

ANGLO COAL

Investor Presentation August 2005



Participants

John Wallington

**Chief Executive Officer
Anglo Coal**

Norman Mbazima

**Chief Financial Officer
Anglo Coal**

Roger Wicks

**Head of Energy – AA plc
Head of Global Marketing - Anglo Coal**

Business Overview



- | | |
|--|--|
| ✓ Leading producer of thermal and metallurgical coal | <ul style="list-style-type: none">▶ 6th largest producer▶ 4th largest global producer |
| ✓ Geographic diversity | <ul style="list-style-type: none">▶ Australia – 12.7 Mt (29%) for H1 2005 (attributable saleable tons)▶ South Africa – 26.6 Mt (60%) for H1 2005 (attributable saleable tons)▶ South America - 4.8 Mt (11%) for H1 2005 (attributable saleable tons) |
| ✓ Market spread | <ul style="list-style-type: none">▶ Domestic market - 52% production▶ Med-Atlantic market – 31% production▶ Indo-Pacific market – 17% production |
| ✓ Product offering | <ul style="list-style-type: none">▶ Thermal coal – 38,7 Mt (87%) for H1 2005▶ Metallurgical coal – 5.4 Mt (13%) for H1 2005 |
| ✓ Strong cashflow generator | <ul style="list-style-type: none">▶ EBITDA H1 2005: US\$476m; (EBITDA H1 2004: US\$286m)▶ Total free cash generated 1999-2004: US\$1.8bn |
| ✓ Competitive technical capacity | <ul style="list-style-type: none">▶ 32.2 Mt opencut production▶ 11.9 Mt underground production |
| ✓ Consistent contributor to AA plc's earnings | <ul style="list-style-type: none">▶ H1 2005: 13% (H1 2004: 9%) |
| ✓ Positive outlook | <ul style="list-style-type: none">▶ Exciting mix of greenfield and brownfield projects |

Interim Financial Review



Financial synopsis

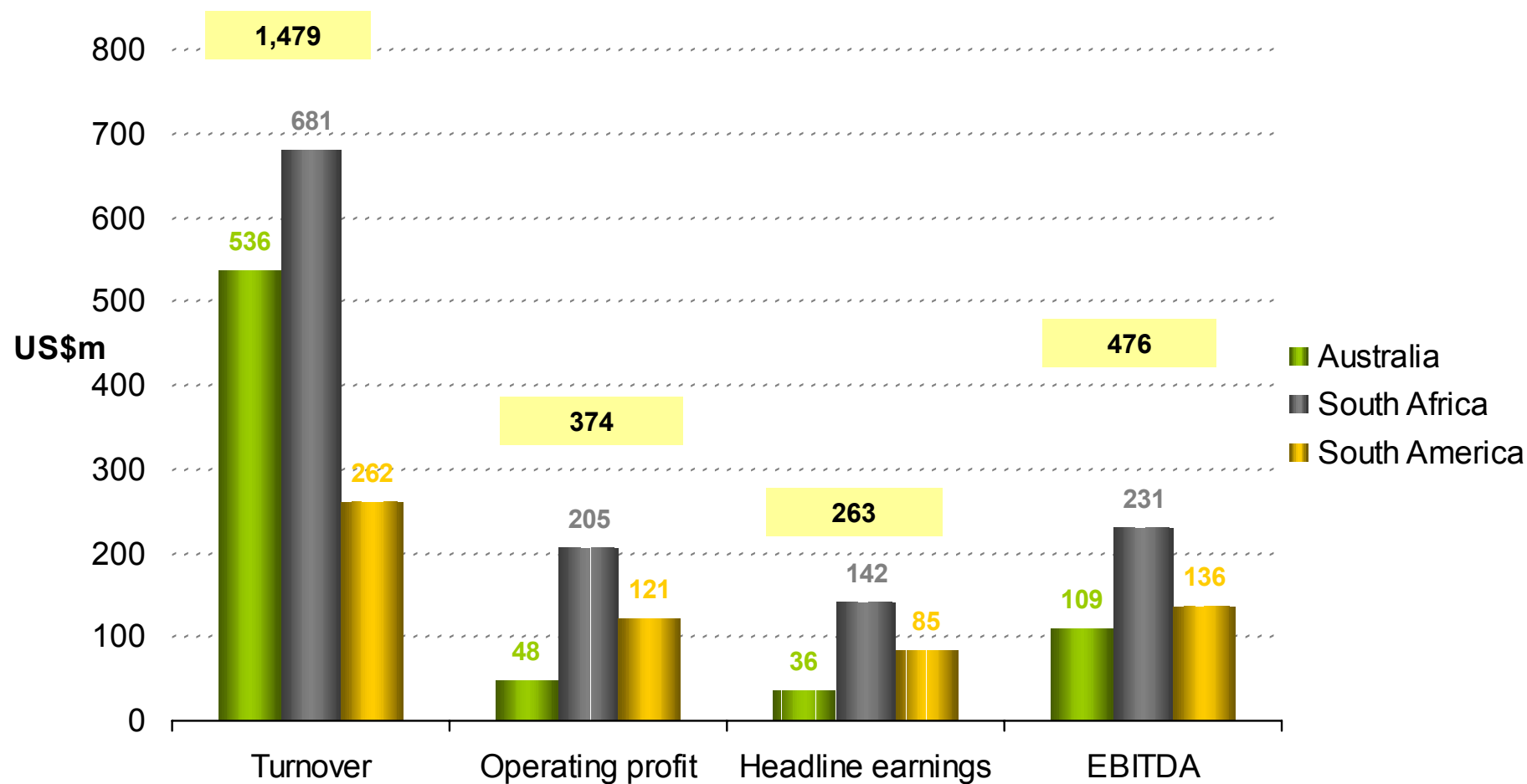
- ❑ Headline earnings of US\$263m in H1 2005, an increase of 78% over H1 2004
- ❑ Improved performance due to more favourable commodity prices and production efficiencies
- ❑ Australia impacted by operating difficulties at Dartbrook and carry over tonnage at Moranbah

