



NEWS RELEASE

XSTRATA COAL SOUTH AFRICA COMPLETES SALE OF MPUMALANGA ASSETS

Johannesburg, 16 January 2012

Xstrata Coal South Africa (XCSA) is pleased to announce that it has completed the sale of its Spitzkop and Tselentis collieries and supporting coal assets, located in Mpumalanga, South Africa, to the Imbawula Group (Imbawula) for an undisclosed amount. The transaction has effect from 1 January 2012.

Imbawula has acquired, as a going concern, the Spitzkop and Tselentis opencast and underground mining operations, all supporting infrastructure, including land, movable assets, buildings and coal beneficiation plants. In addition, Imbawula Mining has acquired prospecting and mining rights in the area which support the long term operation of this business.

All affected XCSA employees will be transferred to Imbawula and the represented unions have been consulted.

Murray Houston, XCSA Chief Operating Officer, commented:

"I believe this transaction is a positive outcome for Xstrata Coal, Spitzkop and Tselentis employees and the operations' many stakeholders. We have a long and established relationship with the executives and shareholders of Imbawula. I am pleased that we are transferring ownership of these two collieries to a growing coal producer. Imbawula is gaining a highly competent team of employees and the company has an ongoing commitment to working responsibly and safely. From our perspective, the disposal of these assets allows us to focus on our core portfolio of large production complexes, including the ongoing development of our existing and future resource base".

Mr Pius Mokgokong and Mr Yacoob Mansoor, directors of Imbawula stated:

"Our group owns and operates various other coal mines in the region and this acquisition is a compelling and natural fit. We have an established management team in place and this transaction will deliver significant synergies for our group over a relatively short time



frame. While this acquisition supplements our resources to support our core business, which is the supply of coal to Eskom, it also offers diversification away from Eskom with exposure to the export markets. Xstrata Coal will purchase export coal from us over a ten year period at a market related price. The benefits derived from this acquisition ensure that Imbawula will be the pre-eminent BEE coal mining company in this area, and the employees will be working in an environment filled with opportunity”.

In addition XCSA has agreed to assist Imbawula during a transition period to ensure a smooth handover of various aspects related to the business, including accounting systems, procurement and payroll functions, and other key issues including IT/IS migration processes. XCSA will also continue its HIV/Aids community work in the region, including the completion of a new community clinic in Breyten.

The required approvals from the Competition Tribunal and the Department of Mineral Resources have been obtained for the transaction.

Ends

Neither the content of the company's website nor the content of any other website accessible from hyperlinks on the company's website is incorporated into, or forms part of, this announcement

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