

Friendly Cash Offer for LionOre Mining International Limited

26 March 2007

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Participants

- Ian Pearce Chief Executive, Xstrata Nickel
- Colin Steyn President & Chief Executive Officer, LionOre
- Ted Mayers Chief Financial Officer, LionOre
- Peter Breese Group Chief Operating Officer, LionOre
- Shaun Usmar Chief Financial Officer, Xstrata Nickel

Friendly C\$4.6 Billion Cash Bid

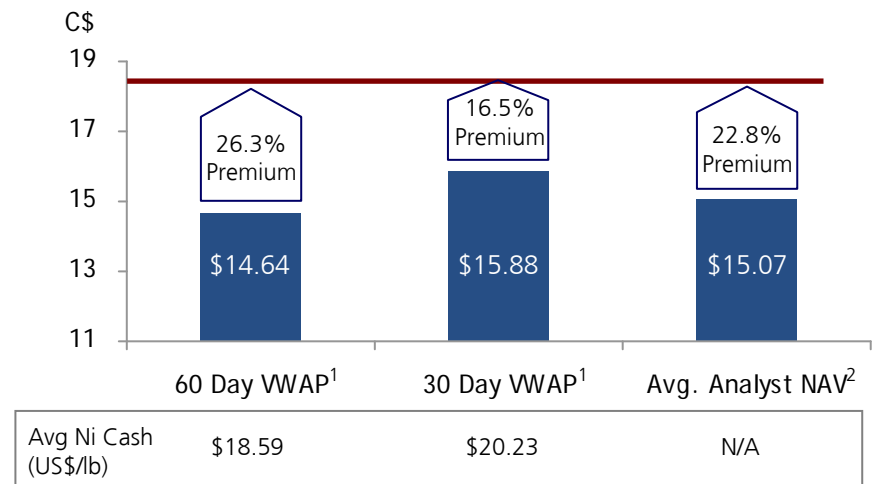
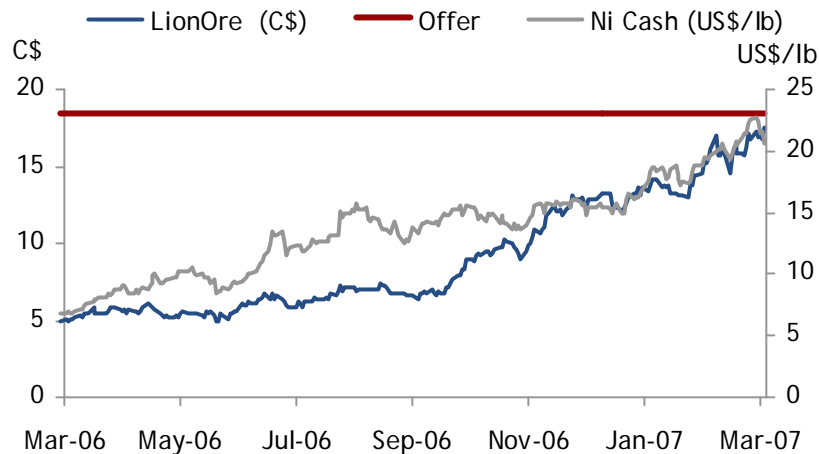
- C\$18.50 cash offer per LionOre share
 - Premium of 16.5% to the 30 day VWAP (TSX) for LionOre¹
 - Premium of 22.8% to the average analyst NAV for LionOre²
- Recommended takeover offer with unanimous LionOre board support
 - Fairness opinion provided by JP Morgan
- Irrevocable lock-up agreements representing approximately 19% of LionOre shares outstanding
- Minimum 66 2/3% acceptance condition

¹ Source: Bloomberg

² Based on equity analysts' estimates

Attractive Cash Offer

- Provides certainty of cash to LionOre shareholders at historically high nickel prices
- Acquisition price is higher than any previous trading price of LionOre's shares
- Recognizes value of LionOre's growth projects and synergies that are unique to Xstrata

