1994. Market demand for Weipa's calcined bauxite – primarily in Europe – improved in 1995. Trial production and sales of ultrafine calcined products began and market development activities will continue to expand further the market base for this product range. Kaolin production – totalling 111,000 tonnes – was lower than the previous year due to process problems experienced early in the year and disruption associated with the plant's expansion to 200,000 tonnes per annum. Kaolin sales for 1995 were 119,000 tonnes. Most of the product was shipped to Japan, where the market for paper coating kaolin was particularly competitive.

Aluminium
RTZ-CRA
metal production
thousand tonnes



Production at Queensland Alumina (QAL – 20 per cent) and Eurallumina (18 per cent) were at record levels. Costs at both alumina refineries were adversely affected by high caustic soda prices. Alumina sales were down on the previous year, mainly due to reduced availability of alumina to Comalco because other participants in QAL accepted their full entitlements.

Lower primary aluminium production at Bell Bay (67 per cent) during 1995 resulted from the decision to reduce capacity in March 1994. Despite this, the unit cost performance of the smelter compared favourably with previous years due to improvements in work efficiency, better process control and the deferral, due to idled capacity, of some recurrent expenditure.

A Memorandum of Agreement has been signed with the Tasmanian Government and the Hydro Electric Commission of Tasmania covering commercial aspects of a power contract for Bell Bay to the year 2014. Therefore, provided the project's feasibility can be proven, US$148 million will be spent to upgrade environmental performance and ensure the competitiveness and safety performance of the smelter by 2002.

The Boyne Island smelter (36 per cent) in Queensland increased production performance by over 4 per cent with RTZ-CRA share of output at a level of 84,000 tonnes of aluminium.

RTZ-CRA metal production at the Tiwai Point smelter in New Zealand (53 per cent) rose slightly in 1995 following process improvements. The construction project to upgrade equipment and expand output continued and in December the first components of the Comalco developed dry scrubbing system were successfully commissioned.

Comalco sold its US rolling and recycling operation, Commonwealth Aluminum, by mid 1995 and its Australian extruding and distribution business in November. At the year end, the Comalco Rolled Products business was also sold. In total, Comalco will receive US$307 million for these businesses.

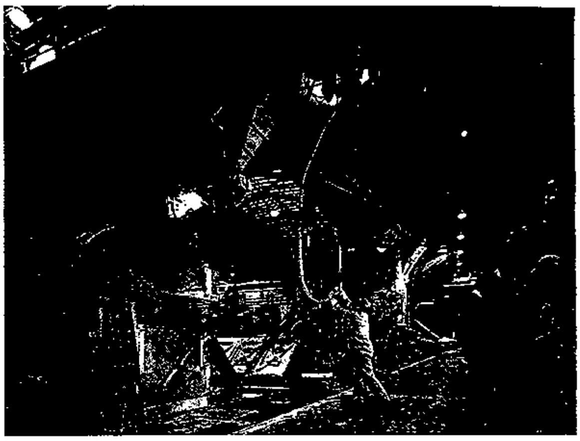
In the UK, Anglesey Aluminium set a new production record in 1995 with more cells on line than ever before and other improvements to operational efficiency being achieved. Sales prices improved significantly over 1994 reflecting higher LME prices and market premiums, and, although the alumina cost per tonne was higher, the direct conversion cost was reduced in real terms.

Developments

Construction of the Boyne Island smelter expansion (40 per cent) proceeded on schedule. Production of first metal from the new potline is expected to start in the third quarter of 1997. Final project costs are currently estimated at US$750 million.

A major upgrade at Tiwai Point is well advanced. Production will increase from mid 1996 as 48 new cells are commissioned, together with other facilities designed to improve the competitiveness, environmental and occupational health and safety performance. The upgrade will extend the smelter's operation to 2022. Metal production will increase by over 40,000 tonnes at an estimated cost of US$325 million.

"Good teamwork depends on leadership. The leadership of the design, construction and operating teams is a key part of safely delivering a quality new plant to Boyne Smelters Limited." Ian Jacobson, general manager, Boyne Smelter expansion project.



Boyne Island smelter in Queensland, Australia.

A third reduction line, currently under construction, will increase the capacity of the Boyne Island smelter in Australia by 83 per cent to almost 480,000 tonnes of aluminium a year. The new line, together with additional materials handling and metal products facilities will complement Comalco's already strong Queensland resource base of bauxite mining, alumina refining and power generation.

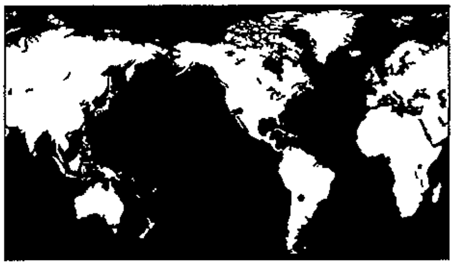
Meeting at a regular site briefing are (left to right) Brian Bassett, general manager operations, Boyne Smelters Limited, Ian Jacobson, general manager, Boyne Island expansion project and John Burdekin, site manager, Bechtel Minenco Joint Venture, Boyne Island smelter, Queensland.

Borates

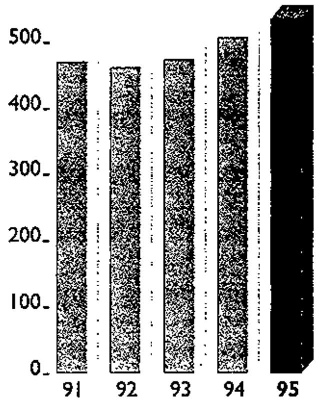
RTZ-CRA borates earnings

	US$m	A$m	£m
1994	109	149	71
1995	**129**	**174**	**82**

RTZ-CRA borates locations



Borates
RTZ-CRA
sales
thousand tonnes (B_2O_3 content)



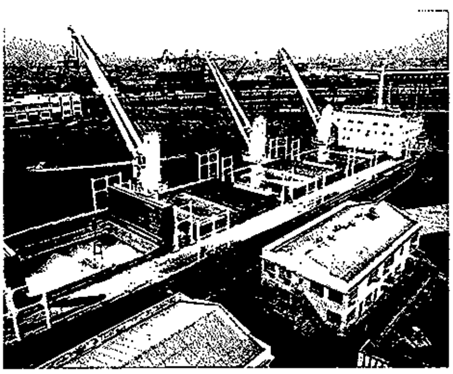
US Borax Inc. owns and operates the world's largest borate mine at Boron in the Mojave Desert in California. Boron and the smaller Tincalayu mine in Argentina are two of the few known large scale, economically viable deposits in the world.

Borax sales revenue increased by 4 per cent reflecting higher throughput. Although North American sales were slightly lower than 1994 because of a levelling off of growth in demand in the insulation fibreglass market and strong competition in some distributor businesses, this was more than offset by significantly stronger borate demand in Europe. Strengthening markets and demand from fibreglass manufacturers pushed up European sales by 15 per cent. The Asia Pacific region also showed strong volume gains. Prices continued virtually unchanged.

Mine and plant production

Borates are mined as tincal and kernite at Boron and make products including borax pentahydrate (Neobor®), borax decahydrate, anhydrous borax (Dehybor®) and boric acid. Principal uses for borates include the manufacture of fibreglass, detergents, agricultural nutrients, vitreous enamels and ceramic glazes.

Mine production at Boron increased by nearly 14 per cent. In addition to a planned acceleration of the overburden stripping programme, heavy spring rainfall caused a wall slide in the pit. Extra overburden removal was required and this coincided with increasing demand for the product. All customer requirements were met, however, and production was at a higher level than for several years. Boric acid output also reached an all time high.

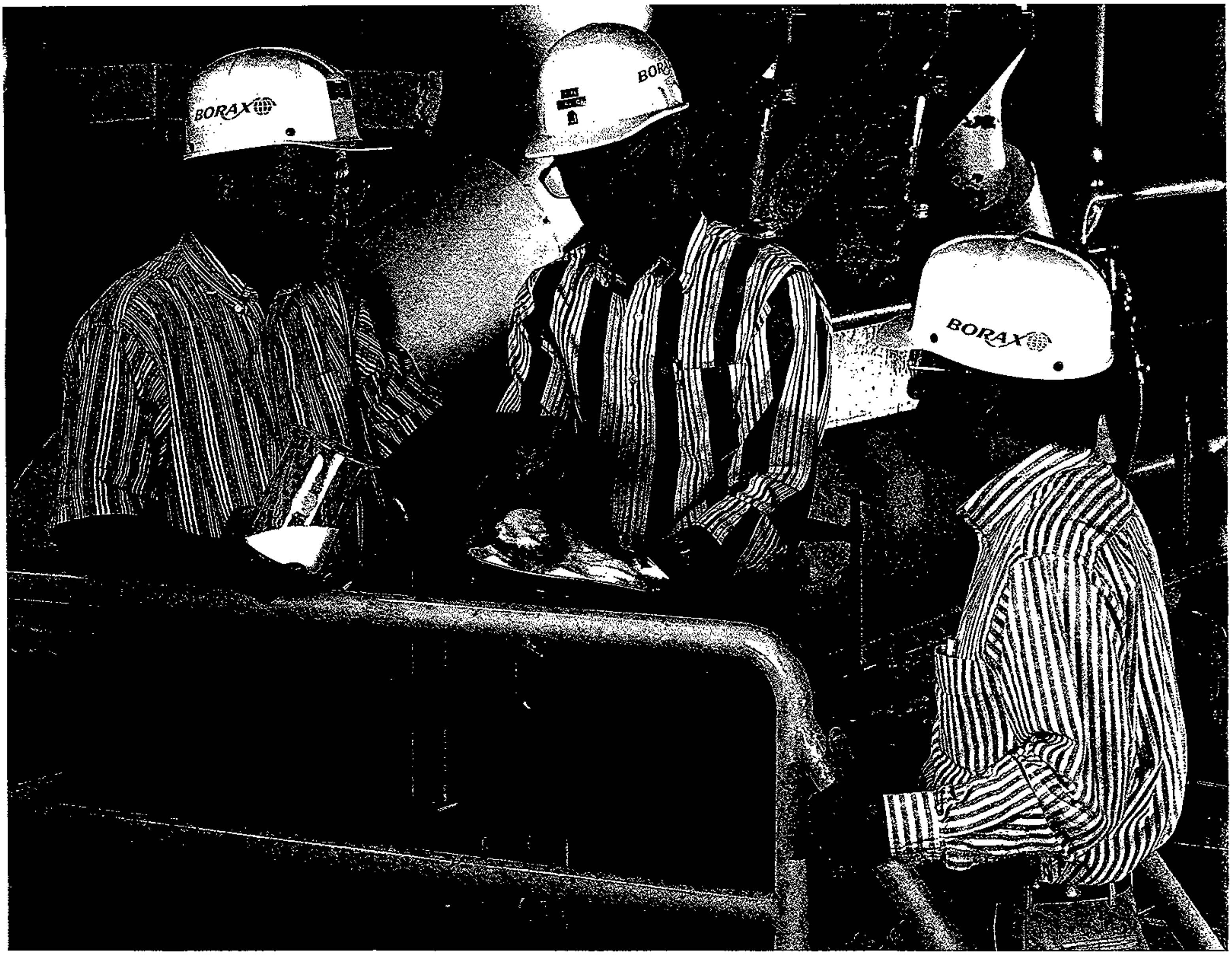


Borates are shipped worldwide from Wilmington in the port of Los Angeles, USA.

Business developments

During 1995, three year union contracts at both Boron and Wilmington were successfully concluded and, in the second half of the year, projects were completed at Boron which will achieve significant improvements in the quality of the plant's principal product. Unit costs were again reduced.

An agreement to sell US Silica for US$120 million in cash and US$20 million in deferred consideration was signed towards the end of the year. The sale was completed in February 1996.



"The product has greater consistency. This is essential to customers in the glass industry in particular, where processes are very sensitive to variations in impurity levels." Paul Zerella, new business development manager at US Borax.

Continuous improvement is a way of life for US Borax and technical discussions with customers guide the quality and development programme at the mine and refinery at Boron, California. This reciprocal process has now led to targeted improvements in the purity and consistency of core products as well as in their physical form and appearance. Above (left to right), Paul Zerella, Michael Slavich, refinery manager and Chang Fung, special projects manager, examine the improved purity and granulometry of the crystals of Neobor® – borax pentahydrate.

The US Borax refinery at Boron, California.

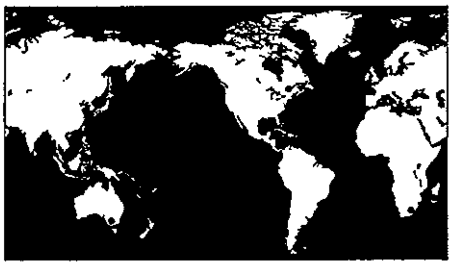
Process changes, which cost US$10 million, followed a team effort between the technology, engineering and operations experts in the US, supported by Borax technical staff in Europe, and with marketing staff monitoring the vital customer input.

Titanium dioxide

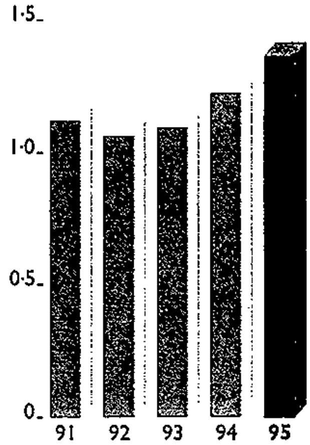
RTZ-CRA titanium dioxide feedstock earnings

	US$m	A$m	£m
1994	74	102	49
1995	**105**	**142**	**67**

RTZ-CRA titanium dioxide feedstock locations



Titanium dioxide feedstock
RTZ-CRA
sales
million tonnes



RTZ Iron & Titanium manages the titanium dioxide feedstock and co-product iron and zircon businesses of the Group. RTZ Iron & Titanium is one of the world's leading suppliers of titanium dioxide feedstock. It encompasses the Canada-based QIT-Fer et Titane (QIT), the 50 per cent owned Richards Bay Minerals (RBM) in South Africa, and interests in two undeveloped properties, Wimmera Industrial Minerals (WIM) in Australia and the 49 per cent interest in QMM, in Madagascar.

With end uses including the manufacture of paints, plastics and paper, the titanium dioxide pigment industry continued to grow in 1995 but at a slower rate than in the previous year. In the US, pigment demand slowed in line with a relatively softer economy while in Europe and the Far East demand was stronger. Overall feedstock sales volumes were 10 per cent above 1994 levels. RTZ Iron & Titanium production increased by 13 per cent in 1995 compared with 1994. This was the result of increased market demand but also reflected lower production in the previous year due to furnace upgrading work, and a labour dispute at RBM. During 1995, QIT and RBM signed new labour contracts for six and three years respectively, covering the majority of their workforces.

At QIT, smelter production increased in response to higher European demand for its sulphatable feedstock. Production of QIT's iron and steel co-products was broadly unchanged from 1994 and both steel and metal powder plants operated at capacity for most of the year. Prices improved for all iron and steel products.

RBM benefited from the tightening in the market for chlorinatable feedstocks resulting from an interruption in competitor supplies of rutile from Sierra Leone, and from a buoyant zircon market. Demand for zircon, particularly for ceramic applications, grew strongly throughout 1995 leading to significant increases in selling prices.

Business developments

Pilot plant work on QIT's new upgraded slag (UGS) project was successfully completed in 1995 and construction work has started at Sorel. This includes the complete rebuilding and modernisation of four of QIT's nine electric smelting furnaces. UGS will complement the range of titanium bearing high grade sulphate and chloride feedstocks and rutile currently being produced by RTZ Iron & Titanium in both Canada and South Africa.

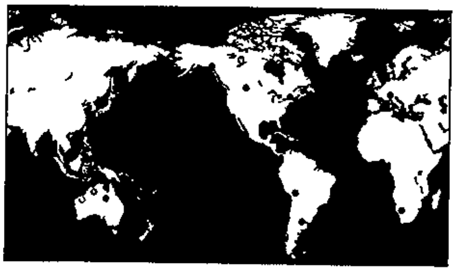
"QIT has now developed a process to convert its sulphatable feedstock into an upgraded product for the chloride route pigment industry, which will meet all international specifications. Strong market acceptance is forecast for this purer, higher value product when it is introduced at the end of 1997." Dr Alfonso Grau, QIT vice president research and development.

QIT-Fer et Titane of Montreal, Canada, wholly owned by RTZ-CRA, is investing US$260 million in the construction of a new plant to convert regular Sorelslag into an upgraded product containing 95 per cent titanium dioxide. The plant will be commissioned at the end of 1997 and initial capacity will be 200,000 tonnes of upgraded product per annum.

The QIT development team, (below left to right), Dr Krzysztof Borowiec, Dr Alfonso Grau, Dr Michel Gueguin and Jean-François Turgeon study an artist's impression of the new plant.

Other minerals and metals

RTZ-CRA other minerals locations



RTZ-CRA diamonds earnings

	US$m	A$m	£m
1994	47	64	31
1995	**39**	**53**	**25**

RTZ-CRA salt earnings

	US$m	A$m	£m
1994	9	12	6
1995	**9**	**12**	**6**

RTZ-CRA talc earnings

	US$m	A$m	£m
1994	20	27	13
1995	**22**	**30**	**14**

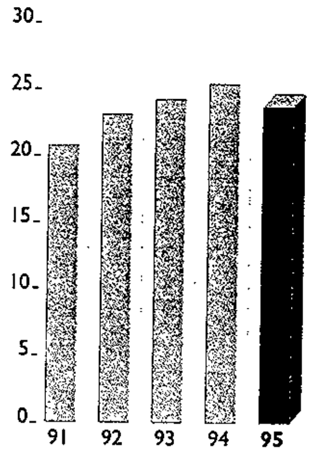
RTZ-CRA zinc and lead

earnings	US$m	A$m	£m
1994	11	15	7
1995	**–**	**–**	**–**

Diamonds

Through its 59.7 per cent ownership of Argyle, RTZ-CRA is a leading producer of industrial and gem diamonds. In 1995, diamonds accounted for 2 per cent of total Group turnover.

Diamonds RTZ-CRA production
million carats



RTZ-CRA's share of Argyle's sales was US$218 million, representing a strong performance, despite lower production, continued deferred purchases by the Central Selling Organisation (CSO), and a mid year price reduction. Sales of non CSO contracted rough diamonds, through Argyle's European sales office, exceeded 1994's record results while polished diamonds posted record sales for the third year in a row.

Significant changes were introduced at the processing plant to increase throughput, without additional capital expenditure. Very fine ore processing was eliminated, reducing diamond output but increasing the average size of diamonds produced to give higher total annual revenue from a full year of production. Total diamond production for 1995 was 39.9 million carats (RTZ-CRA share 23.8 million carats), down from 1994's record of 42.8 million carats (RTZ-CRA share 25.6 million carats).

Zinc, lead and silver

RTZ-CRA's zinc, lead and silver operations currently include the 50 per cent owned Norzink smelter and refinery in Norway and a number of small mines operated by the 33.3 per cent owned Minera group in Bolivia and Argentina. Silver is also produced at Bingham Canyon in the US and the Grasberg mine in Indonesia.

In 1995, Norzink produced 130,800 tonnes of zinc metal and alloys which were sold mainly to customers in Europe. At Minera, total mine production of zinc in concentrates was 114,748 tonnes.

RTZ-CRA's share of mine production of lead was 9,000 tonnes in 1995, an increase of 4 per cent, while silver reached 9,800 million ounces, up 9 per cent.

Developments

In December 1995 RTZ-CRA approved the development of the Century Zinc project, located in the Gulf of Carpentaria region of Queensland, Australia. The approval is subject to final agreement being reached with the Gulf Aboriginal communities.

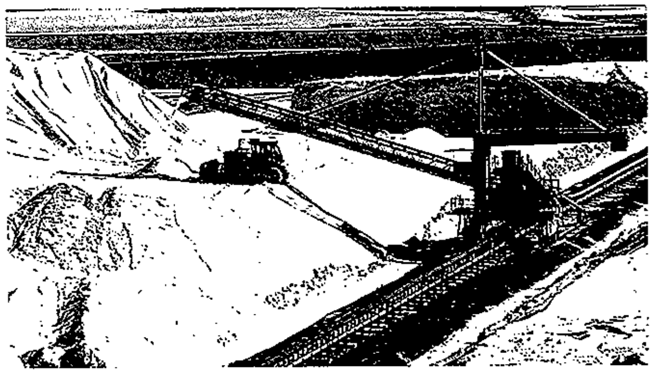
Capital cost for the project will be about US$850 million and at full production will yield 450,000 tonnes of zinc in concentrate and 40,000 tonnes of lead in concentrate, making Century the largest zinc mine in the world. Preliminary works have been undertaken to allow for construction activities to start in 1996.

In late November 1995, heads of agreement for the supply of about half of each year's planned production from Century Zinc were signed with the Pasminco-owned Budel zinc smelter in Holland. Deliveries are due to commence early in 1998, but the ability to do so could be affected by delays in reaching agreement with the local Aborigines. Century Zinc is also involved in discussions with a number of other potential customers for the remainder of the concentrates.

The Greens Creek (70 per cent) silver, zinc and gold mine in Alaska, US, is currently being redeveloped following shutdown in April 1993. The US$114 million project is well under way and operations are expected to resume in late 1996. The mine is targeting a mining rate of 1,200 tonnes per day and will initially produce 11 million ounces of silver, 36,000 tonnes of zinc and 62,000 ounces of gold per year in concentrates. Mine life is expected to be 17 years.

Salt

RTZ-CRA's 64.9 per cent owned Dampier Salt is based in Western Australia. It produces salt by solar evaporation of sea water at Dampier and underground brine at Lake MacLeod.



Dampier Salt, Western Australia.

In 1995 the market for salt continued to be very competitive due to excess supply capacity. However, stronger demand, particularly from Japan, resulted in Dampier Salt achieving record sales of 4.2 million tonnes and continuing to operate profitably. Salt harvested in 1995 was 4.0 million tonnes, over 7 per cent above the 1994 level.

Construction is underway on a one million tonnes per annum gypsum project at Lake MacLeod. It is due to be commissioned at the end of 1996 with sales starting in 1997.

Talc

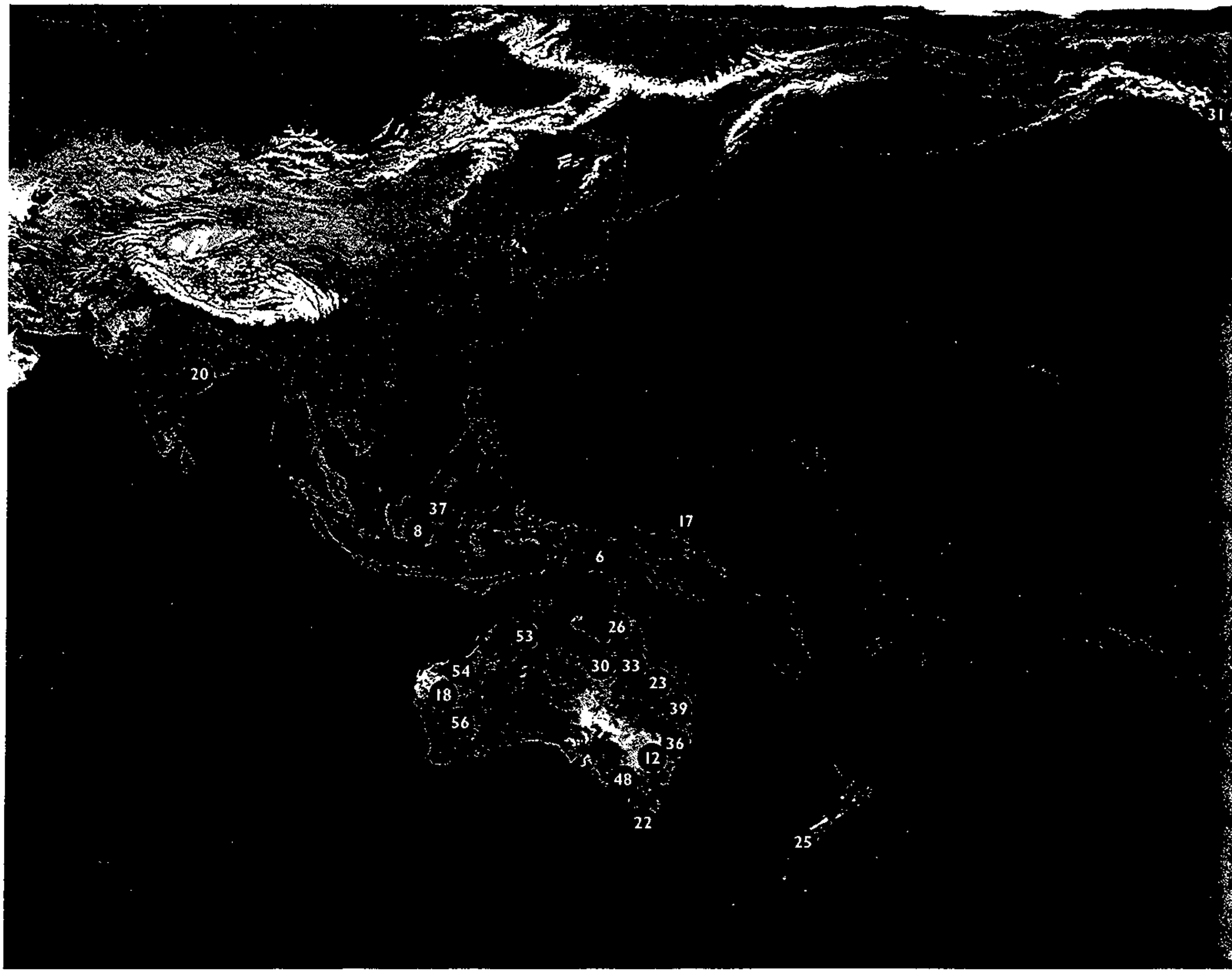
Talc sales volumes were up 5 per cent but earnings were comparable with 1994. Cost reduction programmes and an increasing focus worldwide on the paper industry were offset by a softening of the US economy throughout the year and weakening overall demand in Europe in the final quarter.

Uranium

The past few years' excess of demand for uranium over new production was reflected in a continuing rundown of inventories. This greatly contributed to 1995's spot prices rising by more than 21 per cent over 1994, a rise that has continued into 1996.

Through its 68 per cent ownership of Rössing Uranium, RTZ-CRA operates one of the largest uranium mines in the world. RTZ-CRA's attributable production from the mine, which is located in Namibia, was 1,488 tonnes of uranium oxide in 1995, an increase of slightly under 18 per cent, reflecting customer delivery requirements and an increase in the shareholding in this operation during 1995.

MAJOR LOCATIONS



RTZ-CRA % interest

Copper and gold

Barneys Canyon (100%)	1
Bingham Canyon (100%)	2
Cortez (40%)	3
Escondida (30%)	4
Flambeau (100%)	5
Grasberg (10%)	6
Huelva Smelter (12%)	7
Kelian (90%)	8
Morro do Ouro (51%)	9
Neves Corvo (49%)	10
Palabora (39%)	11
Peak (100%)	12
Rawhide (51%)	13
Renco, Patchway, Brompton (56%)	14
Ridgeway (100%)	15

Exploration and development

Cortez-Pipeline (40%)	3
Grasberg expansion (46%)	6
Las Cruces (100%)	16
Lihir (17%)	17

Iron ore

Brockman (100%)	18
Channar (60%)	18
Marandoo (100%)	18
Mt Tom Price (100%)	18
Paraburdoo (100%)	18
Corumbá (49%)	19

Exploration and development

Orissa (51%)	20
Yandicoogina (100%)	18

Aluminium

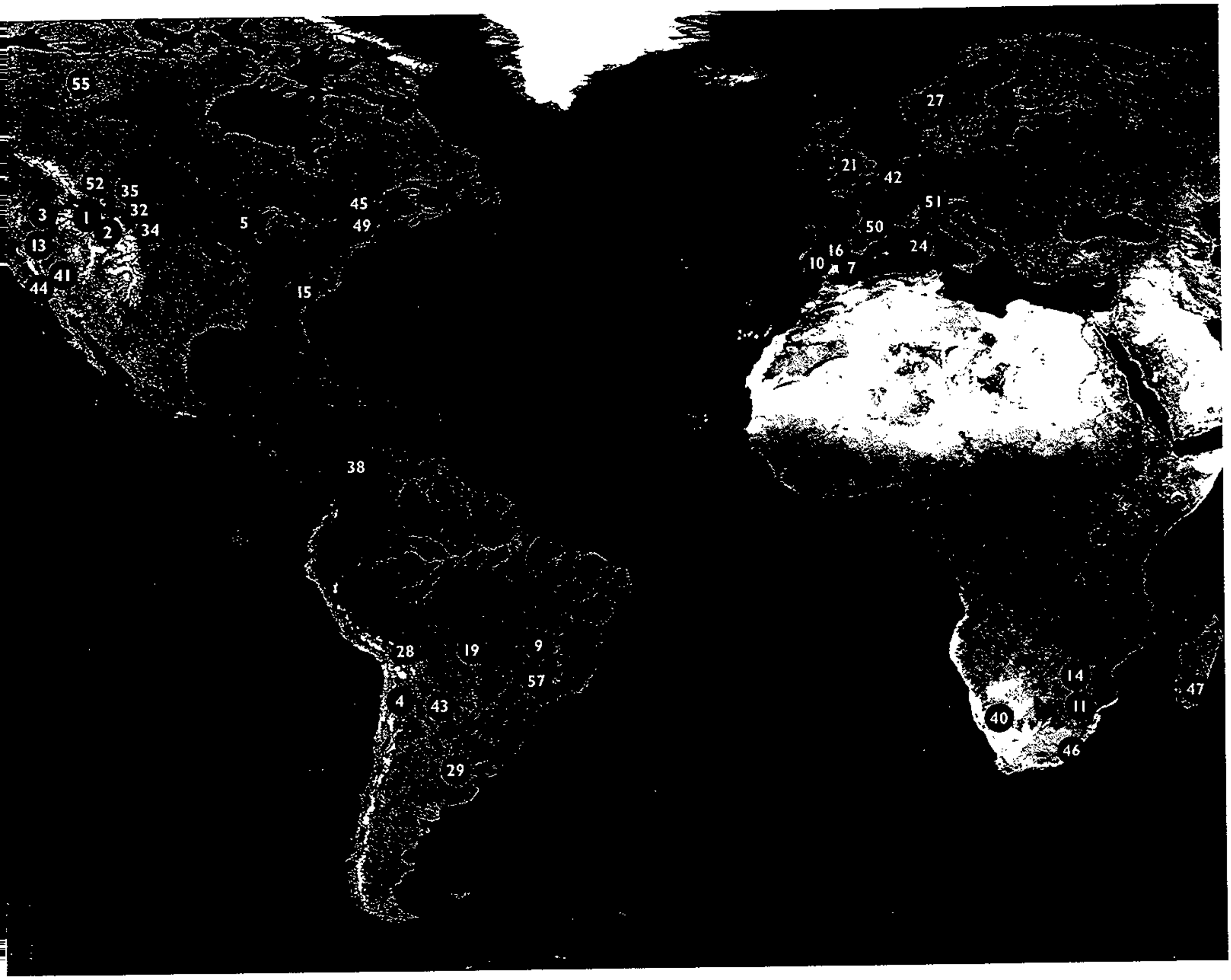
Anglesey Aluminium (51%)	21
Bell Bay (67%)	22
Boyne Island (36%)	23
Eurallumina (18%)	24
Queensland Alumina (20%)	23
Tiwai Point (53%)	25
Weipa (67%)	26

Zinc, lead and silver

Norzink (50%)	27
Minera SA (33%)	28
Sulfacid (33%)	29

Exploration and development

Century (100%)	30
Greens Creek (70%)	31



Coal and uranium	
Antelope (100%)	32
Blair Athol (57%)	33
Colowyo (20%)	34
Cordero (100%)	32
Decker (50%)	35
Howick (60%)	36
Hunter Valley (71%)	36
Kaltim Prima (50%)	37
Mount Thorley (57%)	36
Oreganal (75%)	38
Spring Creek (100%)	35
Tahmoor (100%)	36
Tarong (100%)	39
Vickery (100%)	36
West Cliff (100%)	36
Rössing (68%)	40

Borates	
Boron (100%)	41
Coudekerque (100%)	42
Tincalayu (100%)	43
Wilmington (100%)	44

Titanium dioxide feedstock, zircon, high purity iron and steel	
QIT-Fer et Titane (100%)	45
Richards Bay Minerals (50%)	46

Exploration and development	
QMM (49%)	47
WIM (100%)	48

Talc*	
Ludlow (100%)	49
Talc de Luzenac (100%)	50
Val Chisone (100%)	51
Yellowstone (100%)	52

*Principal sites only

Other minerals	
Argyle Diamonds (60%)	53
Dampier Salt (65%)	54

Exploration and development	
Diavik (60%)	55
Honeymoon Well (65%)	56
Fortaleza (100%)	57

Exploration

The exploration effort at RTZ-CRA is fundamental to the future growth of the Group. It is a cost effective way to add world class mineral resources to an already geographically diverse portfolio.

During the year significant progress was made on several programmes particularly those exploring for diamonds, copper and gold.

In 1995 the total RTZ-CRA exploration charge to earnings was US$178 million after tax, US$44 million more than in 1994.

Diamonds

Over the year, RTZ-CRA was active in diamond exploration with a programme covering Canada, Brazil, Australia, Scandinavia and Southern Africa. Over 200 targets were identified and evaluation of these will continue in 1996.

The Diavik Joint Venture in Canada's North West Territories in which RTZ-CRA has a 60 per cent net participating interest, is the Group's most advanced project. In 1995, an underground bulk sampling programme commenced on the A-154 South pipe where an inferred resource was delineated totalling 8.4 million tonnes at an estimated grade of 4.5 carats per tonne, with further potential at depth. Preliminary valuations indicate a diamond value of US$57 per carat. In 1996, further delineation drilling is planned to a depth of 650 metres.

Three other pipes in the Diavik Joint Venture returned encouraging results and will continue to be evaluated. A number of other targets at Diavik and in the surrounding area will continue to be explored.

A 60 per cent owned exploration project was conducted within an 80 kilometre radius of the Argyle diamond mine revealing a number of targets for drill testing in 1996.

Exploration also began for alluvial diamonds in the marine sediments of the Joseph Bonaparte Gulf off northern Australia. In Brazil work focused around two areas – Juina and Pimenta Bueno – where kimberlites have been found.

SouthernEra (RTZ-CRA 19 per cent) was active in diamond exploration and bulk sampling at a new kimberlite dyke in South Africa produced some high grade results. Separately, a 78 per cent owned joint venture with Rio Tinto Zimbabwe was successful in finding a small diamond bearing pipe and numerous other targets.

Copper and gold

RTZ-CRA has negotiated the acquisition of the right to a 40 per cent interest in PT Freeport Indonesia's (PTFI) exploration programme in Irian Jaya. This programme was successful in expanding the known mineralisation near the Grasberg deposit in 1995. Ongoing work will be coordinated with studies to confirm the viability of a potential expansion.

PTFI announced reserve increases for deeper portions of the Grasberg copper/gold deposit of 600 million tonnes, averaging 1.18 per cent copper and 1.10 grams per tonne gold. It is planned that these will be mined using block caving methods. PTFI also announced a reserve increase for low grade open pit reserve additions of 200 million tonnes of ore. This represents a total increase of 5.6 million tonnes of copper and 12.2 million ounces of gold over the prior year's reserves, net of 1995 production.

Progress also continued at other targets, including Big Gossan, Lembah Tembaga, Kucing Liar, Amole and Wabu. Drill results indicated the potential for continuity of mineralisation between the

Sampling at the Sepon gold prospect in central Laos.

"Thorough analysis and interpretation of drill cores is essential for successful mineral exploration. It can reveal the subtle clues which may lead to the discovery of a new resource."

Antony Manini, principal geologist with CRAE, Indochina district.

Successful exploration is essential for the long term growth of RTZ-CRA. The Group maximises its opportunities by targeting exploration in areas which have high prospectivity and favourable commercial and legal frameworks. Continual refinement of the exploration process, dedicated training programmes and sound environmental management are key factors in success. Main picture, Anthony Manini and his team inspect drill cores from the promising Sepon gold prospect in Laos.

Amole discovery and Kucing Liar. If this is confirmed, it would represent a 1.5 kilometre trend of potential copper/gold ore just one kilometre south of the Grasberg pit. This mineralisation would be mined by underground methods.

In Europe, a copper rich massive sulphide deposit, averaging more than 6 per cent copper equivalent, was discovered at Las Cruces, near Seville, Spain. Drilling will continue in 1996. Gold/silver mineralisation has been identified with lower grade base metal mineralisation nearby. An intensive drilling effort and engineering studies are planned for 1996.

In Papua New Guinea, drilling at Wafi continued to return grades of about 2 per cent copper equivalent in the deeper porphyry system. Positive results were also recorded at the Sepon project in central Laos where high grade gold mineralisation was found.

RTZ-CRA continued to make progress in South America. Drilling at the Famatina gold prospect in Argentina outlined mineralisation mainly in high grade veins. Potential exists for either a large low grade bulk mineable resource, or a selective mining operation extracting high grade veins. In 1996, efforts will continue on encouraging prospects in Peru, Ecuador, Brazil, Bolivia and Chile.

