Peabody Energy and Yankuang Group Co. Ltd. to Pursue Development of Wucaiwan Energy Center in Xinjiang, China

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ST. LOUIS, Jan. 20, 2011 /PRNewswire/ -- Peabody Energy and Yankuang Group Co. Ltd. today announced they are pursuing development of the planned Wucaiwan Energy Center in the Zhundong Region of Xinjiang in Northwestern China.

The center would include development of a 20 million ton-per-year surface coal mine, which will provide the fuel for a 2,000 megawatt supercritical power plant and a substitute natural gas (SNG) facility producing 4 billion-cubic-meters of gas annually. The agreement demonstrates growing cooperation on clean energy and carbon initiatives between China and the United States.

Peabody brings to the partnership world-class surface mining expertise and will fully utilize its technology and management skills for the joint mine development. Yankuang Co. Ltd. will take the lead in developing the SNG facility and power plant. The location has good access to the Xinjiang electricity transmission corridor as well as a new rail line under development that will serve electricity customers and other industrial users in Central and Eastern China.

"China is the world's fastest-growing coal market, fueling economic growth that is unmatched around the world," said Peabody Energy Chairman and Chief Executive Officer Gregory H. Boyce. "As the global leader in safe, large-scale surface operations, Peabody is proud to partner with Yankuang Group Co. Ltd. to advance a world-class energy project in the world's largest coal market."

In the coming months, the parties will evaluate development of the mine in the Wucaiwan Reserve, which is estimated at 4.6 billion tonnes. Project development also will require a customary permitting and regulatory approval process.

"Yankuang Group Company Ltd. is pleased to work with Peabody to develop state-of-the-art energy projects that will fuel China's growing needs. Our projects will be an important source of jobs and economic benefits," the company said.

China is expected to increase its power capacity by 80 gigawatts this year alone representing several hundred million tons of additional coal use. China also represents nearly half of global steel production and consumes the majority of the world's metallurgical coal.

Coal has been the world's fastest-growing fuel for the past decade.

From 87 million tonnes of production in 2009, the Xinjiang region is expected to nearly triple coal production by 2015 and could increase annual output to 1 billion tonnes by 2020.

Yankuang Group Co. Ltd. is the parent company of Yanzhou Coal Mining Company Limited, among the largest coal producers in China. Yanzhou's shares are listed on the New York Stock Exchange (NYSE: YZC) in addition to Hong Kong and Shanghai.

Peabody Energy (NYSE: BTU) 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.

CONTACT:
Beth Sutton
+1 928 522 7008

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