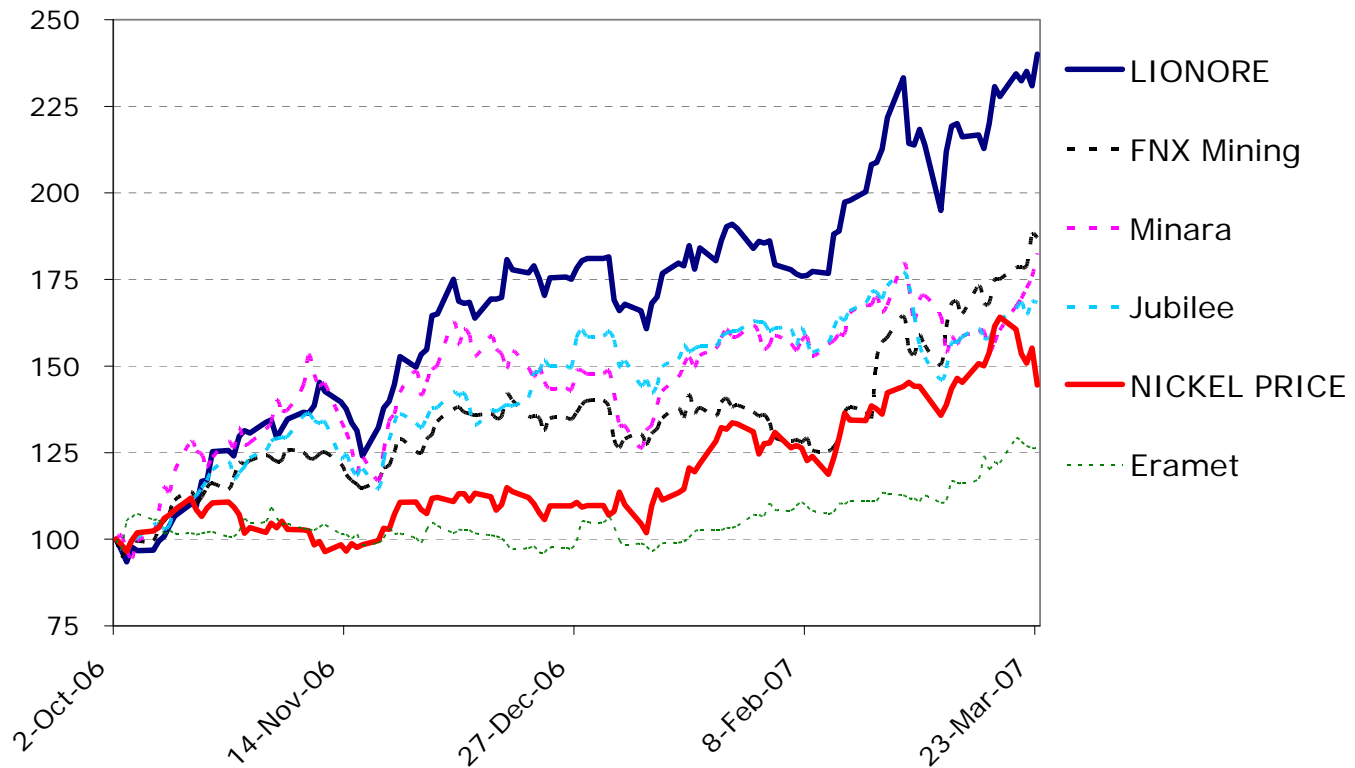


¹ Source: Bloomberg

² Based on equity analysts' estimates

Strong Relative Price Performance

- LionOre has significantly outperformed its peers and the underlying nickel price