Feasibility studies at the Mulatos Joint Venture (30 per cent) gold deposit in Mexico continued. The potential for a heap leach gold project is being investigated.

Copper and gold bearing mineralisation was identified over a strike length of more than 20 kilometres at Mount Roseby in Queensland, Australia, where a major programme of geophysics and drilling is planned for 1996.

Gold and base metal exploration began in a number of other European countries and in Africa. In the Czech Republic, the licence for the Mokrsko gold deposit was in the process of being awarded at year end. Mokrsko is a large, shallow gold deposit which is at the pre-feasibility stage of development.

Other metals and minerals

Exploration continued at Honeymoon Well (65 per cent) in Western Australia. At the end of 1995, the total indicated resource was 118 million tonnes at an average grade of 0.8 per cent nickel. A further 10 million tonnes of similar grade were inferred. The mineralisation is principally of disseminated sulphide type and metallurgical test work and evaluation studies continue.

Exploration for lump iron ore deposits continued in the Hamersley Ranges in Western Australia. Drilling at the Homestead tenement returned promising results and resource estimation will progress in 1996. Reconnaissance drilling at Mt Sheila and Mt Sylvia indicated good potential for detrital iron ore.

Evaluation drilling of several kaolin prospects is being carried out in southwest Western Australia. Additional drilling commenced within the 20 million tonne Sparkes kaolin inferred resource to convert a minimum 5 million tonnes to indicated resource status.

RTZ-CRA EARNINGS, REVENUE, ASSETS AND CAPITAL EXPENDITURE

	RTZ-CRA Interest	Net earnings		Revenue		Operating assets		Capital expenditure	
		1995	*1994*	*1995*	*1994*	*1995*	*1994*	*1995*	*1994*
	%	*US$m*	*US$m*	*US$m*	*US$m*	*US$m*	*US$m*	*US$m*	*US$m*
Copper and gold									
Kennecott	100.0	**439**	270	**1,380**	1,095	**2,951**	2,631	**420**	602
Escondida	30.0	**147**	137	**–**	–	**–**	–	**–**	–
FCX	12.0	**17**	–	**182**	–	**276**	–	**–**	–
Palabora	38.9	**33**	23	**396**	329	**258**	249	**26**	41
Somincor	49.0	**20**	12	**128**	109	**294**	313	**–**	–
Rio Tinto Zimbabwe	56.0	**8**	3	**49**	46	**30**	33	**15**	6
Kelian	90.0	**17**	32	**139**	163	**258**	244	**26**	19
Peak Gold	100.0	**12**	12	**55**	50	**84**	102	**4**	6
Iron ore									
Hamersley	100.0	**253**	250	**943**	866	**1,308**	1,308	**171**	195
Coal									
Kennecott Energy	100.0	**72**	71	**377**	364	**319**	282	**36**	15
Kembla Coal & Coke	100.0	**(14)**	(30)	**74**	116	**29**	216	**6**	16
Novacoal	100.0	**9**	9	**111**	118	**117**	129	**2**	–
Pacific Coal	100.0	**68**	56	**280**	268	**309**	307	**31**	22
Kaltim Prima Coal	50.0	**43**	35	**175**	140	**239**	241	**–**	–
Coal & Allied	70.7	**24**	11	**407**	400	**399**	420	**14**	1
Aluminium									
Comalco	67.0	**163**	70	**1,232**	965	**1,741**	1,335	**247**	312
RTZ Aluminium	Note (v)	**34**	22	**333**	221	**88**	92	**3**	2
Diamonds									
Argyle	59.7	**40**	47	**218**	218	**300**	316	**30**	24
Industrial minerals*	Various	**279**	224	**1,697**	1,544	**1,879**	1,795	**126**	115
*Included within industrial minerals is Dampier Salt:		**9**	9	**63**	63	**67**	69	**5**	6

Notes:

(i) Net earnings represent earnings attributable to the RTZ-CRA Group. Subsidiaries' earnings are stated after tax but before interest charges, exploration costs and exceptional items.

(ii) Operating assets represent total assets less current non-financial liabilities. Figures stated include 100 per cent of subsidiaries and the Group's share of associated companies and joint ventures.

(iii) Revenue includes 100 per cent of subsidiaries and the Group's share of the revenue of associated companies and joint ventures.

(iv) Capital expenditure includes 100 per cent of subsidiaries and excludes that of associates.

(v) Includes Anglesey Aluminium in which RTZ-CRA interest is 51 per cent.

(vi) Hamersley includes Channar in which RTZ-CRA interest is 60 per cent.

RTZ-CRA SHARE OF PRODUCTION

		RTZ-CRA % Interest	Production 1995	Production 1994
Copper	Kennecott Utah Copper	100	**307.5**	310.1
('000 tonnes)	Kennecott Minerals	100	**39.3**	42.0
	Escondida	30	**142.6**	144.4
	FCX-Grasberg	10	**31.9**	–
	Palabora	39	**55.2**	49.7
	Somincor	49	**63.6**	63.8
Gold	Kennecott Utah Copper	100	**525**	510
('000 ounces)	Kennecott Minerals	100	**379**	366
	FCX-Grasberg	10	**95**	–
	RTZ Mineraçao	51	**83**	86
	Rio Tinto Zimbabwe	56	**48**	45
	Kelian Equatorial	90	**332**	390
	Peak Gold	100	**139**	120
Iron ore ('000 tonnes)	Hamersley Iron	100	**49,807**	48,979
Coal	Kennecott Energy	100	**39,611**	36,600
('000 tonnes)	Kembla Coal & Coke	100	**2,481**	2,350
	Novacoal	100	**2,469**	3,319
	Pacific Coal	100	**11,124**	10,791
	Kaltim Prima Coal	50	**4,415**	4,296
	Coal & Allied	71	**5,862**	6,346
Bauxite	Comalco Minerals & Alumina			
and alumina	Bauxite (beneficiated)	67	**5,957**	5,968
('000 tonnes)	Alumina	67	**837.5**	930.6
Aluminium	Comalco Smelting			
('000 tonnes)	Bell Bay	67	**65.2**	66.5
	Tiwai Point	53	**144.3**	143.1
	Boyne Island	36	**84.1**	80.4
	Anglesey Aluminium	51	**68.1**	64.7
Diamonds ('000 carats)	Argyle Diamonds	60	**23,799**	25,554
Uranium (tonnes U_3O_8)	Rössing Uranium	68	**1,488**	1,262
Zinc ('000 tonnes)	Norzink	50	**65.4**	68.4
Borates ('000 tonnes B_2O_3 content)	US Borax	100	**535**	506
Titanium dioxide feedstock ('000 tonnes)	RTZ Iron & Titanium	100	**1,361**	1,220
Salt ('000 tonnes)	Dampier Salt	65	**2,572**	2,402
Talc ('000 tonnes)	Luzenac Group	100	**1,057**	1,021

Notes:

(i) Copper production is quantity in concentrates, whilst gold production is quantity in concentrates or in doré bullion.

(ii) Under the terms of Kaltim Prima's mining permit, the Indonesian State Coal Company is entitled to a 13.5 per cent share of Kaltim Prima's production. RTZ-CRA's share of production reflects this deduction.

(iii) Figures for borates and titanium dioxide feedstock are sales while all other figures represent production.

(iv) Hamersley production includes its share of Channar (60 per cent).

(v) RTZ Iron & Titanium includes its share of Richards Bay Minerals (50 per cent).

RTZ-CRA in the community

The long term success of RTZ-CRA is built on the recognition that all its operations must act responsibly as neighbour and employer. The Group aims to enhance the well-being of the communities and countries where it operates. To achieve this, local managers are expected to develop community partnership programmes which are relevant to their local situation.

During 1995, RTZ-CRA invested US$17 million in community projects around the world through its subsidiary companies, associates and foundations.

In Australasia and South East Asia US$4.8 million, including the Group's share of Freeport's Indonesian expenditure, was incurred. In Australia, particular emphasis was placed on education, with the CRA National Youth Science Forum being a good example. An Aboriginal relations unit was established in 1995 and, following this more than a third of the centrally managed community support funds was directed towards Aboriginal projects. A partnership was formed with the Royal Flying Doctor Service to employ and train Aboriginal liaison officers. Plans are being made to establish an Aboriginal Foundation later this year.

In Southern Africa, RTZ-CRA companies and foundations, including the Group's share in Richards Bay Minerals, contributed US$5.2 million to community projects. In addition, both The Palabora Foundation and Rössing Foundation were managing partners in joint projects with other funding organisations including the corporate sector, government and international aid agencies. The existence of these independent foundations has enabled successful development partnerships to be established and their success has been recognised internationally. Both organisations have been used as case studies of best practice in practical development by the Prince of Wales Business Leaders Forum in the UK.

In Latin America, including the Group's share of Escondida, over US$0.6 million was invested by the Group. RTZ Mineraçao in Brazil was awarded a prize for excellence from a leading mining journal for its community work.

The US$2.2 million contribution in North America was focused on local community education, health, arts and charitable projects while, in the United Kingdom, US$2.7m was channelled into education, support for the arts, environmental organisations and world affairs. In addition, a US$1.6m sponsorship with the Natural History Museum will enable redevelopment of its Earth Galleries in London. This will help to raise international awareness of the importance of mining and minerals to modern society.

Health, Safety and Environment (HSE)

RTZ-CRA Group companies integrate HSE systems with day-to-day management in order to maximise employee health and safety while minimising any adverse impacts on local communities and the environment.

Improvements achieved in 1995 resulted in a further reduction in the average lost time injury frequency, ensuring the Group's safety performance remained better than industry averages.

In the US, US$150 million has been spent since 1991 in an extensive voluntary programme of clean-up projects which deal with contamination associated largely with historic mining activities in the Bingham Canyon area. This pro-active programme, to be completed under the supervision of the US Environmental Protection Agency, will allow operations to continue without the extensive regulatory oversight contemplated under CERCLA or so-called Superfund legislation.

Environmental management planning is a fundamental part of all RTZ-CRA mining operations and its new projects. During 1995, revised environmental management plans were updated for both Palabora and Richards Bay Minerals in South Africa and approved by government authorities.

Environmental management plans were also developed and approved for a number of new projects including Century Zinc in Queensland, Australia, and Fortaleza in Brazil. Extensive planning preceded the start of construction at the Lihir Gold project in Papua New Guinea while impact assessment studies for QIT's US$260 million upgraded slag project were completed prior to approval for the development of the new plant.

Corporate Governance

The directors and management of RTZ-CRA are committed to high standards of corporate governance. In the UK, RTZ complied throughout the period with the UK Code of Best Practice of the Cadbury Committee Report on Financial Aspects of Corporate Governance and in Australia CRA supports the initiative of the Australian Stock Exchange on disclosure of corporate governance practices.

Both companies have common boards of directors, nine of whom are executive and eleven non-executive. Biographical details of the directors are given on pages 52 and 54. There is a formal schedule of matters specifically reserved for the Boards' decision and a procedure established for directors to obtain independent professional advice at the companies' expense in the furtherance of their duties as directors. Statements relating to Going Concern and Internal Control may be found in volume 2 of the 1995 accounts.

The terms of reference and membership of Committees of the Boards of both companies were reviewed in January 1996 after implementation of the merger and the following Committees, common to both Boards, have been established to take over responsibility for those matters delegated to the pre-merger Board Committees. Committee membership is shown on pages 52 and 54.

Audit committee – consisting solely of non-executive directors, it is responsible, *inter alia*, for the review of accounting principles, policies and practices adopted in the preparation of public financial information, the review with management of procedures relating to financial and capital expenditure controls, including internal audit plans and reports, the review with auditors of the scope and the results of their audit and the nomination of auditors for appointment. Its responsibilities also include the review of measures taken to ensure that UK pension fund assets are safeguarded.

Nominations committee – consisting solely of non-executive directors, it is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition and balance.

Remuneration committee – consisting solely of non-executive directors, it is responsible, *inter alia*, for determining the remuneration and benefits of executive directors. A separate report of the Remuneration Committee may be found on pages 58 to 64.

Professor David Bellamy, respected botanist, ecologist and well known worldwide as a writer and broadcaster on environmental matters, visited Richards Bay Minerals in October 1995.

Accompanied by Professor Rudi van Aarde of the University of Pretoria (right) and RBM ecological services coordinator Ben Mkhize (left), Professor Bellamy was able to see how RBM mines and rehabilitates the coastal dunes in northern Kwazulu Natal, South Africa. The post mining rehabilitation, which began in 1976, involves mechanical reshaping of the dunes, followed by the spreading of topsoil containing seeds, nutrients and minerals. After 18 years of natural biological development, the dunes are covered with a lush undergrowth with forest trees such as Milkwood and Natal Mahogany. A large variety of flowering plants, insects, reptiles, birds and mammals thrive.

The tiny reed frog, native of the wetlands among dunes mined and rehabilitated by RBM.

"We consider dune sand mining as a disturbance similar to fire or flood with the disturbed area recolonized from the surrounding environment. Through its efforts Richards Bay Minerals is establishing an area rich in biological diversity for generations to come." Professor Rudi van Aarde, University of Pretoria.

Environmental and community relations committee – comprising a majority of non-executive directors, it is responsible, *inter alia*, for reviewing with management the health, safety and environment aspects of the Group's activities and any social impact that these activities may have on local communities.

General purposes committee – comprising a majority of non-executive directors, it acts on behalf of the Board as the need arises.

REPORT BY THE AUDITORS TO THE RTZ CORPORATION PLC
on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on page 40 of volume 2 on going concern and internal control and on page 44 of volume 1 on The RTZ Corporation PLC's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

Basis of opinion

We carried out our review in accordance with bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures, nor on the ability of the Company or Group to continue in operational existence.

Opinion

With respect to the directors' statements on internal control (other than statements going beyond internal financial control which are outside the scope of our report) and going concern on page 40 of volume 2, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of The RTZ Corporation PLC, and examination of relevant documents, in our opinion the directors' statement on page 44 of volume 1 appropriately reflects The RTZ Corporation PLC's compliance with the other paragraphs of the Code specified for our review.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants

London
15 March 1996

SUMMARY FINANCIAL STATEMENTS

These summary financial statements have been extracted from the full financial statements which have been reported on by the auditors and which will be filed with the United Kingdom Registrar of Companies and the Australian Securities Commission. The auditors' report on the full financial statements is unqualified. The summary financial statements do not contain sufficient information to allow as full an understanding of the results and position of the Group and state of affairs of the Group and parent companies as is provided in the full financial accounts. Copies of the full accounts may be obtained from the address shown on page 71.

AUDITORS' STATEMENT

To the members of The RTZ Corporation PLC and CRA Limited

We have examined the summary financial statements on pages 48–51.

Respective responsibilities of directors and auditors

The summary financial statements are the responsibility of the directors. Our responsibility is to report to you our opinion on their preparation and consistency with the annual financial statements and directors' report.

Basis of opinion

We conducted our work in accordance with auditing guideline 'The auditor's statement on the summary financial statement' adopted by the UK Auditing Practices Board and with Australian Auditing Standard AUP 3.2 'The Audit Report on Financial Information other than a General Purpose Financial Report'.

Opinion

In our opinion the summary financial statements are consistent with the annual financial statements and the directors' report of the RTZ-CRA Group for the year ended 31 December 1995 and comply with the requirements of Section 251 of the United Kingdom Companies Act 1985 and the regulations made thereunder.

Coopers & Lybrand
Coopers & Lybrand
Chartered Accountants & Registered Auditors
London
15 March 1996

Coopers & Lybrand
Coopers & Lybrand
Chartered Accountants
Melbourne
15 March 1996

PROFIT AND LOSS ACCOUNT

Years ended 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Group turnover		
12,012	10,837	**5,637**	5,173	Continuing operations	**8,901**	7,925
584	1,081	**274**	516	Discontinued operations	**433**	791
(1,611)	(1,314)	**(756)**	(627)	Share of associates' turnover	**(1,194)**	(961)
10,985	10,604	**5,155**	5,062	Turnover	**8,140**	7,755
(8,279)	(8,686)	**(3,885)**	(4,146)	Operating costs	**(6,136)**	(6,352)
				Operating profit		
2,738	1,903	**1,285**	909	Continuing operations	**2,028**	1,392
(32)	15	**(15)**	7	Discontinued operations	**(24)**	11
627	497	**294**	237	Share of associates' profit	**464**	363
3,333	2,415	**1,564**	1,153	**Profit before exceptional items**	**2,468**	1,766
				Exceptional items		
77	195	**36**	93	Profit on sale of fixed assets	**56**	143
(299)	(161)	**(140)**	(77)	Asset write-downs	**(221)**	(118)
(37)	–	**(17)**	–	Dual listed companies structuring	**(27)**	–
(31)	–	**(15)**	–	Loss on disposal of discontinued operations	**(23)**	–
(290)	34	**(136)**	16		**(215)**	25
3,043	2,449	**1,428**	1,169	Profit on ordinary activities before interest	**2,253**	1,791
(9)	(38)	**(4)**	(18)	Net interest payable	**(6)**	(28)
3,034	2,411	**1,424**	1,151	Profit on ordinary activities before taxation	**2,247**	1,763
				Taxation		
(1,123)	(679)	**(527)**	(324)	Before exceptional items	**(832)**	(496)
81	40	**38**	19	Exceptional items	**60**	29
1,992	1,772	**935**	846	Profit on ordinary activities after taxation	**1,475**	1,296
(256)	(149)	**(120)**	(71)	Attributable to outside shareholders	**(189)**	(109)
1,736	1,623	**815**	775	**Profit for the financial year**	**1,286**	1,187
(916)	(798)	**(430)**	(381)	Dividends to shareholders	**(679)**	(584)
820	825	**385**	394	Retained profit for the financial year	**607**	603
124.5c	116.3c	**58.4p**	55.5p	Earnings per ordinary share	**92.2c**	85.0c
1,945	1,549	**913**	740	**Adjusted earnings**	**1,441**	1,133
139.4c	111.2c	**65.4p**	53.1p	Adjusted earnings per share	**103.3c**	81.3c
				Dividends per share		
–	–	**31.5p**	27.5p	– RTZ	**–**	–
65.0c	60.0c	**–**	–	– CRA	**–**	–

CASH FLOW STATEMENT

Years ended 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
3,470	2,849	**1,628**	1,360	**Net cash flow from operating activities**	**2,571**	2,083
222	195	**104**	93	Dividends from associated companies and investments	**164**	142
232	197	**109**	94	Interest received	**172**	144
(303)	(241)	**(142)**	(115)	Interest paid	**(224)**	(176)
(835)	(597)	**(392)**	(285)	Dividends paid – RTZ and CRA shareholders	**(619)**	(437)
(147)	(80)	**(69)**	(38)	– outside shareholders	**(109)**	(58)
(831)	(526)	**(390)**	(251)	**Net cash flow from returns on investment and servicing of finance**	**(616)**	(385)
(644)	(484)	**(302)**	(231)	**Tax paid**	**(477)**	(354)
(1,803)	(2,032)	**(846)**	(970)	Purchase of property, plant and equipment	**(1,336)**	(1,486)
(428)	(427)	**(201)**	(204)	Exploration and evaluation expenditure	**(317)**	(313)
(840)	(331)	**(394)**	(158)	Purchase of subsidiary and associated companies	**(622)**	(242)
128	80	**60**	38	Sale of property, plant and equipment	**95**	58
737	865	**346**	413	Sale of subsidiary and associated companies	**546**	633
(19)	(23)	**(9)**	(11)	Investing cash flow of discontinued operations	**(14)**	(17)
(2,225)	(1,868)	**(1,044)**	(892)		**(1,648)**	(1,367)
(202)	509	**(95)**	243	Realisation/(purchase) of liquid investments	**(150)**	372
(2,427)	(1,359)	**(1,139)**	(649)	**Net cash flow from investing activities**	**(1,798)**	(995)
(432)	480	**(203)**	229	Net cash flow before financing (see below)	**(320)**	349
15	38	**7**	18	Ordinary shares issued (excluding scrip dividends)	**11**	28
2,059	629	**966**	300	Loans received	**1,525**	461
(1,455)	(404)	**(683)**	(193)	Loans repaid	**(1,078)**	(296)
619	263	**290**	125	**Net cash flow from financing**	**458**	193
187	743	**87**	354	**Increase in cash and cash equivalents**	**138**	542
(432)	480	**(203)**	229	Net cash flow before financing (as above)	**(320)**	349
202	(509)	**95**	(243)	(Realisation)/purchase of liquid investments	**150**	(372)
(230)	(29)	**(108)**	(14)	**Cash flow before changes in liquid investments and financing**	**(170)**	(23)
				Cash flow from operating activities		
2,738	1,903	**1,285**	909	Operating profit from continuing activities	**2,028**	1,392
912	916	**428**	437	Depreciation and amortisation	**676**	669
339	283	**159**	135	Exploration and evaluation charged against profit	**251**	207
166	178	**78**	85	Provisions	**123**	130
(226)	(207)	**(106)**	(99)	Utilisation of provisions	**(167)**	(152)
(77)	(34)	**(36)**	(16)	Change in inventories	**(57)**	(25)
(345)	(235)	**(162)**	(112)	Change in accounts receivable and prepayments	**(256)**	(172)
128	113	**60**	54	Change in accounts payable and accruals	**95**	83
(116)	(53)	**(55)**	(26)	Other items	**(86)**	(38)
3,519	2,864	**1,651**	1,367	**Operating cash flow from continuing operations**	**2,607**	2,094
(49)	(15)	**(23)**	(7)	Operating cash flow from discontinued operations	**(36)**	(11)
3,470	2,849	**1,628**	1,360	**Net cash flow from operating activities (as above)**	**2,571**	2,083

BALANCE SHEET

At 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Fixed assets		
10,790	10,256	**5,170**	5,085	Property, plant and equipment	**8,029**	7,958
401	464	**192**	230	Exploration and evaluation properties	**298**	360
2,231	1,593	**1,069**	790	Fixed asset investments	**1,660**	1,236
13,422	12,313	**6,431**	6,105		**9,987**	9,554
				Current assets		
1,590	1,680	**762**	833	Inventories	**1,183**	1,304
2,995	2,626	**1,435**	1,302	Accounts receivable and prepayments	**2,229**	2,038
829	696	**397**	345	Investments	**617**	540
2,369	2,059	**1,135**	1,021	Cash at bank and in hand	**1,763**	1,598
7,783	7,061	**3,729**	3,501		**5,792**	5,480
				Creditors due within one year		
(2,150)	(2,422)	**(1,030)**	(1,201)	Short term borrowings	**(1,600)**	(1,880)
(2,755)	(2,428)	**(1,320)**	(1,204)	Accounts payable and accruals	**(2,050)**	(1,884)
(4,905)	(4,850)	**(2,350)**	(2,405)		**(3,650)**	(3,764)
2,878	2,211	**1,379**	1,096	**Net current assets**	**2,142**	1,716
16,300	14,524	**7,810**	7,201	**Total assets less current liabilities**	**12,129**	11,270
				Creditors due after one year		
(2,964)	(2,741)	**(1,420)**	(1,359)	Provisions for liabilities and charges	**(2,205)**	(2,127)
(2,966)	(1,910)	**(1,421)**	(947)	Medium and long term borrowings	**(2,207)**	(1,482)
(958)	(865)	**(459)**	(429)	Outside shareholders' interests (equity)	**(713)**	(671)
9,412	9,008	**4,510**	4,466		**7,004**	6,990
				Capital and reserves		
246	238	**118**	118	Share capital – The RTZ Corporation PLC	**183**	185
657	654	**315**	324	– CRA Limited (excluding RTZ interest)	**489**	507
2,943	2,852	**1,410**	1,414	Share premium account	**2,190**	2,213
159	153	**76**	76	Other reserves	**118**	119
5,407	5,111	**2,591**	2,534	Profit and loss account	**4,024**	3,966
9,412	9,008	**4,510**	4,466	Shareholders' funds (includes non-equity)	**7,004**	6,990

The accounts in volume 2 were approved by the boards of directors on 15 March 1996 and were signed on their behalf by

R P Wilson   L A Davis   C R H Bull

RECONCILIATION WITH AUSTRALIAN GAAP

At 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
1,736	1,623	**815**	775	**Net earnings reported under UK GAAP**	**1,286**	1,187
				Increase/(decrease) net of tax in respect of:		
(202)	(176)	**(95)**	(84)	Goodwill amortisation	**(150)**	(129)
(9)	8	**(4)**	4	Taxation	**(6)**	6
–	(6)	**–**	(3)	Pensions accounting	**–**	(5)
3	–	**1**	–	Other	**2**	–
1,528	1,449	**717**	692	**Net earnings under Australian GAAP – equity basis**	**1,132**	1,059
(188)	(160)	**(88)**	(77)	Earnings retained in associated companies	**(139)**	(118)
1,340	1,289	**629**	615	**Net earnings under Australian GAAP – statutory basis**	**993**	941
109.5c	104.1c	**51.4p**	49.7p	Earnings per ordinary share – equity basis	**81.2c**	76.1c
96.1c	92.4c	**45.1p**	44.1p	Earnings per ordinary share – statutory basis	**71.2c**	67.6c
9,412	9,008	**4,510**	4,466	**Shareholders' funds under UK GAAP**	**7,004**	6,990
				Increase/(decrease) net of tax in respect of:		
2,865	2,318	**1,373**	1,149	Goodwill	**2,132**	1,798
(73)	(63)	**(35)**	(31)	Taxation	**(54)**	(49)
(25)	(22)	**(12)**	(11)	Pensions accounting	**(19)**	(17)
(18)	–	**(9)**	–	Other	**(14)**	–
12,161	11,241	**5,827**	5,573	**Shareholders' funds under Australian GAAP – equity basis**	**9,049**	8,722
(916)	(708)	**(439)**	(351)	Earnings retained in associated companies	**(682)**	(549)
11,245	10,533	**5,388**	5,222	**Shareholders' funds under Australian GAAP – statutory basis**	**8,367**	8,173

EXECUTIVE DIRECTORS

Robert P Wilson, BA, HonDSc, age 52. A director of RTZ since 1987 and chief executive since 1991. He was appointed a director of CRA in 1990 and deputy chairman in December 1995. He is also a non-executive director of The Boots Company PLC. (notes d, e).

Leon A Davis, Associate Diploma – Primary/Extractive Metallurgy (SA Inst of Tech), FAusIMM, FRACI, age 56. He was appointed a director of RTZ in December 1995 where he is deputy chief executive and chief operating officer. He remains a director of CRA where he was previously managing director and chief executive. Mr Davis was seconded to RTZ in 1991 as mining director, and returned to Melbourne in May 1994. Mr Davis is a member of the Executive Committee of the Australian Minerals Council, a member of the Business Council of Australia and is a Fellow of the Royal Australian Chemical Institute and of The Australasian Institute of Mining and Metallurgy. (notes d, e).

Robert Adams, MA (Cantab), MSc (London), age 50. Mr Adams was appointed a director of RTZ in 1991, with responsibility for planning and development, and a director of CRA in January 1995.

Christopher R H Bull, MA, FCA, age 53, was appointed finance director of RTZ in 1991 and a director of CRA in December 1995, having previously been an alternate director for Mr R P Wilson.

Leigh Clifford, BE (Hons), M Eng Sc, F AusIMM, age 48, was appointed mining director of RTZ, on secondment from CRA, in May 1994 and a director of CRA in December 1995, where he is now managing director with specific responsibility for the bulk of the Australian/Pacific operations of the combined business. He is chairman of Comalco Limited and also a director of Freeport-McMoRan Copper & Gold Inc. in which RTZ entered into a partnership in 1995. (note d).

Lord Holme of Cheltenham, CBE, age 59, was appointed a director of RTZ in April 1995 and a director of CRA in December 1995. He is responsible for external affairs and human resources. He was created a life peer in 1990 and sits on the Liberal Democrat benches in the House of Lords. His management career, which started with Unilever, has embraced international marketing, publicity and communications. (note d).

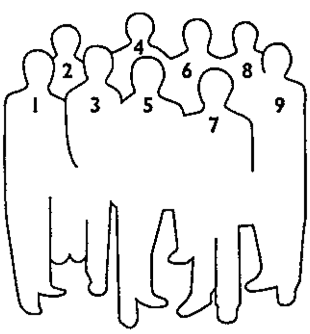
Jonathan C A Leslie, MA (Oxon), age 45, was appointed mining director of RTZ in 1994 and a director of CRA in December 1995. His responsibilities include the Lihir Gold project in Papua New Guinea and the Group's business in India.

Michael A O'Leary, DipMinE, BSc (Technology), FAusIMM, FAIM, age 60, was appointed a director of CRA in 1992 and of RTZ in December 1995. He is responsible for CRA's interests in iron ore, diamonds, salt, zinc and nickel development and the CRA Group's corporate and government relations in Western Australia.

Gordon H Sage, BSc, MSc, CEng, F.I. Chem E, age 48, was appointed industrial minerals director of RTZ in April 1995 and a director of CRA in December 1995. He is also a member of the Council of the Confederation of British Industry.

Notes – board committees

a Audit committee
b Nominations committee
c Remuneration committee
d Environmental and community relations committee
e General purposes committee



RTZ-CRA executive directors

1 GH Sage, 2 Lord Holme, 3 JCA Leslie, 4 CRH Bull, 5 LA Davis, 6 R Adams, 7 RP Wilson, 8 MA O'Leary, 9 RL Clifford.

NON-EXECUTIVE DIRECTORS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1 *Sir Derek Birkin,* TD, age 66, chairman of RTZ. A director since 1982, he was chief executive and deputy chairman from 1985 until his appointment as chairman in 1991. He relinquished his executive duties in May 1994. He is chairman of the environmental and community relations, and general purposes committees. First appointed a director of CRA in 1985, he was subsequently an alternate director for Mr R Adams and was appointed a director again in December 1995. Sir Derek is also a director of Carlton Communications plc, The Merchants Trust PLC, Royal Opera House Covent Garden Limited and Merck & Co., Inc. in the US and an advisory director of Unilever PLC. (notes b, d, e).

2 *John A Uhrig,* AO, BSc, DUniv, FAIM, age 67, chairman of CRA since 1987 and has been a non-executive director of CRA since 1983. He was appointed a director and deputy chairman of RTZ in December 1995. He is chairman of the nominations committee. Mr Uhrig is chairman of Westpac Banking Corporation, Santos Limited, the Australian Minerals and Energy Environment Foundation and Amdel Limited. (notes a, b, c, d, e).

3 *Lord Alexander of Weedon,* QC, age 59. A non-executive director of RTZ since 1991 and of CRA since December 1995. He became Queen's Counsel in 1973. He is chairman of National Westminster Bank PLC, deputy chairman of the Securities and Investments Board, chairman of the Council of Justice and president of the Institute for Fiscal Studies. (note a).

4 *Lord Armstrong of Ilminster,* GCB, CVO, age 68. A non-executive director of RTZ since 1988 and of CRA since December 1995. He was formerly Secretary of the Cabinet from 1978-1987 and Head of the Home Civil Service from 1983-1987 and is chairman of the Board of Trustees of the Victoria & Albert Museum, Biotechnology Investments Ltd, and Bristol and West Building Society and Chancellor of the University of Hull. He is also a director of BAT Industries PLC, The Shell Transport & Trading Co. PLC, NM Rothschild & Sons Ltd and Robeco Group N.V. (note a).

5 *William L Dix,* AO, FCPA, FAIM, ACIS, ACIM, age 69. He has been a non-executive director of CRA since 1990 and of RTZ since December 1995. He is deputy chairman of the audit committee. He is also a director of ICI Limited and the Geelong Football Club Limited. (note a).

Notes – board committees

- a Audit committee
- b Nominations committee
- c Remuneration committee
- d Environmental and community relations committee
- e General purposes committee

6 *Richard V Giordano,* KBE, age 61, has been a non-executive director of RTZ since 1992 and of CRA since December 1995. He is chairman of British Gas plc, deputy chairman of Grand Metropolitan Public Limited Company and a director of Georgia Pacific Corporation in the US. (notes b, c, d, e).

7 *Sir Denys Henderson,* age 63, has been a non-executive director of RTZ since 1990 and of CRA since December 1995. He is chairman of the remuneration committee. He is also chairman of The Rank Organisation Plc and of the Crown Estate, a director of Barclays Bank PLC and Schlumberger Limited, and also Chancellor of the University of Bath. (note c).

8 *Sir Martin Jacomb,* age 66, has been a non-executive director of RTZ since 1988 and of CRA since December 1995. He is chairman of the audit committee. He is also chairman of The British Council, Prudential Corporation plc and Delta plc and a director of Marks and Spencer plc. (notes a, b, e).

9 *Sir Gustav Nossal,* AC, CBE, MB, BS, BSc(Med), PhD, Hon DSc, Hon LLD, FRCP, FRACP, FRCPA, FRACMA, FRSE, FTS, FRS, PresAA, age 64. He has been a non-executive director of CRA since 1977 and of RTZ since December 1995. He is director of The Walter and Eliza Hall Institute of Medical Research, president of the Australian Academy of Science and a Fellow of The Royal Society. He is a member of the Prime Minister's Science and Engineering Council and chairman of the Victorian Health Promotion Foundation. (note d).

10 *Richard H Searby* QC, MA(Oxon), age 64, has been a non-executive director of CRA since 1977 and of RTZ since December 1995. He became Queen's Counsel in 1971. He is chairman of The Equity Trustees Executors and Agency Company Limited, and a director of Shell (Australia) Limited, BRL Hardy Limited and Amrad Corporation Limited. He is also national president of the Australian Institute of International Affairs. (notes b, c).

11 *Sir David Simon,* age 56, has been a non-executive director of RTZ since September 1995 and of CRA since December 1995. He is chairman of The British Petroleum Company plc, a member of the Court of the Bank of England and a director of Grand Metropolitan Public Limited Company. He is also a member of the Advisory Board of Deutsche Bank and the International Advisory Council of Allianz AG Holding. (notes c, d, e).

REPORT OF THE DIRECTORS

For the year ended 31 December 1995

Dual listed companies merger

The unification of The RTZ Corporation PLC ("RTZ") and CRA Limited ("CRA") (together "the Group") under a dual listed companies structure was approved by shareholders of both companies at meetings held on 20 December 1995. Details of the transaction were sent to all shareholders in November 1995. The agreements required to effect the transaction were concluded on 21 December 1995. As a consequence of unification the directors' report has been prepared as a joint report of RTZ and CRA.

Activities and review of operations

The principal activities of the Group are outlined in the operational review on pages 14 to 42 and the results of those operations are detailed on pages 48 to 51.

Directorate

The present directors with details of their qualifications, experience and special responsibilities are shown on pages 52 and 54.

RTZ

Mr I C Strachan resigned as a director on 31 March 1995. Lord Holme and Mr G H Sage were appointed directors on 1 April 1995, and Sir David Simon was appointed a director on 5 September 1995. Following the approval by shareholders of the unification with CRA, Mr J A Uhrig, Mr L A Davis, Mr W L Dix, Sir Gustav Nossal, Mr M A O'Leary and Mr R H Searby were appointed directors on 21 December 1995 when Mr J A Uhrig also took office as Deputy Chairman. Mr L A Davis was appointed Deputy Chief Executive and Chief Operating Officer on 5 March 1996.

In accordance with RTZ's articles of association Sir David Simon retires and offers himself for election. Mr C R H Bull, who has a service contract with a subsidiary company of RTZ which is determinable by two years' notice by either party, Lord Armstrong, Mr R V Giordano, Sir Martin Jacomb, Mr R H Searby and Mr J A Uhrig retire by rotation and, being eligible, offer themselves for re-election.

CRA

Mr I C Strachan resigned on 27 January 1995, Mr J T Ralph on 15 February 1995 and Mr M R Rayner retired on 28 April 1995. Mr R Adams was appointed a director on 31 January 1995 to fill the casual vacancy from the resignation of Mr Strachan. Following the approval by shareholders of the unification with RTZ, Sir Derek Birkin, Lord Alexander, Lord Armstrong, Mr C R H Bull, Mr R L Clifford, Mr R V Giordano, Sir Denys Henderson, Lord Holme, Sir Martin Jacomb, Mr J C A Leslie, Mr G H Sage and Sir David Simon were appointed directors on 21 December 1995 when Mr R P Wilson also took office as Deputy Chairman. Mr R L Clifford was appointed managing director on 5 March 1996 in place of Mr L A Davis who was appointed Deputy Chief Executive and Chief Operating Officer of RTZ.

In accordance with CRA's articles of association Sir David Simon retires and offers himself for election. Mr C R H Bull, who has a service contract with a subsidiary company of RTZ which is determinable by two years' notice by either party, Lord Armstrong, Mr R V Giordano, Sir Martin Jacomb, Mr R H Searby and Mr J A Uhrig retire by rotation and, being eligible, offer themselves for re-election.

No director had a material interest in any contract of significance with RTZ or CRA subsisting at the end of or during the year involving any Group company.

The interests in and options on shares and other securities of Group companies of directors and their families are shown on pages 61, 62 and 64.

Dividends

RTZ

The directors have declared an interim dividend for 1995 of 10.5p per ordinary share as a Foreign Income Dividend (FID) paid on 11 December 1995, and further dividends of 13p per ordinary share as a FID and of 8p per ordinary share as a conventional dividend to be paid on 22 April 1996 and to holders of share warrants to bearer representing ordinary shares after presentation of coupon 74. There will be no further dividends in respect of the 1995 financial year. The dividends for 1995 total 31.5p per ordinary share (1994: 27.5p), equivalent to 39.375p (1994: 34.375p) gross to a UK taxpayer.

