Peabody Energy Announces Option to Acquire Coal Interests in Mongolia

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Peabody Energy today announced that it has obtained an option to purchase up to a 50 percent interest in a joint venture holding Polo Resources Limited's (AIM: PRL) coal and mineral interests in Mongolia.

Polo's Mongolian coal interests have a potential resources of over 1 billion tonnes, with a majority of its coal licenses located in the South Gobi coal region. This region hosts some of the largest metallurgical and thermal coal resources in close proximity to China, with potential to also access the Russian and export markets. Polo also has an active mining operation in Mongolia, with over 100 employees on-site, primarily supplying the domestic market.

Under the agreement, Peabody would also be granted warrants to enable the company to acquire an approximate 15 percent equity interest in Polo. The transaction is targeted to close during the first quarter of 2009, subject to the completion of Peabody's due diligence review and other approvals.

"A joint venture with Polo's existing platform will accelerate the development of Peabody's presence in one of the world's premier undeveloped coal regions," said Peabody Chairman and Chief Executive Officer Greg Boyce. "Because Polo has existing assets, coal resources and personnel in Mongolia, this transaction advances our goal of expanding our presence in high-growth, high-margin markets."

"Polo is excited about the opportunity to join forces with a company of the calibre of Peabody," said Stephen R. Dattels, Polo's Chief Executive Officer. "This alliance will provide the mining expertise and resources required to develop our asset base and unlock the currently unrecognized value of Polo's Mongolian interests."

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

Polo is an emerging energy company focused on acquiring and developing advanced stage coal and uranium properties in Asia and Australia.

Certain statements in this press release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on numerous assumptions that the company believes are reasonable, but they are open to a wide range of uncertainties and business risks that may cause actual results to differ materially from expectations as of Jan. 27, 2009. These factors are difficult to accurately predict and may be beyond the company's control. The company does not undertake to update its forward-looking statements. Factors that could affect results include those described in this press release as well as risks detailed in the company's reports filed with the Securities and Exchange Commission.

CONTACT:
Vic Svec
(314) 342-7768

First Call Analyst:
FCMN Contact: cmiller@peabodyenergy.com

SOURCE: Peabody Energy

CONTACT: Vic Svec of Peabody Energy, +1-314-342-7768

Web site: http://www.peabodyenergy.com/