

## **Peabody Completes Joint Venture and Gains 35 Million Tons of Metallurgical Coal Reserves From BHP Mitsui Coal Pty Ltd**

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Peabody Energy today announced the commencement of the Millennium/BHP Mitsui Coal Pty Ltd joint venture that provides Peabody with approximately 35 million tons of additional high quality metallurgical coal reserves and provides BHP Mitsui Coal Pty Ltd with a 50 percent ownership position in the Millennium preparation facility and associated infrastructure assets. The reserves contribute to Peabody's industry-leading position of more than 9 billion tons.

"This value-added transaction gives us significant metallurgical and PCI coal reserves at a time of record demand and pricing," said Peabody Executive Vice President and Chief Operating Officer Eric Ford. "The addition of these reserves allows us to continue to ramp up production to full capacity."

The Millennium Preparation Facility is a three-stage coal handling and preparation plant capable of annually processing 6 million tons of coal split equally between Peabody and BHP Mitsui Pty Ltd that can be exported via the Dalrymple Bay Coal Terminal. It will serve both Peabody's Millennium Mine and BHP Mitsui Pty Ltd's nearby Poitrel Mine.

The Millennium Mine began ramping up last year and is on track to produce 3 million tons by 2010. It is among three new greenfield mines Peabody has completed in Queensland and New South Wales this past year.

Coal has been the world's fastest-growing fuel the past five years, and Australia is the world's largest exporter of coal. Use of coal is expected to grow nearly 75 percent over the next 25 years, driven by huge growth in China and India.

Peabody is increasing its commercial presence to serve high-growth Asian markets through its Australian business platform and expanded coal trading, coal marketing and business partnerships.

Peabody Energy is the world's largest private-sector coal company. Its coal products fuel approximately 10 percent of all U.S. electricity generation and more than 2 percent of worldwide electricity.

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