Peabody Energy Approves Expansion of Highly Productive Wilpinjong Mine in Australia

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Peabody Energy today said it has approved expansion of the Wilpinjong thermal coal mine in New South Wales, which is expected to increase production by 2 to 3 million tons annually beginning in 2012.

Capital investment for the project is expected to total approximately $90 million, which includes approximately $20 million targeted for 2010. Expanded production from Wilpinjong, which is among the lowest cost mines in the country, will serve export markets using new port capacity from the recently commissioned Newcastle Coal Infrastructure Group (NCIG) terminal. Late-stage licensing and mine engineering activities are advancing, and the project is subject to final permitting and regulatory approval.

"The Wilpinjong expansion is among a number of organic growth initiatives to build our global platform for serving the fastest-growing economies and coal markets in the world," said Peabody Energy Chairman and Chief Executive Officer Gregory H. Boyce. "Asian nations are forecast to account for more than 90 percent of global coal demand growth in the next two decades, and Australia will continue to build its position as the chief supplier of seaborne coal."

The expansion is among multiple thermal and metallurgical coal projects that could expand Peabody's annual Australian volumes to up to 35 to 40 million tons by 2014. Peabody is targeting an increase in seaborne metallurgical coal shipments to 12 to 15 million tons per year by 2014, and increasing thermal coal exports to 15 to 17 million tons per year. Earlier this year, Peabody also approved a 1 million ton-per-year expansion of the Metropolitan metallurgical mine, also in New South Wales.

In 2009, Wilpinjong shipped 8.3 million tons to meet domestic and global demand and is among a portfolio of Peabody operations in Queensland and New South Wales that is targeted to ship 27 to 29 million tons this year.

Peabody Energy is the world's largest private-sector coal company and a global leader in clean coal solutions. With 2009 sales of 244 million tons and $6 billion in revenues, Peabody fuels 10 percent of U.S. power and 2 percent of worldwide electricity.

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 July 22, 2010. 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:
Beth Sutton
(928) 522-7008

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

SOURCE: Peabody Energy

CONTACT: Beth Sutton, +1-928-522-7008, for Peabody Energy

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