



NEWS RELEASE

**XSTRATA-MERAFE CHROME VENTURE ANNOUNCES FURTHER
FERROCHROME PRODUCTION CUTS**

Rustenburg, 1 December 2008

On 10 November 2008, the Xstrata-Merafe Chrome Venture (the "Venture") announced the temporary suspension of six ferrochrome furnaces, representing 500,000 tonnes of annual capacity. The Venture reviews market conditions closely on an ongoing basis and has decided to implement further reductions in ferrochrome production to respond to short term weakness in demand. A further five furnaces have now been suspended, representing approximately 406,000 tonnes of annual ferrochrome production capacity and reducing 2008 ferrochrome production by a further 50,000 tonnes. The total suspended capacity represents 906,000 tonnes or 52% of annual operating capacity.

A total of one furnace at Boshhoek, four furnaces at Rustenburg, three furnaces at Lydenburg and three furnaces at Wonderkop will remain suspended until market conditions improve. The Xstrata-Merafe Chrome Venture will continue to monitor prevailing market conditions closely. No lay-offs are anticipated for permanent employees at the furnaces, enabling the Venture to return capacity quickly and efficiently when market conditions allow.

Ends

Xstrata Contacts

Claire Divver
Telephone +44 20 7968 2871
Mobile +44 7785 964340
Email cdivver@xstrata.com

Songezo Zibi
Telephone +27 11 250 0064
Mobile +27 82 303 8176
Email szibi@xstrata.co.za

Investors and analysts

Hanré Rossouw
Telephone + 44 20 7968 2820
Mobile + 44 7879 455885
Email hrossouw@xstrata.com

Notes to editors

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