



## **News Release**

### **XSTRATA COAL TO DEVELOP MANGOOLA COAL OPEN CUT**

Sydney, 6 August 2008 - Xstrata Coal today announces it has secured Xstrata plc Board approval to proceed with the AUD1.1 billion (\$1.0 billion) development of the Mangoola Coal open cut thermal coal mine near Muswellbrook, New South Wales, Australia. Xstrata Coal acquired the Mangoola project from Centennial Coal in October 2007.

The Mangoola Coal mine will produce up to 10.5 million tonnes per year of run of mine (ROM) of both export and domestic quality thermal coal with an expected mine life of 18 years.

Mangoola Coal will generate over AUD35 million (\$33 million) per annum for the NSW State Government through coal royalties and provide significant support to local infrastructure, employment and training projects through a Memorandum of Understanding with Muswellbrook Shire Council.

The construction of the mine will create around 400 new jobs, with an expected 300 employees required for the ongoing operation of the site. A further 700 employment opportunities will be created indirectly as a result of the development.

"The Mangoola Coal operation will be a significant addition to our rapidly expanding New South Wales thermal portfolio. Today's approval ensures Xstrata Coal will continue to be an industry leader in meeting the increasing global demands for quality Australian export thermal coal," said Peter Freyberg, Xstrata Coal Chief Executive.

"Xstrata Coal is the largest producer of export coal in New South Wales, with a proven history of successful project development. We have the technical skills, experience and senior management in place to deliver projects on time and on budget, as demonstrated by the recent completion of our Liddell and Glendell open cut projects."

At each stage of the Mangoola Coal project, Xstrata Coal will implement detailed environmental management processes to address energy conservation, air quality, noise and vibration, water resources, and any potential impacts to flora and fauna.

Mangoola Coal will produce coal for both the export and domestic markets in a 80:20 ratio over the life of the mine. An agreement for the first 12 years of domestic production is in place with Macquarie Generation (Bayswater and Liddell power stations). Export output will range between 6 million tonnes and 7 million tonnes per annum. All product coal will be transported by rail from the mine site to either Macquarie Generation or the port of Newcastle.

Major construction works will commence upon the issuance of the mining lease. Development consents and other approvals have been received.

**ENDS**

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**Notes to editors**

**About Mangoola Coal**

Mangoola Coal is owned by Xstrata Mangoola Pty Limited, a wholly owned subsidiary of Xstrata Coal Pty Limited. Xstrata purchased the Mangoola Coal operation (formerly known as Anvil Hill) from Centennial Coal Company Limited for A\$425 million, subject to certain adjustments, in September 2007. The Mangoola Coal mine will be located about 20 kilometres west of Muswellbrook and about 10 kilometres north of Denman in the Upper Hunter Valley.

**About Xstrata Coal**

Xstrata Coal is the world's largest exporter of thermal coal and one of the largest producers of hard coking coal. Headquartered in Sydney, Xstrata Coal has interests in more than 30 operating coal mines throughout Australia, South Africa and the Americas.