

Peabody Completes Wambo Complex Expansion to Serve High-Growth Seaborne Coal Markets

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Peabody Energy today announced it has completed the \$50-plus million expansion of its Wambo Coal Preparation Facility, the final phase in a multi-year build out of Peabody's Wambo complex. The plant serves the North Wambo underground and Wambo open-cut mines in New South Wales, Australia, which export thermal and PCI coals to Asian customers through the Port of Newcastle.

The complex expansion includes development of the North Wambo Mine, which was commissioned in the fourth quarter of 2007 and is among three major Australian mines Peabody completed this past year. North Wambo is ramping up to produce more than 2.5 million tons per year. The Wambo Mine produced more than 4 million tons last year.

Australia has the world's highest-value thermal coal, with recent published spot prices exceeding \$175 per tonne. Coal prices there have more than tripled since early 2007.

"Peabody continues to expand its capabilities to serve record world coal demand," said Peabody Australia Managing Director Julian Thornton. "After nearly doubling Australian coal sales last year, we are increasing our throughput again this year and will continue to expand over time as coal chain throughput climbs in the next several years."

The new preparation facility doubles blending capacity and incorporates a 180-meter skyline conveyor system that moves coal from the preparation plant to a railroad loadout facility for transportation to the port.

Coal has been the world's fastest-growing fuel the past five years, and Australia is the world's largest exporter of coal. The seaborne coal market has been growing 7 percent per year, with the strongest growth coming from the Asia-Pacific markets.

Peabody Energy is the world's largest private-sector coal company, with 2007 sales of 238 million tons and \$4.6 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. electricity generation and 2 percent of worldwide electricity.

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