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NEWS RELEASE

Zug, 6 August 2008

PROPOSED CASH OFFER FOR LONMIN PLC (“LONMIN”) OF £33.00 PER SHARE

Highlights

- Proposed offer represents a cash premium of 42 per cent. to Lonmin’s share price of £23.19 at the close of business on Tuesday 5 August
- Opportunity for Lonmin shareholders to realise significant cash premium at a time of ongoing operational challenges
- Proposed offer price fully and fairly values Lonmin’s asset base and growth pipeline, while recognising the inherent risks, time and investment required to restore production to previous levels
- South African based platinum mining, smelting and refining expertise, successful track record and unique synergies position Xstrata to turn around Lonmin’s operations
- Transaction accelerates Xstrata’s platinum growth strategy and would establish Xstrata as the third largest producer of platinum with further earnings diversification
- Xstrata has acquired 8.03% of Lonmin’s issued share capital
- No expected regulatory or competition impediments to the proposed offer

Xstrata plc (“Xstrata” or the “Group”) announces a proposed cash offer for Lonmin of £33.00 for each Lonmin share, valuing Lonmin’s issued share capital at approximately £5 billion (\$10 billion). The proposed offer price represents a premium of 42 per cent.

to Lonmin's share price of £23.19 as at the close of business on 5 August 2008. Xstrata has acquired 12,557,467 Lonmin shares, representing 8.03 per cent. of Lonmin's issued share capital.

Xstrata's proposed offer for Lonmin, the world's third largest platinum producer, reflects the Group's long-stated intention to develop a world-class platinum business. Over the last two years, Xstrata Alloys has successfully established a platform in the platinum market through the Mototolo joint venture with Anglo Platinum, the acquisition of Eland in 2007 and the subsequent rapid development of the Elandsfontein mine and concentrator. In a further step, Xstrata and Nkwe/Genorah today announced a new development joint venture which provides Xstrata with a 50% option over five highly prospective properties in the Eastern Limb of the Bushveld complex in South Africa.

Lonmin's operations and growth projects are located in the Bushveld complex in South Africa, a country which accounts for approximately 77% of global platinum supply. Lonmin's operations are fully integrated from mine to market and benefit from a substantial resource base with a published life of mine in excess of 30 years and further growth potential. Lonmin's principal asset, the Marikana complex, is located some 10 kilometres from Xstrata Alloys' Wonderkop complex and within 40 kilometres of Xstrata Alloys' head office.

The performance of the Lonmin business has been impacted by numerous operational difficulties over the past two years, including:

- o underperformance of mining operations due to the challenges presented by a rapid mechanisation strategy. This has resulted in inadequate reserve development and below budget production at a time of robust platinum prices;
- o erratic processing performance due to inconsistencies in ore feed and smelter failures;
- o a complex and enlarged management structure, dissociated from the operational teams in South Africa; and
- o a significant loss of experienced operating personnel.

Lonmin's operations have consistently underperformed its own forecasts on expected platinum sales and have been subject to a declining sales and production profile at a time of robust prices. Current guidance of 765,000 to 770,000 ounces of platinum for the year to 30 September 2008 is 15% lower than the initial guidance provided for this period of 900,000 ounces and represents the fourth downward revision in this financial year. This indicates an anticipated 18% decline in sales of platinum from the levels achieved two years ago of 939,654 ounces in the twelve months to 30 September 2006, reflecting ongoing unexpected operational difficulties and lower than anticipated production.

These issues have not been resolved. Xstrata believes that Lonmin's operations are attractive, but that a significant transformation of operating and management practices is required to return Lonmin to its former growth trajectory over time.

Xstrata believes it is uniquely positioned to realise the full potential of Lonmin's long life and high quality but underperforming asset portfolio. Xstrata's ferro-alloys business unit, Xstrata Alloys, has an excellent operational track record in building and operating similar operations in close proximity to Lonmin's core operations and has developed significant and relevant technical mining and smelting skills through its South African

chrome business. Xstrata Alloys' chrome operations mine the same Bushveld geological complex as the South African platinum industry with an industry-leading cost profile and use similar smelting technology. Through the development of Xstrata's growing platinum business, this expertise has been supplemented with specific operational platinum group metal (PGM) management and skills.