The directors have declared a dividend of 1.6625p per share on the 3.325 per cent "A" cumulative preference shares, and a dividend of 1.75p per share on the 3.5 per cent "B" cumulative preference shares to be paid on 1 July 1996, both in respect of the half-year to 30 June 1996. This dividend will also be paid on or after 1 July 1996 to holders of share warrants to bearer representing "B" cumulative preference shares after presentation of coupon 68.

A total of nearly 545,000 ordinary shares was issued to shareholders who elected to receive shares in lieu of cash for the 1994 final conventional dividend. A similar choice has been offered in respect of the conventional dividend for 1995, details of which were sent to shareholders in early March.

CRA

The directors have declared dividends totalling 65 cents per share for the year ended 31 December 1995 (1994: 60 cents), comprising a half year dividend of 30 cents paid on 10 October 1995 and a final dividend of 35 cents to be paid on 15 April 1996. Both half year and final dividends are fully franked.

Employment policies

RTZ-CRA Group companies employ approximately 51,000 people world-wide with around 1,400 in the United Kingdom and 14,000 in Australia. (note 27 to the 1995 accounts).

Reflecting its overall philosophy of decentralisation, RTZ-CRA does not impose a uniform policy on employee involvement. However, it is committed to equality of opportunity and encourages each operating company to develop its own policies and practices to suit individual circumstances. Group companies recognise their obligations to comply with health and safety legislation and by training and communication encourage employee awareness of the need to create and secure a safe and healthy working environment. Management development and succession planning are regularly reviewed.

Group companies employ disabled people and accept the need to maintain and develop careers for them. If an employee does become disabled whilst in employment and, as a result, is unable to perform his or her duties every effort is made to offer suitable alternative employment and to assist with retraining.

Retirement pensions and benefits to dependants are provided by RTZ-CRA and its major subsidiaries in accordance with local conditions and good practice in the country concerned.

Donations

Reference is made on page 43 to donations and community involvement throughout the Group.

Donations in the UK during 1995 amounted to a total of £1,714,000 of which £983,000 was for charitable purposes as defined by the Companies Act 1985 and £731,000 for other community purposes. As in previous years no donations were made in the UK during 1995 for political purposes as defined by the Companies Act 1985.

Donations in Australia amounted to A$3.5 million. Details of some of the programmes undertaken are given on page 43. No donations were made for political purposes.

Insurance for directors and officers

The Group maintains directors' and officers' liability insurance which provides insurance cover for directors and other officers of Group companies against certain personal liabilities which they may incur by reason of their duties as directors and officers.

The RTZ Savings-Related Share Option Scheme 1993 ("the SAYE Scheme")

The Chancellor announced in his Budget in November 1995 changes in relation to Inland Revenue approved SAYE schemes. Previously, the minimum amount that an employee could save under a savings contract linked to a savings-related share option scheme was £10 per month and the minimum period of a savings contract was five years. The Government's proposals are to reduce these to £5 and three years respectively. The directors wish to amend the rules of the SAYE Scheme in order to take advantage of the proposed changes. These and a further amendment relating to employees who are transferred to associated companies are set out in resolution 2 in the notice convening the annual general meeting, included with the RTZ chairman's letter to shareholders accompanying this report.

Share capital

The authorised share capital of RTZ was increased on 10 May 1995 from £142,000,000 to £153,000,000 by the creation of 110 million ordinary shares of 10 pence. The authorised share capital was further increased on 20 December 1995 to £153,000,000.20 by the creation of one Special Voting Share of 10p and one Equalisation Share of 10p.

There was no change to the amount of authorised capital of CRA during the year. However, two unclassified and unissued ordinary shares of A$2 each were converted to one Equalisation Share of A$2 and one issued Special Voting Share of A$2.

Details of changes in the issued share capital of RTZ and CRA during the year and the number of ordinary shares reserved for issue at the year end are shown in note 21 to the 1995 accounts.

Details of disclosable interests in the ordinary and preference share capital of RTZ and CRA are given on page 65.

Value of land

Group companies' interests in land consist mainly of leases and other rights which permit the working of such land and the erection of buildings and equipment thereon for the purpose of extracting and treating minerals. Such land is mainly carried in the accounts at cost, and it is not possible to estimate the market value since this depends on product prices over the next twenty years or longer, which will vary with market conditions.

Exploration, research and development

Companies within the Group carry out exploration, research and development necessary to support their activities. Grants are also made to universities and other institutions which undertake research on subjects relevant to the activities of Group companies. A description of some aspects of the work currently being undertaken and expenditure involved is provided in the operational review. Expenditure during the year excluding that of related companies was US$317 million for exploration and US$95 million for research.

Future development

Apart from projects under construction and other developments which are described in the Chief Executive's letter to shareholders and the operational review on pages 3 to 7 and 14 to 42, developments in the Group will depend upon the outcome of exploration programmes currently being undertaken, the success in identifying and pursuing investment opportunities, and organic growth within Group companies.

Corporate governance

Compliance with the provisions of the Cadbury Committee's Code of Best Practice in the UK and support for the initiative of the Australian Stock Exchange on disclosure of corporate governance practices are set out on page 44.

Auditors

Coopers & Lybrand are the auditors of RTZ and CRA and have indicated their willingness to continue in office. A resolution to re-appoint them as auditors of RTZ will be proposed at the annual general meetings and they will continue in office as auditors of CRA.

Annual general meetings

The notices of the 1996 Annual General Meetings are set out in the separate letters to RTZ shareholders and CRA shareholders respectively enclosed with this report.

Income and Corporation Taxes Act 1988

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to RTZ.

Signed this 15th day of March 1996 in accordance with a resolution of the directors

By order of the Board,
J S Bradley, Secretary
The RTZ Corporation PLC
15 March 1996.

By order of the Board
I L Falconer, Secretary
CRA Limited
15 March 1996.

REPORT OF THE REMUNERATION COMMITTEE

Remuneration Committees of the Boards of directors of RTZ and CRA have operated for a number of years. Following implementation of the dual listed companies structure in December 1995, the membership and terms of reference of both Committees were reviewed and in January 1996 a new Remuneration Committee, common to both companies was formed. Its members are Sir Denys Henderson (Chairman), Mr R V Giordano, Mr R H Searby, Sir David Simon and Mr J A Uhrig, all of whom are non-executive directors.

Compliance

The full provisions of the UK Code of Best Practice ("the Code") issued by the study group on directors' remuneration chaired by Sir Richard Greenbury formally take effect only for accounting periods beginning on or after 31 December 1995. Nevertheless, the constitution and operation of the Remuneration Committee (including the necessary independence of directors who are members of the Committee) complies with the principles now incorporated in Section A of the Best Practice provisions derived from the Code, as amended by the Stock Exchange Listing Rules. The Committee also confirms that full consideration has been given to the Best Practice provisions set out in Section B, annexed to the Listing Rules, in determining its remuneration policy. The auditors' report on the financial statements set out on page 41 of the 1995 Accounts covers the disclosures contained in this report that are specified for audit by the London Stock Exchange.

Remuneration policy

The Remuneration Committee is responsible for determining executive directors' remuneration, which is reviewed annually. Remuneration for UK based directors includes annual salary, health benefits, provision of company car, membership of the RTZ Pension Fund, participation in the RTZ Profit Sharing Scheme and Savings Related Share Option (SAYE) Schemes, and participation in two schemes introduced in 1994, an annual bonus scheme (the Mining Plan) and a long term incentive plan (the FTSE Plan) which replaced the Executive Share Option Scheme established in 1985. Remuneration for Australian based directors includes annual salary, provision of a company car, membership of the CRA Group Staff Superannuation Fund and participation in the CRA Employee Participation Share Scheme and the CRA Senior Executive Share Plan. From 1 January 1996, the Australian based executive directors have been eligible for bonus and incentive payments equivalent to those available under the RTZ Mining and FTSE Plans and as a result will no longer be eligible to participate in the CRA Share Scheme and Plan.

The RTZ-CRA remuneration policy is to ensure that executive directors' remuneration packages properly reflect the duties and responsibilities of the directors and are sufficient to attract, retain and motivate personnel of the highest quality. In determining individual salaries as well as overall remuneration packages, the Committee has regard to levels adopted by other comparator companies in terms of the size of the company and the geographical spread and complexity of its business. Non-executive directors' fees comply with the limits set out in the Articles of Association and are set at levels which fairly represent the responsibilities of and time spent by non-executive directors on company affairs. Regard is also had to the level of fees payable to non-executive directors in other comparable companies. Non-executive directors' fees are determined by the Board as a whole. Directors do not participate in discussions and decisions relating to their own remuneration. Non-executive directors do not participate in RTZ or CRA pension or bonus schemes. RTZ's remuneration policy was disclosed in the 1994 annual report and accounts since when there have been no significant changes. Consequently, the Committee has decided that it is not necessary to include its remuneration policy as a matter for consideration at the forthcoming annual general meetings.

Directors' remuneration	*1995*	*1995*	*1994*	*1994*
Emoluments of directors of the parent companies, before tax, were:	£	A$	£	A$
RTZ – Executive directors – Remuneration, excluding bonuses	**1,810,350**	**3,857,856**	1,867,171	3,911,723
– Bonuses	**741,226**	**1,579,553**	819,066	1,715,943
– Benefits in kind	**253,656**	**540,540**	283,129	593,155
– Pension contributions	**–**	**–**	16,443	34,448
	2,805,232	**5,977,949**	2,985,809	6,255,269
– Non-executive directors' fees	**400,601**	**853,681**	308,690	646,706
– Retired directors' pensions paid	**33,509**	**71,408**	50,074	104,905
	434,110	**925,089**	358,764	751,611
RTZ total	**3,239,342**	**6,903,038**	3,344,573	7,006,880
CRA – Executive directors				
– Remuneration	**740,067**	**1,577,083**	1,270,200	2,661,069
– Benefits in kind	**154,223**	**328,649**	105,450	220,918
	894,290	**1,905,732**	1,375,650	2,881,987
– Non-executive directors' fees	**223,912**	**477,156**	237,913	498,428
CRA total	**1,118,202**	**2,382,888**	1,613,563	3,380,415
RTZ-CRA total	**4,357,544**	**9,285,926**	4,958,136	10,387,295

A$2,908,735 (£1,364,962) was paid to a former executive director of CRA on termination of employment (1994 – two directors A$736,296 (£351,453)).

Emoluments of the UK based directors, before tax and excluding pension contributions, were:

	Salary /fees £000	*Bonus 1995 £000*	*Benefits in kind £000*	*1995 Total £000*	*1995 Total A$000*	*1994 Total £000*	*1994 Total A$000*
Non-executive chairman:							
Sir Derek Birkin	**250**	**5**	**26**	**281**	**599**	445	933
Non-executive directors:							
The Lord Alexander	**26**	**–**	**–**	**26**	**55**	26	55
The Lord Armstrong	**26**	**–**	**–**	**26**	**55**	32	67
Mr R V Giordano KBE	**26**	**–**	**–**	**26**	**55**	26	55
Sir Denys Henderson	**33**	**–**	**–**	**33**	**70**	32	67
Sir Martin Jacomb	**32**	**–**	**–**	**32**	**68**	32	67
Sir David Simon (from 5/9/95)	**6**	**–**	**–**	**6**	**13**	–	–
Executive directors:							
R P Wilson	**455**	**192**	**24**	**671**	**1,430**	632	1,324
R Adams	**258**	**112**	**19**	**389**	**829**	354	742
G C Beals (to 30/6/94)	**–**	**–**	**–**	**–**	**–**	196	411
C R H Bull	**258**	**112**	**8**	**378**	**806**	360	754
R L Clifford (from 18/5/94)	**228**	**90**	**132**	**450**	**959**	295	618
L A Davis (to 11/5/94)	**–**	**–**	**–**	**–**	**–**	138	289
The Lord Holme (from 1/4/95)	**140**	**66**	**9**	**215**	**458**	–	–
J C A Leslie (from 1/6/94)	**219**	**98**	**14**	**331**	**705**	180	377
G H Sage (from 1/4/95)	**165**	**66**	**6**	**237**	**505**	–	–
I C Strachan (to 31/3/95)	**89**	**–**	**16**	**105**	**224**	529	1,108
	2,211	**741**	**254**	**3,206**	**6,831**	3,277	6,867

Emoluments of the Australian based directors, before tax and excluding pension contributions, were:

	Salary /fees A$000	*Bonus 1995 A$000*	*Benefits in kind A$000*	*1995 Total A$000*	*1995 Total £000*	*1994 Total A$000*	*1994 Total £000*
Non-executive chairman:							
J A Uhrig AO	**283**	**–**	**–**	**283**	**133**	255	122
Non-executive directors:							
A W Coates AO (to 8/9/94)	**–**	**–**	**–**	**–**	**–**	38	18
W L Dix AO	**58**	**–**	**–**	**58**	**27**	50	24
Sir Gustav Nossal	**70**	**–**	**–**	**70**	**33**	65	31
J T Ralph AO (24/6/94 to 15/2/95)	**11**	**–**	**–**	**11**	**5**	40	19
R H Searby	**55**	**–**	**–**	**55**	**26**	50	24
Executive directors:							
L A Davis (from 7/6/94)	**860**	**–**	**152**	**1,012**	**475**	672	321
M A O'Leary	**527**	**–**	**33**	**560**	**263**	496	237
J T Ralph AO (to 23/6/94)	**–**	**–**	**–**	**–**	**–**	1,201	573
M R Rayner (to 28/4/95)	**190**	**–**	**144**	**334**	**156**	513	244
	2,054	**–**	**329**	**2,383**	**1,118**	3,380	1,613

Bonuses included in respect of UK based directors were awarded under i) the RTZ Profit Sharing Scheme 1987 and ii) the Mining Plan, which is explained below, in respect of company performance to 31 December 1995 (to be paid in 1996). Half of these Mining Plan bonuses will be invested in RTZ shares to be retained for a further three years under the rules of the Mining Plan. Mr R L Clifford, an Australian citizen on secondment from CRA Limited, was awarded a bonus half of which will be invested in CRA shares, on terms otherwise equivalent to the Mining Plan.

Mr R L Clifford, occupied without payment of rent, accommodation in central London under a one year licence agreement granted by a subsidiary company. The value based on the estimated market rent was £43,000.

Emoluments of £117,078 from RTZ and its subsidiaries and associated companies were waived by eight directors (1994 nine directors waived £110,297). All RTZ executive directors have agreed to waive any further fees receivable from the parent company and its subsidiaries and associated companies.

REPORT OF THE REMUNERATION COMMITTEE

Directorate

Changes in the composition of the RTZ Board in 1994 and 1995 were as follows:

Sir Derek Birkin retired as full-time executive chairman on 11 May 1994, continuing as non-executive chairman on a part-time basis. Mr L A Davis retired as an executive director on 11 May 1994 on completion of his secondment, returning to Australia as chief executive of CRA Limited. Mr G C Beals retired as an executive director on 30 June 1994. Mr R L Clifford, on secondment from CRA Limited, was appointed an executive director on 18 May 1994 and Mr J C A Leslie was appointed an executive director on 1 June 1994. Mr I C Strachan resigned as an executive director on 31 March 1995. Lord Holme and Mr G H Sage were appointed executive directors on 1 April 1995 and Sir David Simon was appointed a non-executive director on 5 September 1995.

Following the approval by shareholders of the dual listed companies merger with CRA on 20 December 1995, Mr J A Uhrig, Mr L A Davis, Mr W L Dix, Sir Gustav Nossal, Mr M A O'Leary and Mr R H Searby were appointed directors on 21 December 1995.

Changes to the composition of the CRA Board in 1994 and 1995 were as follows:

Mr L A Davis was appointed an executive director on 7 June 1994. Mr J T Ralph was an executive director to 23 June 1994 when he became a non-executive director and subsequently resigned on 15 February 1995. Sir Derek Birkin retired as a non-executive director on 2 August 1994 and Mr A W Coates retired as a non-executive director on 8 September 1994. Mr I C Strachan resigned as a non-executive director on 27 January 1995 and Mr R Adams was appointed a non-executive director on 31 January 1995. Mr M R Rayner retired as an executive director on 28 April 1995.

Following the approval by shareholders of the dual listed companies merger with RTZ on 20 December 1995, Sir Derek Birkin, Lord Alexander, Lord Armstrong, Mr C R H Bull, Mr R L Clifford, Mr R V Giordano, Sir Denys Henderson, Lord Holme, Sir Martin Jacomb, Mr J C A Leslie, Mr G H Sage and Sir David Simon were appointed directors on 21 December 1995.

Pensions

The Greenbury Code recommends disclosure of directors' pension entitlements calculated on a basis to be recommended by the Faculty and Institute of Actuaries. Guidance is not yet available but set out below are descriptions of the pension schemes in which directors participate.

UK executive directors are eligible for membership of the RTZ Pension Fund. The RTZ Pension Fund is a funded, Inland Revenue approved, final salary occupational pension scheme and all benefits are subject to Inland Revenue limits. Benefits from this fund are augmented to provide a pension from age 60 of two thirds of final pensionable salary subject to completion of twenty years' service. Life assurance cover of four times pensionable salary is provided. Pensions are payable in the event of ill health and spouses' pensions on death. Pensionable salary is the member's basic salary, excluding all bonuses. Where pensionable salary is limited by the Inland Revenue earnings "cap", benefits are provided from an unfunded supplementary arrangement. Pension contributions were paid in 1994 for one director to an overseas subsidiary's pension plan. No contributions were paid for other UK based directors, who are members of pension schemes which are currently fully funded.

Australian executive directors are eligible for membership of the CRA Group Staff Superannuation Fund (the CRA Fund). The CRA Fund is a regulated superannuation fund under Australian Government legislation. The Australian executive directors are defined benefit members of the CRA Fund. Retirement benefits are limited to a lump sum multiple of seven times final salary at age 62. For retirement after age 62, the benefit increases to 7.6 times final average salary at age 65. Death and disablement benefits are provided as lump sums and are equal to the age 65 retirement benefit. Lump sum benefits are also payable on termination of employment for ill-health, redundancy or resignation. No superannuation contributions were paid for the Australian based executive directors as the Superannuation Fund is fully funded and in surplus.

Directors' service contracts, compensation and outside directorships

UK based executive directors' contracts are terminable on two years' notice which the Committee believes appropriate given the responsibilities of the directors and competitive practice. The notice period was reduced from three years in 1994, without payment of compensation.

Whilst no specific commitments are made in respect of compensation on early termination, the company's policy is to act fairly in all the circumstances. The duty to mitigate would therefore be taken into account and compensation would exclude unmerited reward for poor performance.

Neither non-executive directors nor Australian based executive directors have service contracts. Australian based non-executive directors at the date of this report, however, are entitled to a retirement payment of up to three years' pre-retirement fees depending on service, in accordance with normal practice in Australia.

No external appointment may be accepted by an executive director where it may give rise to conflicts of interest and the consent of the Board in any event is required. Where an appointment is accepted, it must be undertaken in the director's own time. The director is therefore normally permitted to retain any remuneration earned from the appointment.

Of the directors of RTZ and CRA proposed for election or re-election at the forthcoming annual general meetings, Mr C R H Bull has a service contract with a subsidiary company of RTZ which is determinable by two years' notice by either party. Lord Armstrong, Mr R V Giordano, Sir Martin Jacomb, Mr R H Searby, Sir David Simon and Mr J A Uhrig do not have service contracts.

Directors' shareholdings in RTZ-CRA

The beneficial interests of directors in the share capital of RTZ and CRA and its subsidiaries are set out below:

	RTZ* 1 January 1995	RTZ* 31 Dec 1995	RTZ* 15 March 1996	CRA* 1 January 1995	CRA* 31 Dec 1995	CRA* 15 March 1996	BCL* 1 January 1995	BCL* 31 Dec 1995	BCL* 15 March 1996
Sir Derek Birkin	51,890	80,954	81,794	Note (v)	–	–	Note (v)	–	–
R P Wilson	20,864	30,307**	30,307**	–	–	–	–	–	–
R Adams	7,398	12,257**	20,379**	–	–	–	–	–	–
The Lord Alexander	1,064	1,064	1,064	Note (v)	–	–	Note (v)	–	–
The Lord Armstrong	1,106	1,117	1,117	Note (v)	–	–	Note (v)	–	–
C R H Bull	6,050	10,964**	10,964**	Note (v)	–	–	Note (v)	–	–
R L Clifford	–	2,100	2,100	Note (vi)	5,564	5,983	–	–	–
L A Davis	Note (i)	–	–	4,000	5,000	5,375	–	–	–
W L Dix AO	Note (i)	–	–	–	–	–	–	–	–
Mr R V Giordano KBE	1,038	1,047	1,047	Note (v)	–	–	Note (v)	–	–
Sir Denys Henderson	6,489	6,489	6,489	Note (v)	–	–	Note (v)	–	–
The Lord Holme	Note (ii)	–**	–**	Note (v)	–	–	Note (v)	–	–
Sir Martin Jacomb	3,558	3,558	3,558	Note (v)	–	–	Note (v)	–	–
J C A Leslie	1,919	5,433**	8,755**	Note (v)	–	–	Note (v)	–	–
Sir Gustav Nossal	Note (i)	–	–	–	–	–	–	–	–
M A O'Leary	Note (i)	–	–	3,402	3,402	3,658	2,358	2,358	2,358
G H Sage	Note (iii)	1,116**	3,330**	Note (v)	–	–	Note (v)	–	–
R H Searby	Note (i)	–	–	–	–	–	–	–	–
Sir David Simon	Note (iv)	–	–	Note (v)	–	–	Note (v)	–	–
J A Uhrig AO	Note (i)	–	–	7,961	7,961	8,559	–	–	–

* RTZ – Ordinary shares of 10p each of The RTZ Corporation PLC ("RTZ shares"), CRA – Ordinary shares of A$2 each of CRA Limited ("CRA shares"), BCL – Ordinary shares of 1 Kina each of Bougainville Copper Limited.

** These directors also have an interest in a trust fund containing 72,881 shares as potential beneficiaries, together with other RTZ Group employees, of The RTZ Share Ownership Trust.

Notes

(i) These directors had no interests in the share capital of RTZ or its subsidiaries on 21 December 1995, the date of their appointment as directors of RTZ.

(ii) Lord Holme was appointed a director of RTZ on 1 April 1995 at which date he had an interest in a trust fund containing 72,881 RTZ shares as a potential beneficiary, together with other RTZ Group employees, of the RTZ Share Ownership Trust.

(iii) Mr G H Sage was appointed a director of RTZ on 1 April 1995 at which date he had an interest in 1,116 RTZ shares, and an interest in a trust fund containing 72,881 RTZ shares as a potential beneficiary, together with other RTZ Group employees, of the RTZ Share Ownership Trust.

(iv) Sir David Simon had no interest in the share capital of RTZ or its subsidiaries on 5 September 1995, the date of his appointment as a director.

(v) These directors had no interests in the share capital of CRA or of a related entity on 21 December 1995, the date of their appointment as directors of CRA.

(vi) Mr Clifford was appointed a director of CRA on 21 December 1995 at which date he had an interest in 5,564 CRA shares, including a non-beneficial interest of 761 shares held by a family trust.

(vii) No director held any interest in the shares of any other quoted subsidiary at any time during the period covered by this report.

Share schemes for UK based executive directors

In 1987 shareholders approved the introduction of the ***RTZ Profit Sharing Scheme 1987*** which, together with the SAYE Scheme, enables employees of participating Group companies, including UK based executive directors, to take part in the future prosperity of the company through share ownership. Under current Inland Revenue limits, Profit Sharing Scheme awards are limited to a value of £8,000 or 10 per cent of a participant's salary, whichever is lower.

The ***SAYE Scheme*** was introduced in 1983 with shareholder approval. Under this scheme UK based executive directors and employees of RTZ Group companies in the UK are offered the opportunity to buy shares on what could be favourable terms. This scheme was renewed with shareholder approval in 1993.

The 1985 Executive Share Option Scheme has expired although options included in the table below remain outstanding in favour of UK based directors, the last having been granted in April 1993.

Directors' options to acquire RTZ ordinary shares

		1 January 1995	*Granted 1995*	*Exercised 1995*	*Date exercised*	*Option price (p)*	*Market price (p)*	*31 December 1995 (Note iv)*	*Weighted average option price (p)*	*15 March 1996*
Sir Derek Birkin	(i)	85,111	–	85,111	18.5.95	562	827	–		–
	(ii)	3,862	–	823	2.6.95	437	823	3,039	479	2,199
R P Wilson	(i)	91,572	–	–	–	–	–	91,572		91,572
	(ii)	3,862	1,012	823	27.1.95	437	788			
				840	24.10.95	428	896	3,211	522	3,211
R Adams	(i)	133,953	–	–	–	–	–	133,953		110,000
	(ii)	5,020	–	–	–	–	–	5,020	582	1,698
C R H Bull	(i)	160,954	–	10,000	4.4.95	537	820			
				30,000	8.6.95	537	829	120,954		120,954
	(ii)	3,153	–	–	–	–	–	3,153	544	3,153
J C A Leslie	(i)	26,906	–	–	–	–	–	26,906		26,906
	(ii)	5,020	–	–	–	–	–	5,020	547	1,698
G H Sage	(i)	Note (iii)	–	–	–	–	–	94,248		94,248
	(ii)	Note (iii)	–	–	–	–	–	4,409	532	2,195

Notes

(i) Options granted under the RTZ Executive Share Option Scheme.

(ii) Options granted under the RTZ Savings-Related Share Option Schemes.

(iii) Mr G H Sage had options over 98,657 shares at the date of his appointment as a director of RTZ on 1 April 1995.

(iv) The RTZ executive share options outstanding at 31 December 1995 are exercisable up to 15 April 2003.

(v) The mid-market price of RTZ Ordinary shares at 31 December 1995 was 936p (1994–827p). During 1995 the highest mid-market price was 953p and the lowest mid-market price was 721p.

The Mining and FTSE Plans, introduced in 1994 on the recommendation of the RTZ Compensation Committee and following discussions with the Association of British Insurers and National Association of Pension Funds, are governed by the following principles:

- Rewards to be linked to shareholders' wealth appreciation and to superior performance against peer competitors;
- Subjectivity to be eliminated by benchmarking against published factual statistics independently calculated;
- Executive share ownership to be developed by mandating that the larger proportion of bonus earned is paid in shares (purchased in the market and therefore not dilutive) to be retained for extensive periods.

Both schemes are based on RTZ's performance using "total shareholder return" as the measurement index. Total shareholder return is considered to be the most appropriate index of performance as it combines both share price movement and dividend payments. Comparison is made with the performance of other international mining companies under the Mining Plan and with other major UK companies under the FTSE Plan. Poor comparative performance results in no awards being made. The new Plans principally award shares rather than cash and directors are obliged to retain the shares for relatively long periods, thus linking the interests of directors closely with those of shareholders. Under both schemes shares are bought in the market by an Employee Share Ownership Trust.

Both the Mining Plan and the FTSE Plan are administered by the Remuneration Committee at its sole discretion and awards under the Plans do not form part of pensionable earnings for executive directors. Non-executive directors are not eligible for awards under either Plan.

The Mining Plan compares RTZ's total shareholder return with fifteen international comparator mining companies, over a four year performance period. The total shareholder return for each company is evaluated on the basis of the cash flows assuming the purchase of a share at the beginning of the period, sale of the share at the end of the period, and receipt of dividends and the benefit of capital changes during the period. The initial and ending share prices are the average prices for the prior calendar year. All comparisons with this peer group are brought back to a common currency, thereby minimising the distortions which would be created by currency movements.

The Mining Plan award in each year is based on salary at 31 December in the last year of the relevant performance period and expressed as a percentage of that salary, depending on comparative performance as follows:

Upper quartile 60%, second quartile 40%, third quartile 20%, lower quartile nil. In the two performance periods ending 31 December 1994 and 1995 the company ranked in the second quartile. Half of this bonus is payable in cash and the other half invested in RTZ shares to be retained for a further three years. Awards for the years 1994 and 1995 are included in the table above showing directors' remuneration.

Certain senior staff, primarily those based in the UK, also participate in the Mining Plan at appropriate levels of reward.

The FTSE Plan replaced the Executive Share Option Scheme 1985. The FTSE Plan similarly compares total shareholder return on RTZ shares over a number of years (three years for the first performance period and four years thereafter) with other companies comprising the top forty-eight companies listed on the London Stock Exchange as rated by the Financial Times at the beginning of the period. At the beginning of each performance period a "benchmark" number of RTZ ordinary shares is notionally allocated to each director. This number equates to the largest number of such shares which can be bought using a percentage of the director's basic salary as at the previous 31 December, using the average price for the shares throughout the base year. The percentage of basic salary is fixed at the discretion of the Committee and is currently 100%. Depending on relative RTZ performance during the relevant performance period, the proportion of the benchmark number of shares to vest in each director after each performance period is as follows:

Upper quartile – all, second quartile – two thirds, third quartile – one third, lower quartile – nil. If all shares do not initially vest the performance period is extended for a further two years. Unvested shares may then be awarded depending on RTZ's comparative performance during the extended performance period, but lapse thereafter. Following vesting, shares must be retained for two years after the end of the initial performance period.

The benchmark number of shares allocated under the FTSE Plan is as follows:

Performance period ending:	*31 December 1996*	*31 December 1997*	*31 December 1998*	*31 December 1999*
Based on average share price of:	679p	851p	851p	851p
Mr R P Wilson	55,964	–	51,703	54,054
Mr R Adams	29,445	–	29,377	30,552
Mr C R H Bull	32,400	–	29,377	30,552
The Lord Holme	–	25,851	–	25,851
Mr J C A Leslie	17,182	–	23,501	26,439
Mr G H Sage	25,773	–	21,739	25,851

Note
In addition to the above Mr R L Clifford, on secondment from CRA Limited and who was not eligible to participate in the FTSE Plan, was allocated a 'benchmark' number of 25,051 RTZ shares for a performance period ending 31 December 1997 on terms equivalent to the FTSE Plan.

Senior RTZ staff participate in the FTSE Plan at appropriate levels of reward.

Share schemes for Australian based executive directors
The ***Employee Participation Scheme*** enables all staff, including executive directors, to participate in the growth of shareholder value through the issue of options which may be exercised over CRA shares. Since the scheme was introduced there have been two issues of options, the first in 1987 when all staff and executive directors were offered options over a maximum of 800 CRA shares and a second issue in 1990, when the offer was for a maximum of 1000 options over CRA shares. These options were issued with a five year life with the ability to exercise for CRA shares, after the second year, by the holder subscribing the market price of a CRA share at the time of issue of the option.

There are no Employee Participation Scheme options in issue at the date of this report.

The ***Senior Executive Share Plan*** also introduced in 1987, is designed to provide an incentive to senior executives and executive directors and to develop executive share ownership in CRA. Like the Employee Scheme, the Executive Share Plan provides for the issue of five year options over CRA shares which may be exercised after the second year by the holder subscribing the market price of a CRA share at the time of issue of the option. Three issues of options have been made under this Executive Share Plan, the first in 1987 and the second in 1990 and both these issues have now expired. A third issue of options was made to executive directors in April 1995 on the basis that each option could be converted to a share in CRA by the holder subscribing A$19.48 on exercise of the option, this price being the market price for CRA shares at the time of issue of the options. These options cannot be exercised before April 1997 and expire in April 2000.

Under the terms of the Plan an adjustment was made to the number of CRA shares under option following the issue of bonus shares to all shareholders, in January 1996, in terms of 7.5 shares for each 100 shares held. Each option is thus now held over 1.075 CRA shares.

Directors' options to acquire CRA ordinary shares

		1 January 1995	Granted 1995	Exercised 1995	Date exercised	Option price (A$)	Market price (A$)	31 December 1995 (Note iii)	Option price (A$)	15 March 1996
L A Davis	(i)	–	175,000	–	–	–	–	175,000	19.48	175,000
	(ii)	1,000	–	1,000	2.5.95	12.02	18.42	–	–	–
M A O'Leary	(i)	–	75,000	–	–	–	–	75,000	19.48	75,000
	(ii)	–	–	–	–	–	–	–	–	–
M R Rayner	(i)	50,000	–	50,000	24.3.95	12.02	16.89	–	–	–
	(ii)	1,000	–	1,000	24.3.95	12.02	16.89	–	–	–

Notes

(i) Options granted under CRA Senior Executive Share Plan.

(ii) Options granted under CRA Employee Participation Scheme.

(iii) The CRA senior executive share options outstanding at 31 December 1995 are exercisable up to 20 April 2000 and when exercised will participate in the bonus issue made to all shareholders on 15 January 1996 in terms of 7.5 new shares for each 100 shares held.

(iv) The mid-market price of CRA Ordinary shares at 31 December 1995 was A$19.74 (1994–A$17.80). During 1995 the highest mid-market price was A$22.40 and the lowest mid-market price was A$16.20.

(v) Australian based executive directors are no longer eligible to participate in further issues of options as a result of the allocation of shares referred to below.

Australian based executive directors are not eligible to participate in the FTSE Plan. They are, however, allocated a "benchmark" number of shares on terms equivalent to the FTSE Plan and the following "benchmark" allocations have been made:

Performance period ending	31 December 1998	31 December 1999
Mr L A Davis – RTZ Ordinary shares based on average share price of 851p	50,674	–
Mr R L Clifford – CRA Ordinary shares based on average share price of A$18.65	–	25,201
Mr M A O'Leary – RTZ Ordinary shares based on average share price of 851p	31,249	–

On behalf of the Board
Sir Denys Henderson
(Chairman, remuneration committee)

15 March 1996

ANALYSIS OF ORDINARY SHAREHOLDERS

As at 15 March 1996

The RTZ Corporation PLC *Holding of*	*No of accounts*	%	*Shares*	%
1 to 1,000 shares	63,713	58.99	31,415,281	2.94
1,001 to 5,000 shares	38,065	35.24	77,190,662	7.22
5,001 to 10,000 shares	3,220	2.98	21,992,259	2.06
10,001 to 25,000 shares	1,294	1.20	19,911,941	1.86
25,001 to 125,000 shares	975	0.90	56,649,572	5.30
125,001 to 250,000 shares	286	0.27	51,285,111	4.80
250,001 to 1,250,000 shares	331	0.31	179,314,720	16.78
1,250,001 to 2,500,000 shares	55	0.05	94,604,562	8.85
2,500,001 and over	69	0.06	516,951,508	48.36
Bearer Warrants			5,473,150	0.51
ADRs			14,089,747	1.32
	108,008	100.00	1,068,878,513	100.00

CRA Limited *Holding of*	*No of accounts*	%	*Shares*	%
1 to 1,000 shares	22,604	65.20	9,090,487	1.42
1,001 to 5,000 shares	9,953	28.70	19,737,686	3.07
5,001 to 10,000 shares	1,143	3.30	7,804,582	1.21
10,001 to 25,000 shares	537	1.55	7,935,749	1.24
25,001 to 125,000 shares	261	0.75	13,851,251	2.16
125,001 to 250,000 shares	54	0.16	9,742,080	1.52
250,001 to 1,250,000 shares	87	0.25	47,791,153	7.44
1,250,001 to 2,500,000 shares	9	0.03	16,212,505	2.52
2,500,001 and over	20	0.06	510,270,921	79.42
	34,668	100.00	642,436,414	100.00
Number of holdings less than marketable parcel of 50 shares	1,327			

SUBSTANTIAL INTERESTS IN SHARE CAPITAL OF RTZ

Carrying full voting rights at 15 March 1996	*Ordinary shares*	%	*"B" preference shares*	%
Commercial Union Assurance Company Limited	–	–	784,000	24.94
Mercury Asset Management PLC and Mercury Asset Management Group PLC	117,681,540	11.01	–	–
Morgan Grenfell Group plc	–	–	1,258,125*	40.01
Norwich Union Insurance Group	–	–	470,000	14.95
Provincial Insurance plc	–	–	573,125	18.23
Prudential Corporation PLC	35,190,327	3.29	–	–

*Including 573,125 managed on a discretionary basis

The interests shown are as notified to the Company under Section 198 of the Companies Act 1985. The entire class of "B" preference shares accounts for less than 2 per cent of the aggregate number of votes attributable to the issued share capital of RTZ.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL OF CRA

As at 15 March 1996, Tinto Holdings Australia Pty. Limited, whose ultimate holding company is The RTZ Corporation PLC, held 313,704,802 ordinary shares of A$2 each, representing 48.83% of the issued share capital.

