



NEWS RELEASE

XSTRATA ANNOUNCES FRIENDLY C\$18.50 PER SHARE CASH OFFER FOR LIONORE

Highlights:

- **Cash Offer of C\$18.50 per share**
- **Premium of 16.5% to the 30-day volume weighted average price**
- **Unanimously recommended by LionOre Board of Directors**
- **Irrevocable lock-up agreements from shareholders representing approximately 19% of the outstanding LionOre shares**
- **Represents a cash premium at a time of record high nickel prices**
- **Consolidates Xstrata Nickel's position as a top-tier nickel producer with a global reach**
- **Creates value for Xstrata Nickel through vertical integration and combination of complementary businesses**

Toronto and Zug, March 26 2007

Xstrata plc (LSE: XTA.L, ZSE: XTA.S) ("Xstrata") and LionOre Mining International Ltd. (TSX/ASX: LIM, LSE: LOR, BSE:) ("LionOre") announced today that they have entered into a support agreement for an all-cash offer to acquire all of the issued and outstanding shares of LionOre by way of a friendly take-over bid (the "Offer"). The Offer is for C\$18.50 per share, valuing the transaction at approximately C\$4.6 billion (US\$4.0 billion). The Offer represents a 5.8% premium over the closing price of C\$17.49 per LionOre share on the Toronto Stock Exchange (the "TSX") on March 23, 2007 and a 16.5% premium over the volume weighted average price of the LionOre shares over the last 30 trading days on the TSX.

The support agreement between Xstrata and LionOre provides for, among other things, a non-solicitation covenant on the part of LionOre, subject to customary "fiduciary out" provisions that entitle LionOre to consider and accept a superior proposal, a right in favour of Xstrata to match any superior proposal and the payment to Xstrata of a termination payment of approximately C\$130 million, if the acquisition is not completed as a result of the superior proposal.

In connection with the Offer, certain shareholders including directors and officers of LionOre have entered into irrevocable lock-up agreements with Xstrata pursuant to which they have agreed to deposit all of their LionOre shares under the Offer, subject to certain exceptions, representing approximately 19% of the issued and outstanding LionOre shares.



The Board of Directors of LionOre, after consultation with its financial and legal advisors, has unanimously approved entering into the support agreement and recommends that LionOre shareholders tender to the Offer. JP Morgan, acting as financial advisor to the LionOre Board, has provided an opinion that the Offer is fair, from a financial point of view, to LionOre shareholders.

The Offer represents the culmination of a strategic review process by the LionOre Board to maximize value for its shareholders. The Offer, in the view of the LionOre Board, represents the most attractive and certain value for LionOre shareholders. Xstrata Nickel has undertaken extensive and detailed due diligence to ensure that LionOre operations, projects and upside potential are understood and reflected in the Offer.

Successful completion of the transaction will strengthen Xstrata's position as a significant participant in the nickel industry, and ensure that the growth potential in the LionOre portfolio can be optimized through its combination with Xstrata Nickel's downstream processing facilities. Xstrata Nickel will also increase its degree of vertical integration and gain geographic and technical diversification across its operations.

The Offer documents are expected to be mailed by April 6, 2007. The Offer will be open for acceptance for a period of not less than 35 days and will be conditional upon, among other things, valid acceptances of the Offer by LionOre shareholders owning not less than 66 2/3% of the LionOre shares on a fully-diluted basis. In addition, the Offer will be subject to certain customary conditions, relevant regulatory approvals including in Canada, Australia and South Africa, the absence of a material adverse change with respect to LionOre, and a waiver of the LionOre shareholder rights plan implemented by the LionOre Board as it may pertain to the Offer. Once the 66 2/3% acceptance level is met, Xstrata intends to take steps available to it under relevant securities laws to acquire any outstanding LionOre shares. Xstrata may waive the conditions of the Offer in certain circumstances.

Colin Steyn, President and CEO of LionOre said, "We are very pleased to support this Offer. The bid offers clear value to shareholders, and also positions our operations and employees as part of a growing, successful global nickel producer. This is an extremely attractive opportunity for our shareholders to lock in the substantial growth in value they have seen recently in their investment. To realize cash at this point in the commodity cycle eliminates the risk that our shareholders would remain exposed to as a stand-alone group, and enables them to realize value for their investment at a time of historically high nickel prices."

Ian Pearce, CEO of Xstrata Nickel, noted, "The combination of LionOre with Xstrata Nickel brings together two very complementary businesses and creates significant opportunity for the enlarged Xstrata Nickel business. This is an important step in our strategy to grow Xstrata Nickel into a truly global nickel business. With LionOre, we unleash opportunities to



create value through additional production, strong synergy potential, access to new markets and increased opportunities for growth, and through optimization of technology. There is a unique industrial logic in the combination of these two businesses which is recognized in the price being offered to LionOre shareholders.”

The acquisition of the LionOre shares will be financed through Xstrata's existing credit facilities and cash on hand.

Mr. Steyn, President and CEO of LionOre, has been a director of LionOre since 1998 and was appointed President and Chief Executive Officer in 1999. Mr. Ted Mayers, Chief Financial Officer, has been a director of LionOre since 1997 and was appointed Chief Financial Officer in 2002. Mr. Steyn and Mr. Mayers are key individuals important to LionOre.

