



NEWS RELEASE

XSTRATA /ARM COAL'S GOEDGEVONDEN SIGNS 17 YEAR SUPPLY AGREEMENT WITH ESKOM

Johannesburg, 8 December 2009

The 6.7m tonne-per annum Goedgevonden Colliery, a joint venture between ARM Coal and Xstrata Coal, has signed a 17-year coal supply agreement with national power utility, Eskom.

Under the terms of the contract, Goedgevonden will supply approximately 60 million tonnes of thermal coal (3.5 million tonnes per annum) to Eskom's Majuba coal-fired power station from December 2009 through to 2026.

Murray Houston, Xstrata Coal South Africa's Chief Operating Officer said the contract is an important milestone for the greenfield Goedgevonden open cut operation.

"This is a significant achievement for the Goedgevonden operation and underlines our position as a major supplier of quality thermal coal to both the domestic and export markets," said Mr Houston.

ARM Coal Chief Executive, Mangisi Gule said the transformation of Goedgevonden from a greenfield project to a fully operational colliery is a major step in the growth of ARM Coal.

"Reliable coal supply is absolutely essential for Eskom's success. Goedgevonden is well placed to help meet the immediate needs of Majuba, while maintaining the flexibility to meet potential increased demand in the future if necessary," said Mr Gule.

Located in the Witbank coalfield in the Mpumalanga province, the Goedgevonden mine will commence supplying coal to Eskom immediately.

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Note to Editors:

ARM Coal contacts

Jongisa Klaas

Telephone: +27 11 779 1507

Mobile: +27 82 562 5288

E-mail: jongisa.klaas@arm.co.za

Corne Dippenaar

Telephone: +27 11 779 1478

Mobile: +27 83 380 6614

E-mail : corne.dippenaar@arm.co.za

www.arm.co.za

Xstrata contacts

Songezo Zibi

Telephone +27 11 250 0064

Mobile +27 82 303 8176

Email szibi@xstrata.co.za

Claire Divver

Telephone +44 20 7968 2871

Mobile +44 7785 964 340

Email cdivver@xstrata.com

James Rickards

Telephone +61 2 9253 6789

Mobile +61 419 731 371

Email jrickards@xstratacoal.com

www.xstrata.com

Notes to editors

- Goedgevonden Colliery is the flagship asset of the ARM Coal and Xstrata partnership, and has been developed at a cost of just over R3 billion. Its 6.7 annual capacity will be split almost equally between Eskom supply and export through the Richards Bay Coal Terminal. Goedgevonden is 51% owned by ARM Coal and 49% by Xstrata. The mine is overseen by a management committee comprising four ARM Coal and three Xstrata executives respectively.
- ARM Coal was formed in 2006, a 51%-49% partnership between ARM and Xstrata Coal South Africa.
- XCSA is South Africa's third largest exporter of thermal coal, with operations across the Mpumalanga coal fields in Ogies, Witbank, Middelburg, Ermelo and Breyten.