



**MEDIA RELEASE**

**XSTRATA COAL TO PURCHASE ILUKA'S 50% NARAMA INTEREST**

Sydney, 7 August 2007

Xstrata Coal announces its intention to purchase Iluka Resources Limited's (Iluka) 50% interest in the Narama thermal coal mine, located in the Hunter Valley of New South Wales.

Narama Mine is a 50/50 joint venture between Ravensworth Operations Pty Limited, a wholly owned subsidiary of Xstrata Coal Pty Limited, and Iluka Resources Limited. The mine is operated by Xstrata Coal.

Xstrata Coal has agreed to acquire Iluka's 50 per cent interest for approximately AUD53 million, subject to any final completion adjustments. Xstrata Coal will also take over all marketing, workforce and environmental obligations.

Xstrata Coal Chief Executive, Peter Coates, said; "The purchase of Iluka's 50% interest in the Narama operation enables Xstrata to create value from the further consolidation of our interests in the Hunter Valley.

"Xstrata Coal will remain the operator of the mine and will ensure that Narama continues to meet the high productivity, health, safety, environmental and community standards expected of our operations. The transaction will not affect any day to day operations or our workforce."

The Narama mine is located approximately 25km northwest of Singleton within the Hunter Valley of NSW. Narama produces approximately 2.5 million tonnes of saleable thermal coal per annum.

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