

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION (IN WHOLE OR IN PART) IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

**NEWS RELEASE**



**NO INTENTION TO MAKE AN OFFER FOR LONMIN PLC  
("LONMIN")**

Zug, 1 October 2008

On 6 August 2008, Xstrata plc ("Xstrata") announced a possible offer for Lonmin under Rule 2.4 of The City Code on Takeovers and Mergers (the "Code"). On 3 September 2008, the Panel Executive announced that Xstrata must, by 5.00 p.m. London time on 2 October 2008, either announce a firm intention to make an offer for Lonmin under Rule 2.5 of the Code or announce that it does not intend to make an offer for Lonmin.

Xstrata has concluded that, in light of the current unprecedented uncertainty in the financial markets and due to the requirement in the proposed financing terms to refinance in the short term a significant tranche of the acquisition debt facility, finalising the bank debt necessary to implement the offer on those terms would not be in the best interest of Xstrata. As a result, Xstrata has no current intention to make an offer for Lonmin.==

Mick Davis, Xstrata plc Chief Executive commented:

"Today's announcement is made against a background of extreme volatility and uncertainty in the financial markets. The current lack of clarity and certainty regarding the future availability of credit introduces significant risks into the financing package available to Xstrata, in respect of the requirement in the proposed financing terms to refinance a substantial portion of the debt funding within 12 months. As a result, Xstrata has concluded that it will not proceed with an offer for Lonmin within the deadline set by the Panel Executive.

"While the current instability of the financial markets has created an environment of great uncertainty, it does not change the fundamental robust nature of Xstrata's cash generative portfolio and profitability. Nor does it change our long-held view that commodity prices will remain elevated over historical averages in the medium term, albeit with some short-term weakness. This view is underpinned by the secular up-shift

in demand that is driven by the industrialisation and urbanisation of China and emerging Asian markets, together with the real and ongoing constraints which exist in effecting sustained increases in supply. I remain confident that Xstrata's strategy to grow organically and through acquisition to create value for our shareholders remains in tact and as relevant as ever."

Xstrata reserves the right to acquire Lonmin shares, subject to and in accordance with the requirements of the Code and other applicable regulations. For the purposes of Rule 2.8 of the Code, Xstrata reserves the right to make or participate in an offer for Lonmin (and/or take any other action which would otherwise be restricted under Rule 2.8 of the Code) within the next six months following the date of this announcement:

- (i) with the agreement or recommendation of the board of directors of Lonmin;
- (ii) following the announcement of an offer by or on behalf of a third party for Lonmin;
- (iii) following the announcement by or on behalf of Lonmin of a "whitewash" proposal (for the purposes of Note 1 on the Notes on Dispensations from Rule 9 of the Code) or a reverse takeover (as set out in Note 2 on Rule 3.2 of the Code); or
- (iv) if there is a material change of circumstances.

Xstrata currently holds 10.68% of Lonmin's issued share capital or 16,706,481 shares in total.

*Ends*

**Xstrata contacts**

Claire Diver  
Telephone +44 20 7968 2871  
Mobile +44 7785 964 340  
Email [cdiver@xstrata.com](mailto:cdiver@xstrata.com)

Songezo Zibi  
Telephone +27 11 250 0000  
Mobile +27 82 303 8176  
Email [szibi@xstrata.co.za](mailto:szibi@xstrata.co.za)

**Aura Financial**

Michael Oke  
Telephone +44 20 7321 0033  
Mobile +44 7834 368 299  
Email [michael@aura-financial.com](mailto:michael@aura-financial.com)

**Investors and analysts**

Hanré Rossouw  
Telephone +44 20 7968 2820  
Mobile +44 7879 455 885  
Email [hrossouw@xstrata.com](mailto:hrossouw@xstrata.com)

**[www.xstrata.com](http://www.xstrata.com)**