



South Africa - 1 December 2006

**TOTAL COAL and XSTRATA COAL SETTLE LONG-TERM ARRANGEMENTS
FOR ATC AND ATCOM OPERATIONS**

Total Coal South Africa (TCSA) and Xstrata Coal (XC) today confirmed the settlement of the long-term arrangements of TCSA's 50% interest in Arthur Taylor Colliery (ATC) and Arthur Taylor Colliery Open-cast Mine (ATCOM) operations.

The settlement follows the termination of a joint venture between XC and TCSA in 2004 and will enable XC to consolidate its long-term position in the South African coal industry, while providing greater certainty for TCSA's supply of coal to its customers.

Located in South Africa's Witbank region, the ATC and ATCOM operations produce a nominal 3.6 Million tonnes of export thermal coal per year.

"The purchase of Total Coal's half share of ATC and ATCOM mines will provide significant benefits for the Xstrata Coal South African operations and enable us to mine a single large complex in the Witbank coalfields. We will also benefit from synergies across various Xstrata Coal sites," said Peter Coates, Chief Executive, Xstrata Coal.

"We are pleased to have resolved the previously outstanding issues and to be able to provide greater certainty for customers of ATC and ATCOM product.

"Today's agreement is a positive step forward for all stakeholders and in the best interests of securing the continued production of quality coal reserves from the Witbank region."

Under the terms of the settlement agreement, XC will continue to supply TCSA with coal at a rate of 1.8 million metric tonnes per annum for 3 years with effect from 1st January 2007 on terms similar to the former joint venture.

Operations will continue as usual and customers who take the coal under current arrangements will not experience any changes during the handover period.

"TCSA hereby divests itself from an investment where it had no operational control. The settlement allows for fair and adequate compensation for our half share of the ATC JV," said Philippe Sauquet, Vice President Strategy, Total.

“TCSA remains positively committed to South Africa and its coal operations and will focus on growing and expanding its producing base through new developments like Forzando South mine.”

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