	H1 2005	H1 2004		2004
Turnover (\$m)	1,479	1,040		2,382
EBITDA (\$m)	476	286		687
Operating profit (\$m)	374	201		497
Headline earnings (\$m)	263	148		357
Capital expenditure	126	64		218
Net operating assets	2,350	2,105		2,546
Share of group headline earnings	13%	9%		13%
Share of group net operating assets	6%	6%		6%

Interim Financial Review



Geographical synopsis (H1 2005)



Interim Financial Review



Salient issues (H1 2005)

Australia

- ▶ Results negatively impacted by geological difficulties at Dartbrook thermal coal mine and the effect of carryover tonnage at Moranbah North metallurgical coal mine
- ▶ Operating profit of US\$48m includes Moranbah North insurance claim of US\$28m
- ▶ Net increase in production of 0.7mt to 12.7mt from H1:2004 (12.0mt)
- ▶ Longwall performance at Moranbah North progressing well (>2.1mt produced in H1: 2005)

South Africa

- ▶ Operating profit increased by 120% to US\$205m on the back of higher export prices (52%), and a 1% increase in sales volumes supported by a 3% improvement in production to 26.6mt
- ▶ Higher production includes 0.6mt from the Mafube mine mini-pit (Eyesizwe joint venture)

South America

- ▶ Attributable sales tonnage from Colombia increased by 4% to 4.3mt and attributable operating profit rose to US\$109m (H1 2004: US\$79m)
- ▶ Venezuelan sales increased by 1% to 0.8mt (attributable)

Topical Issues



SA Mining Charter

Ownership (Charter target 26% by 2014)	▶ Facilitated establishment of Eyesizwe, Leeuw Mining & Exploration, Imbani Coal, Mafube Colliery ▶ 21% of Anglo Coal's potential production sold to BEE companies
Procurement	▶ R471 m sourced from BEE companies in H1 2005 ▶ 27% of Anglo Coal's discretionary spend
Employment Equity (Charter target 40% by 2009)	▶ 28% of senior management HDSA's
Other	▶ Mineral & Petroleum Resources Development Act – mining rights conversion process underway – most applications for conversions have been submitted ▶ Human resource development

Australian production

Moranbah North	▶ Longwall performance has progressed well with production in excess of 2mt ▶ Carryover tonnage was significant but mitigation measures agreed
German Creek	▶ Fewer longwall moves planned for H2 2005 compared to H1
Dartbrook	▶ Longwall transition from Wynn to Kayuga Seam challenging ▶ Longwall relocated to next panel and strategic review in progress
Ports	▶ Quota scheme introduced at DBCT

Market Overview



Key Factors

Diverse sectors, drivers, structures, pricing mechanisms and power margins (spreads)

Varying levels of consolidation

Domestic markets underpin higher value export sectors

Export Thermal sector – record prices and growth despite carbon constraints

Export Metallurgical sector – record prices and structural tightness going forward

Carbon constraints a reality

Anglo Coal Response

- ▶ Comprehensive product range being enhanced
- ▶ Sector specific marketing strategies
- ▶ Customer survey

