



NEWS RELEASE

## PRODUCTION AT OAKY CREEK OPEN-CUT TO CEASE IN DECEMBER

Sydney, Thursday 26 October 2006

Xstrata Coal announces plans to curtail production at its open cut operation at Oaky Creek from December to bring on lower-cost production at Newlands. The Oaky Creek Open Cut, which has been successfully operated by mining contractor Thiess, has a high cost structure principally because of strip ratios which are now in excess of 20bcm per tonne.

Chief Executive Peter Coates said: "We are restructuring the profile of our coking coal production to minimise costs and optimise the product specification we offer to customers. As part of this move, production from the Oaky Open Cut will be replaced from December by increased production of our lower cost, prime hard coking coal product from the Newlands Wollombi deposit. Overall production of coking coal will continue to grow in 2007, as we position our business to respond to market conditions, while lowering the cost structure of our Queensland coking operations."

No full-time Xstrata employees will be affected by this decision.

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