



RAB Capital plc

("RAB" or "the Company")

Proposed restructuring of the RAB Special Situations strategy

RAB Capital plc announces a restructuring proposal for two vehicles which form part of the RAB Special Situations strategy, managed by the Company.

The vehicles are the Cayman incorporated RAB Special Situations Fund Limited and the Delaware incorporated RAB Special Sits LP ("the Feeders"). The proposal seeks the commitment of investors' capital in the Feeders for a longer term and includes reduced fees for RAB.

The background to the proposal includes a very weak market for early stage natural resources and other development stocks, and poor liquidity for both the companies in which the Special Situations strategy is invested and for the Feeders themselves. In August 2008 the Special Situations strategy fell by an estimated 22% over the month, taking the year to date estimated reduction to 48%.

In these circumstances, RAB and the boards of the Feeders have concluded that extending the duration of investors' commitment to the Special Situations strategy represents the best value proposition for all investors. The proposal would also ensure equitable treatment of all investors and provide the strategy with the required stability to seek to retrieve value for them. Overall RAB believes that there is considerable potential value in the portfolio of the Special Situations strategy.

The share classes affected by the proposal currently have quarterly redemption cycles, 180 calendar day notice periods, and fees of 2% p.a and 20% p.a. for management and performance respectively. Under the proposal the next redemption date will be postponed by three years, from 1 October 2008 to 3 October 2011. In consideration of the longer-term commitment of capital, RAB will receive reduced management and performance fees of 1% p.a. and 15% p.a. respectively.

The proposal does not affect any other single strategy managed by RAB other than the Special Situations strategy. As at 1 September 2008 the assets under management in the Special Situations strategy were estimated to be \$923 million and the total assets under management of RAB stood at \$4.7 billion.

Communications to investors in the Feeders are being sent today, and a final decision by investors will be voted on by close of business (Cayman time) on 29 September 2008. At the time of this announcement a number of major investors in the strategy have indicated their support for the proposal.

In addition to the proposal, the Feeders will also be closing the affected share classes to new investment. In May 2008, the Feeders opened new three-year lock up share classes, which will become the only access to the strategy for new investors.

The overall effect will be that while reducing fees for RAB, the proposals will ensure the long-term stability of the strategy so as to provide a better prospect for the generation of value in the underlying investments and better provide for the equitable treatment of all investors.

In the event that the proposal to change the terms of the Feeders is not agreed by investors and having regard to the above liquidity issues, the boards of the Feeders, in consultation with RAB, have concluded that proposing a liquidation of the Feeders would be the only course of action resulting in an equitable treatment for all investors. This second proposal would only be considered if the first proposal to extend investors' commitment is not accepted.

Philip Richards, co-founder of RAB and lead manager of the RAB Special Situations strategy said:

“We are very disappointed with the performance of Special Situations in 2008 and greatly regret the impact that the performance will have on investors. However, we believe that the underlying thesis of investment in early stage natural resources is one that will repay patient investors over time.”

Stephen Couttie, Chief Executive designate said:

“We think that the proposal put to investors in the Feeders represents the best way to secure value from their investments over the longer term as well as achieving the most equitable result for all investors in the Special Situations strategy.”

Enquiries:

RAB Capital plc

Marc Popiolek

020 7389 7116

Tulchan Communications

David Trenchard/Andrew Honor

020 7353 4200

Nominated Advisor: KBC Peel Hunt

Jonathan Marren

020 7418 8900