TWENTY LARGEST SHAREHOLDERS

As at 15 March 1996

The RTZ Corporation PLC

		Number of shares	*Percentage of issued share capital*
1	Nutraco Nominees Limited	74,007,929	6.92
2	The Prudential Assurance Company Limited	33,369,959	3.12
3	Sepon Limited	26,465,436	2.48
4	Schroder Nominees Limited	23,262,525	2.18
5	Chase Nominees Limited	16,910,821	1.58
6	Bank of Scotland (Stanlife) London Nominees Limited	15,445,580	1.44
7	Vidacos Nominees Limited	14,558,297	1.36
8	BNY (Nominees) Limited	14,089,747	1.32
9	Bank of Scotland London Nominees Limited	11,972,815	1.12
10	JPM Nominees Limited	11,777,595	1.10
11	Co-Operative Insurance Society Limited	11,219,110	1.05
12	Societe Interprofessionnelle pour la Compensation des Valeurs Mobilieres	10,442,423	0.98
13	AMP (MSS) Nominees Limited 767897 Account	9,893,858	0.93
14	The National Bank (Branch Offices Nominees) Limited BEB Account	9,828,297	0.92
15	Britel Fund Nominees Limited	9,405,758	0.88
16	Midland Bank Trust Company Limited 19357206 Account	8,363,626	0.78
17	Nortrust Nominees Limited	8,153,464	0.76
18	Legal and General Nominees No 1 Limited	7,784,084	0.73
19	B S Pension Fund Trustee Limited	7,384,550	0.69
20	NC Lombard Street Nominees Limited UJ169 Account	7,008,834	0.66
		331,344,708	31.00

CRA Limited

		Number of shares	*Percentage of issued share capital*
1	Tinto Holdings Australia Pty Limited	313,704,802	48.83
2	ANZ Nominees Limited	35,689,679	5.56
3	National Nominees Limited	30,111,074	4.69
4	Westpac Custodian Nominees Limited	29,301,789	4.56
5	Australian Mutual Provident Society	13,732,192	2.14
6	Queensland Investment Corporation	12,602,822	1.96
7	State Authorities Superannuation Board	12,587,023	1.96
8	Chase Manhattan Nominees Limited	10,363,795	1.61
9	MLC Limited	7,149,549	1.11
10	Pendal Nominees Pty Limited	6,402,458	1.00
11	Citicorp Nominees Pty Limited	6,207,817	0.97
12	The National Mutual Life Association of Australasia Limited	6,051,915	0.94
13	Mitsubishi Development Pty Limited	4,031,250	0.63
14	Mercantile Mutual Life Insurance Company Limited	3,684,217	0.57
15	Barclays Australia Custodian Services Limited	3,556,496	0.55
16	CBA Nominees Limited	3,534,859	0.55
17	HKBA Nominees Limited	3,135,111	0.49
18	Perpetual Trustees Nominees Limited	3,040,289	0.47
19	Commonwealth Superannuation Board of Trustees No 2	2,706,740	0.42
20	Victorian Workcover Authority	2,677,044	0.41
		510,270,921	79.42

INFORMATION FOR RTZ-CRA SHAREHOLDERS

GENERAL INFORMATION

RTZ shares – pence per ordinary share – price ranges

1995	*High*	*Low*
1st quarter	829	721
2nd quarter	844	785
3rd quarter	929	831
4th quarter	953	875

RTZ share price – pence per ordinary share

	1995	*1994*	*1993*	*1992*	*1991*
Year end	936	827	812	684	472
High	953	904	812	684	603
Low	721	810	611	476	406

RTZ dividends – pence per ordinary share

	1995	*1994*	*1993*	*1992*	*1991*
Half year	10.5	9.0	13.5	6.0	6.0
Final	21.0	18.5	7.0	13.5	13.5
Total	31.5	27.5	20.5	19.5	19.5

CRA shares – A$ per ordinary share – price ranges

1995	*High*	*Low*
1st quarter	18.04	16.20
2nd quarter	20.00	17.26
3rd quarter	22.40	18.62
4th quarter	21.86	19.12

CRA share price – A$ per ordinary share

	1995	*1994*	*1993*	*1992*	*1991*
End of year	19.74	17.80	18.40	13.14	12.10
High	22.40	20.50	18.60	14.94	14.55
Low	16.20	15.60	12.36	11.20	8.66

CRA dividends – Australian cents per ordinary share

	1995	*1994*	*1993*	*1992*	*1991*
Half year	30	30	30	15	10
Final	35	30	40	30	24
Total	65	60	70	45	34

Exchange rate for dividend equalisation

It should be noted the directors of both companies have agreed that the day for setting the exchange rate for the equalisation of RTZ and CRA dividends or distributions, beginning with the interim dividend for 1996, will be the closing mid-point spot Australian dollar/sterling exchange rate two business days before the latest date on which the directors resolve to make or pay any parallel dividend or other distribution and not the business day before as indicated in the merger document.

Credit ratings

RTZ and CRA both have strong international credit ratings of:

	Short term	*Long term*
Standard & Poor's Corporation	A-1+	AA-
Moody's Investors Service	P-1	Aa3

Voting at shareholders' meetings

Under the dual listed companies structure, shareholders of RTZ and CRA will take decisions on significant matters affecting shareholders of both companies, including the appointment of directors, through a joint electoral procedure. Matters to be determined through this procedure are required to be submitted for approval by shareholders of both RTZ and CRA at separate meetings but acting as a joint electorate. This process is achieved through special voting arrangements whereby the votes cast by RTZ shareholders at a RTZ meeting are reflected at the corresponding CRA shareholders' meeting, and vice versa. In the case of RTZ, and as part of these special voting arrangements, the shares in CRA held by RTZ are effectively used solely to reflect the RTZ shareholder vote at the equivalent CRA meeting. These joint decision matters must be submitted to a poll at each shareholder meeting, with each poll being kept open long enough to allow votes cast at the RTZ meeting to be carried into the poll at the CRA meeting and vice versa.

Significant matters affecting the two companies' shareholders differently will require the separate approval of the shareholders of one or both companies. Approval will be required of those shareholders of the company not proposing to take the action concerned and, in some cases, also the approval of those shareholders of the company proposing to take the action. Decisions on minor matters affecting one company only will be taken by the shareholders of that company. Since the parallel CRA meeting will take place after the RTZ meeting, the result of the vote at the RTZ meeting on these joint decision matters will not be determined until the poll is closed at the CRA meeting. The overall result of the joint electorate vote will be announced to the stock exchanges and advertised in the London Financial Times and the Australian Financial Review newspapers as soon as they are known. The results will also be obtainable from RTZ's registrars on their shareholder helpline, Freephone number 0800 43 50 21 or from CRA on their toll free shareholder hotline 1800 813 292.

Disclosure in the United States

ADR holders of record will have the annual and interim reports sent to them at their record address. Brokers or financial institutions who hold ADRs for shareholder clients are responsible for forwarding these reports to their clients.

RTZ and CRA are subject to the US Securities and Exchange Commission disclosure regulations for foreign companies. In compliance with these regulations, RTZ and CRA file an Annual Report on Form-20F, which corresponds to Form-10K filed by US public companies. Copies of the Form-20F and the annual and interim reports can be obtained in the United States by contacting RTZ-CRA's US investor relations consultant:

Gavin Anderson & Co
1633 Broadway, 26th Floor, New York, NY 10019
Telephone: (212) 373 0200

RTZ-CRA currently announces its annual results in late February/early March and its half-yearly results in September. All news of a material nature is disseminated to the media in the US in compliance with NYSE disclosure requirements.

RTZ SHAREHOLDERS

Any enquiries relating to your shares or shareholding (other than the ADR programme) should be made to RTZ's registrar:

Central Registration Limited
1 Redcliff Street, Bristol BS1 6NT
Telephone: (0117) 929 3296
Facsimile: (0117) 925 2187

In any contact with Central Registration please quote the full name in which your shares are held. Please notify Central Registration promptly of any change of address.

Consolidation of share certificates

If your total registered shareholding is represented by several individual share certificates, you may wish to have these replaced by one consolidated certificate; there is no charge for this service. You should send your share certificates to Central Registration at the above address, together with a letter of instruction.

Dividend mandates

If you wish dividends to be paid directly into a bank or building society account please contact Central Registration for a dividend mandate form.

Foreign income dividend (FID)

As a result of the 1994 Finance Act, a UK company can choose to treat any dividend it pays as a FID. Advance Corporation Tax (ACT) is payable as on any other dividend, but is refundable to the company to the extent that the dividend is paid out of "distributable foreign profits". Payment of a FID, therefore, allows ACT to be refunded to the company which would otherwise have been irrecoverable. A FID was paid to shareholders in December 1995 in respect of the interim dividend for 1995. A second FID and a conventional dividend have been announced as further interim dividends for 1995, payable on 22 April 1996.

For income tax purposes a FID is treated as having suffered income tax at the lower rate of 20 per cent, but this is not repayable to shareholders. RTZ's enhancement of FIDs by 25 per cent protects the position of UK non taxpaying shareholders (by making good their loss of tax refund) while UK taxpaying shareholders are 25 per cent better off than they would have been with a conventional dividend. It is RTZ's policy to continue to enhance FIDs by the whole amount of the ACT savings which arise from their payment.

Scrip dividends

Shareholders are normally offered the opportunity to take all or part of their conventional dividends in the form of RTZ ordinary shares instead of cash. It is not permissible to offer a scrip dividend alternative to a FID. In 1995 a scrip dividend was offered in respect of the final dividend for 1994. For tax purposes, the cash equivalent value of one new share was 779.9p and the market value on the first day of dealing, being 3 July 1995, was 830.5p. A similar offer was made to shareholders on 8 March 1996 in respect of the conventional dividend for 1995.

It is intended to continue to offer a scrip dividend alternative to future conventional dividends but for dividends paid after the end of 1996 this will be on the basis of a standing election. Details will be sent to shareholders later this year.

Reclaiming income tax on dividends – UK resident individuals

Conventional dividends are paid with an accompanying tax credit of 20 per cent. The amount is shown on the dividend tax voucher as "Tax Credit". If your total income is less than your tax allowance you can claim back all the tax from the Inland Revenue. For 1995-96 everyone has a tax allowance of at least £3,525, and for 1996-97 the tax allowance will be £3,765. If your income is more than your allowance, only the amount in excess of the allowance is liable to tax. Your allowance must first be allocated to your other income before dividends are taken into account. Those most likely to be entitled to a repayment of tax are: people not in employment, pensioners and children. If you think you are entitled to make a claim, ask your local tax office for leaflet IR 110. The address may be found in the telephone book under 'Inland Revenue'.

Although FIDs are treated as having suffered income tax, this is not reclaimable.

Capital gains tax

The market values of ordinary shares which were held on 31 March 1982 may need to be adjusted for a number of events including:

– the share split and consolidation in 1987 resulting in members holding five ordinary shares of 10p each in place of every two existing shares of 25p each;

– the rights issues in 1983 and 1989;

– elections for scrip dividends including the two enhanced scrip dividends offered in 1993; and

– capital gains tax indexation allowance.

A leaflet which includes details of the above events and provides adjusted 31 March 1982 values is available from Central Registration.

The market values of preference shares on 31 March 1982 (excluding capital gains tax indexation allowance) were:

"A" £1 preference shares	31.50p
"B" £1 preference shares	32.50p
(registered and bearer)	

Share Dealing Scheme

In association with Hoare Govett Corporate Finance Limited, the RTZ Low Cost Share Dealing Service provides shareholders with a simple way of buying and selling RTZ ordinary shares. Further information is available from Central Registration or:

Hoare Govett Corporate Finance Limited
4 Broadgate, London EC2M 7LE
Telephone: (0171) 601 0101

Personal Equity Plan

The RTZ General and Single Company PEPs are managed by Bradford & Bingley (PEPs) Limited, a wholly owned subsidiary of Bradford & Bingley Building Society. The PEPs provide a tax efficient method by which investors in the UK can hold shares in the Company by lump sum investments or by way of regular savings. Dividends arising on such shares are free of income tax and are reinvested in further shares of the Company or, if requested, can be paid to the investor. Further information is available from Central Registration or:

Bradford & Bingley (PEPs) Limited
P.O.Box 1, Taunton Street, Shipley,
West Yorkshire BD18 3NG
Telephone: (01274) 555700

Share price information

The latest share price information is available on CEEFAX and Teletext and also the Cityline service operated by the Financial Times: telephone (0836) 433880 (calls charged at 39p per minute cheap rate and 49p per minute at all other times).

RTZ ADRs

RTZ ordinary shares are listed on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs) and traded under the symbol "RTZ". Each ADR represents four RTZ ordinary shares. The Bank of New York is the Authorised Depositary bank for RTZ's ADR programme. All enquiries regarding ADR holders' accounts and payment of dividends should be directed to:

The Bank of New York, ADR Division
101 Barclay Street, 22nd Floor, New York, NY 10268
Telephone: (212) 815 2213

ADR market price ranges (US dollars)

1995	*High*	*Low*
1st quarter	52¾	45½
2nd quarter	53⅞	50⅜
3rd quarter	58½	52¾
4th quarter	60	55½

Dividends to ADR holders

Payment of the further interim dividends for 1995 by way of a conventional dividend and a FID will be made to ADR holders by The Bank of New York on 30 April 1996, to holders of record on 27 February 1996. The ADRs traded ex-dividend on the NYSE from 23 February 1996.

The current income tax convention between the UK and the US includes provisions which entitle qualifying US resident ADR holders (ie subject to certain exceptions as specified in the convention, all those resident in the US for tax purposes and who beneficially own the dividend payable) to a refund of the UK tax credit attaching to a conventional dividend. Such holders will, however, be subject to a 15 per cent withholding tax on the total of the dividend and the related tax credit. This withholding tax will generally rank as a foreign tax credit against US federal income taxes. There is no tax credit refundable in respect of a FID. The further interim dividends totalling 21p per ordinary share become 84p per ADR (inclusive of the FID). This makes total dividends for 1995 of 126p per ADR.

The actual rate of exchange used in determining the dollar payment to ADR holders will be the exchange rate on or about 22 April 1996.

Voting at the annual general meeting

The 1996 annual general meeting of shareholders takes place in London on 8 May 1996. ADR holders may instruct The Bank of New York as to how the ordinary shares represented by their ADRs should be voted.

OTHER OVERSEAS RTZ SHAREHOLDERS

Europe

In addition to its principal listing in London, RTZ's ordinary shares are also traded on stock exchanges in Belgium, France, Germany, The Netherlands and Switzerland. RTZ's agents in those countries are:

Belgium	**Banque Brussels Lambert s.a.** **Corporate Finance Secretariat** **Avenue Marnix 24** **B1000 Brussels**
France	**Barclays Bank PLC** **Service de titres domiciles** **Rue Lafitte 21** **75428 Paris Cedex 09**
Germany	**Dresdner Bank AG** **GB Corporate Finance** **Juergen-Ponto-Platz 1** **60301 Frankfurt-am-Main**
The Netherlands	**MeesPierson N.V.** **Rokin 55** **PO Box 243** **1000 AE Amsterdam**
Switzerland	**Credit Suisse** **Securities Operations** **Dept Xwv 7** **Postfach 590** **CH 8021 Zurich**

Australia

A nominee facility is available for RTZ shareholders who wish to receive dividends in Australian currency; the nominee also operates a 'G' arrangement facility to enable shareholders resident in Australia or New Zealand to receive relief at source from some UK tax on their dividends. Any enquiries should be addressed to:

CR Nominees Limited
1 Redcliff Street
Bristol BS1 6NT
United Kingdom

Unsolicited mail

RTZ is aware that some shareholders have had occasion to complain at the use by outside organisations for their own purposes of information obtained from the RTZ share register. RTZ, like other companies, cannot by law refuse to supply such information provided that the organisation concerned pays the appropriate statutory fee. If you are receiving unsolicited mail, you may like to write to:

The Mailing Preference Service
Freepost 22
London W1E 7EZ

CRA SHAREHOLDERS

Enquiries relating to your shares or shareholding (other than the ADR programme) should be made to CRA's registrar:

KPMG Registrars Pty Limited
Level 1, 161 Collins Street
Melbourne, Victoria 3001
Telephone: (03) 9288 5533
Facsimile: (03) 9288 6237

Consolidation of share certificates

Shareholders who wish to consolidate their separate certificated holdings should advise the share registry in writing.

Dividend mandates

Australian shareholders may elect to have cash dividends paid directly into any bank, building society or credit union account in Australia.

Dividend reinvestment and share investment plans

The Dividend Reinvestment Plan and Share Investment Plan were suspended in 1990. These will be reactivated when considered appropriate.

Dividend imputation system

The basis of the Australian dividend imputation system is that when Australian resident shareholders receive dividends from CRA, they may be entitled to a credit for the tax paid to the company in respect of that income, depending on the tax status of the shareholder.

The application of the system results in tax by CRA being allotted to the shareholders by way of imputation credits attaching to the dividends they receive. Such dividends are known as franked dividends. A dividend may be partly or fully franked. The current CRA dividend is fully franked and the imputation credits attached to the dividend are shown in the dividend statement provided to shareholders.

The extent to which CRA may frank a dividend depends on the credit balance in CRA's franking account. Credits to this account can arise in a number of ways, including when CRA pays company tax or receives a franked dividend from another company.

The dividend is required to be included in a resident individual shareholder's assessable income. In addition, an amount equal to the imputation credits attached to the franked dividends is also included in the assessable income of the resident individual, who may then be entitled to a rebate of tax equal to the imputation credit amount included in their income.

The effect of the dividend imputation system on a non-resident shareholder is that, to the extent that the dividend is franked, no Australian tax will be payable and there is an exemption from dividend withholding tax.

A withholding tax is levied at the rate of 15 per cent when dividends are paid to residents of countries with which Australia has a taxation treaty. Most Western countries, including the United States, have a taxation treaty with Australia. A rate of 30 per cent applies to countries where there is no such taxation treaty with Australia.

Franking of dividends

The half year dividend of 30 cents per share was fully franked at the tax rate of 36 per cent as is the final dividend of 35 cents per share which is payable on 15 April 1996. Since 1988, all dividends have been fully franked.

Press Release Facsimile Retrieval Service

Recent press releases may be obtained by facsimile by dialling from a facsimile machine with an attached handset. The service is available only from within Australia by dialling 1902 941 045.

Stock Exchanges

CRA's shares are listed on the member exchanges of the Australian Stock Exchange Limited and the New Zealand Stock Exchange.

CRA ADRs

CRA ordinary shares are traded over the counter in the form of American Depositary Receipts (ADRs) and traded under the symbol "CRADY". Each ADR represents four CRA ordinary shares. The Bank of New York is the Authorised Depositary bank for CRA's ADR programme. All enquiries regarding ADR holders' accounts and payment of dividends should be directed to:

The Bank of New York, ADR Division
101 Barclay Street, 22nd Floor, New York, NY 10268
Telephone: (212) 815 2218

ADR market price ranges (US dollars)

1995	*High*	*Low*
Ist quarter	53½	48⅞
2nd quarter	59	51⅝
3rd quarter	65¾	55⅜
4th quarter	65⅝	58

Dividends to ADR holders

The dividend received by ADR holders is, to the extent that the dividend is franked, exempt from dividend withholding tax and not subject to any other Australian tax. The current CRA dividend is fully franked. For more information on what constitutes a franked dividend please refer to the note on dividend imputation system.

Payment of the 1995 final dividend will be made to ADR holders by The Bank of New York on 25 April 1996, to holders of record on 29 March. The final dividend of 35 cents per ordinary share becomes A$1.40 per ADR. This makes total dividends for 1995 of A$2.60 per ADR. The ADRs traded ex-dividend on the NYSE from 27 March 1996.

The actual rate of exchange used in determining the dollar payment to ADR holders will be the exchange rate on or about 15 April 1996.

Voting at the annual general meeting

The 1996 annual general meeting of shareholders takes place in Melbourne on 22 May 1996. ADR holders may instruct The Bank of New York as to how the ordinary shares represented by their ADRs should be voted.

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General enquiries

Copies of the 1995 annual report and accounts for the following publicly quoted RTZ-CRA group companies are available on request:

Bougainville Copper Limited
Coal & Allied Industries Limited
Comalco Limited
CRA Limited statutory accounts
Palabora Mining Company Limited
Rio Tinto Zimbabwe Limited

Copies of reports filed by RTZ and CRA with the US Securities and Exchange Commission (Form 20-F) and the 1995 RTZ-CRA Factbook are also available.

RTZ-CRA publishes a free quarterly magazine, "Review", which reports on various aspects of the RTZ-CRA Group and topics of relevance to it.

If you wish to receive any of these publications or require other general information about the Group please contact:

The RTZ Corporation PLC
Public and investor relations department
6 St James's Square
London SW1Y 4LD
Telephone: (0171) 930-2399
Facsimile: (0171) 930-3249

CRA Limited
External affairs department
55 Collins Street
Melbourne
Victoria, 3001
Telephone: (03) 9283 3286
Facsimile: (03) 9283 3151

For enquiries on all matters not covered above please contact the Secretary at either address.

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FINANCIAL CALENDAR

15 January 1996	Allotment of CRA bonus shares.
19 February 1996	RTZ ordinary shares quoted "ex-dividend".
27 February 1996	Record date for further interim dividends on RTZ ordinary shares, payable on 22 April 1996.
7 March 1996	Announcement of RTZ-CRA preliminary results for 1995.
22 March 1996	CRA ordinary shares quoted "ex-dividend".
1 April 1996	Record date for 1995 final dividend on CRA ordinary shares.
2 April 1996	CRA bonus shares rank equally with ordinary shares.
15 April 1996	Payment date for 1995 final dividend on CRA ordinary shares.
22 April 1996	Payment date for 1995 further interim dividends on RTZ ordinary shares.
25 April 1996	Payment date for 1995 final dividend for holders of CRA ADRs.
30 April 1996	Payment date for further interim dividends for holders of RTZ ADRs.
8 May 1996	RTZ annual general meeting.
22 May 1996	CRA annual general meeting.
1 July 1996	Payment date for 1996 half-yearly dividend in respect of RTZ "A" and "B" preference shares.
September 1996	Announcement of RTZ-CRA half-year results for 1996.
October 1996	Payment date for 1996 interim dividends.
2 January 1997	Payment date for 1996 half-yearly dividend in respect of RTZ "A" and "B" preference shares.
February/March 1997	Announcement of RTZ-CRA preliminary results for 1996.
April 1997	Payment date for 1996 final dividends.

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55 Collins Street
Melbourne 3001
(Registered office)
Incorporated in Victoria
ACN 004 458 404
Telephone (03) 9283 3333

The RTZ Corporation PLC
6 St James's Square
London SW1Y 4LD
(Registered office)
Registered in England
No 719885
Telephone (0171) 930 2399

THE RTZ CORPORATION PLC (RTZ)

31.12.95

Key to Headings

1. Name of Company

2. Country of Incorporation

3. Class of Shares

4. Percentage of each class of shares held by R.T.Z. or its Nominees

5. Percentage of each class of shares held by Subsidiaries and Associates of RTZ or their Nominees.

Notes

Investments in companies amounting to less than 10% of the class of share concerned are not listed.

THE RTZ CORPORATION PLC

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1	2	3	4	5
R.T.Z. International Holdings Limited	England	Ord Shrs of £1	100	
R.T.Z. London Limited	England	Ord Shrs of £1	100	
R.T.Z. Pension Fund Trustees Limited	England	Ord Shrs of £1	100	
R.T.Z. Pension Plan Trustees Limited	England	Ord Shrs of £1	100	
R.T.Z. Pension Investments Limited	England	Ord Shrs of £1	100	
..R.T.Z. Pension Property Trust Limited	England	Ord Shrs of £1		100
RTZ European Holdings Limited	England	Ord Shrs of £1	100	
The Copper Image Campaign Limited	England	Co. limited by guarantee	50	

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

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1.	2.	3.	5.
South Pacific Holdings Limited	England	Def/Ord shrs of £1	100
.Australasian Holdings Limited	England	Def /Ord shrs of £1	100
..R.T.Z. Pacific Holdings Limited	England	Ord shrs of £1	100
...R.T.Z. Australian Holdings Limited	England	Ord shrs of £1	100
....Globalrecord Services Limited	England	Ord shrs of £1	100
....Judgecash Services Limited	England	Ord shrs of £1	100
....Rallip Australia Limited (in liquidation)	England	Ord shrs of £1	100
....Tinto Holdings Jersey Limited	Jersey	Ord shrs £1	100
....Tinto Jersey Limited	Jersey	Ord shrs £1	100
....Tinto Channel Islands Limited	Jersey	Ord shrs £1	100
....Tinto Holdings Australia Pty. Limited	Australia	Shrs of A$2	100
.....Improved Smelting Recoveries Pty. Limited (in liquidation)	Australia	Ord shrs of A$2	100
.....Capper Pass and Son (Australia) Pty Limited (in liquidation)	Australia	Shrs of A$2	100
.....CRA Limited	Australia	Ord shrs of A$2	49
......Bougainville Copper Limited	PNG	Ord shrs 2 Kina	53.6
......Coal & Allied Industries Limited	Australia	Ord Shrs A$1 Pref Shrs A$0.50	70.7
.......Coal & Allied Operations Pty Limited	Australia	Ord shrs A$2	100
........Coal & Allied Sales Pty Limited	Australia	Ord shrs A$2	100
.......Hexham Engineering Pty Limited	Australia	Ord shrs A$2 Pref shrs A$1	100
......Australian Coal Resources Limited	Australia	Ord shrs A$1 Red pref shrs A$1	100
.......R.W. Miller (Holdings) Limited	Australia	Ord shrs A$1	100
.......Miller Pohang Coal Company Pty Limited	Australia	Ord shrs/Pref A$1	80
........Hunter Valley Coal Pty Limited	Australia	Ord shrs A$2	100
........Millfield Coal Mining Co Pty Limited	Australia	Ord shrs A$2	100
........Northern (Rhondda) Collieries Pty Limited	Australia	Ord shrs A$2	100
........R.W. Miller & Company Pty Limited	Australia	Ord shrs A$2	100
.......Port Hunter Coal Management Pty. Limited	Australia	Ord shrs A$1	100
......Comalco Limited	Australia	Ord shrs A$1	67
.......Ballandonia Investments Pty Limited	Australia	Ord shrs A$1	100
.......Comalco Smelter Development Pty Limited	Australia	Ord shrs A$1	100
.......Comalco Aluminium Limited	Australia	Ord shrs A$1	100
........Alumil Pty Limited	Australia	Ord shrs A$1	100
........Aluminium Powder and Paste Pty Limited	Australia	Ord shrs A$1	100
........Comalco Extrusions Pty Limited	Australia	A & B shrs A$1	100
........Pacific Boyne Limited	Australia	Ord shrs A$1	100
........Southern Aluminium Pty Limited	Australia	Ord shrs A$1	100

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

31.12.95

1.	2.	3.	5
.......Comalco Estudios Limitada	Chile	Shrs US$10	100
.......Comalco Fabricators Limited	Australia	Ord shrs A$2	100
.......Comalco Fabricators (Installations) Pty Limited	Australia	Ord shrs A$1	100
.......Comalco Finance Limited	Australia	Ord shrs A$1	100
........Comalco Finance (Australia) Limited	Cayman Is.	Shrs US$1	100
.......Comalco Finance (New Zealand) Limited	Cayman Is.	Shrs US$1	100
.......Comalco Investments Europe S.A.	Luxembourg	Shrs US$200	100
........Comalco Enterprises Limited	Australia	Ord shrs A$1	100
.......Comalco Japan Kabushiki Kaisha	Japan	Shrs Y1000	100
.......Comalco Pacific Pty Limited	Australia	Ord shrs A$1	100
........Comalco Pacific (NZ) Limited	New Zealand	Shrs NZ$1	100
.........Comalco New Zealand Limited	New Zealand	Shrs NZ$2	100
..........Comalco Extrusions Limited	New Zealand	Ord shrs NZ$1	100
..........Aluminium New Zealand Limited	New Zealand	Shrs Nz$1	100
.........Comalco Power (NZ) Limited	New Zealand	Shrs NZ$1	100
........Comalco Resources Pty Limited	Australia	Ord shrs US$1	100
........Comalco (Tasman) Limited	Cayman Islands	Shrs US$1	100
.......Comalco (U.K.) Limited	England	Ord shrs £1	100
.......Commonwealth Aluminium Corporation Pty Limited	Australia	Ord shrs £1	100
.......Comalco Holdings Inc.	USA	Shrs US$1	100
.......Commonwealth Aluminum Corporation	USA	Shrs US$1	100
........Commonwealth Aluminum Lewisport Inc	USA	Shrs npv	100
.........Commonwealth Aluminum Sales Corporation	USA	Shrs npv	100
........Commonwealth Aluminum Recycling Corporation	USA	Shrs US$1	100
.........Comalco Aluminium Technologies, Inc.	USA	Shrs US$1	100
.........Comalco Lightalloys Holdings, Inc.	USA	Shrs US$1	100
.......GPS Nominee Pty Limited	Australia	Ord shrs A$1	100
........GPS Energy Pty Limited	Australia	Ord shrs A$1	100
.......GPS Power Pty Limited	Australia	Ord shrs A$1	100
.......G.P.S. Project Pty Limited	Australia	Ord shrs A$1	100
.......Indalex Pty Limited	Australia	Ord shrs A$1	100
.......Informaciones Comalco Limitada	Chile	Shrs US$15000	100
.......Inversiones Comalco Chile Limitada	Chile	Shrs US$4000	100
.......Itallumina S.r.l	Italy	Shrs L 1000	100
.......Mitchell Plateau Bauxite Co. Pty Limited	Australia	Ord shrs A$1	100
........Mitchell River Pastoral Pty Limited	Australia	Ord shrs A$1	100
........Northern Alumina Pty Limited	Australia	Ord shrs A$1	100
........Comalco Aluminium (Bell Bay) Limited	Australia	Ord shrs A$1 Cum Pref Shrs A$1	100
........New Zealand Aluminium Smelters Limited	New Zealand	A,B,C shrs NZ$1	79.4

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

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1.	2.	3.	5
........New Zealand Construction Co. Limited	New Zealand	Shrs NZ$1, 10c paid	100
........Smelter Development Limited	New Zealand	Shrs NZ$1	100
.......Tiwai Stevedoring Company Limited (in liquidation)	New Zealand	Shrs NZ$1	100
.......Advanced Diamond Composites Pty Limited	Australia	Ord Shrs A$1	100
.......Australian Coal Holdings Pty Limited	Australia	Ord Shrs A$2	100
........Cattamarra Coal Pty Limited	Australia	A & B Ord shrs A$1	100
........Queensland Coal Pty Limited	Australia	Ord shrs A$2	100
........Blair Athol Coal Pty Limited	Australia	A,B,C,D shrs A$2	57.2
........Pacific Coal Pty Limited	Australia	Ord shrs A$1	100
........Clermont Coal Mining Limited	Australia	Ord shrs A$1	35.5
........Corrimal Coke Pty Limited	Australia	Ord shrs A$2	100
........Illawara Coke Company Pty Limited	Australia	Ord shrs A$1	100
........Namoi Valley Coal Pty Limited	Australia	Ord shrs A$1	100
........Novacoal Australia Pty Limited	Australia	Ord shrs A$2	100
........Howick Coal Sales Pty Limited	Australia	Ord shrs A$1	100
........Novacoal Australia Pensions Pty Limited	Australia	Ord shrs A$1	100
........Western Main Pty Limited	Australia	Ord shrs A$2	100
........Novacoal Australia Nominees Pty Limited	Australia	Ord shrs A$1	100
........Oaklands Coal Pty Limtied	Australia	Ord shrs A$1	100
........Kembla Coal & Coke Pty Limited	Australia	Ord shrs A$1	100
.......Winchester South Development Company Pty Limited	Australia	Ord shrs A$1	100
.......Vale Engineering Pty Limited	Australia	Ord shrs A$1	100
.....Australian Mining and Smelting Limited	Australia	Ord shrs A$0.50	100
.......Cobar South Pty Limited	Australia	Ord shrs A$2	100
.......Century Zinc Limited	Australia	Ord shrs A$1	100
.......Peak Gold Mines Pty Limited	Australia	Ord shrs A$1	100
.......Southern Copper Limited	Australia	A&B shrs A$1	100
.......The Zinc Corporation Limited	Australia	Ord shrs A$2.50	100
.....Australian United Steel Industries Limited	Australia	Ord shrs A$2	100
.....Barrafin Limited	Australia	Ord shrs A$1	100
.....The Barrier Corporation (Vic) Pty Limited	Australia	Ord shrs A$2	100
......Engineering & Construction Holdings Limited	N Zealand	Ord shrs NZ$1	100
.....Basic Resources Australia Pty Limited	Australia	Ord shrs A$2	100
.....Baume Pty Limited	Australia	Ord shrs A$1	100
.....Canning Resources Pty Limited	Australia	Ord shrs A$1	100
.....Capricorn Diamonds Limited	Australia	A&B shrs A$1	100
......Argyle Diamond Mines Pty Limited	Australia	Ord shrs A$1	100
.......Argyle Diamond Sales Limited	Australia	A&B shrs A$1	59.7
........Argyle Diamonds N.V.	Belgium	Shrs BF1000	100
........Argyle House Pty Limited	Australia	Ord shrs A$1	100

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

31.12.95

1.	2.	3.	5
.......CRA Diamonds Limited	Australia	Ord shrs A$1	100
.......Diamond Trading Corporation of Australia Pty Limited	Australia	Ord shrs A$1	100
.......Consolidated Zinc Pty Limited	Australia	Ord shrs A$2	100
.......Conzinc Asia Pty Limited	Australia	Ord shrs A$1	100
........Conzinc H.K. Limited	Hong Kong	Ord shrs HK$1, 10c paid	100
........Conzinc Asia Limited	Thailand	Shrs Baht100, 25c paid	100
........CAH Galvanizing Investments Limited	Australia	Ord shrs A$1	100
.........Asian Galvanizing Limited	Cayman Islands	Ord shrs A$1 Red Pref shrs A$1	100
.........Conzinc Asia (Korea) Limited	Korea	Shrs 10,000 Won	100
.........Streetscape Company Limited	Hong Kong	Shrs HK$1	100
.........Conzinc Asia Pacific Resources and Investment Limited	Hong Kong	Shrs HK$10	100
.........Conzinc Asia Philippines, Inc.	Philippines	Pref shrs P100	100
.........Conzinc (Malaysia) Sdn. Bhd.	Malaysia	Ord shrs M$1 Red Pref Shrs M$1	100
.........Immarang Malaysia Sdn. Bhd.	Malaysia	Ord shrs M$1	100
........CP Singapore Pte Limited	Singapore	Ord shrs S$1	100
........Industrial Alloy Company Pte. Limited	Singapore	Ord shrs S$1	100
.........Conzinc (Singapore) Pte Limited	Singapore	Ord shrs S$1	100
........Lysams Private Limited	Singapore	Ord shrs S$1	100
........Precision Casting Pte Limited	Singapore	Ord shrs S$1 Red Pref shrs S$1	100
.......Conzinc Asia Limited	Hong Kong	Ord shrs HK$10	100
......Conzinc Mining Pty Limited	Australia	A shrs A$0.50c B shrs A$10	100
......Conzinc Oil Pty Limited	Australia	Ord shrs. A$1	100
......Copper Resources (Fiji) Limited	Fiji	Shrs F$1	100
......CRA Energy Limited	Australia	Ord shrs. A$1	100
......CRA Base Metals Pty Limited	Australia	Ord shrs. A$2	100
......CRA (Commercial Paper) Limited	Australia	Ord shrs. A$1	100
......CRA Engineering Pty Limited	Australia	Ord shrs. A$1	100
......CRA European Holdings Pty Limited	Australia	Ord shrs. A$1	100
......CRA Exploration Argentina S.A.	Argentina	Shrs US$1	100
......CRA Exploration Pty Limited	Australia	Ord shrs A$2	100
......CRA Exploration Russia Pte Limited	England	Ord shrs A$1	100
......CRA Exploration (PNG) Pty Limited	PNG	Ord shrs A$2	100
......CRA Finance Limited	Australia	Ord shrs A$1	100
.......CRA Finance N.V.	Netherlands Antilles	Ord shrs US$1	100
......CRA Finance International Pty Limited	Australia	Ord shrs A$1	100

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

31.12.95

1.	2.	3.	5
..........CRA Finance (USA) Limited	Australia	Ord shrs US$1	100
..........CRA Investments Pty Limited	Australia	Ord shrs A$2	100
..........CRA Japan Limited	Japan	Shrs Y50,000	100
..........CRA Minerals (PNG) Pty Limited	PNG	Shrs 1 Kina	100
...........Pacific Minerals Pty Limited	PNG	Shrs 1 Kina	100
..........Mt Kare Alluvial Mining Pty Limited	PNG	Shrs 1 Kina	100
..........Hidden Valley Gold Pty. Limited	PNG	Shrs 1 Kina	100
..........Hidden Valley Mining Pty Limited	PNG	Shrs 1 Kina	100
..........Mt Kare Holdings Pty Limited	PNG	Shrs 1 Kina	100
..........Mt Kare Mining Pty Limited	PNG	Shrs 1 Kina	100
.........Wafi Mining (PNG) Limited	PNG	Shrs 1 Kina	100
........CRA Rawas Holdings Limited	Hong Kong	Shrs HK$1	100
.........Kapuas Limited	Hong Kong	Shrs HK$1	100
........West Kapuas Limited	Hong Kong	Shrs HK$1	100
.......CRA Services Limited	Australia	Ord shrs A$2	100
........The Barrier Corporation Pty Limited	Australia	Ord shrs A$2	100
........CRA Financial Services Pty Limited	Australia	Ord shrs A$1	100
.......CRA Thailand Holdings Pty Limited	Australia	Ord shrs A$1	100
.......Thai Potash Company Limited	Thailand	Shrs 100 Baht	57.2
.......Dampier Salt Limited	Australia	Ord shrs A$1	65
........Dampier Salt (Japan) K.K.	Japan	Yen 1000	100
......East Kalimantan Coal Pte Limited	Singapore	Shrs US$1	100
......Electric Power Generation Limited	New Zealand	Ord shrs NZ$1 Red Pref shrs NZ$1	100
.......Land Resources (FP) Limited	New Zealand	Ord shrs NZ$1	100
.......Land Resources (J) Limited	New Zealand	Ord shrs NZ$1	100
......Enterprise Exploration Limited	Canada	Shrs Can $1	100
......Enterprise Exploration (Indonesia) Pty Limited	Australia	Ord shrs A$1	100
......Fundsprops Pty Limited	Australia	Ord shrs A$1	100
.......Kalimantan Gold NL.	Australia	Ord shrs A$2	100
.....Hill River Power Development Company Pty Limited	Australia	Ord shrs A$1	100
.....Hismelt Corporation Pty Limited	Australia	A shrs A$1	100
.....Kalteng Pty Limited	Australia	Ord shrs A$1	100
......P.T. Rio Tinto Indonesia	Indonesia	Shrs US$100	100
.....Kelian Pty Limited	Australia	Ord shrs A$0.01c	100
......P.T. Kelian Equatorial Mining	Indonesia	Shrs US$1	68
.....Kembla Goa Holdings Limited	Mauritius	Shrs US$1	100
.....Metals Investigations Pty Limited	Australia	Ord shrs A$2	100
.....Metals and Minerals Insurance Pte Limited	Singapore	Ord shrs S$1 Red pref shrs S$1	100
.....Minenco Pty Limited	Australia	Ord shrs A$2	100