- ▶ Competitive market share permits an independent approach

- ▶ Key shares in SA and Australian domestic markets

- ▶ Customer specific strategies (price, quality, carbon)
- ▶ Understanding volatility

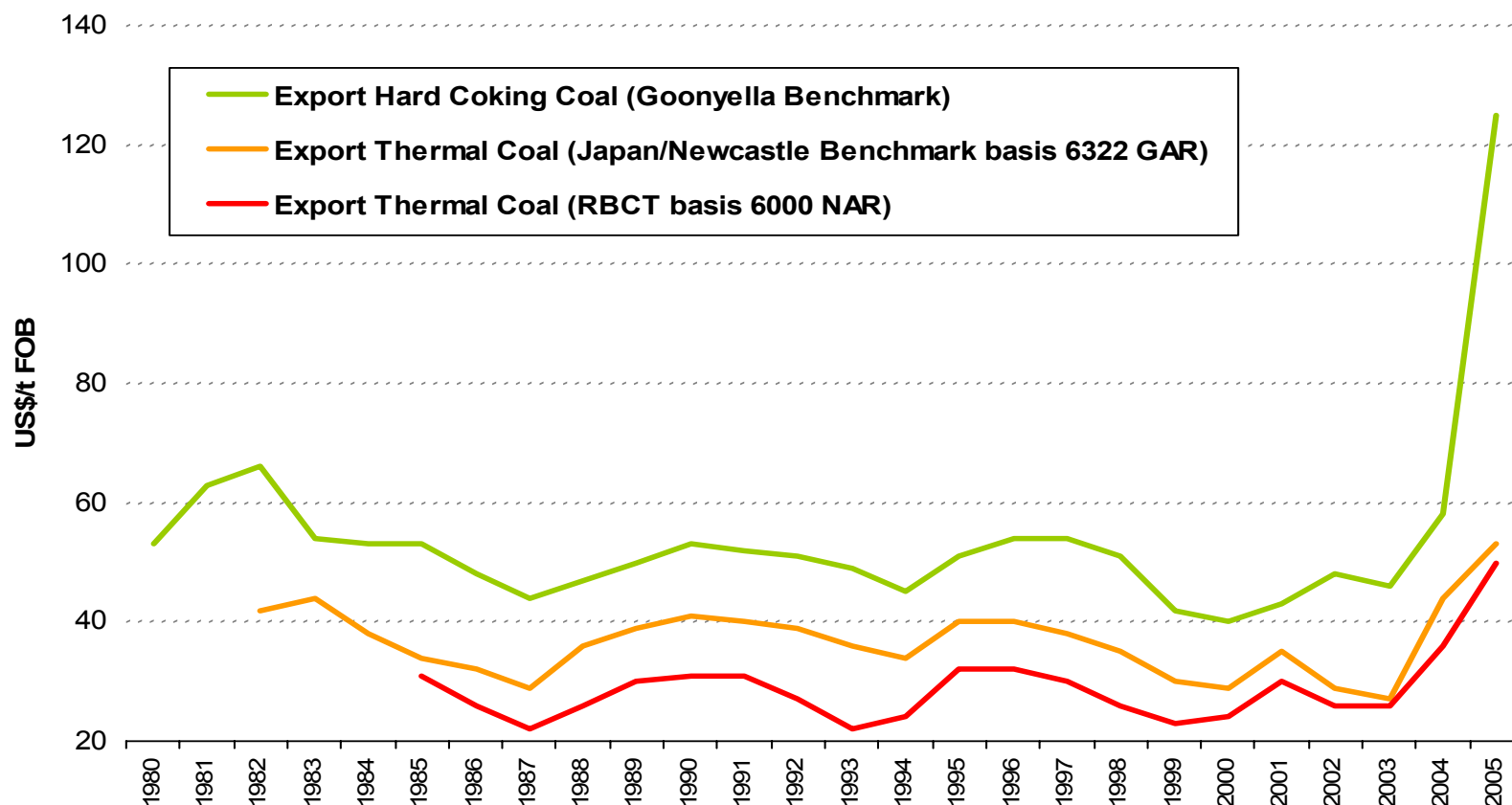
- ▶ Product portfolio enhancement
- ▶ Technically driven value creation in consultation with customers

