



**NEWS RELEASE**

**XSTRATA COAL ANNOUNCES RESTRUCTURE OF  
DOUGLAS TAVISTOCK JOINT VENTURE**

3 March 2008, Sydney and Johannesburg

Xstrata Coal (Xstrata) announces the restructuring of its Douglas Tavistock Joint Venture (DTJV) with BHP Billiton Energy Coal South Africa (BECSA). Prior to the restructure, the Douglas and Middelburg collieries which comprise the DTJV were 84% owned and operated by BECSA and 16% owned by Xstrata South Africa.

Under the terms of the restructuring, Xstrata will acquire and manage the mining of reserves approximately equivalent to its 16% share of the DTJV, in an area contiguous to its 100% owned Arthur Taylor Colliery Open-Cast Mine (ATCOM) operations. Xstrata Coal purchased Total's 50% share of ATCOM in December 2006.

Xstrata will also acquire approximately 16% of the major mobile equipment, including one BE1570 dragline, and will commence separate mining operations from 1 July 2009.

Xstrata Coal Chief Executive Peter Freyberg said:

"This restructuring allows us to integrate the acquired discrete reserves from the former DTJV into Xstrata Coal's 100% owned ATCOM complex, to leverage existing infrastructure and take direct management control of the operation, which will be renamed ATCOM East. The new operation will have 157 million tonnes of coal reserves.

"The decision to operate separately allows Xstrata Coal the freedom to increase production of export and Eskom tonnage at a greater rate than previously envisaged under the former joint venture and to identify additional synergies with its existing operations in the region."

Under the terms of the restructure, Xstrata will also recoup its original Richards Bay Coal Terminal entitlement and realise cash of \$43 million on 1 July 2009. Xstrata Coal has also entered into an interim coal offtake arrangement (export and Eskom) for 18 months with BECSA, effective from 1 January 2008, and has entered into a long term supply arrangement for its share of the former DTJV's Duhva LT Eskom Coal Supply Agreement.

The restructure of the DTJV is subject to the normal regulatory approvals.

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