



NEWS RELEASE

**XSTRATA-MERAPE CHROME VENTURE
ACQUIRES ADDITIONAL CHROME RESOURCES
AND FULL CONTROL OF WONDERKOP JV FURNACES**

Rustenburg, 4 May 2005

Xstrata Alloys and Merafe Resources Limited ("Merafe"), Xstrata's partner in the ferrochrome Pooling and Sharing Venture (the "Xstrata-Merafe Chrome Venture" or the "Venture"), have signed an agreement with Samancor to acquire chrome ore reserves and resources associated with the Kroondal and Marikana mining areas (the "new resources") for a total consideration of USD16 million and USD29.1 million respectively. Xstrata's share of the total consideration will be USD29.5 million. The new resources are situated close to Xstrata's Wonderkop ferrochrome operations and adjacent to Xstrata's existing Waterval East, Waterval West and Kroondal mines. The agreement allows the Xstrata-Merafe Chrome Venture to begin mining the Marikana portion of the new resources with immediate effect, providing a low-cost, immediate source of chrome ore.

In addition, Merafe has signed another agreement to acquire Samancor's 50% stake in the Xstrata-Samancor Wonderkop Joint Venture ("Wonderkop JV") for a total consideration of ZAR235 million (USD37.9 million). The Wonderkop JV, situated in the North West province, South Africa, comprises two ferrochrome furnaces and an associated metal recovery plant, with a combined annualised production capacity of approximately 191,000 tonnes.

Both Xstrata and Merafe will contribute their respective rights and interests in the Wonderkop JV and the new resources to the existing Xstrata-Merafe Chrome Venture, increasing the Venture's total annual production capacity by 13.5% to 1.59 million tonnes of ferrochrome. As a result of these transactions, Merafe's participation in the earnings before interest, tax, depreciation and amortisation (EBITDA) of the enlarged Venture will increase by 3.0% from 14.0% at the likely transaction closure date (after 1 July 2005) to 17.0%, increasing ultimately to 20.5% from 1 July 2006 onwards.

Accordingly, the Board of Merafe has decided to increase to 20.5% its investment in the first stage of Project Lion, Xstrata's new 360,000 tonnes per annum ferrochrome smelter that is currently under construction.

The acquisition of Samancor's stake in the Wonderkop joint venture and the acquisition of the Kroondal resources are conditional upon Merafe successfully raising the necessary funds, and

approval by the South African and European competition authorities. Merafe also requires shareholder approval for the acquisitions and has to date received irrevocable undertakings to vote in favour of the transactions from major shareholders representing 32.1% of its issued share capital. Xstrata will assist Merafe in making these acquisitions by providing a loan to fund Merafe's share of the Marikana resources and by standing as guarantor for a new loan facility provided to Merafe by Absa, which, together with equity financing, will fund Merafe's acquisition of Samancor's stake in the Wonderkop JV and the Kroondal resources.

Peet Nienaber, chief executive of Xstrata Alloys, commented:

"The acquisition of the Kroondal and Marikana Resources provides Xstrata and the Xstrata-Merafe Chrome Venture with a long-term source of chrome ore at a low capital cost that will reduce mining costs and extend the life of Xstrata's existing Kroondal mine. The additional resources will also provide immediate increased optionality, by providing access to contiguous ore reserves that can be mined with minimal capital expenditure.

"With the addition of the Wonderkop Joint Venture furnaces, the Venture will have a total annual capacity of 1.59 million tonnes, consolidating our position as the global market leader. These acquisitions will bring further efficiency gains, similar to those being achieved at other operations brought into the Venture since its formation in July last year, by reducing overheads, increasing our supply of low-cost ore close to the furnaces and improving productivity."

Commenting on the announcement, Director General of the South African Department of Minerals and Energy, Adv Nogxina said:

"I welcome this announcement, which provides Merafe with greater economic participation in an augmented shared venture with Xstrata. It is particularly pleasing that Xstrata is assisting Merafe to finance these acquisitions both through a direct loan and by providing a corporate guarantee for ZAR300 million of debt finance. This is the first time I have witnessed assistance of this kind, which embodies the spirit of the Mining Charter legislation and provides a model for subsequent empowerment deals."

It is expected that the transactions will be completed by early 2006.

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Notes to editors

Xstrata-Merafe Pooling and Sharing Venture (“PSV”)

Xstrata Alloys established a Pooling and Sharing Venture with Merafe (formerly SA Chrome & Alloys Limited), effective from 1 July 2004. Under the PSV, Xstrata Alloys and Merafe retain legal ownership of their respective assets, mining rights and land, with both parties undertaking to contribute to the PSV the right to use all such assets in the ratio 82.5%/17.5%, in exchange for participations in the pooled EBITDA as follows:

	Xstrata	Merafe
Year 1 to 30 June 2005	89.0%	11.0%
Year 2 to 30 June 2006	86.0%	14.0%
Year 3 onwards	82.5%	17.5%

Following the conclusion of the transactions above, Merafe’s share will increase in the enlarged PSV as follows (assuming the transactions effective date remain 1 July 2005):

	Xstrata	Merafe
Year 1 to 30 June 2005	89.0%	11.0%
Year 2 to 30 June 2006	83.0%	17.0%
Year 3 onwards	79.5%	20.5%

Xstrata’s 50% share in the Wonderkop JV was originally excluded from the Xstrata-Merafe Chrome Venture and will be contributed to the Venture, together with Merafe’s 50% stake acquired from Samancor, following the successful completion of the transaction.

The formation of the PSV enables both Xstrata and Merafe to realise operational efficiencies and fulfils a key requirement of the new Minerals and Petroleum Resources Development Act in South Africa.