Further relevant expertise is available to Xstrata through its proprietary technology business, Xstrata Technology Services, with direct experience in resolving operational issues at platinum and base metals concentrator, smelting and refining operations, including the supply of proprietary IsaMill fine grinding technology to the platinum industry. Xstrata Nickel has also developed extensive PGM processing expertise at its Nikkelverk refinery in Norway and currently refines over 500,000 ounces of PGMs per annum.

Xstrata's significant technical expertise and the proximity of Xstrata's existing PGM and chrome assets with Lonmin's core operations substantially reduce the risks inherent in any acquisition of this complexity.

Furthermore, a combination with Lonmin would enhance power optionality across Xstrata's portfolio of South African assets and increase the availability of chrome-rich UG2 tailings (the waste product of platinum mining), providing an additional low-cost source of feed for Xstrata's chrome smelters.

Mick Davis, Xstrata plc Chief Executive, commented:

"Today's announcement marks the next step in our strategy to develop a significant platinum business and add further scale and diversification to our portfolio. An unrivalled combination of operational synergies, relevant experience and skills and a track record of turning around underperforming operations to create value, position Xstrata as the natural owner of the Lonmin assets.

"Xstrata's proposed offer will provide Lonmin shareholders with an opportunity to realise a cash premium for their investment, which fully and fairly values Lonmin's operations and growth potential, while acknowledging the risks, time and investment involved in a turnaround of this scale and nature.

"Our proven devolved management structure, which empowers operational management and removes the burden of overhead, together with our detailed understanding of the significant operational and management changes that are required, give me great confidence that Xstrata is ideally placed to unlock the unrealised potential of Lonmin's extensive resource base and growth potential.

"Xstrata has an established history of successfully operating in South Africa and we currently employ over 25,000 South Africans at our coal, ferro-alloys and platinum operations. Since our initial public offering in 2002, Xstrata has invested over ZAR33 billion (\$4.2 billion) in the country through the development of new and existing operations, significant community investment and fiscal contributions. We look forward to investing in Lonmin's underperforming operations to realise growth, create value and secure the long-term viability of these assets, in partnership with Lonmin employees, Lonmin's well-established partner Incwala, provincial and national authorities and local communities."

Xstrata expects to fund its proposed offer for Lonmin through cash at hand and bank debt. The announcement of a firm intention to make an offer is subject only to the finalisation of the bank debt necessary to implement the offer. Xstrata reserves the

right to waive this pre-condition. Xstrata does not expect any impediments to securing the necessary financing or any material regulatory impediments to the proposed offer. Relevant documentation is expected to be filed with anti-trust and other regulatory bodies as soon as possible. Any offer will be subject to standard terms and conditions and obtaining the relevant regulatory clearances, including in the Republic of South Africa (which may be structured as a pre-condition to making the offer). Xstrata does not expect the proposed offer to be subject to Xstrata shareholder approval. The proposed offer would be made by Xstrata or a wholly-owned subsidiary of Xstrata.

This announcement does not amount to a firm intention to make an offer. Any proposal is at an early stage and there can be no certainty that any offer will ultimately be made, even if the above pre-condition is waived. Deutsche Bank is acting as joint financial adviser and broker to Xstrata and Macquarie is acting as joint financial adviser to Xstrata.

If, and to the extent that, a dividend or dividends are paid or become payable to shareholders of Lonmin (1) in respect of the financial year ending 30 September 2008 in excess of US\$0.59 per share to be paid on 8 August 2008 and US\$0.66 per share as a final (or second interim) dividend or (2) in respect of the financial year ending 30 September 2009 in excess of US\$0.66 per share, then Xstrata shall have the right, as an alternative to lapsing any offer for the non fulfilment of its conditions, to reduce the consideration for each Lonmin share by an amount equal to the excess.

