



MEDIA RELEASE

7 December 2006

XSTRATA COAL COMMITS \$25 MILLION TO FUTUREGEN CLEAN COAL PROJECT

Xstrata Coal today announced it has become a member of the FutureGen Alliance, committing US\$25 million to support the building of a first-of-a-kind integrated near-zero emission coal-fuelled power plant in the United States.

The FutureGen Alliance is a non-profit consortium of global electric utilities and coal companies working with the US Department of Energy to design, construct and operate a technically cutting-edge demonstration coal-fuelled power plant. The US\$1 billion project will use advances in IGCC, carbon capture and sequestration and hydrogen production technologies to eliminate environmental concerns associated with coal utilisation.

"As the world's largest exporter of thermal coal, Xstrata Coal is demonstrating its commitment to the international collaborative effort to significantly reduce greenhouse gas emissions resulting from the use of coal in power generation," said Peter Coates, Chief Executive, Xstrata Coal.

"FutureGen is the most advanced coal-fuelled electricity generation technology development project in the world and we are pleased to be involved with other forward-thinking global companies in the development and deployment of this technology solution to climate change concerns.

"Global energy demand will increase by 60% over the next 25 years and investment from industry and government to develop and demonstrate new technologies such as those to be employed at FutureGen to achieve near-zero emission coal-fuelled power plants is essential," he said.

The 275MW prototype FutureGen plant will establish the technical and economic feasibility of producing electricity and hydrogen from coal, while capturing and sequestering one million tonnes of carbon dioxide generated in the process each year.

Mike Mudd, Chief Executive of the FutureGen Alliance, said today, "The involvement of the world's leading coal producing companies such as Xstrata Coal is essential to the success of FutureGen. Adding Xstrata Coal as a member of the Alliance further demonstrates the commitment of the energy industry on a global basis to develop innovative ways to combat climate change concerns."

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Members of the FutureGen Alliance include American Electric Power, Anglo American, BHP Billiton, the China Huaneng Group, CONSOL Energy Inc., E.ON U.S., Foundation Coal, Rio Tinto Energy America, Peabody Energy, PPL Corporation, and Southern Company.

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