The book value of the gross assets of LionOre as at December 31, 2006, was US\$1.72 billion. In the 12 months ended December 31, 2006, LionOre recorded operating earnings of US\$533.3 million and net earnings of US\$428.5 million.

Subject to the provisions of the support agreement between Xstrata, Xstrata Canada Acquisition Corp. (the “Offeror”) and LionOre, the Offer will be made by the Offeror, a wholly-owned indirect subsidiary of Xstrata.

Macquarie Bank Limited and TD Securities Inc. are acting as financial advisors and Davies Ward Phillips & Vineberg LLP and Freshfields Bruckhaus Deringer are acting as legal counsel to Xstrata. JP Morgan is acting as financial advisor and McCarthy Tetrault LLP is acting as legal counsel to LionOre.

North American Investment Market Call

A conference call with senior management of Xstrata Nickel and LionOre for the North American investment community has been scheduled for March 26, 2007 at 9:00 a.m. Toronto time / 2:00 p.m. UK (BST). Members of the investment community may participate by dialing 1-800-379-4140 within North America and 416-641-6677 outside of North America. The live audio-cast will be available from www.xstrata.com and available as an archive from Xstrata's website and LionOre's website (www.lionore.com) following the event.



Media Conference

A media conference with Ian Pearce, CEO of Xstrata Nickel, and Colin Steyn, CEO of LionOre, will be held today, March 26, 2007 at 10:30 a.m. Toronto time / 3:30 p.m. UK (BST) at the TSX Gallery at 130 King Street West, Toronto. Media representatives who are unable to attend may participate by dialing 1-800-354-6885 within North America and 416-641-6652 outside of North America.

About Xstrata

Xstrata is a major global diversified mining group, listed on the London and Swiss stock exchanges. Xstrata is headquartered in Zug, Switzerland and maintains a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, with a smaller but profitable aluminium business, recycling facilities, additional exposures to gold, lead, cobalt and silver and a suite of global technologies, many of which are industry leaders. The Xstrata Group's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, Jamaica, New Caledonia, Norway, Papua New Guinea, Peru, South Africa, Spain, Tanzania, the USA and the UK.

Xstrata Nickel, headquartered in Toronto, Canada, is one of Xstrata Group's global commodity businesses, comprising five mines and processing facilities in Ontario and Quebec, Canada; a ferronickel mine and processing facility in Bonao, Dominican Republic; and a refinery in Kristiansand, Norway. Xstrata Nickel has a significant portfolio of growth projects, including Nickel Rim South in Canada, Kabanga in Tanzania, and Koniambo in New Caledonia. Xstrata Nickel is the world's fourth largest nickel producer, with annual managed production of more than 110,000 tonnes of refined nickel.

About LionOre

LionOre is an international nickel and gold producer with mining operations located in Australia, Botswana and South Africa. LionOre's nickel production is supported by significant by-product credits in the form of copper, cobalt, platinum group metals and gold. LionOre also owns the proprietary Activox® technology for the hydrometallurgical treatment of metal concentrates. The LionOre shares are listed on the Toronto, Australian, London and Botswana stock exchanges.



Legal Notice

This announcement is for informational purposes only and does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security. The Offer (as the same may be varied or extended in accordance with applicable law) will be made exclusively by means of, and subject to the terms and conditions set out in, the offer and offering circular document to be delivered to LionOre and filed with Canadian provincial securities regulators and to be mailed to LionOre shareholders by Xstrata and the Offeror. LionOre shareholders should read these materials carefully because they contain important information, including the terms and conditions of the Offer.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

Each of Macquarie Bank Limited and TD Securities Inc. is acting exclusively for Xstrata and no one else in connection with the Offer and will not be responsible to anyone other than Xstrata for providing the protections afforded to its clients or for providing advice in relation to the Offer and/or any other matter referred to in this announcement.

No statement in this announcement is intended as a profit forecast and no statement in this announcement should be interpreted to mean that earnings per Xstrata ordinary share for the current or future financial years would necessarily match or exceed the historical published earnings per Xstrata ordinary share.

Neither the content of Xstrata's website, LionOre's website or any other website nor the content of any website accessible from hyperlinks on Xstrata's website, LionOre's website or any other website is incorporated into, or forms part of, this announcement.



Forward-Looking Statements

This document contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Xstrata to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of Xstrata to differ materially from the expectations of Xstrata include, among other things, general business and economic conditions globally, commodity price volatility, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety and taxation, labor relations and work stoppages, changes in political and economic stability, the failure to meet certain conditions of the Offer and/or the failure to obtain the required approvals or clearances from regulatory and other agencies and bodies on a timely basis or at all, the inability to successfully integrate LionOre's operations and programs with those of Xstrata, incurring and/or experiencing unanticipated costs and/or delays or difficulties relating to integration of LionOre, disruptions in business operations due to reorganization activities and interest rate and currency fluctuations. Such forward-looking statements should therefore be construed in light of such factors.

Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), Xstrata is not under any obligation and Xstrata expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



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