Xstrata will hold an analyst and investment market presentation in respect of Xstrata plc half-yearly results to 30 June 2008 and the proposed offer for Lonmin at 9.30am British Summer Time today (Wednesday, 6 August) at the Business and Media Centre, London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. The presentation slides and a live and recorded webcast will be available from www.xstrata.com. Telephone dial in details (listen only) for the presentation are as follows:

Toll Free UK and Switzerland: 00800 2467 8700
Toll Free Australia: 1 800 005 903
Toll Free USA: 1 866 291 4166
ROW: +44 20 7107 0611 or +41 91 610 5600

An audio replay of the analyst and investment market presentation will be available for 48 hours following the presentation from the following dial in numbers:

UK: +44 20 7108 6233
US toll free: +1 1866 416 2558
Australia: 1 800 220 860
ROW: +41 91 612 4330
Passcode: 15314#

A further investment market conference call will be held at 16.30 British Summer Time (11.30 EST); dial in details are as follows:

Toll Free UK: 0808 109 0700
Toll Free USA: 1 866 966 5336
Toll Free South Africa: 0800 980 524

Ends

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Notes to editors

About Xstrata

Xstrata is a global diversified mining group, listed on the London and SWX 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 a growing platinum group metals business, additional exposures to gold, cobalt, lead and silver, recycling facilities and a suite of global technology products, many of which are industry leaders. The 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 56,000 people, including contractors.

In 2007, Xstrata invested over US\$102 million in total in initiatives to support the communities associated with our operations globally. In the same year, over ZAR162 million (US\$23 million) was invested in South Africa to support communities in the areas of health, education, community development, enterprise development and art/culture.

Lonmin owns approximately 21 per cent. of the issued share capital of Platmin Limited, a Canadian company with listings on both the Toronto Stock Exchange and on the AIM Market operated by London Stock Exchange plc. Platmin Limited's principal activity is to explore, and work towards the development of, PGM deposits in South Africa. Xstrata does not intend to make an offer to acquire shares in Platmin Limited, and is not required to do so under the applicable Canadian provincial take-over rules.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin - Federal Financial Supervising Authority) and with respect to UK commodity derivatives business by the Financial Services Authority; and is regulated by the Financial Services Authority for the conduct of UK business. Deutsche Bank AG is acting exclusively for Xstrata and no-one else in connection with the proposed offer and will not be responsible to anyone other than Xstrata for providing the protections afforded to clients of Deutsche Bank AG nor for providing advice in relation to the proposed offer or any matter referred to in this announcement.

Macquarie Capital (Europe) Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Xstrata and no-one else in connection with the proposed offer and will not be responsible to any person other than Xstrata for providing the protections afforded to clients of Macquarie Capital (Europe) Limited nor for providing advice in relation to the proposed offer or any matter referred to in this announcement.

Notice to US holders of Lonmin shares

Any offer will be made for the securities of a UK company and will be subject to UK disclosure requirements, which are different from those of the United States. The financial information included in this announcement has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. Any offer will be made in the United States pursuant to applicable US tender offer rules and otherwise in accordance with the requirements of the City Code. Accordingly, any offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

It may be difficult for US holders of Lonmin shares to enforce their rights and any claim arising out of the US federal securities laws, since Xstrata and Lonmin are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Neor shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal UK practice and pursuant to exemptive relief from the US Securities and Exchange Commission, Xstrata or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Lonmin shares outside the United States, other than pursuant to any offer, before or during the period in which any offer remains open for acceptance. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, Deutsche Bank will continue to act as an exempt market maker in Lonmin shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service of the UK Listing Authority and will be available on the London Stock Exchange website, www.londonstockexchange.com.

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, labour relations and work stoppages, changes in political and economic stability, disruptions in business operations due to reorganisation activities (whether or not Lonmin is acquired), interest rate and currency fluctuations, the failure to satisfy any conditions for any possible offer on a timely basis or at all, the failure to obtain financing for an offer for Lonmin on commercially acceptable terms or at all, the failure to satisfy the conditions of any actual offer for Lonmin if and when made (including approvals or clearances from regulatory and other agencies and bodies) on a timely basis or at all, the failure to acquire all of the issued share capital of Lonmin on a timely basis or at all, the inability to successfully integrate Lonmin's operations and programmes with those of Xstrata if and when Lonmin is acquired, incurring and/or experiencing unanticipated costs and/or delays or difficulties relating to integration of Lonmin if and when Lonmin is acquired. Such forward-looking statements should therefore be construed in light of such factors.

Neither Xstrata, nor any of its associates or 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.

Not a profit forecast

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 or Lonmin ordinary share for the current or future financial years would necessarily match or exceed the historical published earnings per Xstrata or Lonmin ordinary share.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the "Code"), if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Lonmin, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Lonmin, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of Lonmin by Xstrata or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.