



Wesfarmers Limited

ABN 28 008 984 049

NEWS

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PREMIER COAL TO SUPPLY WESTERN POWER'S COAL REQUIREMENTS

Following a competitive process, Wesfarmers Premier Coal Limited has been selected to supply Western Power Corporation's coal requirements from 2010 for its existing coal fired power stations at Muja C and D, and Collie A in Western Australia. These power stations have a combined capacity of 1100MW.

Mr David Robb, Managing Director of Wesfarmers Energy Limited said while Premier Coal had an existing coal supply contract with Western Power until June 2010, this agreement extension allows for coal supply for the life of the existing power stations at Muja C and D, and Collie A, through to 2030.

"Included in our offer are price reductions commencing prior to 2010 to enable Western Power to compete effectively in a deregulated electricity market, and therefore deliver a low cost, reliable and environmentally responsible electricity supply for Western Australia. The impact of the price reductions on Wesfarmers Energy division earnings will depend on sales volumes achieved, but will not be material," he said.

"Our objective during this process has been on delivering the right outcome for our shareholders, customers and employees. This has been achieved with the new supply arrangements, which underpin the long-term value of the Premier mine for our shareholders and the Collie community.

"The agreement also supports our long-term strategy to grow sales volumes to five million tonnes per year. This will require further mine productivity improvements and development of new markets and applications for Collie coal products, including the mineral processing market."

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