



1000 Urban Center Drive  
Suite 300  
Birmingham, AL 35242  
Telephone (205) 945-6300

# Press Release

Contact: Matt Brown, Treasurer & Executive Assistant to the CEO  
Phone: (205) 945-6379

## **DRUMMOND COMPANY ENTERS INTO PARTNERSHIP WITH ITOCHU CORPORATION IN COLOMBIA**

BIRMINGHAM, AL, JUNE 15, 2011: Drummond Company, Inc. and affiliates ("Drummond") have reached an agreement with ITOCHU Corporation ("ITOCHU") to enter into a partnership where Drummond will own 80% and ITOCHU will own 20% of a new entity, Drummond International, LLC ("Drummond International"), that will own and operate the Colombian coal mining operations and transportation infrastructure (the "Colombian Operations") currently owned 100% by Drummond.

The investment by ITOCHU for the 20% ownership interest will be US\$1.5235 billion, subject to certain adjustments. In addition, ITOCHU will obtain certain rights to market coal produced by the Colombian Operations into Japan.

ITOCHU's investment in Drummond International will help finance Drummond's portion of its ongoing capital program in Colombia which is focused on increasing coal exports in an environmentally sensitive manner. Specifically, this transaction is tied to a capital program in Colombia over the next five years projected to be over US\$1.3 billion. This capital program is expected to include the purchase of more efficient mining equipment along with approximately US\$375 to US\$400 million to be invested in the construction of a new direct-loading port facility mandated by a decree of the Colombian government which will increase export capacity to 40 to 45 million net tons per year in the future. Drummond believes that this partnership will facilitate the further opening of the Asian coal markets to exports from Colombia.

Drummond commenced coal production in Colombia in 1995 and exports all of its production as thermal coal. Drummond's Colombian Operations hold concessions to mine its large reserve base in Colombia consisting of proven and probable reserves of approximately two billion net tons. These reserves have high calorific value, low sulfur and low ash. Current production is approximately 27 million net tons per year.

Drummond is excited to partner with an international company of the reputation, financial strength, and global footprint of

ITOCHU. This investment will further Drummond's goal of becoming a major international diversified mining company.

The relationship between Drummond and ITOCHU dates back to the 1960s, when Drummond exported U.S. metallurgical coal to Japan through Ataka, a trading firm that at one time owned an interest in a Drummond affiliate and which was subsequently bought by ITOCHU. In the intervening time Drummond and ITOCHU have continued to work together marketing coal internationally. Drummond will continue to seek opportunities for joint investments and other strategic alliances with ITOCHU. The longstanding amicable relationship between ITOCHU and Drummond was a contributing factor to the formation of this partnership.

To commemorate this transaction, Drummond has committed to contribute US\$3 million to support disaster relief causes with US\$1 million each directed to victims of tornados in Alabama, earthquakes in Japan, and floods in Colombia.

Founded in 1935, Drummond Company, Inc. is a privately held company that is principally engaged in the business of mining, purchasing, processing and selling of both thermal and metallurgical coal. Drummond Company is also the largest merchant coke producer in the U.S. and engages in real estate development.

**Forward-Looking Statements:** This notice contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect management's view of future events. These statements are subject to risks, uncertainties, assumptions and other important factors, many of which may be beyond the Company's control, and could cause actual results to differ materially from those expressed or implied in these forward-looking statements. The forward-looking statements speak only as of the date made, and the Company undertakes no obligation to update these forward-looking statements.

SOURCE: Drummond Company, Inc.

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