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

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1.	2.	3.	5
........Darons Pty Limited	Australia	Ord shrs A$1	100
........Minenco (Indonesia) Pty Limited	Australia	Ord shrs A$1	100
........Oakden Pty Limited	Australia	Ord shrs A$1	100
........York Town Corporation Pty Limited	Australia	Ord shrs A$1	100
.......Minera Darwin S.A.	Argentina	Ord shrs US$1	100
.......Moluccas Minerals Limited	Cayman Islands	Ord shrs US$1	100
........Tropical Exploration Philippines, Inc.	Philippines	Shrs 10 pesos	100
.......North Western Resources Pty Limited	Australia	Ord shrs A$1	100
.......Hamersley Holdings Limited	Australia	Shrs A$0.25c	100
........Auspray Trading Pte Limited	Singapore	Shrs S$1	100
.........Auspray Investments Pte Limited	Singapore	Shrs S$1	100
........Channar Mining Pty Limited	Australia	Ord shrs A$1	100
........Hamersley Associated Investments Pty Limited	Australia	Ord shrs A$1	100
.........Channar Management Services Pty Limited	Australia	Ord shrs A$1	100
........Hamersely Exploration Pty Limited	Australia	Shrs A$0.01c	100
........Hamersley Iron Pty Limited	Australia	Ord shrs A$2	100
.........Hamersley Europe Pty Limited	Australia	Ord shrs A$1	100
.........Hamesley Japan Limited	Japan	Shrs Y 1000	100
.........Juna Station Pty Limited	Australia	Ord shrs A$1	100
		A shrs A$1	
.........Rocklea Station Pty Limited	Australia	Ord shrs A$1	100
........Hamersley Pacific Pty Limited	Australia	Ord shrs A$1	100
........Hamersley Resources Limited	Australia	Ord shrs A$0.25c	100
		Z shrs A$0.25c	
.........AM&S Exploration Pty Limited	Australia	Ord shrs A$2	100
		Z shrs A$2	
.........Zanaby Pty Limited	Australia	A shrs A$1	100
		B shrs A$10	
		Z shrs A$1	
........Himet Corporation Limited	Australia	Shrs A$0.01c	100
........Metallised Ores Limited	Australia	Shrs A$0.01c	100
........Mount Bruce Mining Pty Limiited	Australia	Shrs A$0.50c	100
........Pilbara Bus Services Pty Ltd	Australia	Ord shrs A$1	100
.......Pacific Aluminium Pty Limited	Australia	Ord shrs A$2	100
.......Pacific Exploration and Services Pty Limited	Australia	Ord shrs A$1	100
.......Pacific Exploration Limited	Thailand	Shrs 100 Baht	100
.......Pacific Mining Limited	Cayman Islands	Shrs US$1	100
.......Pacific Oil and Gas Pty Limited	Australia	Ord shrs A$1	100
.......Pacific Resource Investments Limited	Cayman I slands	Shrs US$1	100
.......Ampana Limited	Cayman Islands	Shrs US$1	100
.......Bayak Investments Limited	Cayman Islands	Shrs US$1	100

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

31.12.95

1.	2.	3.	5
.......Beutah Limited	Cayman Islands	Shrs US$1	100
.......CRA Exploration (Laos) Limited	Cayman Islands	Shrs US$1	100
.......Lane Xang Minerals Limited	Laos	Shrs US$1	100
......East Kalimantan Minerals Limited	Cayman Islands	A Ord shrs US$1	100
......Frontier Minerals Limited	Cayman Islands	A Ord shrs US$1	100
......Nusa Indah Limited	Cayman Islands	Shrs US$1	100
......Sangatta Holdings Limited	Cayman Islands	Shrs US$1	100
.....Petroleum Resources (Thailand) Pty Limited	Australia	Ord shrs A$1	100
.....Project Generation Services Pty Limited	Australia	Ord shrs A$1	100
.....Riomin Australia Gold Pty Limited	Australia	Ord shrs US$1	100
.....Rio Tinto Collieries Pty Limited	Australia	Ord shrs A$2	100
.....Sphere International Limited	Cayman Islands	Shrs US$1	100
......Productos Chilenos de Acero Limitada	Chile	Shrs US$1	100
.....Technological Resources Pty. Limited	Australia	A shrs A$1	100
		B shrs A$1	
.....Thai Potash Investments Limited	Hong Kong	Shrs HK$1	100
.....Victoria Technology Inc.	USA	Comm Stock US$1	100
.......Capitol Castings Inc.	USA	Shrs US$0.01c	100
.....Vostin Pty Limited	Australia	Ord shrs A$1	100
.....Wimmera Industrial Minerals Pty Limited	Australia	Ord shrs A$2	100
......Yandera Pty Limited	Australia	Ord shrs A$1	100
......Boyne Smelters Limited	Australia	ABCDEFG shrs A$1	41.2
......E.urallumina SpA	Italy	Shrs L3000	26.9
......P.T. Kaltim Prima Coal	Indonesia	Shrs US$100	50
......Queensland Alumina Limited	Australia	ABC shrs A$2	30.3
......Far Southeast Gold Resources Inc.	Indonesia	B shrs Pesos 100	40
....Riomin Development Australia Pty. Limited (in liquidation)	Australia	Ord shrs of A$2	100
....Riomin Holding Pty. Limited (in liquidation)	Australia	Ord shrs of A$1	100
.....RT Holdings Limited (in liquidation)	Australia	Ord shrs of A$0.50	100
......RT Mining Corporation Pty. Limited	Australia	Ord shrs of A$0.50	100
		"A" shrs of A$1000	100
.......RT Securities Limited (in liquidation)	Australia	Ord shrs of A$1	20
.......Tinto Engineering Pty. Limited (in liquidation)	Australia	Ord shrs of A$1	60
........RT Securities Limited (in liquidation)	Australia	Ord shrs of A$1	20
......RT Securities Limited (in liquidation)	Australia	Ord shrs of A$1	40
.....RT Securities Limited (in liquidation)	Australia	Ord shrs of A$1	20

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

31.12.95

1.	2.	3.	5
R.T.Z. Canadian Holdings Limited	England	Ord Shrs of £1	100
.The Consolidated Zinc Corporation of Canada Limited	Canada	Shrs of n.p.v.	100
..Waite Lake Mines Inc. (N.P.L.)	Canada	Shrs of C$1	52.5
.RTZ Canada Holdings Inc.	Canada	A B and C shares	100
..Luzenac Inc.	Canada	A B and C shares	100
...Luzenac Canfield Inc.	U.S.A.	Common Shares	100
..RTZ Canada Inc.	Canada	A B and C shares	100
...Recherche Magnetique Canada Inc	Canada	Common shrs npv	100
...Rio Tinto North American Services Ltd.	Canada	Common shrs npv	100
...Tinto Finance (Cyprus) Limited (in liquidation)	Cyprus	Shrs C£1	100
...QIT-Fer et Titane Inc.	Canada	Common Shrs NPV	100
....Belka Holdings Pty Ltd	Australia	Shares A$1	100
....Kennecott Canada Inc.	Canada	Common Shrs NPV	100
....SouthernEra Resources Inc.	Canada	Shrs	19
.....Stikine Copper Limited	Canada	Shares C$1	55
....QIT Madagascar Minerals Ltd.	Bermuda	Common Shrs US$1	100
.....QIT Madagascar Minerals Ltd. et Compagnie	Madagascar		100
....QIT-Fer et Titane GmbH	W.Germany	DM 50000	100
....QIT-Singapore Pte Ltd	Singapore	Shares S$1	100
....Quebec Columbium Ltd.	Canada	Pref Shrs C$100	48.6
		Common Shrs NPV	45.9
....Quebec Metal Powders Limited	Canada	Pref Shrs C$1000	100
		A Shrs NPV	100
		B Shrs NPV	100
		C Shrs NPV	100
....Romaine River Railway Company	Canada	Shares C$100	100
...1043802 Ontario Limited	Canada	Common shrs NPV	100
....1033925 Ontario Limited	Canada	Common shrs NPV	100
....Commercial Aluminum Limited	Canada	Common shrs NPV	100
....Indal Wall Systems Ltd.	Canada	Common shrs C$1	100
		N.C. Pref C$10	100
....Indalex Limited	Canada	Common shrs C$1	100
South American Holdings Limited	England	Ord shrs £1	100
.RTZ Escondida Investments Limited	England	Ord shrs £1	100
..RTZ Escondida Limited	Bermuda	Comm shrs US$1	100
...Minera Escondida Ltda.	Chile	Shares	30
...Sociedad Contractual Minera Escondida	Chile	Shares	30

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

31.12.95

1.	2.	3.	5
RTZ Exploraciones SA	Chile	Comm shrs US$1	100
R.T.Z. Finance plc	England	Ord shrs of £1	100
.I.S.C. Smelting Limited	England	Ord shrs of £1	100
.RTZ Finance Overseas Limited	Cayman Islands	Comm Shrs US$1	100
RTZ Indonesia Limited	England	Ord shrs £1	100
.Freeport McMoRan Copper & Gold Inc.	USA		12
RTZ Mining & Metals Limited	England	Ord shrs of £1	100
Overseas Minerals Limited	England	Ord Shrs £1	100
.R.T.Z. Overseas Holdings Limited	England	Ord Shrs £1	100
..RTZ Talc Limited	England	Ord Shrs £1	100
...Luzenac Borax et Mineraux S.A.	France	Shrs FF 250	100
....Borax Francais S.A.	France	Ord shrs FF 100	100
....Nomlatt S.A.	France	Shrs FF 100	100
....Talc de Luzenac S.A.	France	Shrs FF 100	99.85
.....Compagnie Internationale de Talcs	France	Shrs of FF 100	100
.....Luzenac Benelux SA	Belgium	Shrs of FF 1000	100
.....Luzenac Deutschland GmbH	Germany	Ord. shrs. 1000 DM	100
.....Luzenac Iberica S.A.	Spain	Shrs Ptas 15000	100
.....Luzenac Italia Srl	Italy	Shrs It L 1000	100
.....Luzenac NV	Belgium	Shrs BFr 1000	100
.....Luzenac Naintsch GmbH	Austria	Shrs A sch 1000	100
.....Societe Cooperative de Luzenac	France	Shrs FF5	75
....Luzenac S.E.T. S.A.	Spain	Shrs Ptas. 18,500	100
.....Distribuidora Maluguena de Talcos S.A.	Spain	Shrs Ptas. 500	95
...Luzenac UK Limited	England	Ord. Shrs. £1	100
...Luzenac Val Chisone SpA	Italy	Shrs Lire 15,000	99.5
..Mineral Finance S.A.	Switzerland	Shrs of SF1000	100
..Rio Holdings S.A.	Luxembourg	Founder shrs	100
		Pref shrs of SF100	
...Minera S.A.	Panama	Shrs US$1000	33.3
....Companhia Minera do Sol S.A.	Bolivia	Shares	100
...Artezia S.A.	Luxembourg	Redeemable shrs	100
		"A" Pref shrs	100
		"B" Pref shrs	100
....RTZ Panama Holdings s.a.r.l.	Luxembourg	Shrs of LuxF 1000	90
....RTZ Panama Holdings s.a.r.l. & Cy	Luxembourg	Ord shrs of US$10	20

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

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1.	2.	3.	5
....Sociedade Mineira Rio Artesia Limitada	Portugal	Quota Esc 300,000	10
...Tinto Minor S.A.	Luxembourg	Ord shrs of C$10	100
....International Iron Company Inc.	Panama	Shrs. US$ 10,000	100
....Tinto Holdings Namibia Limited	Namibia	Ord shrs R1	100
.....Rossing Holding Company Limited	Namibia	Ord shrs R1	34.5
...RTZ Panama Holdings s.a.r.l.	Luxembourg	Shrs of LuxF 1000	10
...RTZ Panama Holdings s.a.r.l. & Cy.	Luxembourg	Ord shrs of US$10	80
...Rio Holdings Exploration GmbH	Germany	Shrs of DM 1000	100
...Sociedade Mineira Rio Artesia Limitada	Portugal	Quota Esc 2700000	90
...Southern Gold Pty. Limited	Papua New Guinea	Ord Shrs of 1 Kina	100
..Rio Tinto Holdings Limited	S.Africa	Shrs of R2	100
...Rio Tinto Management Services South Africa (Pty) Limited	S.Africa	Shrs of R2	100
....Pybus Insurance Limited (in liquidation)	Guernsey	Shrs of £1	100
....Rio Tinto Insurance Brokers (Pty) Limited	S.Africa	Shrs of R1	100
...Rio Tinto South Africa Limited	S.Africa	Shrs of R1	100
....Jetstream South Africa Limited	S.Africa	Shrs of R1	100
....Palabora Mining Company Limited	S.Africa	Shrs of R1	3.48
....Palabora Holdings Limited	S.Africa	Shrs of R1	57.73
.....Palabora Mining Company Limited	S.Africa	Shrs of R1	61.41
.....Hans Merensky Country Club Limited	S.Africa	Shrs of R1	64.89
......Zirlite Traders AG	Switzerland	Shrs of SwFr1000	100
......Zirlite Investments Jersey Limited	Jersey	Ord shrs of £1	100
.......Zirconia Sales (Japan) KK	Japan	Shrs of Y50,000	100
.......Zirconia Sales (UK) Limited	England	Shares of £1	100
.......Zirlite Holdings Limited	Cyprus	Shrs Cyp£ 1	100
........Mandoval Limited	England	Ord shrs of £1	100
.........Mandoval Coatings Limited	England	Ord shrs of £1	100
..........Mandoval Vermiculite Products, Inc	U.S.A.	Ord shrs of US$1	100
..........American Vermiculite Corporation	U.S.A.	Common shrs npv	100
...........Zirconia Sales (America) Inc.	U.S.A.	Shrs. of US$1	100
....Rio Tinto Air Services (Pty) Limited	S.Africa	Shrs of R2	100
....Rio Tinto Botswana Exploration (Proprietary) Limited	Botswana	Shrs of P1,00	100
....Rio Tinto Exploration Bophuthatswana (Pty) Limited	S. Africa	Shrs of R1	100
....Rio Tinto Swaziland Exploration (Pty) Ltd	Swaziland	Shrs of E1	100
....Rio Tinto Exploration Limited	S.Africa	Shrs of R1	100
..Rio Tinto-Zinc Finance B.V.	Holland	Shrs of DG 1,000	100

R.T.Z. INTERNATIONAL HOLDINGS LIMITED

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1.	2.	3.	5
..RTZ del Peru S.A.	Peru	Shrs 100 Soles	100
..RTZ Holdings Limited	England	Ord Shrs £1	100
..RTZ Indonesian Finance Limited	England	Ord Shrs £1	100
..RTZ Indonesian Holdings Limited	England	Ord Shrs £1	100
..RTZ Indonesian Investments Limited	England	Ord Shrs £1	100
..RTZ Lihir Holdings Limited	England	Ord Shrs £1	100
...Southern Gold (Bahamas) Limited	Bahamas	Comm Shrs US$1	75
....Lihir Gold Pty. Limited	Papua New Guinea		22.8
..RTZ Namibian Holdings Limited	England	Ord Shrs £1	100
..RTZ Peruvian Holdings Limited	England	Ord Shrs £1	100
..RTZ Zimbabwean Holdings Limited	England	Ord Shrs £1	100
..Skeleton Coast Diamonds (Pty) Limited	Namibia	Shrs of N$2	100
...Rio Tinto Namibia (Proprietary) Limited	Namibia	Ordinary N$2	100
...Rossing Uranium Limited	Namibia	"B" shrs N$1	70.98
		"C" shrs of 10c	70.59
....Rossing Air (Pty) Limited	Namibia	Ord shrs N$1	100
..Three Crowns Insurance Company Limited	Bermuda	Shrs of £1	100
..Tinto Holdings Zimbabwe Limited	Zimbabwe	Shrs of Z$1	
	100		
...Rio Zimbabwe Holdings Limited	Zimbabwe	Shrs of Z$2	
	100		
....Mandalay Investments (Pvt) Limited	Zimbabwe	Ord shrs of Z$2	100
....Rio Tinto Zimbabwe Limited	Zimbabwe	Ord shrs 40Z¢	56.04
.....Empress Nickel Refinery Limited	Zimbabwe	Ord shrs of 50c	100
.....Cam Housing (Private) Limited	Zimbabwe	Ord shrs of Z$1	100
.....Riozim Development Limited	Zimbabwe	Ord shrs of Z$1	100
.....Brompton Mines Limited	Zimbabwe	Ord shrs of Z$2	100
......R.M. Enterprises (Pvt) Limited	Zimbabwe	Ord shrs of Z$2	100
......Rutala Mines (Pvt) Limited	Zimbabwe	Ord shrs of Z$2	100
.....Rio Tinto Management Services (Central Africa) (Pvt) Limited	Zimbabwe	Shrs of Z$2	100
.....Rio Tinto Properties Limited	Zimbabwe	Ord shrs of Z$1	100
......Tamkin Limited	Zimbabwe	Ord shrs of Z$2	52
.....Silicon & Base Metals Company (Pvt) Limited	Zimbabwe	Ord shrsof Z$2	100
.....Sengwa Colliery (Pvt) Limited	Zimbabwe	Ord shrs of Z$2	100
.....Skilled Engineering Contractors (Pvt) Limited	Zimbabwe	Ord shrs of Z$1	100
.....Rio Tinto Foundation Company (Pvt) Limited	Zimbabwe	Ord shrs of Z$1	100

1.	2.	3.	5
.....Patchgol (Pvt) Limited	Zimbabwe	Ord shrs of Z$1	50
.....Rio Methane (Pvt) Limited	Zimbabwe	Ord shrs of Z$1	50
..Tinto Investments Europe Limited	England	Ord shrs of £1	100
...Minas de Santa Leocadia, Lda (in liquidation)	Portugal	Shrs 1000 Esc	25
...Rio Minas Lda	Portugal	Shrs 1000 Esc.	100
...Sociedade Mineira de Neves-Corvo S.A.	Portugal	Ord Shrs. 1000 Esc.	49
		Pref shrs. 1000 Esc.	49

RTZ EUROPEAN HOLDINGS LIMITED

31.12.95.

1.	2.	3.	5.
Imperial Smelting Corporation Limited (in liquidation)	England	Ord shrs of £1	100
Intercontinental Fuels Limited	England	'B' shrs of £1	47.5
Riofinex Holdings Limited	England	Ord shrs of £1	100
Rio Tinto Finance & Exploration plc	England	Ord shrs of £1	100
.Riofinex Singapore (Pte) Limited	Singapore	Shrs of S$1	100
R.T.Z. Metals Limited	England	Ord shrs of £1	100
.RTZ Limited	England	Ord shrs of £1	100
..Central Registration Limited	England	Ord shrs of £1	100
...CR Nominees Limited	England	Ord shrs of £1	100
...Market Software Limited	England	ABCD Ord shrs £1	30.30
..Kennecott Limited	England	Ord shrs of £1	100
..QIT-Far East K.K.	England	Ord shrs of £1	100
..RTZ Japan Limited	Japan	Shrs of Y500	100
..R.T.Z. Nominees Limited	England	Ord shrs of £1	100
..R.T.Z. Overseas Services Limited	England	Ord shrs of £1	100
..RTZ Trustees Limited	England	Ord shrs of £1	100
.Archital Entrances Limited	England	Ord shrs of £1	100
.Archital Luxfer Limited	England	Ord shrs of £1	100
..PMF Limited	England	Ord shrs of £1	100
.Celtic Minerals Limited	Eire	Ord shrs IR£1	100
.Delabole Slate Limited	England	Ord shrs of £1	100
.Exal Limited	England	Ord shrs of £1	100
.Exploration Ventures Limited	England	Ord shrs of £1	50
.Exven Limited	England	Ord shrs of £1	30
.RTZ Four Limited	England	Ord shrs of £1	100
.Indal Building Services Limited	England	Ord Shrs of £1	100
.Mellowes Metfab Limited	England	Ord shrs of £1	100
.Mellowes PG Limited	England	Ord shrs of £1	100
.The Metallurgical Development Co.	Bahamas	Partnership shrs.	50
.Metallurgical Processes Limited	Bahamas	Ord shrs B$2.86	100
..The Metallurgical Development Co.	Bahamas	Partnership shrs	50
...Industrial Investments Limited	Bahamas	Shrs of B$2.86	100
..Brevets Metallurgiques S.A.	Switzer-	Shrs of SF100	100
.Milford Haven Dock & Railway Company Ltd	England	Ord shrs of £20	100
.Minven Minerals Limited	England	Ord shrs of £1	70

<u>RTZ EUROPEAN HOLDINGS LIMITED</u>

<u>31.12.95.</u>

1.	2.	3.	5.
.Portwall Equipment Limited	England	Ord shrs of £1	100
.Precision 1993 Limited	England	Ord shrs of £1	100
.Precision Metal Industries Limited	England	Ord shrs of £1	100
.Premalex Limited	England	Ord shrs of £1	100
.QMP Metal Powders Limited	England	Ord shrs of £1	100
.Riofinex Limited	England	Ord shrs of £1	100
.Riofinex North Limited	England	Ord shrs of £1	100
.R.T.Z. Aluminium Holdings Limited	England	Ord shrs of £1	100
..Anglesey Aluminium Limited	England	Ord shrs of £1	51
...Anglesey Aluminium Construction Limited	England	Ord shrs of £1	100
...Anglesey Aluminium Metal Limited	England	Ord shrs of £1	100
..RTZ Commercial Services Limited	England	Ord shrs of £1	100
..R.T.Z. Aluminium Limited	England	Ord shrs of £1	100
.R.T.Z. Britain Limited (in liquidation)	England	Ord shrs of £1	100
.R.T.Z. Cement Limited	England	Ord shrs of £1	100
.R.T.Z. Computer Services Limited (in liquidation)	England	Ord shrs of £1	100
.R.T.Z. Deep Sea Mining Enterprises Limited	England	Ord shrs of £1	100
.R.T.Z. Development Enterprises Limited	England	Ord shrs of £1	100
.RTZ Exploration Limited	Eire	Ord shrs of IR£1	100
.R.T.Z. Metal Stockholders Limited	England	Ord shrs of £1	100
.RTZ Mining and Exploration Limited	England	Ord shrs of £1	100
..Svetloye AO	Russia	A&B shrs 100 Roub	54.9
.RTZ Resource Development Limited	England	Ord shrs £1	100
.RTZ Three Limited	England	Ord shrs £1	100
.R.T.Z. Technical Services Limited	England	Ord shrs of £1	100
..Imperial Smelting Processes Limited	England	Ord shrs of 50p	100
...Anamet Services Limited	England	Ord shrs of £1	100
...RTZ Consultores para America del Sur	Chile	Shrs	50
..R.T.Z. Consultants Limited	England	Ord shrs of £1	100
...RTZ Consultores para America del Sur	Chile	Shrs	50
.Steel (Sheffield) Limited	England	Ord shrs of £1	100
.The Rio Tinto Company Limited	England	Ord shrs of £1	100
.Town Woodhouse Limited	England	Ord shrs of £1	100
.Transbarge Navegacion Srl	Paraguay	Shares	100
RTZ Mineral Services Limited	England	Ord Shrs of £1	100
R.T.Z. Mineral Services Limited (in liquidation)	Switzerland	Ord shrs SF1000	100

RTZ EUROPEAN HOLDINGS LIMITED

31.12.95.

1.	2.	3.	5.
RTZ Resources Limited	England	Ord Shrs £1	100.
RTZ Two Limited	England	Ordinary £1	100
.Rio Tinto Minerals Development Ltd	England	Ordinary 25p	100
..Compania Minera Sierra Gorda SA	Chile	Ordinary US$1	100
..Consolidated Tinto Africa Limited	England	Ordinary 25p	100
...Rio Tinto Diamond Developments Limited (in liquidation)	England	Ordinary 25p	100
..Deutsche Rio Tinto Mineralien GmbH	Germany	Ord DM50000	100
..Hexamines S.A.	France	Ordinary FF100	100
..Knox II S.r.o.	Czech Republic	Shares	100
..Mindev EOOD	Bulgaria	Shares Leva	100
..Mindev Kft	Hungary	Quotas HF10	100
..Mindev Slovakia s.r.o.	Slovakia	Shares	100
..Mindev Spol s.r.o.	Czech Republic	Shares	100
..Norzink AS	Norway	Ordinary Kr100	50
..P.T. Barito Amin Sakti (in liquidation)	Indonesia	Common US$1	87
..P.T. BP Minerals Indonesia (in liquidation)	Indonesia	Common US$1	80
..P.T. Kalbar Mas Jaya (in liquidation)	Indonesia	Common US$1	65
..P.T. Masupa Amin Sakti (in liquidation)	Indonesia	Common US$1	80
..P.T. Sambas Bumi Mineral	Indonesia	Common US$1	50
..P.T. Sungai Mendaun Utama (in liquidation)	Indonesia	Common US$1	87
..P.T. Taran Amin Perdana (in liquidation)	Indonesia	Common US$1	87
..P.T. Kalteng Mas Perdana (in liquidation)	Indonesia	Common US$1	65
..Rio Holdings Norway A/S	Norway	Ord Shrs. NKr 100	100
..Rio Tinto Desenvolvimentos Minerais Ltda.	Brazil	Quotas R$ 0.01	100
...Empresa de Mineracao Galesa Ltda	Brazil	Quotas R$ 0.03	100
...Empresa de Mineracao Miltonia Ltda	Brazil	Quotas R$ 0.000001	100
...Mineracao Tabuleiro Ltda.	Brazil	Quotas R$ 0.000002	100
..Rio Tinto Group Trustees Limited	England	Limited by Guarantee	40
..Rio Tinto Investments Limited	England	Ordinary £1	100
...Rio Tinto Holdings B.V.	Netherlands	DG 1000	100

RTZ EUROPEAN HOLDINGS LIMITED

31.12.95.

1.	2.	3.	5.
....R.T.Z. Mineracao Limitada	Brazil	Quotas R$ 39.00	100
.....Mineracao Corumbaense Reunida S.A.	Brazil	Ord voting Shrs npv	49
		Pref nv shrs npv	100
.....Mineracao Serra da Fortaleza Ltda	Brazil	Quotas R$ 0.92	100
.....Mineracao Zarzuela Ltda.	Brazil	Shrs of R$0.0000007	91
.....Rio Paracatu Mineracao S.A.	Brazil	Ord Shrs npv	51.00
.....Rio Paranoa Participacoes Ltda.	Brazil	Quotas R$ 0.00019	100
......Mineracao Lobo Prata Ltda.	Brazil	Quotas R$ 0.00000001	100
.....Santana Empreendimentos Comerciais Ltda.	Brazil	Quotas R$ 0.0000003	100
......Empresa de Mineracao Progressiva Ltda.	Brazil	Quotas R$ 0.000003	100
.....Empresa de Mineracao Finesa Ltda.	Brazil	Quotas R$ 0.00003	100
....T.I. Minerals B.V.	Netherlands	DG 1000	100
.....Tirbit Holdings B.V.	Netherlands	DG 1000	100
......Kennwest B.V.	Netherlands	Ordinary Dfl1000	100
......TIRBIT v.o.f.	Netherlands	"B" Dfl10000	100
.......Richards Bay Iron and Titanium (Pty) Ltd	S.Africa	"A" Ordinary R1	50.06
.......Tisand (Pty) Limited	S.Africa	"A" Ordinary R1	49
...Stanhope Europe XI BV	Netherlands	Shares	100
....Oreganal S.A.	Colombia	Shares	750
...Tinto Africa (Pty) Limited	S.Africa	Ordinary R2	100
...Rio Tinto Engineering Limited	England	Ordinary £1	100
....Mincon Construction Services Limited (application made for striking off)	England	Ordinary £1	100
....Tinto Australia Engineering Pty. Limited (in liquidation)	Australia	Ordinary A$1	40
..Rio Tinto Minerals Trustees Limited	England	Ordinary £1	100
..Riomin Exploraciones SA	Spain	Ordinary 10000 Ptas	100
...Riomin Iberica SA	Spain	Ordinary shrs 1Ptas	100
..Riomin Holdings Canada Inc.	Canada	NPV	100
..Riotur Madencilik AS	Turkey	US$1 Common	100
..RTZ Russia Limied	England	Ord Shrs of £1	100
..Tinto Africa Exploration (Pty) Lmited	S. Africa	Ordinary R2	100
..Tinto Botswana Exploration (Pty) Ltd	Botswana	Ordinary 1 Pula	100
..Tinto Minerals (Pty) Limited	S. Africa	Ordinary R1	100
..Tinto Mining Developments (Pty) Limited	S. Africa	Ordinary R1	100

RTZ EUROPEAN HOLDINGS LIMITED

31.12.95.

1.	2.	3.	5.
RTZ Western Holdings Limited	England	Ord shrs of £1	100
.Lihir Management Co. Pty. Limited	Papua New Guinea	Ord shrs of 1 Kina	100
.RTZ Borax and Minerals Limited	England	Ord shrs of £1	100
..Borax Europe Limited	England	Ord stock units of 25p	100
.R.T.Z. Borax Limited (in liquidation)	England	Ord shrs of £1	100
..Borax Consolidated Limited	England	Ord shrs of £1	100
..Boroquimica S.A.M.I.C.A.F.	Argentina	Ord Nominative Endorsable shrs of A$P1	100
..Borax Argentina SA	Argentina	Ord shrs A1	100
..Borax Brasil Com. Rhp. Ltda.	Brazil	Ord shrs CR$ 10,000	100
..Borax Espana S.A.	Spain	Ord Shrs 24000 Ptas	100
...Productora de Minerales Industriales S.A.	Spain	Shrs. 10000 Ptas	75
..Borax Holdings Limited	England	Ord Shrs £1	100
...Burton Baker & Co. Limited	England	Ord shrs of £1 bearer of npv	100
....Minera San Fernando S.A. de C.V. General	Mexico		
....Minera Santa Margarita S.A. de C.V.	Mexico		
..Borax Italia S.r.l.	Italy	Shrs. It. L 1000	100
..Borax Japan KK	Japan	Ordinary shares	100
..Borax International Limited	England	Ord shrs of £1	100
..Borax Rotterdam N.V.	Netherlands	Shrs of DFl.1000	100
..Borax Research Limited	England	Ord shrs of £1	100
..Borax Benelux S.A.	Belgium	Shr warrants to Bearer of Npv	100
..Deutsche Borax G.m.b.H.	Germany		100
..Karleil A.G.	Switzerland	Shrs of SFr 1000	100
..Micro Milling Limited	England	Ord shrs of £1	100
..Todestal Anstalt	Liechtenstein	Capital of Sfr 30,000	100
.RTZ America Inc.	USA	Com Stock US$0.01	100
..US Borax Inc.	USA	Com shrs US$0.10	100
..Amargosa Mining Company	USA	Com stock US$500	100
...Materias Primas Magdalena S.A. de C.V.	Mexico	B shrs 1000 peso	40
..Pacific Coast Borax Company	USA	Com stock US$10	100

<u>RTZ EUROPEAN HOLDINGS LIMITED</u>

<u>31.12.95.</u>

1.	2.	3.	5.
..Pacific Coast Mines, Inc.	USA	Common stock US$1	100
...Ryan Exploration Company	Canada	Shrs of npv	
	100		
..The Pyrites Co. Inc.	USA	Shrs of US$1	100
..Floridin Company	USA	Com shrs US$25	100
...Skymont Corporation	USA	Com shrs of npv	100
...Eastland Management Inc.	U.S.A.	Common Shrs US$1	100
....Glass-S, Inc.	U.S.A.	Common Shrs US$1	100
....Glass-W, Inc.	U.S.A.	"A" & "B" Ord US$1	100
....Indal Wall Systems Inc.	U.S.A.	Common Shrs US$1	100
....S-All, Inc.	U.S.A.	Common Shrs US$ 0.10	100
....TG, Inc.	U.S.A.	"A" and "B" Ord US$1	100
....TGE, Inc.	U.S.A.	Common Shrs US$1	100
..High Purity Iron Inc.	U.S.A.	Common Shrs US$1	100
..Luzenac America Inc.	USA	Common shrs US$1	100
...US Talc Company	USA	Common shrs US$1	100
...Luzenac Nevada Inc.	USA	Common Shrs US$1	100
...Montana Talc Company, Inc.	USA	Common Shrs US$1	100
...Nihon Mistron	Japan	Common Shrs Y500	20
...Windsor Minerals, Inc.	USA	Common Shrs US$1	100
....Luzenac Western Source Corporation	USA	US$1	100
..Kennecott Energy and Coal Company	USA	Common Shrs US$0.01	100
...Cordero Mining Co.	USA	Common Shrs US$1	100
...Kennecott Colorado Coal Company	USA	Common Shrs US$0.01	100
....Colowyo Coal Company L.P.	USA	Limited Partnership	General Partner
.....Colowyo Coal Funding Corp.	U.S.A.	Common Shrs US$0.01	100
....Mountainview Insurance Company	U.S.A.	Common Shrs US$100	100
...Kennecott Uranium Company	U.S.A.	Com Shrs US$0.01	100
...NERCO, Inc.	U.S.A.	Com Shrs US$0.01	100
....NERCO Advanced Materials, Inc.	U.S.A.	Com Shrs NPV	100
.....Spectrum Technology, Inc.	U.S.A.	Com Shrs NPV	100
...NERCO Coal Corp.	U.S.A.	Com Shrs NPV	100
....Ansted Coal Company	U.S.A.	Com Shrs NPV	100
....Antelope Coal Company	U.S.A.	Com Shrs NPV	100
....Associates Mining Company	U.S.A.	Com Shrs NPV	100

RTZ EUROPEAN HOLDINGS LIMITED

31.12.95.

1.	2.	3.	5.
.....NDG, Inc.	U.S.A.	Com Shrs NPV	100
.....NERCO Coal International, Inc.	U.S.A.	Com Shrs NPV	100
.....NERCO Coal Sales Company	U.S.A.	Com Shrs NPV	100
.....NERCO Eastern Coal Company	U.S.A.	Com Shrs NPV	100
.....NERCO Eurosales, Inc.	U.S.A.	Com Shrs NPV	100
.....Northern Coal Transportation Company	U.S.A.	Com Shrs NPV	100
.....P-V Mining Company, Inc.	U.S.A.	Com Shrs NPV	100
.....Prospect Land and Development Company, Inc.	U.S.A.	Com Shrs NPV	100
.....Resource Development Co., Inc.	U.S.A.	Com Shrs US$10	100
.....Sequatchie Valley Coal Corporation	U.S.A.	Com Shrs NPV	100
.....Spring Creek Coal Company	U.S.A.	Com Shrs NPV	100
.....Vandalia Mining Corporation	U.S.A.	Com Shrs NPV	100
.....Western Minerals, Inc.	U.S.A.	Com Shrs US$1	100
....NERCO Minerals Company	U.S.A.	Com Shrs NPV	100
.....Ibex Mining Company	U.S.A.	Com Shrs NPV	100
.....NERCO Exploration Company	U.S.A.	Com Shrs NPV	100
.....NERCO Minerals Copper Company	U.S.A.	Com Shrs NPV	100
...Puron Corporation	U.S.A.	Com Shrs NPV	100
....Puron PRB Limited Partnership	U.S.A.	Limited Partnership	General Partner
.....Puron PRB L.L.C.	U.S.A.	Limited Liability Co	100
..Kennecott Holdings Corporation	U.S.A.	Com Shrs US$0.01	100
...Amselco Minerals, Inc.	U.S.A.	Common Shrs NPV	100
...Kenark Inc.	U.S.A.	Com Shrs US$0.01	100
...Kennecott Alaska Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Arctic Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Communications Corporation	U.S.A.	Com Shrs US$10	100
...Kennecott Exploration Company	U.S.A.	Com Shrs US$0.01	100
....Fischer-Watt Gold Company, Inc.	U.S.A.	Com Shrs US$0.001	23
....High Frontier Resources Ltd.	Canada	Com Shrs npv	20
...Kennecott Explorations (Australia) Ltd.	U.S.A.	Com Shrs US$100	100
...Kennecott Minerals Holdings Company	U.S.A.	Com Shrs US$0.01	100
....Flambeau Mining Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Barneys Canyon Mining Company	U.S.A.	Com Shrs US$0.01	100
....Kennecott Greens Creek Mining Company	U.S.A.	Com Shrs US$1	100
....Kennecott Juneau Mining Company	U.S.A.	Com Shrs US$1	100
....Kennecott Nevada Company	U.S.A.	Com Shrs US$0.01	100
.....Kennecott Rawhide Mining Company	U.S.A.	Com Shrs US$0.01	100

RTZ EUROPEAN HOLDINGS LIMITED

31.12.95.

