



NEWS RELEASE

XSTRATA COAL TO DEVELOP RAVENSWORTH WEST OPERATION

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Xstrata Coal has secured a contract with Macquarie Generation for the supply of 7.3 million tonnes of coal over a six-year period, to be sourced from its undeveloped Ravensworth West area. In addition, deliveries under an existing contract from the adjacent Narama Mine will be accelerated.

Mick Buffier, Chief Operating Officer Xstrata Coal NSW, said, "We are pleased to secure this contract as it provides Ravensworth West with a viable future and is the impetus for its development. It also adds value to Narama with an increase in production from 2.0 to 2.5 million tonnes per annum through to 2011."

"Ravensworth West was granted development approval in 1998 but until now has essentially remained undeveloped, apart from minor infrastructure. Commissioning this mine and accelerating Narama will create around 25 direct jobs, as well as a further 50 indirect jobs. Furthermore, Xstrata Coal and its Narama Joint Venture Partner Iluka Resources Limited will spend approximately \$30 million on associated capital requirements over the next 12 months, which will also benefit our community."

"Following the completion of the necessary approvals and construction works, Ravensworth West will commence supply in January 2006 at a rate of approximately 1.0 to 1.5 million tonnes per annum for six years."

"Narama and Ravensworth West, which are collectively known as Ravensworth Operations, will together produce between 3.5 to 4.0 million tonnes per annum. The operations will share existing infrastructure and equipment and will achieve certain operating synergies."

"Xstrata Coal's decision to develop Ravensworth West supports our exposure to the domestic market and confirms our position as a leading producer of coal in New South Wales."

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