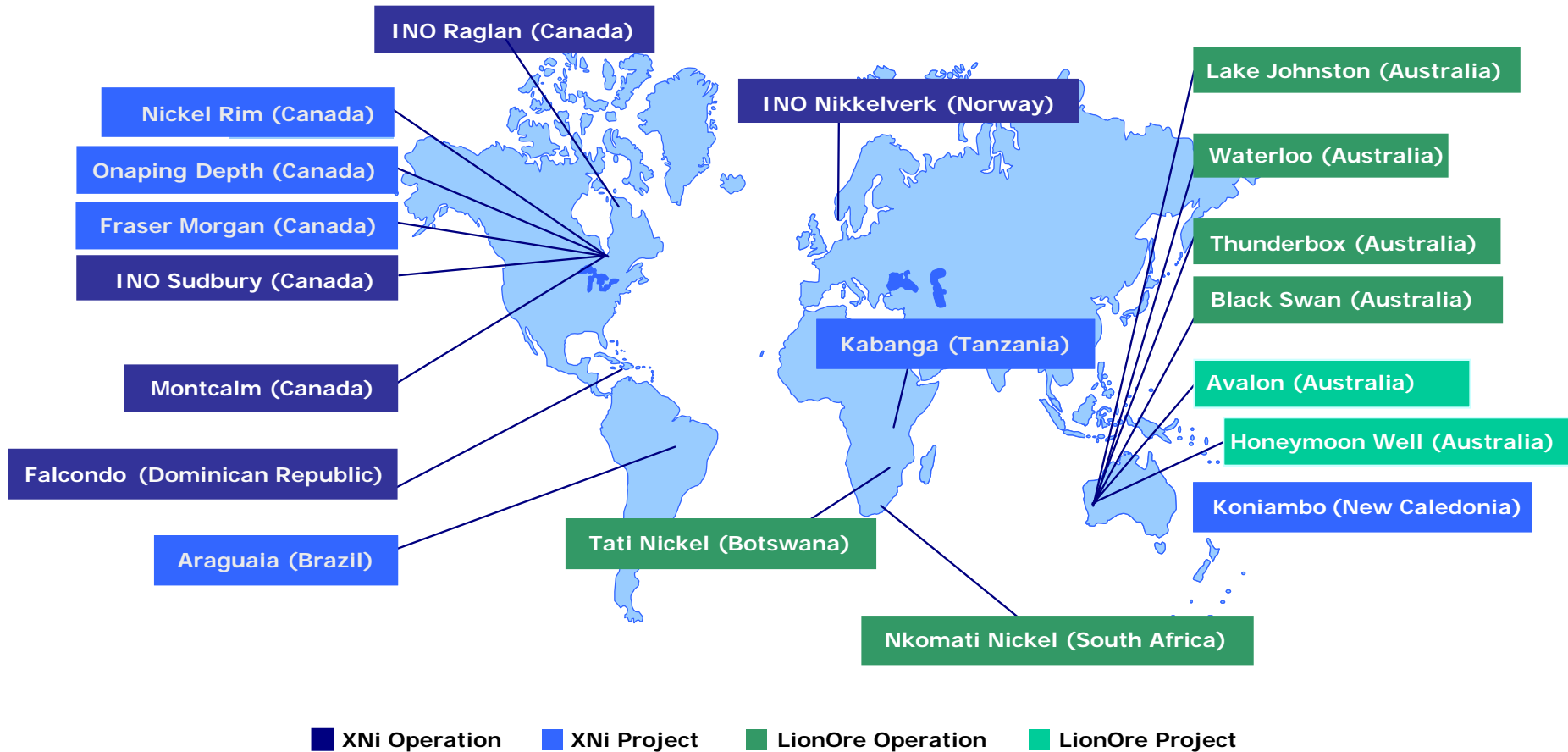


Rebased to 100

Compelling Business Combination

- LionOre's assets are a logical strategic fit with Xstrata Nickel
- Value creation through vertical integration
 - Optimization of LionOre's expansion plans with Xstrata Nickel's downstream processing and metallurgical capabilities
 - Enhance ability to leverage the value of Activox® technology
- Consolidates Xstrata Nickel's position as a top-tier nickel producer
- Leverages Xstrata Nickel's expertise in asset development
- Value creation for both Xstrata and LionOre shareholders

Geographic Diversity of Operations



Key Offer Conditions & Timing

- Offer by way of takeover bid
 - 66 2/3% minimum tender threshold
 - Subject to regulatory approvals
 - Offer open for a minimum of 35 days
- Support Agreement
 - Break fee of approximately C\$130 million
 - Non-solicitation
 - Right to match superior offer
- Xstrata's take-over bid circular and LionOre's directors' circular mailed by April 6, 2007



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