1.	2.	3.	5.
....Kennecott Ridgeway Mining Company Holdings, Inc.	U.S.A.	Com Shrs US$0.01	100
.....Kennecott Ridgeway Mining Company	U.S.A.	Com Shrs US$1	100
.....South Carolina Gold Company	U.S.A.	Com Shrs US$0.001	100
...Kennecott Minnesota Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Montana Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Nevada Copper Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Royalty Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Utah Copper Corporation	U.S.A.	Common Shrs US$1	100
....Bingham Development Company	U.S.A.	Com Shrs US$0.25	60
....New Bingham Mary Mining Company	U.S.A.	Com Shrs US$0.10	86.8
...Minerales Kennecott de Honduras, S.A.	Honduras	Com Shrs Lps$10	100
...Minerales Kennecott de Panama, S.A.	Panama	Com Shrs US$10	100
...Minerales Kennecott de Nicaragua, S.A.	Nicaragua		100
...San Pedro Mining Company	U.S.A.	Common Shrs NPV	100
....Accessions Mining, Inc.	U.S.A.	Com Shrs US$100	100
.....Minera San Augusto, S.A. de C.V.	Mexico	Com Shrs NPV	30
....Minera Kennecott, S.A. de C.V.	Mexico	Com Shrs Mex$1000	99.9
...Sohio Western Mining Company	U.S.A.	Com Shrs US$100	100
..Kennecott Management Services Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Corporation	U.S.A.	Com Shrs US$0.01	100
...Kennecott Energy Company	U.S.A.	Com Shrs US$0.01	100
...Kennecott Minerals Company	U.S.A.	Com Shrs US$0.01	100
..RTZ Mineral Services Inc.	U.S.A.		
		100	
..Tinto Services Inc.	U.S.A.	Shrs US$0.1	
	100		
Thos. W. Ward Limited	England	Ord shrs of 25p	100
R.T.Z. Estates Limited	England	Ord shrs of £1	100
.Packgate Limited	England	Ord shrs of £1	100
.Orlinpoint Limited	England	Ord shrs of £1	100
.Severn Gate Limited	England	Ord shrs of £1	50
.Western Properties Limited	England	Ord shrs of £1	100

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THE RTZ CORPORATION PLC
CRA LIMITED

1995 financial statements and accounts

RTZ CRA

Minerals and metals for the world

CONTENTS – VOLUME 2

PROFIT AND LOSS ACCOUNT

Years ended 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		Note	1995 US$m	1994 US$m
				Group turnover			
12,012	10,837	**5,637**	5,173	Continuing operations		**8,901**	7,925
584	1,081	**274**	516	Discontinued operations		**433**	791
(1,611)	(1,314)	**(756)**	(627)	Share of associates' turnover		**(1,194)**	(961)
10,985	10,604	**5,155**	5,062	Turnover		**8,140**	7,755
(8,279)	(8,686)	**(3,885)**	(4,146)	Operating costs	2	**(6,136)**	(6,352)
				Operating profit			
2,738	1,903	**1,285**	909	Continuing operations		**2,028**	1,392
(32)	15	**(15)**	7	Discontinued operations		**(24)**	11
627	497	**294**	237	Share of associates' profit		**464**	363
3,333	2,415	**1,564**	1,153	**Profit before exceptional items**		**2,468**	1,766
				Exceptional items			
77	195	**36**	93	Profit on sale of fixed assets	3	**56**	143
(299)	(161)	**(140)**	(77)	Asset write-downs	3	**(221)**	(118)
(37)	–	**(17)**	–	Dual listed companies structuring	3	**(27)**	–
(31)	–	**(15)**	–	Loss on disposal of discontinued operations	3	**(23)**	–
(290)	34	**(136)**	16			**(215)**	25
3,043	2,449	**1,428**	1,169	Profit on ordinary activities before interest		**2,253**	1,791
(9)	(38)	**(4)**	(18)	Net interest payable	4	**(6)**	(28)
3,034	2,411	**1,424**	1,151	Profit on ordinary activities before taxation		**2,247**	1,763
				Taxation			
(1,123)	(679)	**(527)**	(324)	Before exceptional items	5	**(832)**	(496)
81	40	**38**	19	Exceptional items	3	**60**	29
1,992	1,772	**935**	846	Profit on ordinary activities after taxation		**1,475**	1,296
(256)	(149)	**(120)**	(71)	Attributable to outside shareholders		**(189)**	(109)
1,736	1,623	**815**	775	**Profit for the financial year**		**1,286**	1,187
(916)	(798)	**(430)**	(381)	Dividends to shareholders	6	**(679)**	(584)
820	825	**385**	394	Retained profit for the financial year		**607**	603
124.5c	116.3c	**58.4p**	55.5p	Earnings per ordinary share	7	**92.2c**	85.0c
1,945	1,549	**913**	740	**Adjusted earnings**	7	**1,441**	1,133
139.4c	111.2c	**65.4p**	53.1p	Adjusted earnings per share	7	**103.3c**	81.3c
				Dividends per share			
–	–	**31.5p**	27.5p	– RTZ	6	**–**	–
65.0c	60.0c	**–**	–	– CRA	6	**–**	–

CASH FLOW STATEMENT

Years ended 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		Note	1995 US$m	1994 US$m
3,470	2,849	**1,628**	1,360	**Net cash flow from operating activities**		**2,571**	2,083
222	195	**104**	93	Dividends from associated companies and investments		**164**	142
232	197	**109**	94	Interest received		**172**	144
(303)	(241)	**(142)**	(115)	Interest paid		**(224)**	(176)
(835)	(597)	**(392)**	(285)	Dividends paid – RTZ and CRA shareholders		**(619)**	(437)
(147)	(80)	**(69)**	(38)	– outside shareholders		**(109)**	(58)
(831)	(526)	**(390)**	(251)	**Net cash flow from returns on investment and servicing of finance**		**(616)**	(385)
(644)	(484)	**(302)**	(231)	**Tax paid**		**(477)**	(354)
(1,803)	(2,032)	**(846)**	(970)	Purchase of property, plant and equipment		**(1,336)**	(1,486)
(428)	(427)	**(201)**	(204)	Exploration and evaluation expenditure	9	**(317)**	(313)
(840)	(331)	**(394)**	(158)	Purchase of subsidiary and associated companies	31	**(622)**	(242)
128	80	**60**	38	Sale of property, plant and equipment		**95**	58
737	865	**346**	413	Sale of subsidiary and associated companies	31	**546**	633
(19)	(23)	**(9)**	(11)	Investing cash flow of discontinued operations		**(14)**	(17)
(2,225)	(1,868)	**(1,044)**	(892)			**(1,648)**	(1,367)
(202)	509	**(95)**	243	Realisation/(purchase) of liquid investments		**(150)**	372
(2,427)	(1,359)	**(1,139)**	(649)	**Net cash flow from investing activities**		**(1,798)**	(995)
(432)	480	**(203)**	229	Net cash flow before financing (see below)		**(320)**	349
15	38	**7**	18	Ordinary shares issued (excluding scrip dividends)		**11**	28
2,059	629	**966**	300	Loans received	19	**1,525**	461
(1,455)	(404)	**(683)**	(193)	Loans repaid	19	**(1,078)**	(296)
619	263	**290**	125	**Net cash flow from financing**		**458**	193
187	743	**87**	354	**Increase in cash and cash equivalents**	14	**138**	542
				Cash flow before changes in liquid investments and financing:			
(432)	480	**(203)**	229	Net cash flow before financing (as above)		**(320)**	349
202	(509)	**95**	(243)	(Realisation)/purchase of liquid investments		**150**	(372)
(230)	(29)	**(108)**	(14)	**Cash flow before changes in liquid investments and financing**		**(170)**	(23)
				Cash flow from operating activities			
2,738	1,903	**1,285**	909	Operating profit from continuing activities		**2,028**	1,392
912	916	**428**	437	Depreciation and amortisation		**676**	669
339	283	**159**	135	Exploration and evaluation charged against profit		**251**	207
166	178	**78**	85	Provisions		**123**	130
(226)	(207)	**(106)**	(99)	Utilisation of provisions		**(167)**	(152)
(77)	(34)	**(36)**	(16)	Change in inventories		**(57)**	(25)
(345)	(235)	**(162)**	(112)	Change in accounts receivable and prepayments		**(256)**	(172)
128	113	**60**	54	Change in accounts payable and accruals		**95**	83
(116)	(53)	**(55)**	(26)	Other items		**(86)**	(38)
3,519	2,864	**1,651**	1,367	**Operating cash flow from continuing operations**		**2,607**	2,094
(49)	(15)	**(23)**	(7)	Operating cash flow from discontinued operations		**(36)**	(11)
3,470	2,849	**1,628**	1,360	**Net cash flow from operating activities (as above)**		**2,571**	2,083

BALANCE SHEET

At 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		Note	1995 US$m	1994 US$m
				Fixed assets			
10,790	10,256	**5,170**	5,085	Property, plant and equipment	8	**8,029**	7,958
401	464	**192**	230	Exploration and evaluation properties	9	**298**	360
2,231	1,593	**1,069**	790	Fixed asset investments	10	**1,660**	1,236
13,422	12,313	**6,431**	6,105			**9,987**	9,554
				Current assets			
1,590	1,680	**762**	833	Inventories	11	**1,183**	1,304
2,995	2,626	**1,435**	1,302	Accounts receivable and prepayments	12	**2,229**	2,038
829	696	**397**	345	Investments	13	**617**	540
2,369	2,059	**1,135**	1,021	Cash at bank and in hand	14	**1,763**	1,598
7,783	7,061	**3,729**	3,501			**5,792**	5,480
				Creditors due within one year			
(2,150)	(2,422)	**(1,030)**	(1,201)	Short term borrowings	15	**(1,600)**	(1,880)
(2,755)	(2,428)	**(1,320)**	(1,204)	Accounts payable and accruals	16	**(2,050)**	(1,884)
(4,905)	(4,850)	**(2,350)**	(2,405)			**(3,650)**	(3,764)
2,878	2,211	**1,379**	1,096	**Net current assets**		**2,142**	1,716
16,300	14,524	**7,810**	7,201	**Total assets less current liabilities**		**12,129**	11,270
				Creditors due after one year			
(2,964)	(2,741)	**(1,420)**	(1,359)	Provisions for liabilities and charges	17	**(2,205)**	(2,127)
(2,966)	(1,910)	**(1,421)**	(947)	Medium and long term borrowings	19	**(2,207)**	(1,482)
(958)	(865)	**(459)**	(429)	Outside shareholders' interests (equity)		**(713)**	(671)
9,412	9,008	**4,510**	4,466			**7,004**	6,990
				Capital and reserves			
246	238	**118**	118	Share capital – The RTZ Corporation PLC	21	**183**	185
657	654	**315**	324	– CRA Limited (excluding RTZ interest)	21	**489**	507
2,943	2,852	**1,410**	1,414	Share premium account	22	**2,190**	2,213
159	153	**76**	76	Other reserves	22	**118**	119
5,407	5,111	**2,591**	2,534	Profit and loss account	22	**4,024**	3,966
9,412	9,008	**4,510**	4,466	Shareholders' funds (includes non-equity)		**7,004**	6,990

The accounts on pages 2 to 39 were approved by the boards of directors on 15 March 1996 and were signed on their behalf by

R P Wilson

L A Davis

C R H Bull

RECONCILIATION WITH AUSTRALIAN GAAP

At 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
1,736	1,623	**815**	775	**Net earnings reported under UK GAAP**	**1,286**	1,187
				Increase/(decrease) net of tax in respect of:		
(202)	(176)	**(95)**	(84)	Goodwill amortisation	**(150)**	(129)
(9)	8	**(4)**	4	Taxation	**(6)**	6
-	(6)	**-**	(3)	Pensions accounting	**-**	(5)
3	–	**1**	–	Other	**2**	–
1,528	1,449	**717**	692	**Net earnings under Australian GAAP – equity basis**	**1,132**	1,059
(188)	(160)	**(88)**	(77)	Earnings retained in associated companies	**(139)**	(118)
1,340	1,289	**629**	615	**Net earnings under Australian GAAP – statutory basis**	**993**	941
109.5c	104.1c	**51.4p**	49.7p	Earnings per ordinary share – equity basis	**81.2c**	76.1c
96.1c	92.4c	**45.1p**	44.1p	Earnings per ordinary share – statutory basis	**71.2c**	67.6c
9,412	9,008	**4,510**	4,466	**Shareholders' funds under UK GAAP**	**7,004**	6,990
				Increase/(decrease) net of tax in respect of:		
2,865	2,318	**1,373**	1,149	Goodwill	**2,132**	1,798
(73)	(63)	**(35)**	(31)	Taxation	**(54)**	(49)
(25)	(22)	**(12)**	(11)	Pensions accounting	**(19)**	(17)
(18)	–	**(9)**	–	Other	**(14)**	–
12,161	11,241	**5,827**	5,573	**Shareholders' funds under Australian GAAP – equity basis**	**9,049**	8,722
(916)	(708)	**(439)**	(351)	Earnings retained in associated companies	**(682)**	(549)
11,245	10,533	**5,388**	5,222	**Shareholders' funds under Australian GAAP – statutory basis**	**8,367**	8,173

The Group's financial statements have been prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP), which differ in certain respects from generally accepted accounting principles in Australia (Australian GAAP). These differences relate principally to the following items, and the approximate effect of each of the adjustments to net earnings and shareholders' funds which would be required under Australian GAAP is set out above.

Goodwill

Under UK GAAP purchased goodwill may be written off on acquisition directly against reserves. Under Australian GAAP goodwill is capitalised and amortised by charges against income over the period during which it is estimated it will be of benefit subject to a maximum of 20 years. Goodwill previously written off directly to reserves in the accounts has been reinstated and amortised for the purpose of the reconciliation statements.

Deferred tax

Under UK GAAP provision is made for deferred tax under the liability method where in the opinion of the directors it is probable that a tax liability will become payable within the foreseeable future. Under Australian GAAP deferred tax is provided in full on the liability basis.

Associated companies

Under UK GAAP the equity method is applied in the consolidated financial statements to account for interests in associated companies. Under Australian GAAP associates are accounted for using the investment method and the equity method is used to determine note disclosures only.

Pensions

In the absence of an Australian accounting standard on pensions accounting, CRA have stated such items in accordance with US Statement of Financial Accounting Standard No. 87 (SFAS 87) to reflect best practice. SFAS 87 requires a standardised method to be used for measuring net periodic pension costs, which differs in a number of respects from UK GAAP. Certain costs of pension scheme rule changes which are spread over the service lives of scheme members under UK GAAP are expensed immediately under SFAS 87.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Years ended 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
1,736	1,623	**815**	775	**Profit for the financial year**	**1,286**	1,187
229	(667)	**(38)**	13	Adjustment on translation of foreign currency net investment	**(114)**	381
1,965	956	**777**	788	**Total net gains recognised in the financial year**	**1,172**	1,568

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Years ended 31 December

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
1,736	1,623	**815**	775	Profit for the financial year	**1,286**	1,187
(916)	(798)	**(430)**	(381)	Dividends	**(679)**	(584)
820	825	**385**	394		**607**	603
229	(667)	**(38)**	13	Other recognised gains and losses relating to year	**(114)**	381
15	38	**7**	18	New share capital subscribed	**11**	28
(669)	(86)	**(314)**	(41)	Goodwill arising on acquisitions written off	**(496)**	(63)
9	8	**4**	4	Scrip dividends written back	**6**	6
404	118	**44**	388		**14**	955
9,008	8,890	**4,466**	4,078	Opening shareholders' funds	**6,990**	6,035
9,412	9,008	**4,510**	4,466	**Closing shareholders' funds**	**7,004**	6,990

OUTLINE OF DUAL LISTED COMPANIES STRUCTURE AND BASIS OF FINANCIAL STATEMENTS

The RTZ-CRA GROUP

These are the financial statements of the RTZ-CRA Group (the "Group"), formed through the merger of economic interests ("merger") of The RTZ Corporation PLC ("RTZ") and CRA Limited ("CRA"), and presented by both RTZ and CRA as their consolidated accounts in accordance with both United Kingdom and Australian legislation and regulation.

Merger terms

On 21 December 1995, RTZ and CRA, which are listed respectively on the United Kingdom and Australian Stock Exchanges, entered into a dual listed companies ("DLC") merger. This has been effected by contractual arrangements between the companies and amendments to their memoranda and articles of association.

As a result RTZ and CRA and their respective groups operate together as a single economic enterprise, with neither assuming a dominant role. In particular, the arrangements:

- confer upon the shareholders of RTZ and CRA a common economic interest in both groups;
- provide for common boards of directors and a unified management structure;
- provide for equalised dividends and capital distributions;
- provide for the shareholders of RTZ and CRA to take key decisions, including the election of directors, through an electoral procedure in which the public shareholders of the two companies effectively vote on a joint basis.

This merger involves no change in the legal ownership of any assets of RTZ or CRA. However, the Australian Government has required RTZ to reduce its current 49 per cent holding in CRA to 39 per cent by 2005.

The merger involves no change in the ownership of any existing shares or securities of RTZ or CRA, nor the issue of any shares, securities or payment by way of consideration, save for the issue by each company of one special voting share to a trustee company which provides the joint electoral procedure for public shareholders.

Accounting standards

The financial statements have been drawn up in accordance with United Kingdom Accounting Standards.

The merger of economic interests has been accounted for as a merger under United Kingdom Financial Reporting Standard No. 6 ("FRS 6"). The financial statements for the current year have been presented, and those for prior years have been restated, to reflect the operating results, financial position and cash flows of the new Group.

Australian Corporations Law

The financial statements are drawn up in accordance with an order, under sub section 313(2) of the Australian Corporations Law, issued by the Australian Securities Commission on 24 November 1995. The main provisions of the order are that the financial statements are:

a) to be made out in accordance with United Kingdom requirements applicable to consolidated accounts;
b) to be expressed both in United Kingdom and Australian currencies;
c) to include a reconciliation from United Kingdom GAAP to Australian GAAP.

Pursuant to an amending order dated 1 March 1996, the ASC has extended the lodgement period for the 1995 accounts from 90 days to 105 days after the end of the financial year.

United Kingdom Companies Act

In order to present a true and fair view of the RTZ-CRA Group, in accordance with United Kingdom Accounting Standard FRS 6, the principles of merger accounting have been adopted. This represents a departure from the provision of the Companies Act 1985 which sets out the conditions for merger accounting based on the assumption that a merger is effected through the issue of equity shares.

The main consequence of adopting merger rather than acquisition accounting is that the balance sheet of the merged group includes the assets and liabilities of CRA at their carrying values prior to the merger, subject to adjustments to achieve uniformity of accounting policies, rather than at their fair values at the date of the merger.

In the particular circumstances of the merger, the effect of applying acquisition accounting cannot reasonably be quantified.

In order that the financial statements should present a true and fair view, it is necessary to differ from the presentational requirements of the United Kingdom Companies Act 1985 by including amounts attributable to both RTZ and CRA public shareholders in the capital and reserves shown in the balance sheet and in the profit for the financial year. The Companies Act would require presentation of the capital and reserves and profit for the year attributable to CRA public shareholders (set out in note 38(c)) as a minority interest in the financial statements of the RTZ-CRA Group. This presentation would not give a true and fair view of the effect of the Sharing Agreement under which the position of all public shareholders is as nearly as possible the same as if they held shares in a single company.

NOTES TO THE 1995 ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

a General

The financial statements consist of the consolidation of the accounts of the respective subsidiary undertakings (subsidiaries) of RTZ and CRA prepared on the historical cost basis, with no revaluations of fixed assets. The Group's share of post-acquisition earnings and reserves of related undertakings (associated companies) is included.

Details of principal subsidiary and associated companies are shown in notes 28 and 29 respectively.

The Group's accounting policies are consistent with those previously applied in the accounts of The RTZ Corporation PLC and CRA Limited except for those adjustments set out in note 38.

b Turnover

Turnover comprises sales to third parties at invoiced amounts which vary between ex works and c.i.f. price depending on contract terms. A large proportion of Group products is sold under medium to long term contracts and is included as sales as and when deliveries are made. Group turnover shown in the profit and loss account includes the Group's share of the turnover of associated companies, all of which is from continuing businesses.

c Currency translation

Profit and loss account items are translated at average rates of exchange. Balance sheet items are translated at year end exchange rates. These translation procedures are applied to all three reporting currencies. Certain non-US resident companies whose functional currency is the US dollar account in that currency. Exchange differences on the translation of the net assets of overseas companies, less offsetting exchange differences on foreign currency loans financing those net assets are dealt with through reserves. All other exchange differences are charged or credited to the profit and loss account in the year in which they arise.

d Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of the net tangible assets acquired. Goodwill is normally written off to reserves in the year of acquisition.

e Exploration and evaluation

During the initial exploration stage of projects, full provision is made in respect of the costs thereof by charge against profits for the year. Expenditure on projects after they have reached a stage at which there is a high degree of confidence in their viability is carried forward and transferred to mining properties if the project proceeds. If a project does not prove viable, all irrecoverable costs associated with the project are written off. Where expenditure is carried forward in respect of a project which may not proceed to commercial development for some time, provision is made against the possibility of non-development by charge against profits over periods of up to seven years. On development, any provisions made in previous years are reversed to the extent that the relevant costs are recoverable.

f Capitalisation of interest

Net interest before tax payable on borrowings related to major construction or development projects is normally included as part of the capital cost up to the start of commercial operations.

g Mining properties and leases

Once mining projects have been established as commercially viable, expenditure other than that on buildings, plant and equipment is capitalised under mining properties together with any amount transferred from exploration and evaluation expenditure. Such expenditure incurred up to the start of commercial production is amortised against profits on the same basis as buildings, plant and equipment.

h Depreciation

Depreciation of property, plant and equipment is calculated on a straight line basis with the exception of assets at certain mines which are depreciated on a depletion basis related to extraction. Assets are fully depreciated over their economic lives, or over the remaining life of the mine if shorter. Depreciation rates for the principal assets of the Group vary from 3 per cent to 10 per cent per annum.

i Close down and restoration costs

These costs include dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas. Costs are provided for over the life of each operation on a unit of production basis. Provisions are estimated on the basis of current prices and are not discounted. Changes in estimates are recognised in the profit and loss account over the remaining life of each operation.

j Inventories

Inventories are valued at the lower of cost and net realisable value. Cost for raw materials and stores is purchase price and for partly processed and saleable products is generally the cost of production, including the appropriate proportion of depreciation and overheads.

k Deferred tax

Deferred tax is provided using the liability method in respect of all timing differences to the extent that, in the opinion of the directors, they are expected to reverse in the foreseeable future. Advance Corporation Tax is deducted in arriving at the net deferred tax provision to the maximum extent possible. Any remaining Advance Corporation Tax is written off in the profit and loss account unless its recovery can be predicted with a high degree of confidence.

l Post retirement benefits

The expected costs of post retirement benefits under defined benefit arrangements are charged to the profit and loss account so as to spread the costs over the service lives of employees entitled to those benefits. Variations from the regular cost are spread on a straight line basis over the expected average remaining service lives of relevant current employees. Costs are assessed in accordance with the advice of qualified actuaries.

2 OPERATING COSTS

1995 A$m	1994 A$m	1995 £m	1994 £m		Note	1995 US$m	1994 US$m
				Operating costs from continuing operations			
3,697	3,681	**1,735**	1,757	Raw materials and consumables		**2,741**	2,690
912	916	**428**	437	Depreciation and amortisation		**676**	669
1,567	1,534	**735**	732	Employment costs	*27*	**1,161**	1,121
217	216	**102**	103	Royalties and other mining taxes		**161**	158
34	(17)	**16**	(8)	(Increase)/decrease in inventories		**25**	(12)
743	769	**348**	367	Other external costs		**550**	564
166	178	**78**	85	Provisions		**123**	130
339	283	**159**	135	Exploration and evaluation	*9*	**251**	207
126	153	**59**	73	Research and development		**94**	112
				Hire and lease			
38	38	**18**	18	Plant and equipment		**28**	28
4	2	**2**	1	Land and buildings		**3**	2
5	6	**3**	3	Auditors' remuneration		**4**	4
(2)	(13)	**(1)**	(6)	Net exchange (gains)/losses on monetary items		**(2)**	(9)
(32)	(8)	**(15)**	(4)	Own work capitalised		**(24)**	(6)
(151)	(118)	**(71)**	(56)	Other operating income		**(112)**	(86)
7,663	7,620	**3,596**	3,637	Net operating costs from continuing operations		**5,679**	5,572
				Operating costs from discontinued operations			
479	825	**225**	394	Raw materials and consumables		**356**	604
19	38	**9**	18	Depreciation and amortisation		**14**	28
60	119	**28**	57	Employment costs	*27*	**44**	87
15	(50)	**7**	(24)	(Increase)/decrease in inventories		**11**	(37)
32	115	**15**	55	Other external costs		**24**	84
9	13	**4**	6	Provisions		**6**	9
2	4	**1**	2	Research and development		**2**	3
–	2	**–**	1	Net exchange (gains)/losses on monetary items		**–**	2
616	1,066	**289**	509	Net operating costs from discontinued operations		**457**	780
8,279	8,686	**3,885**	4,146	**Net operating costs**		**6,136**	6,352

Amounts payable to the auditors for non audit work performed for UK and Australian operations amounted to US$705,000 (1994 – US$435,000) and US$1,868,000 (1994 – US$2,126,000) respectively.

3 EXCEPTIONAL ITEMS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Profit on sale of fixed assets		
77	195	36	93	Gross	56	143
(11)	(30)	(5)	(14)	Tax	(8)	(22)
66	165	31	79	Net	48	121
				Asset write-downs		
(299)	(161)	(140)	(77)	Gross	(221)	(118)
90	70	42	33	Tax	66	51
(209)	(91)	(98)	(44)	Net	(155)	(67)
(37)	–	(17)	–	**Dual listed companies structuring**	(27)	–
				Loss on disposal of discontinued operations		
(31)	–	(15)	–	Gross	(23)	–
2	–	1	–	Tax	2	–
(29)	–	(14)	–	Net	(21)	–
				Total exceptional items		
(290)	34	(136)	16	Gross	(215)	25
81	40	38	19	Tax	60	29
(209)	74	(98)	35	**Net exceptional items**	(155)	54

With the exception of the loss on disposal of discontinued operations, all exceptional items relate to continuing operations.

4 NET INTEREST PAYABLE

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Interest payable on		
(6)	(6)	(3)	(3)	Finance leases	(5)	(5)
(49)	(73)	(23)	(35)	Loans not wholly repayable within 5 years	(36)	(54)
(239)	(147)	(112)	(70)	Loans wholly repayable within 5 years	(177)	(107)
(21)	(31)	(10)	(15)	Other short term borrowings	(16)	(23)
(315)	(257)	(148)	(123)		(234)	(189)
77	27	36	13	Amounts capitalised relating to projects during construction	57	20
(238)	(230)	(112)	(110)		(177)	(169)
				Interest receivable and similar income from fixed asset investments		
9	6	4	3	Associated companies	6	5
–	2	–	1	Listed investments	–	2
2	19	1	9	Unlisted investments	2	14
11	27	5	13		8	21
218	165	103	79	Other interest receivable	163	120
229	192	108	92		171	141
(9)	(38)	(4)	(18)	**Net interest payable**	(6)	(28)

5 TAXATION CHARGE FOR THE YEAR

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				UK taxation		
				Corporation tax at 33% (1994 – 33%)		
429	190	**202**	91	– Current	**319**	140
13	19	**6**	9	– Deferred	**9**	14
(315)	(136)	**(148)**	(65)	Deduct: relief for overseas taxes	**(234)**	(100)
(23)	–	**(11)**	–	Advance Corporation Tax – net recovery	**(17)**	–
104	73	**49**	35		**77**	54
				Australian taxation		
				Corporation tax at 36% (1994 – 33%)		
334	281	**157**	134	– Current	**248**	205
(45)	(132)	**(21)**	(63)	– Deferred	**(33)**	(97)
289	149	**136**	71		**215**	108
				Other countries		
318	199	**149**	95	– Current	**234**	146
141	84	**66**	40	– Deferred	**105**	61
459	283	**215**	135		**339**	207
190	134	**89**	64	**Associated companies – charge for year**	**141**	98
1,042	639	**489**	305		**772**	467
				Arising from:		
1,138	685	**534**	327	Continuing operations	**843**	501
(15)	(6)	**(7)**	(3)	Discontinued operations	**(11)**	(5)
(81)	(40)	**(38)**	(19)	Exceptional items (note 3)	**(60)**	(29)
1,042	639	**489**	305		**772**	467
				Prima facie tax reconciliation		
3,034	2,411	**1,424**	1,151	Profit on ordinary activities before taxation	**2,247**	1,763
(1,042)	(639)	**(489)**	(305)	Actual taxation charge for the year	**(772)**	(467)
1,001	796	**470**	380	Prima facie tax payable at UK taxation rate of 33% (1994 – 33%)	**742**	582
36	–	**17**	–	Higher rate of taxation on Australian earnings	**27**	–
(5)	157	**(2)**	75	Favourable/(adverse) variation from prima facie tax	**(3)**	115
				The actual taxation charge differs from the prima facie tax charge as follows:		
(143)	(84)	**(67)**	(40)	Other tax rates applicable outside the UK and Australia	**(106)**	(61)
45	46	**21**	22	Research, development and other investment allowances	**33**	34
145	119	**68**	57	Resource depletion and other depreciation allowances	**107**	87
(15)	48	**(7)**	23	Exceptional items	**(11)**	35
(53)	–	**(25)**	–	Impact of tax rate change on opening Australian deferred tax balance	**(38)**	–
16	28	**8**	13	Other	**12**	20
(5)	157	**(2)**	75	Total (increase)/decrease in tax charge	**(3)**	115

6 DIVIDENDS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
0.6	0.6	**0.3**	0.3	RTZ 3.325% 'A' cumulative preference shares of £1 each	**0.5**	0.5
0.2	0.2	**0.1**	0.1	RTZ 3.5% 'B' cumulative preference shares of £1 each	**0.2**	0.2
0.8	0.8	**0.4**	0.4	RTZ Preference dividends	**0.7**	0.7
239	201	**112**	96	RTZ Ordinary Interim dividend	**177**	147
479	413	**225**	197	RTZ Ordinary Final dividends	**355**	301
91	92	**43**	44	CRA Interim dividend (b)	**68**	68
107	92	**50**	44	CRA Final dividend (b)	**79**	68
916	798	**430**	381		**679**	584

1995 per share	1994 per share	1995 per share	1994 per share		1995 Number of shares (millions)	1994 Number of shares (millions)
–	–	**10.5p**	9.0p	RTZ Interim – foreign income dividend (a)	**1068.5**	1067.2
–	–	**8.0p**	7.0p	RTZ Final – conventional dividend (a)	**1068.5**	1067.2
–	–	**13.0p**	11.5p	RTZ Final – foreign income dividend (a)	**1068.5**	1067.2
30.0c	30.0c	**–**	–	CRA Interim – fully franked at 36% (1994 – 33%) (b)	**304.8**	304.3
35.0c	30.0c	**–**	–	CRA Final – fully franked at 36% (1994 – 33%) (b)	**305.4**	304.3
65.0c	60.0c	**31.5p**	27.5p			

a) The majority of the 1995 dividends are designated Foreign Income Dividends to enable the company to recover the Advance Corporation Tax. The Foreign Income Dividends have been enhanced by 25 per cent to preserve the net income of those shareholders who are able to recover the tax credits on conventional dividends but not on Foreign Income Dividends. Total dividends for 1995 are equivalent to conventional dividends of 26.8p (33.5p gross) for tax exempt UK resident shareholders. Total dividends for 1995 are equivalent to gross dividends of 39.375p (1994 – 34.375p per share) after including the imputed tax credit of 20 per cent available to UK tax paying shareholders.

b) The CRA bonus shares issued on 15 January 1996 do not qualify for the 1995 final dividend. These shares will qualify for subsequent dividends equally with all other CRA ordinary shares.

The number of shares on which the CRA dividends are based excludes those shares held by RTZ, in order that the dividends shown represent those paid to public shareholders.

The proposed dividends will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in respect of the 1995 year (net of tax refunds).

The approximate amount of retained profits and reserves that could be distributed as dividends and franked out of existing franking credits arising from the payments of income tax in respect of the 1995 year (net of tax refunds and after deducting frankings credits on the proposed final dividend) is:

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
–	357	**–**	170	Class B (33%)	**–**	261
75	–	**35**	–	Class C (36%)*	**55**	–
75	357	**35**	170		**55**	261

*The amount currently available for future distribution includes US$12 million of franking credits which are available subject to sufficient retained earnings in certain subsidiary companies.

7 EARNINGS PER ORDINARY SHARE

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
1,396	1,394	**1,396**	1,394	Average number of ordinary shares in issue (million)(c)	**1,396**	1,394
1,736	1,623	**815**	775	Profit for the financial year	**1,286**	1,187
209	(74)	**98**	(35)	Exceptional items (note 3)	**155**	(54)
1,945	1,549	**913**	740	Adjusted earnings	**1,441**	1,133
124.5c	116.3c	**58.4p**	55.5p	**Earnings per share**	**92.2c**	85.0c
14.9c	(5.1)c	**7.0p**	(2.4)p	Exceptional items	**11.1c**	(3.7)c
139.4c	111.2c	**65.4p**	53.1p	**Adjusted earnings per share**	**103.3c**	81.3c

(a) Appropriate adjustments have been made to earnings per share figures to allow for the bonus issue of CRA shares on 15 January 1996 which was approved by shareholders on 20 December 1995 and was related to the formation of the DLC.

(b) Adjusted earnings and adjusted earnings per share are shown because they reflect the underlying performance by excluding the effect of exceptional items.

(c) The average number of ordinary shares in issue excludes the CRA shares held by RTZ.