- ▶ A considered, proactive, multi-faceted response

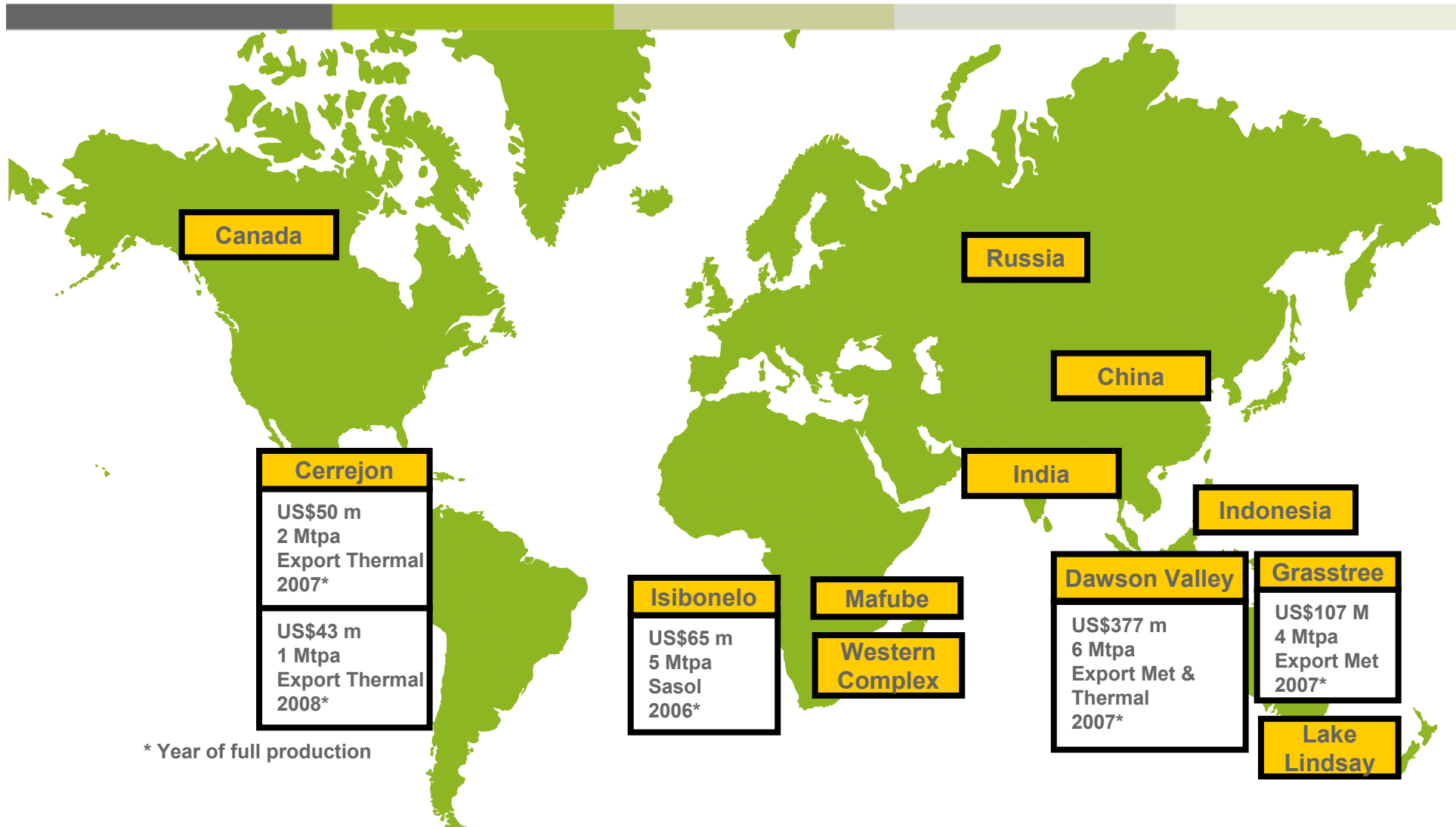
Price History



Commodity price trends



Project Pipeline



Adjacency Strategies (Horizon 3)



Current initiatives

Coal bed/mine methane

- ▶ Dawson (Australia)
- ▶ Waterberg (South Africa)
- ▶ German Creek (Australia)

Monash Energy

- ▶ Power and low sulphur diesel
- ▶ Carbon capture and storage
- ▶ Government support

Coal gasification

- ▶ China – Xiwan
- ▶ Chemicals and power
- ▶ Emissions reduction

- ✓ Long lead time
- ✓ High capital cost
- ✓ New skill base
- ✓ High returns

Outlook and Conclusion



- ▶ Thermal coal prices have remained close to the US\$50 level for some time, but have softened slightly of late. Expectations are for reasonable firmness through 2006
- ▶ Metallurgical prices are also expected to remain relatively firm
- ▶ Infrastructure constraints are still an issue
- ▶ Optimistic that conversion applications will be granted
- ▶ Number of new projects under consideration due to the strong domestic and international demand
- ▶ Strong organic growth forecast driven by projects in all major production centres
- ▶ Production outlook positive