



NEWS RELEASE

XSTRATA INCREASES OFFER FOR LIONORE TO C\$25.00 PER SHARE IN CASH

Toronto and Zug, 15 May 2007

Xstrata plc (LSE:XTA.L) (ZSE:XTA.S) ("Xstrata") and LionOre Mining International Ltd. (TSX:LIM) (ASX:LIM) (LSE:LOR) (BSE:LIONORE) ("LionOre") announced today that they have amended the terms of their previously announced support agreement in accordance with which Xstrata made an all-cash offer to acquire all of the issued and outstanding shares of LionOre (the "Offer") by increasing the consideration payable under the Offer from C\$18.50 to C\$25.00 in cash per LionOre share. The expiry time for the increased Xstrata Offer is midnight (Vancouver time) Friday 25 May 2007.

Xstrata's increased offer price represents an increase of approximately 35.1% over its original offer price and a premium of 16.3% over the C\$21.50 price per share offered by OJSC MMC Norilsk Nickel ("Norilsk") in its unsolicited competing bid for LionOre. The increased Xstrata Offer values the total share capital of LionOre at approximately C\$6.2 billion (US\$5.6 billion) and provides C\$872 million more cash to the LionOre shareholders than the Norilsk offer. Xstrata expects to mail a formal notice of variation to all LionOre shareholders today.

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

The Board of Directors of LionOre has also determined that the Norilsk offer is no longer a superior proposal for purposes of the support agreement between Xstrata and LionOre and accordingly recommends that LionOre shareholders reject the Norilsk offer.

In connection with the Offer, Xstrata has been notified that all of the LionOre shareholders, including certain directors and officers of LionOre, that entered into lock-up agreements with Xstrata have deposited or instructed to be deposited to the Offer their LionOre shares, representing approximately 19.5% of the outstanding LionOre shares.

Xstrata received notice on 14 May 2007 from the Canadian Minister of Industry that Xstrata's acquisition of LionOre has been approved by the Minister under the Investment Canada Act. Xstrata has also received all necessary approvals from European Union member states for its acquisition of LionOre. Xstrata's Offer is now free to proceed with no further regulatory review in the EU, any EU member state, Australia or Canada.

Under the terms of the amending agreement, LionOre has agreed to pay a termination payment in the amount of C\$305 million, payable to Xstrata if a competing offer is recommended by LionOre and in certain other events.

Xstrata believes that all conditions of the Offer will be satisfied on or about 25 May 2007, the expiry date for the Offer, in which case the LionOre shareholders would receive on or about 30 May 2007 a cash payment of C\$25.00 per LionOre share, without the uncertainty and delay inherent in any offer by Norilsk.

All of the other terms and conditions of Xstrata's Offer described in its offer and offering circular dated 5 April 2007 remain unchanged. Xstrata will finance its increased Offer through committed credit facilities and cash on hand.

LionOre shareholders wishing to withdraw their shares from the Norilsk offer should immediately contact their broker or other financial intermediary and instruct such intermediary to withdraw their LionOre shares. For assistance in withdrawing shares from the Norilsk offer, or for questions or requests for copies of documents, LionOre shareholders should contact Kingsdale Shareholder Services Inc. at 1 866 545 5580. Banks and brokers should call at +1 416 867 2272.

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About Xstrata

Xstrata is a global diversified mining group, listed on the London and Swiss Stock Exchanges, with its headquarters in Zug, Switzerland. Xstrata's businesses maintain a meaningful position in seven major international commodity markets: copper, coking coal,

thermal coal, ferrochrome, nickel, vanadium and zinc, with recycling facilities, additional exposures to gold, cobalt, lead and silver and a suite of global technology products, many of which are industry leaders. Xstrata Group's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, South Africa, Spain, Tanzania, the USA and the UK. Xstrata employs approximately 43,000 people, including contractors.

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 Koniombo 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

The Offer is being made by Xstrata Canada Acquisition Corp. (the "Offeror"), a wholly-owned indirect subsidiary of Xstrata.

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) is being made exclusively by means of, and subject to the terms and conditions set out in, the offer and offering circular dated 5 April 2007 delivered to LionOre and filed with Canadian provincial securities regulators and mailed to LionOre shareholders by Xstrata and the Offeror, as amended by the notice of variation dated 15 May 2007 that Xstrata and the Offeror will file with provincial securities regulators and mail to LionOre shareholders. 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.

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.

For the purposes of and in accordance with the UK Listing Rules of the Financial Services Authority, Xstrata confirms that, except as disclosed in this announcement and/or as disclosed since 26 March 2007 by Xstrata via a Regulatory Information Service approved by the UK Financial Services Authority there has been no significant change affecting any matter contained in the announcement issued by Xstrata on 26 March 2007 in connection with the Offer (the "26 March 2007 Announcement") and no other significant new matter has arisen which would have been required to be mentioned in the 26 March 2007 Announcement if it had arisen at the time of preparation of the 26 March 2007 Announcement.

Forward-Looking Statements

This announcement 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", "is subject to", "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.

Neither Xstrata nor the Offeror, nor any of their associates or respective directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements.

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.