8 PROPERTY, PLANT AND EQUIPMENT

US$m	*Mining properties and leases*	*Land and buildings*	*Plant and equipment*	*Capital works in progress*	*1995 Total US$m*	*1994 Total US$m*
Cost						
At 1 January	1,651	1,800	8,903	864	**13,218**	11,221
Adjustment on currency translation	(38)	(31)	(160)	(7)	**(236)**	705
Additions	44	44	226	1,071	**1,385**	1,524
Disposals	–	(47)	(368)	–	**(415)**	(306)
Subsidiaries acquired	–	5	–	–	**5**	18
Subsidiaries sold	–	(43)	(253)	(28)	**(324)**	(31)
Transfers and other movements	5	46	268	(319)	**–**	87
At 31 December	1,662	1,774	8,616	1,581	**13,633**	13,218
Accumulated depreciation						
At 1 January	(612)	(596)	(4,052)	–	**(5,260)**	(4,468)
Adjustment on currency translation	16	5	31	–	**52**	(291)
Depreciation for the year	(112)	(76)	(669)	–	**(857)**	(697)
Disposals	–	25	349	–	**374**	242
Subsidiaries sold	–	8	79	–	**87**	29
Transfers and other movements	–	–	–	–	**–**	(75)
At 31 December	(708)	(634)	(4,262)	–	**(5,604)**	(5,260)
Net balance sheet amount	954	1,140	4,354	1,581	**8,029**	7,958

8 PROPERTY, PLANT AND EQUIPMENT continued

£m	Mining properties and leases	Land and buildings	Plant and equipment	Capital works in progress	1995 Total £m	1994 Total £m
Cost						
At 1 January	1,055	1,150	5,689	552	**8,446**	7,582
Adjustment on currency translation	(16)	(11)	(61)	8	**(80)**	20
Additions	28	28	143	678	**877**	995
Disposals	–	(30)	(233)	–	**(263)**	(200)
Subsidiaries acquired	–	3	–	–	**3**	12
Subsidiaries sold	–	(27)	(160)	(18)	**(205)**	(20)
Transfers and other movements	3	29	170	(202)	**–**	57
At 31 December	1,070	1,142	5,548	1,018	**8,778**	8,446
Accumulated depreciation						
At 1 January	(391)	(381)	(2,589)	–	**(3,361)**	(3,019)
Adjustment on currency translation	6	–	(2)	–	**4**	(15)
Depreciation for the year	(71)	(48)	(424)	–	**(543)**	(455)
Disposals	–	16	221	–	**237**	158
Subsidiaries sold	–	5	50	–	**55**	19
Transfers and other movements	–	–	–	–	**–**	(49)
At 31 December	(456)	(408)	(2,744)	–	**(3,608)**	(3,361)
Net balance sheet amount	614	734	2,804	1,018	**5,170**	5,085

A$m	Mining properties and leases	Land and buildings	Plant and equipment	Capital works in progress	1995 Total A$m	1994 Total A$m
Cost						
At 1 January	2,128	2,320	11,475	1,113	**17,036**	16,529
Adjustment on currency translation	39	57	275	35	**406**	(1,261)
Additions	60	60	305	1,445	**1,870**	2,085
Disposals	–	(64)	(497)	–	**(561)**	(419)
Subsidiaries acquired	–	6	–	–	**6**	25
Subsidiaries sold	–	(58)	(341)	(38)	**(437)**	(42)
Transfers and other movements	6	62	362	(430)	**–**	119
At 31 December	2,233	2,383	11,579	2,125	**18,320**	17,036
Accumulated depreciation						
At 1 January	(789)	(768)	(5,223)	–	**(6,780)**	(6,581)
Adjustment on currency translation	(12)	(26)	(178)	–	**(216)**	487
Depreciation for the year	(151)	(102)	(904)	–	**(1,157)**	(954)
Disposals	–	34	471	–	**505**	331
Subsidiaries sold	–	11	107	–	**118**	40
Transfers and other movements	–	–	–	–	**–**	(103)
At 31 December	(952)	(851)	(5,727)	–	**(7,530)**	(6,780)
Net balance sheet amount	1,281	1,532	5,852	2,125	**10,790**	10,256

Note	US$m	£m	A$m
The 1995 net balance sheet amount for land and buildings includes:			
Freehold	1,104	711	1,484
Long leasehold	33	21	44
Short leasehold	3	2	4
	1,140	734	1,532

9 EXPLORATION AND EVALUATION PROPERTIES

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				At cost less amounts written off		
1,176	1,121	**583**	514	At 1 January	**912**	761
18	(72)	**(10)**	8	Adjustment on currency translation	**(23)**	57
428	427	**201**	204	Expenditure in year	**317**	313
(115)	(197)	**(54)**	(94)	Charged against profit for the year	**(85)**	(144)
(217)	(103)	**(102)**	(49)	Disposals and transfers	**(161)**	(75)
1,290	1,176	**618**	583	At 31 December	**960**	912
				Provision/amortisation		
(712)	(750)	**(353)**	(344)	At 1 January	**(552)**	(509)
(8)	61	**6**	2	Adjustment on currency translation	**15**	(26)
(224)	(86)	**(105)**	(41)	Charged against profit for the year	**(166)**	(63)
55	63	**26**	30	Transfers and other movements	**41**	46
(889)	(712)	**(426)**	(353)	At 31 December	**(662)**	(552)
401	464	**192**	230	**Net balance sheet amount**	**298**	360

10 FIXED ASSET INVESTMENTS

US$m	Investments in associated companies	Loans to associated companies	Listed shares	Other investments	1995 Total US$m	1994 Total US$m
At 1 January	1,042	84	27	83	**1,236**	1,218
Adjustment on currency translation	(12)	(1)	(3)	(3)	**(19)**	81
Group's share of profits less losses retained in associated companies	167	–	–	–	**167**	115
Additions	628	63	–	5	**696**	218
Disposals and repayments of advances	–	(2)	–	(30)	**(32)**	(311)
Other movements including goodwill written off	(415)	–	6	21	**(388)**	(85)
At 31 December	1,410	144	30	76	**1,660**	1,236

£m	Investments in associated companies	Loans to associated companies	Listed shares	Other investments	1995 Total £m	1994 Total £m
At 1 January	666	54	17	53	**790**	823
Adjustment on currency translation	1	–	(2)	(1)	**(2)**	8
Group's share of profits less losses retained in associated companies	106	–	–	–	**106**	75
Additions	398	40	–	3	**441**	142
Disposals and repayments of advances	–	(1)	–	(19)	**(20)**	(203)
Other movements including goodwill written off	(263)	–	4	13	**(246)**	(55)
At 31 December	908	93	19	49	**1,069**	790

A$m	Investments in associated companies	Loans to associated companies	Listed shares	Other investments	1995 Total A$m	1994 Total A$m
At 1 January	1,343	109	34	107	**1,593**	1,794
Adjustment on currency translation	38	2	(3)	1	**38**	(116)
Group's share of profits less losses retained in associated companies	226	–	–	–	**226**	157
Additions	848	85	–	6	**939**	298
Disposals and repayments of advances	–	(2)	–	(40)	**(42)**	(425)
Other movements including goodwill written off	(560)	–	9	28	**(523)**	(115)
At 31 December	1,895	194	40	102	**2,231**	1,593

10 FIXED ASSET INVESTMENTS continued

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Investments in and loans to associated companies		
453	339	**217**	168	Boyne Smelters Limited	**337**	263
157	–	**75**	–	Freeport McMoRan Copper & Gold Inc.	**116**	–
323	321	**155**	159	Sociedade Mineira de Neves-Corvo S.A.	**241**	249
649	452	**311**	224	Minera Escondida Limitada	**483**	351
179	117	**86**	58	PT Kaltim Prima Coal	**134**	91
56	56	**27**	28	Queensland Alumina Limited	**42**	44
100	107	**48**	53	Richards Bay Minerals	**75**	83
172	60	**82**	30	Others	**126**	45
2,089	1,452	**1,001**	720		**1,554**	1,126
				Other investments		
40	34	**19**	17	Shares listed on recognised stock exchanges	**30**	27
102	107	**49**	53	Other shares	**76**	83
142	141	**68**	70		**106**	110
67	101	**32**	50	Market value of listed shares	**50**	78

(a) The Group's investment in associated companies includes, where appropriate, entry premiums on acquisition plus interest capitalised by the Group during the development period of the relevant mines. At 31 December 1995, this capitalised interest less accumulated amortisation amounted to US$43 million (1994 US$47 million).

(b) The Group has a 20% general partnership interest in the Colowyo Coal Company L.P. and has undertaken via a subsidiary company which entered into a management agreement, to cause the limited partnership to perform its obligations under certain coal supply contracts. The debt of US$193 million owed by the Colowyo Coal Company L.P. is to be serviced and repaid out of the proceeds of these contracts.

(c) Dividends receivable from associated companies, which in the Group profit and loss account are replaced by the Group's share of profits, were US$156 million (1994 US$139 million).

(d) Further details of investments in associated companies are set out in note 29.

11 INVENTORIES

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
200	236	**96**	117	Raw material and purchased components	**149**	183
317	317	**152**	157	Consumable stores	**236**	246
223	393	**107**	195	Work in progress	**166**	305
850	734	**407**	364	Finished goods and goods for resale	**632**	570
1,590	1,680	**762**	833		**1,183**	1,304
				Comprising:		
1,503	1,613	**720**	800	Inventories expected to be sold or used within 12 months	**1,118**	1,252
87	67	**42**	33	Inventories not expected to be sold nor used within 12 months	**65**	52
1,590	1,680	**762**	833		**1,183**	1,304

12 ACCOUNTS RECEIVABLE AND PREPAYMENTS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
1,417	1,224	679	607	Trade debtors	1,054	950
(17)	(18)	(8)	(9)	Provision for doubtful debts	(12)	(14)
42	46	20	23	Bills receivable	31	36
23	83	11	41	Amounts owed by associated companies	17	64
705	563	338	279	Other debtors	525	437
716	635	343	315	Pension prepayments	533	493
109	93	52	46	Prepayments	81	72
2,995	2,626	1,435	1,302		2,229	2,038
				Comprising:		
2,116	1,839	1,014	912	Amounts expected to be received within 12 months	1,575	1,428
879	787	421	390	Amounts not expected to be received within 12 months	654	610
2,995	2,626	1,435	1,302		2,229	2,038

13 CURRENT ASSET INVESTMENTS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
75	161	36	80	Listed investments	56	125
754	535	361	265	Unlisted investments	561	415
829	696	397	345		617	540
102	248	49	123	Market value of listed investments	76	192

14 CASH AND CASH EQUIVALENTS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
1,965	1,413	974	648	At 1 January	1,524	959
69	(191)	3	(28)	Adjustment on currency translation	(10)	23
187	743	87	354	Inflow in year	138	542
2,221	1,965	1,064	974	At 31 December	1,652	1,524
				Comprising:		
2,369	2,059	1,135	1,021	Cash at bank and in hand as shown in the balance sheet	1,763	1,598
(184)	(173)	(88)	(86)	Less: deposits with an original maturity of more than 3 months	(137)	(135)
2,185	1,886	1,047	935		1,626	1,463
272	271	130	134	Investments	201	210
(236)	(192)	(113)	(95)	Bank overdrafts and notes	(175)	(149)
2,221	1,965	1,064	974		1,652	1,524

15 SHORT TERM BORROWINGS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Secured		
11	73	5	36	Bank overdrafts and notes[(a)]	8	56
13	24	6	12	Bank loans repayable within 12 months	9	19
21	–	10	–	Debentures and other loans repayable within 12 months	16	–
45	97	21	48		33	75
				Unsecured		
225	119	108	59	Bank overdrafts and notes[(a)]	167	93
286	26	137	13	Bank loans repayable within 12 months	213	20
75	246	36	122	Debentures and other loans repayable within 12 months	56	191
1,519	1,934	728	959	Commercial paper [(b)]	1,131	1,501
2,105	2,325	1,009	1,153		1,567	1,805
2,150	2,422	1,030	1,201		1,600	1,880

(a) Bank overdrafts and notes had a weighted average interest rate at 31 December 1995 of 8.5 per cent (31 December 1994 – 8.1 per cent).

(b) In accordance with Financial Reporting Standard No. 4, commercial paper of US$1,131 million is classified as short term borrowings though backed by medium term facilities. Under US and Australian GAAP, these amounts would be shown as medium and long term borrowings.

16 ACCOUNTS PAYABLE AND ACCRUALS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
877	642	420	318	Trade creditors	653	497
298	182	143	90	Amounts owed to associated companies	222	141
157	282	75	140	Other creditors	116	219
428	383	205	190	Tax on profits	318	297
94	141	45	70	Employee entitlements	70	110
100	99	48	49	Royalties and mining taxes	75	77
167	173	80	86	Accruals and deferred income	124	135
58	36	28	18	Dividends payable to outside shareholders of subsidiaries	43	28
576	490	276	243	Dividends payable to RTZ and CRA shareholders	429	380
2,755	2,428	1,320	1,204		2,050	1,884

17 PROVISIONS FOR LIABILITIES AND CHARGES

US$m	Deferred taxation	Post retirement health care	Other employee entitlements	Site[a] restoration and other	1995 Total US$m	1994 Total US$m
At 1 January	825	341	125	884	**2,175**	1,924
Adjustment on currency translation	(23)	–	(3)	(9)	**(35)**	91
Charged to profit for the year	81	35	32	99	**247**	270
Utilised in year – provisions set up on acquisition of businesses	–	–	–	(36)	**(36)**	(32)
– other provisions	–	(6)	(47)	(86)	**(139)**	(126)
Subsidiaries acquired	–	–	–	–	**–**	8
Subsidiaries sold	–	–	(13)	(74)	**(87)**	38
Other movements [b]	87	–	35	6	**128**	2
At 31 December	970	370	129	784	**2,253**	2,175
Deduct: Advance Corporation Tax recoverable	(48)	–	–	–	**(48)**	(48)
Net balance sheet amount	922	370	129	784	**2,205**	2,127

£m	Deferred taxation	Post retirement health care	Other employee entitlements	Site[a] restoration and other	1995 Total £m	1994 Total £m
At 1 January	527	218	80	565	**1,390**	1,300
Adjustment on currency translation	(8)	2	(1)	(3)	**(10)**	(14)
Charged to profit for the year	51	22	20	63	**156**	176
Utilised in year – provisions set up on acquisition of businesses	–	–	–	(23)	**(23)**	(21)
– other provisions	–	(4)	(30)	(54)	**(88)**	(82)
Subsidiaries acquired	–	–	–	–	**–**	5
Subsidiaries sold	–	–	(8)	(47)	**(55)**	25
Other movements [b]	55	–	22	4	**81**	1
At 31 December	625	238	83	505	**1,451**	1,390
Deduct: Advance Corporation Tax recoverable	(31)	–	–	–	**(31)**	(31)
Net balance sheet amount	594	238	83	505	**1,420**	1,359

A$m	Deferred taxation	Post retirement health care	Other employee entitlements	Site[a] restoration and other	1995 Total A$m	1994 Total A$m
At 1 January	1,063	440	161	1,140	**2,804**	2,834
Adjustment on currency translation	15	19	4	35	**73**	(247)
Charged to profit for the year	109	47	43	134	**333**	369
Utilised in year – provisions set up on acquisition of businesses	–	–	–	(49)	**(49)**	(44)
– other provisions	–	(9)	(64)	(115)	**(188)**	(172)
Subsidiaries acquired	–	–	–	–	**–**	10
Subsidiaries sold	–	–	(17)	(100)	**(117)**	52
Other movements [b]	117	–	47	9	**173**	2
At 31 December	1,304	497	174	1,054	**3,029**	2,804
Deduct: Advance Corporation Tax recoverable	(65)	–	–	–	**(65)**	(63)
Net balance sheet amount	1,239	497	174	1,054	**2,964**	2,741

(a) At 31 December 1995, provisions for environmental and closure costs totalled US$496 million.

(b) Other 1995 deferred tax movements principally represent the transfer of prior year grouping provisions to current tax payable.

18 DEFERRED TAXATION

US$m	UK tax	Australian tax	Other countries tax	1995 Total US$m	1994 Total US$m
Provided in the accounts					
Deferred tax assets	51	137	413	**601**	440
Deferred tax liabilities	(93)	(668)	(762)	**(1,523)**	(1,216)
	(42)	(531)	(349)	**(922)**	(776)
Comprising:					
Accelerated capital allowances	(17)	(556)	(520)	**(1,093)**	(814)
Other timing differences	(73)	25	45	**(3)**	(150)
Tax losses	–	–	6	**6**	34
	(90)	(531)	(469)	**(1,090)**	(930)
Deduct: Advance Corporation Tax recoverable	48			**48**	48
Overseas tax credits recoverable	–	–	120	**120**	106
Balance as shown in note 17	(42)	(531)	(349)	**(922)**	(776)
Amounts unprovided*	–	–	54	**54**	49

£m	UK tax	Australian tax	Other countries tax	1995 Total £m	1994 Total £m
Provided in the accounts					
Deferred tax assets	33	88	266	**387**	281
Deferred tax liabilities	(60)	(430)	(491)	**(981)**	(777)
	(27)	(342)	(225)	**(594)**	(496)
Comprising:					
Accelerated capital allowances	(11)	(358)	(335)	**(704)**	(520)
Other timing differences	(47)	16	29	**(2)**	(96)
Tax losses	–	–	4	**4**	22
	(58)	(342)	(302)	**(702)**	(594)
Deduct: Advance Corporation Tax recoverable	31	–	–	**31**	31
Overseas tax credits recoverable	–	–	77	**77**	67
Balance as shown in note 17	(27)	(342)	(225)	**(594)**	(496)
Amounts unprovided*	–	–	35	**35**	31

A$m	UK tax	Australian tax	Other countries tax	1995 Total A$m	1994 Total A$m
Provided in the accounts					
Deferred tax assets	69	184	555	**808**	567
Deferred tax liabilities	(125)	(897)	(1,025)	**(2,047)**	(1,567)
	(56)	(713)	(470)	**(1,239)**	(1,000)
Comprising:					
Accelerated capital allowances	(23)	(747)	(699)	**(1,469)**	(1,049)
Other timing differences	(98)	34	61	**(4)**	(194)
Tax losses	–	–	8	**8**	44
	(121)	(713)	(630)	**(1,465)**	(1,199)
Deduct: Advance Corporation Tax recoverable	65	–	–	**65**	63
Overseas tax credits recoverable	–	–	161	**161**	136
Balance as shown in note 17	(56)	(713)	(469)	**(1,239)**	(1,000)
Amounts unprovided*	–	–	73	**73**	63

*Provision is made for timing differences only to the extent that they are expected to reverse in the foreseeable future. The amounts unprovided relate to tax allowances in respect of capital expenditure impacting on the tax charge earlier than depreciation charges in the accounts. The aggregate amount of these timing differences is not expected to reduce in the foreseeable future.

19 MEDIUM AND LONG TERM BORROWINGS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
4,140	4,391	2,053	2,014	At 1 January	3,213	2,981
115	(476)	(8)	(68)	Adjustment on currency translation	(44)	67
21	–	10	–	Debt acquired	16	–
2,059	629	966	300	Loans drawn down	1,525	461
(1,455)	(404)	(683)	(193)	Loan repayments	(1,078)	(296)
4,880	4,140	2,338	2,053	At 31 December	3,632	3,213
(1,914)	(2,230)	(917)	(1,106)	Deduct short term	(1,425)	(1,731)
2,966	1,910	**1,421**	947	**Medium and long term loans**	**2,207**	1,482
				Loans at 31 December:		
				Commercial paper		
1,405	1,622	673	804	US commercial paper	1,045	1,258
114	175	55	87	Canadian commercial paper	86	136
–	137	–	68	Australian commercial paper	–	107
1,519	1,934	728	959		1,131	1,501
				Bank loans		
263	266	126	132	Secured	195	207
559	294	268	146	Unsecured	416	228
822	560	394	278		611	435
				Debentures and other loans		
				Secured		
161	246	77	122	Debentures and loans	120	191
				Unsecured		
131	127	63	63	RTZ Finance BV 4⅛% guaranteed bonds	98	99
313	303	150	150	RTZ Canada Inc 7¼% guaranteed bonds	233	235
161	311	77	154	Nerco, Inc medium term notes 1995/2001	120	241
403	385	193	191	CRA Finance (USA) 6½% to 7⅛% guaranteed bonds	300	299
1,044	–	500	–	RTZ Pacific Holdings preference shares	777	–
326	274	156	136	Other unsecured loans	242	212
2,539	1,646	1,216	816		1,890	1,277
4,880	4,140	2,338	2,053	Total indebtedness	3,632	3,213
(1,914)	(2,230)	(917)	(1,106)	Deduct short term	(1,425)	(1,731)
2,966	1,910	1,421	947		2,207	1,482

(a) In accordance with Financial Reporting Standard No. 4, commercial paper of US$1,131 million is classified as short term borrowings though backed by medium term facilities. Under US and Australian GAAP these amounts would be classified as medium and long term borrowings.

(b) The RTZ Finance BV and RTZ Canada Inc bonds, the Nerco, Inc medium term notes and US$200 million of the CRA Finance (USA) bonds have been swapped into variable rate debt.

(c) The Group's foreign currency borrowings finance a proportion of the Group's overseas assets, and accordingly adjustments on translation are generally offset through reserves against translation movements on these assets.

(d) Details of available standby credit facilities are shown in note 20.

(e) Of total loans outstanding at 31 December 1995, US$2,430 million was subject to variable market rates of interest.

1995 A$m	1994 A$m	1995 £m	1994 £m	**Medium and long term loans are repayable as follows:**	1995 US$m	1994 US$m
436	260	209	129	1 – 2 years	325	202
1,526	200	731	99	2 – 3 years	1,135	155
81	482	39	239	3 – 4 years	61	374
119	147	57	73	4 – 5 years	89	114
804	821	385	407	After 5 years, repayable principally before 2002 by instalment	597	637
2,966	1,910	1,421	947		2,207	1,482

20 CREDIT FACILITIES

At 31 December 1995, the Group had unutilised standby credit facilities totalling US$2,741 million. The facilities, which are summarised below, are for back-up support for the Group's commercial paper progammes and for general corporate purposes.
US$900 million revolving bank bilateral facility extending to 30 November 1999.
US$500 million note issuance facility extending to 25 March 1998.
US$159 million revolving syndicated loan facility extending to 8 September 2000.
A$720 million bank bill facilities extending 25 April 1996 to 13 September 1999.
US$650 million revolving bank bilateral facility available for Comalco extending 24 September 1997 to 29 December 2004.

21 SHARE CAPITAL – THE RTZ CORPORATION PLC

1995 A$m	*1994 A$m*	*1995 £m*	*1994 £m*	*1995 Number (m)*	*1994 Number (m)*		*1995 US$m*	*1994 US$m*
						Issued and fully paid share capital		
						3.325% 'A' cumulative preference shares		
17	16	8	8	7.73	7.73	of £1 each (non-equity)	12	13
						3.5% 'B' cumulative preference shares		
6	6	3	3	3.14	3.14	of £1 each (non-equity)	5	5
–	–	–	–	1 only	–	Special voting share of 10p	–	–
223	216	107	107	1,068.52	1,067.18	Ordinary shares of 10p each (equity)	166	167
246	238	118	118			Total issued share capital	183	185
						Unissued share capital		
73	48	35	24	352.71	244.05	Ordinary shares of 10p each	54	37
–	–	–	–	1 only	–	Equalisation share of 10p	–	–
319	286	153	142			**Total authorised share capital**	237	222
						Shares issued during period		
				0.54	0.37	Scrip dividends (1995–779.9p)		
				0.68	2.49	RTZ employee share option scheme (a)		
				0.12	0.07	RTZ Profit Sharing Scheme (b)		
				1.34	2.93			
						Options outstanding		
				4.53	7.66	Options outstanding at 1 January		
				0.42	1.14	– granted		
				(0.68)	(2.49)	– exercised		
				(0.07)	(1.74)	– cancelled		
				(0.04)	(0.04)	– expired		
				4.16	4.53	Options outstanding at 31 December (c)		

(a) 679,840 Ordinary shares were issued during the year resulting from the exercise of options under RTZ employee share option schemes at prices between 338.46p and 693p.

(b) 123,341 Ordinary shares were issued fully paid at a price of 787p to the trustees of The RTZ Profit Sharing Scheme 1987.

(c) Options over 2,404,667 Ordinary shares were outstanding under the Executive Share Option Schemes at prices between 406.45p and 888.3p and exercisable at various dates up to April 2005. Options over 1,751,398 Ordinary shares were outstanding under the Savings Related Share Option Schemes at prices between 338.46p and 734p and exercisable at various dates up to June 2001.

21 SHARE CAPITAL – CRA LIMITED

1995 A$m	1994 A$m	1995 £m	1994 £m	1995 Number (m)	1994 Number (m)		1995 US$m	1994 US$m
						Issued and fully paid share capital		
1,195	1,192	**573**	591	**597.60**	596.12	Ordinary shares of A$2 each (equity)	**889**	925
–	–	**–**	–	**1 only**	–	Special voting share of A$2	**–**	–
1,195	1,192	**573**	591	**597.60**	596.12	Total issued share capital	**889**	925
(584)	(583)	**(280)**	(289)	**(292.23)**	(291.82)	Less shares held by RTZ	**(434)**	(452)
611	609	**293**	302	**305.37**	304.30	Share capital issued at 31 December	**455**	473
46	45	**22**	22	**22.87**	22.82	Adjustment for bonus issue to public shareholders[(a)]	**34**	34
657	654	**315**	324	**328.24**	327.12	Total share capital of public shareholders including bonus shares (see a)	**489**	507
						Unissued share capital		
1,805	1,808	**864**	896	**902.40**	903.88	Ordinary shares of A$2 each	**1,343**	1,403
–	–	**–**	–	**1 only**	–	Equalisation share of A$2	**–**	–
3,000	3,000	**1,437**	1,487			**Total authorised share capital**	**2,232**	2,328
						Shares issued during period		
				1.48	1.84	Options issued under EPS and SESP [(b)]		
				–	0.01	Small shareholder scheme		
				1.48	1.85			
						Options outstanding		
				1.73	3.57	Options outstanding at 1 January		
				0.25	–	– granted		
				(1.48)	(1.84)	– exercised[(b)]		
				(0.25)	–	– expired		
				0.25	1.73	Options outstanding at 31 December		

(a) This adjustment reflects the bonus issue on 15 January 1996 which was approved by shareholders on 20 December 1995 and was related to the formation of the DLC structure.

(b) A total of 1,485,500 shares were issued at a price of A$12.02 following the exercise of options granted under the Employee Participation Scheme (EPS) and the Senior Executive Share Plan (SESP).

22 SHARE PREMIUM AND RESERVES

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Share premium		
2,852	2,984	**1,414**	1,369	At 1 January	**2,213**	2,026
78	(166)	**(10)**	29	Adjustment on currency translation	**(32)**	162
13	34	**6**	16	Premium on issues of ordinary shares	**9**	25
2,943	2,852	**1,410**	1,414	At 31 December	**2,190**	2,213
				Parent and subsidiary companies' profit and loss account		
4,359	4,203	**2,161**	1,928	At 1 January	**3,382**	2,853
123	(405)	**(14)**	(35)	Adjustment on currency translation	**(46)**	119
594	639	**279**	305	Retained profit for the year	**440**	467
9	8	**4**	4	Dividends written back	**6**	6
(669)	(86)	**(314)**	(41)	Goodwill written off on acquisitions during the year	**(496)**	(63)
4,416	4,359	**2,116**	2,161	At 31 December	**3,286**	3,382
				Associated companies' profit and loss account		
752	602	**373**	276	At 1 January	**584**	408
13	(65)	**(4)**	(6)	Adjustment on currency translation	**(13)**	19
–	29	**–**	14	Capital reserve transferred on disposal of associated company	**–**	21
226	186	**106**	89	Retained profit for the year	**167**	136
991	752	**475**	373	At 31 December	**738**	584
				Other reserves		
153	194	**76**	89	At 1 January	**119**	132
6	(12)	**–**	1	Adjustment on currency translation	**(1)**	8
–	(29)	**–**	(14)	Capital reserve transferred on disposal of associated company	**–**	(21)
159	153	**76**	76	At 31 December	**118**	119
				Total reserves		
4,552	4,492	**2,181**	2,227	– Parent and subsidiary companies	**3,387**	3,485
1,014	772	**486**	383	– Associated companies	**755**	600
5,566	5,264	**2,667**	2,610		**4,142**	4,085

(a) A substantial portion of Group reserves are in overseas subsidiaries and associated companies. If these reserves were distributed, there would be a liability to withholding taxes and corporation tax in the UK and Australia. This would, however, be reduced by double taxation relief. No provision is made in these accounts for any such additional tax, except in respect of single mine investments.

(b) At 31 December 1995, cumulative goodwill written off amounted to US$3,052 million (1994 – US$2,574 million).

23 PRODUCT ANALYSIS

1995 A$m	1994 A$m	1995 £m	1994 £m	1995 %	1994 %		1995 US$m	1994 US$m
						Operating assets		
6,647	5,420	**3,185**	2,687	**40.3**	37.3	Copper and gold	**4,946**	4,205
1,820	1,704	**872**	845	**11.0**	11.7	Iron ore	**1,354**	1,322
1,897	2,055	**909**	1,019	**11.5**	14.2	Coal	**1,412**	1,595
2,458	1,840	**1,178**	912	**14.9**	12.7	Aluminium	**1,829**	1,427
2,525	2,313	**1,210**	1,147	**15.3**	15.9	Industrial minerals	**1,879**	1,795
1,128	1,182	**540**	586	**7.0**	8.2	Other	**839**	918
16,475	14,514	**7,894**	7,196	**100.0**	100.0	Continuing operations	**12,259**	11,262
–	637	**–**	316			Discontinued operations	**–**	495
(175)	(627)	**(84)**	(311)			Unallocated net current financial liabilities	**(130)**	(487)
16,300	14,524	**7,810**	7,201			**Total assets less current liabilities**	**12,129**	11,270
						Turnover		
2,826	2,307	**1,326**	1,101	**23.5**	21.3	Copper	**2,094**	1,687
906	859	**425**	410	**7.5**	7.9	Gold	**671**	628
1,300	1,190	**610**	568	**10.8**	11.0	Iron ore	**963**	870
1,922	1,923	**902**	918	**16.0**	17.7	Coal	**1,424**	1,406
2,112	1,622	**991**	774	**17.6**	15.0	Aluminium	**1,565**	1,186
2,291	2,112	**1,075**	1,008	**19.1**	19.5	Industrial minerals	**1,697**	1,544
655	824	**308**	394	**5.5**	7.6	Other products	**487**	604
12,012	10,837	**5,637**	5,173	**100.0**	100.0	Continuing operations	**8,901**	7,925
584	1,081	**274**	516			Discontinued operations	**433**	791
12,596	11,918	**5,911**	5,689			**Total**	**9,334**	8,716
						Profit before tax		
1,573	1,117	**738**	533	**40.9**	40.1	Copper and gold	**1,165**	817
488	452	**229**	216	**12.7**	16.2	Iron ore	**362**	331
413	287	**194**	137	**10.7**	10.3	Coal	**306**	210
597	256	**280**	122	**15.5**	9.2	Aluminium	**442**	187
641	522	**301**	249	**16.7**	18.7	Industrial minerals	**475**	381
134	152	**63**	73	**3.5**	5.5	Other	**100**	112
3,846	2,786	**1,805**	1,330	**100.0**	100.0		**2,850**	2,038
(339)	(283)	**(159)**	(135)			Exploration and development	**(251)**	(207)
(151)	(141)	**(71)**	(67)			Other items[c]	**(113)**	(104)
(32)	15	**(15)**	7			Discontinued operations	**(24)**	11
3,324	2,377	**1,560**	1,135				**2,462**	1,738
(290)	34	**(136)**	16			Exceptional items	**(215)**	25
3,034	2,411	**1,424**	1,151			**Total**	**2,247**	1,763

(a) Operating assets represent total assets less current non-financial liabilities. Figures stated include 100 per cent of subsidiaries and the Group's share of associated companies and joint ventures.

(b) The above analyses include the RTZ-CRA Group's share of the results of associated companies.

(c) All financing costs, including those of associated companies, are included in 'other items'.

23 PRODUCT ANALYSIS continued

1995 A$m	1994 A$m	1995 £m	1994 £m	1995 %	1994 %		1995 US$m	1994 US$m
						Net attributable profit		
961	677	**451**	323	**42.0**	38.6	Copper and gold	**712**	495
330	331	**155**	158	**14.4**	18.9	Iron ore	**245**	242
273	207	**128**	99	**11.9**	11.8	Coal	**202**	152
266	126	**125**	60	**11.6**	7.2	Aluminium	**197**	92
377	306	**177**	146	**16.5**	17.4	Industrial minerals	**279**	224
82	105	**38**	51	**3.6**	6.1	Other products	**60**	76
2,289	1,752	**1,074**	837	**100.0**	100.0		**1,695**	1,281
(241)	(184)	**(113)**	(88)			Exploration and development	**(178)**	(134)
(90)	(34)	**(42)**	(16)			Other items[c]	**(67)**	(25)
(13)	15	**(6)**	7			Discontinued operations	**(9)**	11
1,945	1,549	**913**	740			Adjusted earnings	**1,441**	1,133
(209)	74	**(98)**	35			Exceptional items	**(155)**	54
1,736	1,623	**815**	775			**Total**	**1,286**	1,187

24 GEOGRAPHICAL ANALYSIS (by country of origin)

1995 A$m	1994 A$m	1995 £m	1994 £m	1995 %	1994 %		1995 US$m	1994 US$m
						Operating assets		
6,234	5,428	**2,987**	2,691	**37.8**	37.4	North America	**4,639**	4,211
6,380	6,035	**3,057**	2,992	**38.7**	41.6	Australia and New Zealand	**4,748**	4,682
1,016	764	**487**	379	**6.2**	5.3	South America	**756**	593
893	889	**428**	441	**5.4**	6.1	Africa	**665**	690
806	764	**386**	379	**4.9**	5.3	Europe	**599**	593
1,146	634	**549**	314	**7.0**	4.3	Other countries	**852**	493
16,475	14,514	**7,894**	7,196	**100.0**	100.0	Continuing operations	**12,259**	11,262
	637		316			Discontinued operations	**–**	495
(175)	(627)	**(84)**	(311)			Unallocated net current financial liabilities	**(130)**	(487)
16,300	14,524	**7,810**	7,201			**Total assets less current liabilities**	**12,129**	11,270
						Turnover		
3,802	3,358	**1,784**	1,603	**31.6**	31.0	North America	**2,817**	2,456
4,635	4,611	**2,175**	2,201	**38.6**	42.5	Australia and New Zealand	**3,434**	3,372
635	553	**298**	264	**5.3**	5.1	South America	**471**	404
1,187	1,024	**557**	489	**9.9**	9.5	Africa	**880**	749
1,085	865	**509**	413	**9.0**	8.0	Europe	**804**	633
668	426	**314**	203	**5.6**	3.9	Other countries	**495**	311
12,012	10,837	**5,637**	5,173	**100.0**	100.0	Continuing operations	**8,901**	7,925
584	1,081	**274**	516			Discontinued operations	**433**	791
12,596	11,918	**5,911**	5,689			**Total**	**9,334**	8,716

(a) Operating assets represent total assets less current non-financial liabilities. Figures stated include 100 per cent of subsidiaries and the Group's share of associated companies and joint ventures.

(b) The above analyses include the RTZ-CRA Group's share of the results of associated companies.

(c) All financing costs net of tax, including those of associated companies, are included in 'other items'.

24 GEOGRAPHICAL ANALYSIS (by country of origin) continued

1995 A$m	1994 A$m	1995 £m	1994 £m	1995 %	1994 %		1995 US$m	1994 US$m
						Profit before tax		
1,223	892	**574**	426	**36.1**	36.7	North America	**907**	653
987	725	**463**	346	**29.1**	29.8	Australia and New Zealand	**731**	530
311	318	**146**	152	**9.2**	13.1	South America	**231**	233
516	337	**242**	161	**15.2**	13.9	Africa	**382**	247
117	23	**55**	11	**3.5**	0.9	Europe	**87**	17
236	135	**111**	64	**6.9**	5.6	Other countries	**174**	97
3,390	2,430	**1,591**	1,160	**100.0**	100.0	Continuing operations	**2,512**	1,777
(34)	(68)	**(16)**	(32)			Net finance charges(c)	**(26)**	(50)
(32)	15	**(15)**	7			Discontinued operations	**(24)**	11
3,324	2,377	**1,560**	1,135				**2,462**	1,738
(290)	34	**(136)**	16			Exceptional items	**(215)**	25
3,034	2,411	**1,424**	1,151			**Total**	**2,247**	1,763
						Net attributable profit		
863	633	**405**	302	**43.9**	40.6	North America	**639**	463
539	513	**253**	245	**27.4**	32.9	Australia and New Zealand	**399**	375
202	203	**95**	97	**10.3**	13.0	South America	**150**	149
173	111	**81**	53	**8.8**	7.1	Africa	**128**	81
30	6	**14**	3	**1.5**	0.4	Europe	**22**	5
157	91	**74**	44	**8.1**	6.0	Other countries	**117**	66
1,964	1,557	**922**	744	**100.0**	100.0	Continuing operations	**1,455**	1,139
(6)	(23)	**(3)**	(11)			Net finance charges(c)	**(5)**	(17)
(13)	15	**(6)**	7			Discontinued operations	**(9)**	11
1,945	1,549	**913**	740			Adjusted earnings	**1,441**	1,133
(209)	74	**(98)**	35			Exceptional items	**(155)**	54
1,736	1,623	**815**	775			**Total**	**1,286**	1,187
						Sales by destination		
3,017	2,795	**1,416**	1,334	**25.1**	25.8	North America	**2,236**	2,044
3,035	2,434	**1,424**	1,162	**25.3**	22.5	Europe	**2,248**	1,780
2,431	2,147	**1,141**	1,025	**20.2**	19.8	Japan	**1,802**	1,570
2,261	1,991	**1,061**	950	**18.8**	18.4	Asia	**1,675**	1,455
624	980	**293**	468	**5.2**	9.0	Australia and New Zealand	**463**	717
452	329	**212**	157	**3.8**	3.0	Africa	**335**	241
192	161	**90**	77	**1.6**	1.5	South America	**142**	118
12,012	10,837	**5,637**	5,173	**100.0**	100.0	Continuing operations	**8,901**	7,925
584	1,081	**274**	516			Discontinued operations	**433**	791
12,596	11,918	**5,911**	5,689			**Total**	**9,334**	8,716

(a) Operating assets represent total assets less current non-financial liabilities. Figures stated include 100 per cent of subsidiaries and the Group's share of associated companies and joint ventures.

(b) The above analyses include the RTZ-CRA Group's share of the results of associated companies.

(c) All financing costs, including those of associated companies, are included in 'net finance charges'.

25 CURRENCY ANALYSIS OF NET DEBT

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Borrowings		
3,604	3,264	**1,727**	1,618	United States dollar	**2,682**	2,532
543	518	**260**	257	Australian dollar	**404**	402
841	426	**403**	211	Sterling	**626**	330
4	52	**2**	26	South African rand	**3**	41
124	72	**59**	36	Other currencies	**92**	57
5,116	4,332	**2,451**	2,148		**3,807**	3,362
				Cash and liquid investments		
1,167	1,644	**559**	815	United States dollar	**868**	1,275
459	216	**220**	107	Australian dollar	**342**	167
1,119	587	**536**	291	Sterling	**832**	455
127	73	**61**	36	South African rand	**95**	56
251	74	**120**	37	Other currencies	**187**	60
3,123	2,594	**1,496**	1,286		**2,324**	2,013
1,993	1,738	**955**	862	**Net debt**	**1,483**	1,349
2,235	1,141	**1,071**	566	Wholly owned subsidiaries	**1,663**	886
(242)	597	**(116)**	296	Partly owned subsidiaries	**(180)**	463
1,993	1,738	**955**	862		**1,483**	1,349

26 CONTINGENT LIABILITIES, COMMITMENTS AND LITIGATION MATTERS

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Commitments:		
				Capital expenditure authorised and approved at 31 December		
363	426	**174**	211	– Contracted	**270**	330
1,012	1,533	**485**	760	– Not contracted	**753**	1,189
257	232	**123**	115	Operating lease and other commitments	**191**	180
1,632	2,191	**782**	1,086		**1,214**	1,699
				Contingent liabilities:		
282	454	**135**	225	Indemnities and other performance guarantees on which no material loss is expected	**210**	352

Litigation matters

There are a number of legal claims currently outstanding against the Group, the more important of which are described below. No material loss to the Group is expected to result from these claims.

