



## NEWS RELEASE

# XSTRATA ALLOYS ANNOUNCES OFFER FOR ELAND PLATINUM HOLDINGS LIMITED

### Highlights:

- Cash Offer of ZAR7,525 billion (ca. US\$1 billion)
- Premium of 14% to the current 30 day volume weighted average price ("VWAP")
- Majority support of shareholders – 51% irrevocable undertakings obtained
- First PGM concentrate due in October 2007 - pipeline of growth potential
- Platform to grow Xstrata's PGM exposure – leverages Xstrata's mining and smelting expertise

Rustenburg and Johannesburg, 7 August 2007

Xstrata Alloys ("Xstrata") and Eland Platinum Holdings Limited ("Eland") announce that Xstrata has notified the Board of Eland of its firm intention to make an offer to acquire the entire issued share capital of Eland (the "Offer"). Xstrata has secured irrevocable undertakings of support from 51% of shareholders including directors and management. The companies have entered into a scheme implementation agreement to support and guide the successful execution of the transaction.

The Offer is being made by way of a scheme of arrangement ("Scheme") for a total cash consideration of approximately ZAR7.525 billion (approximately US\$1 billion) equivalent to ZAR105 per share ("Offer Price"), which will be financed through the Xstrata Group's existing cash resources. The Offer Price represents a premium of 18% to the closing share price of Eland on 11 April 2007, the last trading day before Eland issued a cautionary announcement, and a premium of 14% over the VWAP of the Eland share price over the last 30 days of trading on the JSE.

Should the Scheme not become operative, Xstrata will make a substitute offer at the same cash consideration (the "Substitute Offer"). Irrevocable undertakings have also been received from at least 51% of shareholders to accept the Substitute Offer if the Scheme does not proceed.

Xstrata will also acquire an additional 9% interest in the Elandsfontein Project for an additional consideration of ZAR100 million (ca. US\$14 million), increasing Xstrata's attributable interest to 74% in the project.

The Offer is subject to various regulatory and other approvals, including acceptance by not less than 75% of Eland shareholders who are represented and vote at the Scheme meeting as well as South African High Court approval. The scheme implementation agreement between the companies provides for, *inter alia*, a break fee of 1% of the total consideration, a non solicitation obligation and provisions in respect of the management of the business.

The Elandsfontein Project is a shallow 183 million tonnes UG2 resource with an estimated 22.7 million ounces of platinum, palladium, rhodium and gold ("4E PGM"). Mining of the opencast ore started in January 2007 and production of the first PGM concentrate is expected in October 2007. Underground mine development will start in December 2007 and a conservative build up is planned to phase out the open cast material to a steady state production of ca.176,000 platinum ounces and 280,000 4E PGM ounces. The mine and infrastructure is further designed to double existing production capacity, which Xstrata plans to accelerate.

In addition to Elandsfontein, Eland has acquired additional PGM resources through the acquisition of controlling interests in Madibeng Platinum (Pty) Ltd and Beestkraal Platinum Mines (Pty) Ltd. Both resources are located on the western limb of the Bushveld Complex, with the Madibeng property located contiguous to Elandsfontein.

Xstrata's current foothold position in the PGM sector exists through its participation in the Mototolo JV with Anglo Platinum Limited. Xstrata's stated objective is to incrementally build this exposure into a PGM business of scale by leveraging its mining and smelting competencies as well as the existing infrastructure of its chrome operations. Eland provides an anchor to this strategy with a significant steady state production profile, complemented with strong growth potential from existing and additional properties.

Eland is fully empowered at the asset level, which complements Xstrata's current empowerment objectives. The substantial investment further demonstrates the Xstrata Group's commitment to South Africa.

A circular containing full details of the Offer, including the Scheme documentation, will be posted to Eland shareholders in due course.

David Salter, Managing Director of Eland, commented:

"We believe the cash offer represents the culmination of Eland management's continued promise to deliver exceptional value to shareholders, and once the Scheme is approved by shareholders, a very attractive opportunity for them to realize substantial growth in their investment over a very short period of time"

Peet Nienaber, Chief Executive, Xstrata Alloys, commented:

"Xstrata's offer for Eland marks the fulfilment of our next step in our strategy to further our position in the platinum group metals sector, building on the foothold established through our interest in the Mototolo Joint Venture. We believe that Eland's production of concentrate in the very near term and strong growth pipeline provide an ideal platform from which to grow a world class PGM business. We believe this cash offer represents excellent value for Eland shareholders, while providing Xstrata's shareholders with strong growth opportunities in an attractive commodity."

*Ends*

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## Notes to editors

### Xstrata Alloys

Xstrata Alloys is a business unit of Xstrata PLC, listed on the London (primary) and Swiss stock exchanges. Headquartered in Rustenburg, Xstrata Alloys is one of the largest South African producers of ferrochrome and vanadium.

### Eland Platinum

Eland Platinum Holdings Limited was established in the second half of 2005. The company's main asset is a 64.99% interest in Eland Platinum Mines (Pty) Ltd which acquired the Elandsfontein Platinum Project, on the farm Elandsfontein 440 JQ. Eland is the holder of New Order Rights in respect of Elandsfontein and other PGM reserves. Eland Platinum is listed on the Johannesburg Securities Exchange.