The Wik Peoples continue to claim that their native title continues to exist in respect of the southern part of Comalco's Weipa bauxite leases. The consistent advice of counsel is that the company's titles are secure. The decision in Comalco's favour is subject to appeal.

The Ngaluma Injibandi peoples have lodged a claim with the National Native Title Tribunal (NNTT) over land which includes special leases held by the Hamersley Group for its Dampier port operations, a section of the Dampier to Tom Price railway and other infrastructure. This will be mediated by the NNTT in or around April 1996. If mediation is not successful, these Ngaluma Injibandi claims will be referred to the Federal Court. No liability is anticipated for the Hamersley Group as a result of this claim.

Claims were lodged on behalf of the Waanyi peoples in respect of a Camping and Water Reserve in an area which is within the proposed Century mine site. In February 1996, the President of the NNTT determined that the claim could not be registered as, prima facie, the relevant land titles had been the subject of pastoral leases which had extinguished any native title rights that may have existed. The Waanyi peoples appealed to the High Court which determined that on procedural grounds, the NNTT had wrongly applied the prima facie test and directed the NNTT to accept registration of the claim and follow the procedures under the Native Title Act.

The Group is subject to a claim of US$80 million in respect of alleged misrepresentations in connection with an acquisition in 1990-91 relating to the Kelian Gold project in Indonesia. The Group believes that the claim can be defended successfully.

27 EMPLOYEES

	Subsidiaries		Associated companies		Group total	
	1995	1994	1995	1994	1995	1994
The average number of employees within each category was:						
Metals and coal	**21,471**	22,664	**13,901**	8,585	**35,372**	31,249
Industrial minerals	**6,652**	6,506	**1,874**	1,929	**8,526**	8,435
Other including administration, exploration and research	**5,190**	4,757	**2,404**	857	**7,594**	5,614
Continuing operations	**33,313**	33,927	**18,179**	11,371	**51,492**	45,298
Discontinued operations	**1,450**	2,344	**–**	–	**1,450**	2,344
Total	**34,763**	36,271	**18,179**	11,371	**52,942**	47,642
The principal locations of employment were:						
North America	**7,902**	7,944	**100**	–	**8,002**	7,944
Australia and New Zealand	**12,493**	12,873	**1,286**	1,292	**13,779**	14,165
Africa	**6,993**	7,240	**2,277**	2,336	**9,270**	9,576
United Kingdom	**1,389**	1,391	**–**	–	**1,389**	1,391
Mainland Europe	**1,254**	1,317	**2,819**	2,129	**4,073**	3,446
South America	**1,540**	1,475	**4,242**	3,377	**5,782**	4,852
Other countries	**1,742**	1,687	**7,455**	2,237	**9,197**	3,924
Continuing operations	**33,313**	33,927	**18,179**	11,371	**51,492**	45,298
Discontinued operations	**1,450**	2,344	**–**	–	**1,450**	2,344
Total	**34,763**	36,271	**18,179**	11,371	**52,942**	47,642

	1995 A\$m	1994 A\$m	1995 £m	1994 £m	1995 US\$m	1994 US\$m
Employment costs						
Employment costs, excluding associated companies were:						
– Wages and salaries	**1,498**	1,490	**703**	711	**1,110**	1,089
– Social security costs	**107**	107	**50**	51	**79**	78
– Other post retirement costs	**52**	28	**24**	14	**38**	21
	1,657	1,625	**777**	776	**1,227**	1,188
Less: charged within provisions	**(90)**	(91)	**(42)**	(44)	**(66)**	(67)
	1,567	1,534	**735**	732	**1,161**	1,121
Discontinued operations	**60**	119	**28**	57	**44**	87

Notes:

(a) Employee numbers for associated companies are totals, not RTZ-CRA share.

(b) Part-time workers are included on a full time equivalent basis.

(c) Contract personnel are excluded.

28 PRINCIPAL SUBSIDIARY COMPANIES

At 31 December 1995

Company and country of incorporation	*Principal activities*	*Class of shares held*	*Proportion of class held %*	*Group interest %*
Australia				
Coal & Allied Industries Limited	Coal mining	Ordinary A$1	71.46	71.46
		Preference A$0.50	50	50
Comalco Limited	Bauxite mining; alumina production; primary aluminium smelting	Ordinary A$1	67.04	67.04
Dampier Salt Limited	Salt production	Ordinary A$1	64.94	64.94
Hamersley Iron Pty Limited	Iron ore mining	Ordinary A$2	100	100
Queensland Coal Pty Limited	Coal mining	Ordinary A$2	100	100
Novacoal Australia Pty Limited	Coal mining	Ordinary A$2	100	100
Brazil				
Rio Paracatu Mineração S.A.	Gold mining	Common	51	51
Canada				
QIT-Fer et Titane Inc	Titanium dioxide feedstock	Common Can $100	100	100
	High purity iron and steel	Class 'A' preferred		
England and Wales				
Anglesey Aluminium Limited	Aluminium smelting	Ordinary £1	51	51
France				
Talc de Luzenac S.A.	Mining, refining and marketing of talc	Ordinary FF100	99.75	99.75
Indonesia				
P.T. Kelian Equatorial Mining	Gold mining	Ordinary US$1	90	90
Namibia				
Rossing Uranium Limited (note c)	Uranium mining	'B'N$1	68.58	68.58
		'C'N10c	68.30	68.30
New Zealand				
New Zealand Aluminium Smelters Limited	Aluminium smelting	Ordinary	79.36	79.36
Papua New Guinea				
Bougainville Copper Limited (note d)	Copper and gold mining	Ordinary 1 kina	53.58	53.58
South Africa				
Palabora Mining Company Limited	Copper mining, smelting and refining	R1	64.9	38.9
United States of America				
Kennecott Corporation	Copper and gold mining, exploration	Common US$.01	100	100
Nerco, Inc	Coal mining	Common US$.01	100	100
Cordero Mining Company	Coal mining	Common US$1	100	100
U.S. Borax Inc.	Mining, refining, marketing of borax, exploration and research	Common US$1	100	100
Zimbabwe				
Rio Tinto Zimbabwe Limited	Gold mining and metal refining	Ordinary Z40c	56.04	56.04

Notes

(a) The Group comprises a large number of companies and it is not practical to include all of them in this list. The list therefore only includes those companies which principally affect the profit or assets of the Group.

(b) All companies operate mainly in the countries in which they are incorporated.

(c) The Group holding of shares in Rossing Uranium Limited carries 35.46 per cent of the total voting rights. Rossing is consolidated by virtue of Board control.

(d) The results of Bougainville Copper Limited are not consolidated – refer note 35.

29 PRINCIPAL ASSOCIATED COMPANIES

At 31 December 1995

Company and country of incorporation	*Principal activities*	*Number of shares held by the Group*	*Class of shares held*	*Proportion of class held %*	*Group interest %*
Australia					
Boyne Smelters Limited	Aluminium smelting	84,050,059	Ordinary A$1	53.5	35.8
Queensland Alumina Limited	Alumina production	670,980	Ordinary A$2	30.3	20.3
Chile					
Minera Escondida Limitada	Copper mining	30 per cent interest			30
Indonesia					
P. T. Kaltim Prima Coal	Coal mining	150	Ordinary US$100	50	50
Papua New Guinea					
Lihir Gold Limited	Gold mining	205,785,150	Ordinary Kina 0.1	22.87	17.15
Portugal					
Sociedade Mineira de Neves Corvo S.A.	Copper and tin mining	7,178,500	Esc 1000	49	49
South Africa					
Richards Bay Minerals	Titanium dioxide feedstock, zircon				50.0
Richards Bay Iron and Titanium Limited	and rutile	22,911,547	R1	50.5	
Tisand Limited		7,353,675	R1	49.0	
United States of America					
Freeport-McMoRan Copper & Gold Inc.	Copper and gold mining in Indonesia	23,931,100	Class 'A' Common US$0.10	12.03	12.03

Notes

(a) The Group comprises a large number of companies and it is not practical to include all of them in this list. The list therefore only includes those companies which principally affect the profit or assets of the Group.

(b) All companies operate mainly in the countries in which they are incorporated except where otherwise shown.

30 PRINCIPAL JOINT VENTURE INTERESTS

At 31 December 1995

Name and operating location	*Principal activities*	*Group interest %*
Australia		
Argyle Diamond Mines	Mining and processing of diamonds	59.7
Blair Athol Coal	Coal mining	57.2
Gladstone Power Station	Power generation	28.2
Howick	Coal mining	60.0
Mt Thorley	Coal mining	56.6
United States of America		
Cortez	Gold mining	40.0
Decker	Coal mining	50.0
Rawhide	Gold mining	51.0

Notes

These joint ventures are all unincorporated entities which are proportionally consolidated in the Group accounts.

31 PURCHASES AND SALES OF SUBSIDIARY AND ASSOCIATED COMPANIES

The net cash effect of acquisitions and disposals of subsidiary and associated companies during the period was as follows:

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
				Acquisitions		
294	245	**138**	117	Fixed assets (including fixed asset investments)	**218**	179
				Current Assets		
2	2	**1**	1	Stocks	**2**	2
5	6	**2**	3	Debtors	**3**	5
(128)	(2)	**(60)**	(1)	Creditors due within one year	**(95)**	(2)
				Creditors due after one year		
(21)	–	**(10)**	–	Long term debt	**(16)**	–
–	(10)	**–**	(5)	Provisions	**–**	(8)
19	4	**9**	2	Minority interests	**14**	3
171	245	**80**	117	Net assets	**126**	179
669	86	**314**	41	Goodwill	**496**	63
840	331	**394**	158	Net cash effect	**622**	242
				Disposals		
443	425	**208**	203	Fixed assets (including fixed asset investments)	**329**	311
				Current Assets		
206	–	**97**	–	Stocks	**153**	–
185	101	**87**	48	Debtors	**137**	73
73	–	**34**	–	Investments	**54**	–
(139)	(21)	**(65)**	(10)	Creditors due within one year	**(103)**	(15)
				Creditors due after one year		
(117)	52	**(55)**	25	Provisions	**(87)**	38
651	557	**306**	266	Net assets	**483**	407
				Consideration		
769	725	**361**	346	Amount receivable	**570**	530
(32)	119	**(15)**	57	Deferred	**(24)**	88
–	21	**–**	10	Debt	**–**	15
737	865	**346**	413	Net cash effect	**546**	633

32 DIRECTORS' EMOLUMENTS

Aggregate emoluments of the directors of the Companies were as follows:

1995 A$'000	1994 A$'000	1995 £'000	1994 £'000		1995 US$'000	1994 US$'000
				Executive directors		
5,434	6,574	**2,550**	3,138	Remuneration, excluding bonuses	**4,026**	4,807
1,579	1,716	**741**	819	Bonuses	**1,170**	1,255
869	813	**408**	388	Benefits in kind	**644**	594
–	34	**–**	16	Pension contributions	**–**	25
7,882	9,137	**3,699**	4,361		**5,840**	6,681
1,332	1,145	**625**	547	Non-executive directors' fees	**987**	838
72	105	**34**	50	Retired directors' pensions paid	**54**	77
1,404	1,250	**659**	597		**1,041**	915
9,286	10,387	**4,358**	4,958	**RTZ-CRA Total**	**6,881**	7,596

More detailed information concerning directors' remuneration, shareholdings and options is shown in the report of the remuneration committee in the annual report to shareholders.

33 RELATED PARTY TRANSACTIONS

Related party transactions for the RTZ-CRA Group, which are considered to be material are as follows:

(a) Subsidiary companies

Details of investments in principal subsidiary companies are disclosed in note 28.

(b) Associated companies

Information relating to associated companies can be found in the following notes:

Note 4 – Net interest payable
Note 10 – Fixed asset investments
Note 12 – Accounts receivable and prepayments
Note 16 – Accounts payable and accruals
Note 22 – Share premium and reserves
Note 29 – Principal associated companies

Specific transactions with associated companies which are considered material are as follows:

Transactions of Boyne Smelters Limited, Queensland Alumina Limited and Eurallumina SpA with Comalco consist of various agreements, drawn up under normal commercial terms and conditions, as follows:

* technology service agreements which are in place for all the associated companies;
* a management and services agreement with Boyne Smelters Limited;
* the provision of the Comalco economic entity's share of bauxite (Queensland Alumina Limited and Eurallumina SpA) and alumina (Boyne Smelters Limited) for processing by the consortium entities, for which a tolling fee for the cost of manufacture is paid. Comalco has obligations to take its shares of the consortium entities' output;
* contained within the agreements in place between the associated companies and Comalco Limited and/or other subsidiary companies of Comalco Limited, are pre-emptive rights in respect of changes in equity participation, plant expansion etc., in respect of which it is not practicable to determine a value; and
* proportions of raw material inputs, tolling fees and share of consortium entity production are based primarily upon equity participation

(c) Joint ventures

Details of material investments in joint ventures are disclosed in note 30.

(d) Pension funds

Information relating to pension fund arrangements is disclosed in note 34.

(e) Directors

Details of directors emoluments are set out in note 32 and the report of the remuneration committee on page 58 of the annual report to shareholders.

34 POST RETIREMENT BENEFITS

The Group operates a number of pension schemes around the world. Whilst some of these schemes are defined contribution, the majority are of the defined benefit type with assets held in separate trustee administered funds.

The Group's UK schemes were reviewed by independent qualified actuaries as at 31 March 1995 using the projected unit method. The main financial assumptions used for the valuations were the same as those used in 1994 and were: rate of return on investments 8.5 per cent, rate of earnings growth 6.5 per cent plus promotional salary scale, rate of pension increase 4.5 per cent, effective rate of growth of dividends 4.25 per cent.

At the date of the latest actuarial review, the actuarial value of the assets was sufficient to cover 156 per cent (1994: 149 per cent) of the benefits that had accrued to members after allowing for expected increases in earnings. The market value of the assets was £702 million (1994 £682 million).

Due to the high level of cover, the Trustees of the UK schemes and the Company have agreed to combine the schemes into one fund, improve benefits and refund to the Company the excess surplus as defined by the Inland Revenue. The refund, subject to final agreement by the Occupational Pensions Board, is likely to occur in mid 1996. The estimated payment to the Company, net of tax, is £49 million.

In Australia, whilst companies sponsor or subscribe to 11 pension plans, the CRA Group Staff Superannuation Fund is the only significant scheme. Actuarial valuations are made annually using the projected unit method. The main financial assumptions used for the valuation were the same as those used in 1994 and were : rate of return on investments (after tax) 8.0 per cent, rate of earnings growth 5.0 per cent plus promotional salary scale, rate of pension increase 3 per cent. Assets were taken at market value.

At 31 December 1995, the value of the assets was sufficient to cover 169 per cent (1994: 159 per cent) of the benefits that had accrued to members after allowing for expected increases in earnings. The market value of the assets was A$872 million (1994: A$791 million). The level of funding is kept under review in the light of current legislation and the economic environment.

The schemes outside the UK and Australia were assessed at various dates during 1994 and 1995. The total market value of the assets at the assessment dates was US$1,022 million (1994 US$854 million). The actuarial value of the total assets of these schemes was sufficient to cover 119 per cent (1994 112 per cent) of the benefits that had accrued to members after allowing for expected increases in earnings. Within the total there were plans which had deficits amounting to US$43 million (1994 US$69 million).

The expected average remaining service life in the major schemes ranges from 10 to 21 years with an overall average of 14 years.

Certain subsidiaries of the Group, mainly in the US, provide health and life insurance benefits to retired employees and in some cases their beneficiaries and covered dependants. Eligibility for cover is dependent upon certain age and service criteria. In the case of Kennecott, the company is only responsible for the cost of cover provided for eligible employees retiring after January 1989, the effective date of acquisition by the RTZ Group. These arrangements are unfunded.

On 1 January 1995, the (unfunded) accumulated post retirement benefits obligation and annual cost of accrual of benefits were determined by independent actuaries using the projected unit method. In the US, the main financial assumptions were: discount rate 8.75 per cent (1994 7.5 per cent), Medical Trend Rate 11.5 per cent reducing to 6.0 per cent after 10 years (1994 initially 12.5 per cent reducing to 5.5 per cent after 11 years), claims cost based on individual company experience. The assumptions were consistent with those adopted for determining pension costs. At 1 January 1995 the unfunded accumulated post retirement obligation (excluding associates) was US$305 million. At the same date there were provisions totalling US$341 million.

35 BOUGAINVILLE COPPER LIMITED (BCL)

The Panguna mine remains shut down. Access to the mine site has not been possible and an accurate assessment of the condition of the assets cannot be determined. Considerable funding would be required to recommence operations to the level which applied at the time of the mine's closure in 1989. These funding requirements cannot be forecast accurately, but could be between US$225 million and US$450 million.

Accounting treatment of BCL
The directors do not have access to reliable, verifiable or objective information on BCL and the directors have therefore decided to exclude BCL information from the combined financial statements.

Results reported by BCL
BCL reported a net profit of US$6 million for the financial year (1994 – profit of US$8 million). This is based upon actual transactions for the financial year.

Investment in BCL
The combined group owns 214,887,966 shares in BCL, representing 53.6 per cent of the issued share capital. The investment of US$195 million was fully provided against in 1991. At 31 December 1995, the market value of the shareholding in BCL was US$96 million.

36 PARENT COMPANY BALANCE SHEETS

RTZ Corporation PLC		*CRA Limited**			
1995	*1994*	*1995*	*1994*	**Years ended 31 December**	*Note*
£m	*£m*	*A$m*	*A$m*		
				Fixed assets	
1,200	1,200	**7,026**	5,500	Investments	*37*
				Current assets	
1,394	1,551	**501**	1,337	Amounts owed by subsidiaries	
136	59	**–**	–	Accounts receivable and prepayments	
1,530	1,610	**501**	1,337		
				Creditors due within one year	
(618)	(725)	**(778)**	(982)	Amounts owed to subsidiaries	
(89)	(53)	**(10)**	(13)	Taxation	
(4)	(2)	**–**	–	Accounts payable and accruals	
(224)	(198)	**(209)**	(178)	Dividends payable	
(935)	(978)	**(997)**	(1,173)		
595	632	**(496)**	164	**Net current assets**	
1,795	1,832	**6,530**	5,664	**Total assets less current liabilities**	
				Creditors due after one year	
–	–	**(2,926)**	(2,167)	Amounts owed to subsidiaries	
(13)	(8)	**10**	6	Provisions for deferred taxation	
1,782	1,824	**3,614**	3,503		
				Capital and reserves	
118	118	**1,195**	1,192	Called up share capital	
1,039	1,036	**916**	901	Share premium account	
–	–	**537**	537	Other reserves	*37*
625	670	**966**	873	Profit and loss account	*37*
1,782	1,824	**3,614**	3,503	Shareholders' funds (RTZ includes non-equity)	

*Prepared under Australian GAAP.

The accounts on pages 2 to 39 were approved by the boards of directors on 15 March 1996 and were signed on their behalf by

R P Wilson

L A Davis

C R H Bull

37 OTHER PARENT COMPANY DISCLOSURES

RTZ Corporation PLC(a)		*CRA Limited*(b)		
1995 *£m*	*1994* *£m*	*1995* *A$m*	*1994* *A$m*	
0.259	0.159	**0.338**	0.323	**Auditors remuneration**
				Fixed asset investments
				Shares in group companies:
405	406	**1,725**	1,801	At 1 January
–	(1)	**1,697**	(76)	Additions/disposals
405	405	**3,422**	1,725	At 31 December
				Loans to group companies:
795	799	**3,775**	3,556	At 1 January
–	(4)	**(171)**	219	Advances/(repayments)
795	795	**3,604**	3,775	At 31 December
				Profit and loss account
670	829	**873**	993	At 1 January
4	4	**–**	–	Dividends written back
–	2	**–**	–	Transfers
(49)	(165)	**93**	(120)	Retained profit for year
625	670	**966**	873	At 31 December
				Other reserves
–	2	**537**	537	At 1 January
–	(2)	**–**	–	Transfers
–	–	**537**	537	At 31 December
				Contingent liabilities
1,627	1,156	**469**	589	Bank and other performance guarantees

(a) Profit for the year dealt with in the profit and loss account of the RTZ parent company amounted to £288 million (1994 – £130 million). As permitted by section 230 of the United Kingdom Companies Act 1985, no profit and loss account for the RTZ parent company is shown.

(b) Prepared under Australian GAAP.

38 MERGER DISCLOSURES

(a) Results prior to merger

The respective individual 1995 results of the RTZ and CRA Groups prior to the merger of the two companies which took place on 21 December 1995 (which are also the profits for the financial year) are presented below. Both the RTZ and CRA results are presented in accordance with UK accounting principles.

The RTZ results include its 49% interest in CRA on an equity basis.

RTZ A$m	CRA A$m	RTZ £m	CRA £m		RTZ US$m	CRA US$m
				Turnover		
9,046	5,089	4,245	2,388	Continuing operations	6,703	3,770
192	584	90	274	Discontinued operations	142	433
(3,689)	(237)	(1,731)	(111)	Share of associates' turnover	(2,733)	(175)
5,549	5,436	2,604	2,551	Turnover	4,112	4,028
(3,839)	(4,440)	(1,801)	(2,084)	Net operating costs	(2,845)	(3,291)
				Net operating profit		
1,710	1,028	803	482	– Continuing operations	1,267	761
–	(32)	–	(15)	– Discontinued operations	–	(24)
974	70	457	33	Share of associates' profit	722	52
2,684	1,066	1,260	500	**Profit before exceptional items**	1,989	789
(151)	(271)	(71)	(127)	Exceptional items	(112)	(200)
2,533	795	1,189	373	Profit on ordinary activities before interest	1,877	589
47	(56)	22	(26)	Net interest receivable/(payable)	35	(41)
2,580	739	1,211	347	**Profit on ordinary activities before taxation**	1,912	548
				Taxation		
(936)	(321)	(439)	(151)	– Before exceptional items	(693)	(238)
39	81	18	38	– Exceptional items	28	60
1,683	499	790	234	Profit on ordinary activities after taxation	1,247	370
(145)	(110)	(68)	(52)	Attributable to outside shareholders	(107)	(82)
1,538	389	722	182	**Profit for the financial year**	1,140	288
1,650	579	775	271	**Adjusted earnings**	1,224	428

(b) Statement of total recognised gains/losses prior to merger

RTZ A$m	CRA A$m	RTZ £m	CRA £m		RTZ US$m	CRA US$m
1,538	389	722	182	**Profit for the financial year**	1,140	288
217	21	(10)	(57)	Adjustment on translation of foreign currency net investments	(57)	(113)
1,755	410	712	125	**Total net gains recognised since last report**	1,083	175

(c) Amounts attributable to CRA public shareholders

Included in the consolidated shareholders' funds and profit for the financial year of the DLC are the following amounts attributable to the economic interests of shareholders in CRA other than RTZ:

1995 A$m	1995 £m		1995 US$m
2,212	1,060	Shareholders' funds	1,646
390	183	Profit for the financial year	289

38 MERGER DISCLOSURES continued

(d) Net assets and adjustments from Australian to United Kingdom GAAP

The respective net assets of the RTZ and CRA Groups at the date of the merger and details of adjustments which were made to achieve consistent accounting policies are presented below. Save for the alignment of accounting policies there were no material adjustments to the carrying value of assets, liabilities or reserves.

1995 A$m	*1995 £m*		*1995 US$m*
4,370	2,094	**CRA net assets at date of merger – Australian GAAP***	3,252
		Increase/(decrease) in respect of:	
260	125	Associates	193
(308)	(148)	Asset revaluations	(229)
(223)	(107)	Goodwill	(166)
(27)	(13)	Other	(20)
4,072	1,951	Restated CRA net assets at date of the merger	3,030
(1,995)	(956)	Less RTZ share of CRA net assets	(1,485)
2,077	995	Public portion of restated CRA net assets at date of the merger	1,545
7,335	3,515	RTZ net assets at date of merger	5,459
9,412	4,510	**RTZ – CRA Group net assets at date of merger**	7,004

*Statutory basis

(e) Net profit and adjustments from Australian to United Kingdom GAAP

The respective net profits of the RTZ and CRA Groups prior to the merger and details of adjustments which were made to achieve consistent accounting policies are presented below.

1995 A$m	*1995 £m*		*1995 US$m*
426	200	**CRA profit prior to the merger – Australian GAAP***	316
		Increase/(decrease) in respect of:	
43	20	Associates	32
27	13	Asset revaluations	20
21	10	Goodwill	16
(144)	(68)	Adjustments to asset values treated as reserve movements under Australian GAAP	(107)
16	7	Other	11
389	182	Restated CRA profit prior to the merger	288
(191)	(89)	Less RTZ share of restated CRA profit	(142)
198	93	Public portion of restated CRA profit	146
1,538	722	RTZ profit prior to the merger	1,140
1,736	815	**RTZ – CRA Group net profit to the date of merger**	1,286

*Statutory basis

The adjustments which have been made to bring CRA's financial statements into line with UK GAAP are described in the Australian GAAP reconciliation. An additional adjustment has been made to the CRA financial statements in relation to asset revaluations. The DLC policy is to record assets on a historical cost basis and therefore the effect of such revaluations on CRA's financial statements has been reversed in the preparation of the DLC financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required by UK and Australian company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for that period. The directors consider that appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements have been made and applicable accounting standards have been followed.

The directors are responsible for maintaining accounting records, in accordance with the United Kingdom Companies Act 1985 and the Australian Corporations Law as amended by the Australian Securities Commission Order dated 24 November 1995, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company, and prevent and detect fraud and other irregularities.

Going concern

The accounts have been prepared on the going concern basis since the directors are satisfied that the parent companies and the Group have adequate resources to continue in operational existence for the foreseeable future.

Internal control

The directors are responsible for the companies' system of internal control. Such a system can provide only reasonable and not absolute assurance against misstatement or loss.

The companies have established an internal control framework which can be described under five headings:

Control environment – the directors have established a control environment based on formal codes of conduct. These are communicated to employees and requires of them the highest standard of integrity and ethical values. Authority with accountability is delegated through the organisation in accordance with appropriate criteria.

Identification and evaluation of risks and control objectives – the companies regularly evaluate and monitor risks. Typically, in a mining operation the major risks are environmental, health and safety, political and financial. Various sub-committees of the Board and committees of executives regularly receive and consider reports on these matters.

Information and communication – detailed short and long-term operating, capital expenditure and cash budgets are prepared and subject to review at various levels in the organisation. Financial and operating performance measures are regularly reported to the Boards and senior management.

Control procedures – written procedures are established to safeguard the companies' assets and to ensure that financial transactions are properly recorded. Accounting policies and practices are disseminated through the group. Each significant business unit documents detailed procedures which are specific to its operations.

Monitoring and corrective action – the internal audit function, established in most major group companies, in conjunction with a process of self certification from business unit managing directors, provides assurances to the Audit Committees that appropriate internal financial controls are in place for all the companies' significant business activities and that control procedures are being followed.

The directors confirm that the Audit Committees have reviewed the effectiveness of the system of internal financial control as described above.

REPORT OF THE AUDITORS

To the members of The RTZ Corporation PLC and CRA Limited.

We have audited the financial statements of the RTZ-CRA Group on pages 2 to 39.

Respective responsibilities of directors and auditors

As stated in the Statement of Directors' Responsibilities in Respect of the Accounts, the Group's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the United Kingdom Auditing Practices Board and Australian Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the RTZ-CRA Group, The RTZ Corporation PLC and CRA Limited at 31 December 1995 and of the profit, total recognised gains and cash flows of the Group for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985 and the Australian Corporations Law as amended by the Australian Securities Commission Order dated 24 November 1995.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants & Registered Auditors
London
15 March 1996

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants
Melbourne
15 March 1996

FINANCIAL SUMMARY 1986 – 1995

US$m	*1986*	*1987*	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*
Turnover	8,118	9,472	11,130	11,857	10,506	10,159	9,623	8,795	7,755	**8,140**
Share of associated companies	232	103	365	1,098	1,109	1,255	1,338	1,079	961	**1,194**
Group turnover	8,350	9,575	11,495	12,955	11,615	11,414	10,961	9,874	8,716	**9,334**
Operating profit	1,231	1,421	2,189	2,249	1,982	1,407	1,264	1,232	1,403	**2,004**
Profits of associated companies	24	57	82	289	147	108	207	187	363	**464**
Exceptional items	(84)	11	626	351	48	(526)	(172)	(340)	25	**(215)**
Net interest	(149)	(159)	(98)	(174)	(118)	(131)	(55)	(60)	(28)	**(6)**
Profit before tax	1,022	1,330	2,799	2,715	2,059	858	1,244	1,019	1,763	**2,247**
Profit before tax and exceptional items	1,106	1,319	2,173	2,364	2,011	1,384	1,416	1,359	1,738	**2,462**
Tax	(500)	(541)	(822)	(898)	(708)	(554)	(570)	(487)	(496)	**(832)**
Tax – exceptional items	35	13	44	–	–	92	(11)	229	29	**60**
Outside interests	(160)	(213)	(402)	(233)	(170)	(60)	(73)	(81)	(109)	**(189)**
Profit attributable to RTZ – CRA	397	589	1,619	1,584	1,181	336	590	680	1,187	**1,286**
Adjusted earnings	446	565	949	1,233	1,133	770	773	791	1,133	**1,441**
Earnings per share	36.0c	52.5c	140.7c	121.8c	86.6c	24.4c	42.5c	49.0c	85.0c	**92.2c**
Adjusted earnings per share	40.4c	50.3c	82.4c	94.8c	83.0c	56.1c	55.8c	57.0c	81.3c	**103.3c**
Dividends per share										
RTZ (pence)	9.4p	11.5p	15.0p	18.5p	19.5p	19.5p	19.5p	20.5p	27.5p	31.5p
CRA (Australian cents)	13.0c	19.0c	41.4c	57.8c	43.9c	34.0c	45.0c	70.0c	60.0c	65.0c
Assets employed										
Fixed assets	5,192	5,797	5,697	8,187	7,985	8,065	7,051	6,990	8,318	**8,327**
Investments	609	1,008	826	1,205	1,653	1,482	1,404	1,265	1,361	**1,716**
Working capital	1,704	1,795	1,911	1,298	1,699	1,621	1,514	1,404	1,458	**1,362**
	7,505	8,600	8,434	10,690	11,337	11,168	9,969	9,659	11,137	**11,405**
Less: Net debt	2,402	2,430	1,178	2,279	2,261	2,490	2,344	1,339	1,349	**1,483**
Advance receipts	232	241	259	258	255	247	–	–	–	**–**
Provisions	788	865	855	1,520	1,523	1,671	1,699	1,761	2,127	**2,205**
Outside interests	976	1,147	1,226	1,221	1,019	867	462	524	671	**713**
RTZ-CRA shareholders' funds	3,107	3,917	4,916	5,412	6,279	5,893	5,464	6,035	6,990	**7,004**
Expenditure on fixed assets	(601)	(598)	(738)	(1,413)	(1,043)	(1,136)	(881)	(772)	(1,486)	**(1,336)**
Acquisitions less disposals	(275)	(308)	829	(2,359)	(118)	34	(67)	1,021	391	**(76)**

Notes

1 Adjusted earnings for 1991 and subsequent years exclude exceptional items and for years prior to 1991 those items which were classified as extraordinary under SSAP 6.

2 Changes in accounting policy: adjustments have been made to the reported figures for the years 1986-88 in respect of the change to average exchange rate for profit and loss translation, and for the year 1989 in respect of goodwill on disposals. Figures for 1991 and subsequent years have been restated following the change in accounting policy for post retirement healthcare effected in 1993.

3 Appropriate adjustments have been made to earnings per share and dividends per share to allow for the effect of the bonus element of the rights issue made in 1989.

4 Earnings per share and dividends per share have been adjusted for the sub-division and consolidation of RTZ ordinary shares in 1987, and earnings per share only have been adjusted for the enhanced RTZ scrip dividend in 1993.

RECONCILIATION WITH US GAAP

1995 A$m	1994 A$m	1995 £m	1994 £m		1995 US$m	1994 US$m
1,736	1,623	**815**	775	**Net earnings under UK GAAP**	**1,286**	1,187
				Increase/(decrease) net of tax in respect of:		
(153)	(132)	**(72)**	(63)	Goodwill amortisation	**(114)**	(97)
(4)	17	**(2)**	8	Taxation	**(3)**	12
–	(6)	**–**	(3)	Pensions accounting	**–**	(5)
(18)	–	**(9)**	–	Other	**(14)**	–
1,561	1,502	**732**	717	**Net earnings under US GAAP before change in accounting principle**	**1,155**	1,097
–	39	**–**	19	Change in accounting principle – implementation of SFAS 115	**–**	29
1,561	1,541	**732**	736	**Net earnings under US GAAP after change in accounting principle**	**1,155**	1,126
111.7c	107.8c	**52.4p**	51.4p	Net earnings per share before change in accounting principle	**82.7c**	78.7c
1,770	1,428	**830**	682	**Adjusted earnings before change in accounting principle**	**1,310**	1,043
126.6c	102.5c	**59.4p**	48.9p	Adjusted earnings per share before change in accounting principle	**93.8c**	74.9c
9,412	9,008	**4,510**	4,466	**Shareholders' funds under UK GAAP**	**7,004**	6,990
				Increase/(decrease) net of tax in respect of:		
3,354	2,745	**1,607**	1,361	Goodwill	**2,496**	2,130
(29)	(24)	**(14)**	(12)	Taxation	**(22)**	(19)
(25)	(22)	**(12)**	(11)	Pensions accounting	**(19)**	(17)
574	490	**275**	243	Proposed dividends	**427**	380
58	116	**28**	57	Unrealised holding gains on investments	**43**	89
(18)	–	**(9)**	–	Other	**(14)**	–
13,326	12,313	**6,385**	6,104	**Shareholders' funds under US GAAP**	**9,915**	9,553

The Group's financial statements have been prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP), which differ in certain respects from generally accepted accounting principles in the United States (US GAAP). The approximate effect of applying the following US GAAP principles to the combined net earnings and shareholders' funds is set out above.

Goodwill

Under UK GAAP purchased goodwill may be written off on acquisition directly against reserves. Under US GAAP, goodwill is capitalised and amortised by charges against income over the period during which it is estimated it will be of benefit subject to a maximum of 40 years. Goodwill previously written off directly to reserves in the accounts has been reinstated and amortised for the purpose of the reconciliation statements.

Deferred tax

Under UK GAAP provision is made for deferred tax under the liability method where in the opinion of the directors it is probable that a tax liability will become payable within the foreseeable future. Under the US Statement of Financial Accounting Standard No. 109, Accounting for Income Taxes, deferred tax is provided in full on the liability basis.

Ordinary dividends

Under UK GAAP, ordinary dividends are provided for in the financial year in respect of which they are paid. Under US GAAP, such dividends and the ACT payable thereon are not provided for until formally declared by the board of directors or approved by the shareholders.

Post retirement benefits

Statement of Financial Accounting Standard No. 87 requires a standardised method to be used for measuring net periodic pension costs, which differs in a number of respects from UK GAAP. Certain costs of pension scheme rule changes which are spread over the service lives of scheme members under UK GAAP are expensed immediately under US GAAP.

CONTRIBUTION TO AFTER TAX EARNINGS

	6 months to 30.6.95 US$m	*6 months to 31.12.95 US$m*	*1995 US$m*	*1994 US$m*
Kennecott – Metals	237	202	**439**	270
Kennecott – Energy	34	38	**72**	71
Hamersley	130	123	**253**	250
Comalco	89	74	**163**	70
Escondida	67	80	**147**	137
CRA Coal	50	80	**130**	81
Borax	59	70	**129**	109
Iron & Titanium	45	60	**105**	74
Freeport	5	12	**17**	–
Exploration and evaluation	(88)	(90)	**(178)**	(134)
Other operations less miscellaneous costs	82	91	**173**	194
Discontinued operations	1	(10)	**(9)**	11
Adjusted earnings	711	730	**1,441**	1,133
Exceptional items	(169)	14	**(155)**	54
Profit for the financial year	542	744	**1,286**	1,187

Note:
Contributions of subsidiary companies represent their operating profits after tax but before finance charges, exploration costs and exceptional items. Finance charges of subsidiaries are included in "Other operations less miscellaneous costs". Contributions of associated companies are shown net of finance charges.

EXCHANGE RATES TO US DOLLAR

	1995	*1994*
Average rate		
Sterling	**1.58**	1.53
Australian dollar	**0.74**	0.73
Year end rate for balance sheet		
Sterling	**1.55**	1.57
Australian dollar	**0.74**	0.78

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