



# ANGLO AMERICAN METALLURGICAL COAL

Investor & Analyst Briefing

14 June 2012



Real Mining. Real People. Real Difference.

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## **Resources - Anglo American Share, Excludes Callide**

Coal Inventory: Occurrence of coal of economic interest which forms the physical envelope that encompasses a Coal Resource or Coal Reserve, or both, and includes Reconnaissance, Inferred, Indicated and Measured Coal Resources, together with any associated Probable and Proven Coal Reserves.

These data represent tonnage estimates compiled in accordance with the principles and guidelines of the JORC code or NI 43-101 by a Competent (Qualified) Person or Persons.

Due to the uncertainty which may be attached to some Inferred Mineral Resources, it cannot be assumed, but normally would be expected, that a major part of an Inferred Coal Resource will be upgraded to an Indicated or Measured Coal Resource as a result of continued exploration.

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# KEY VALUE DRIVERS

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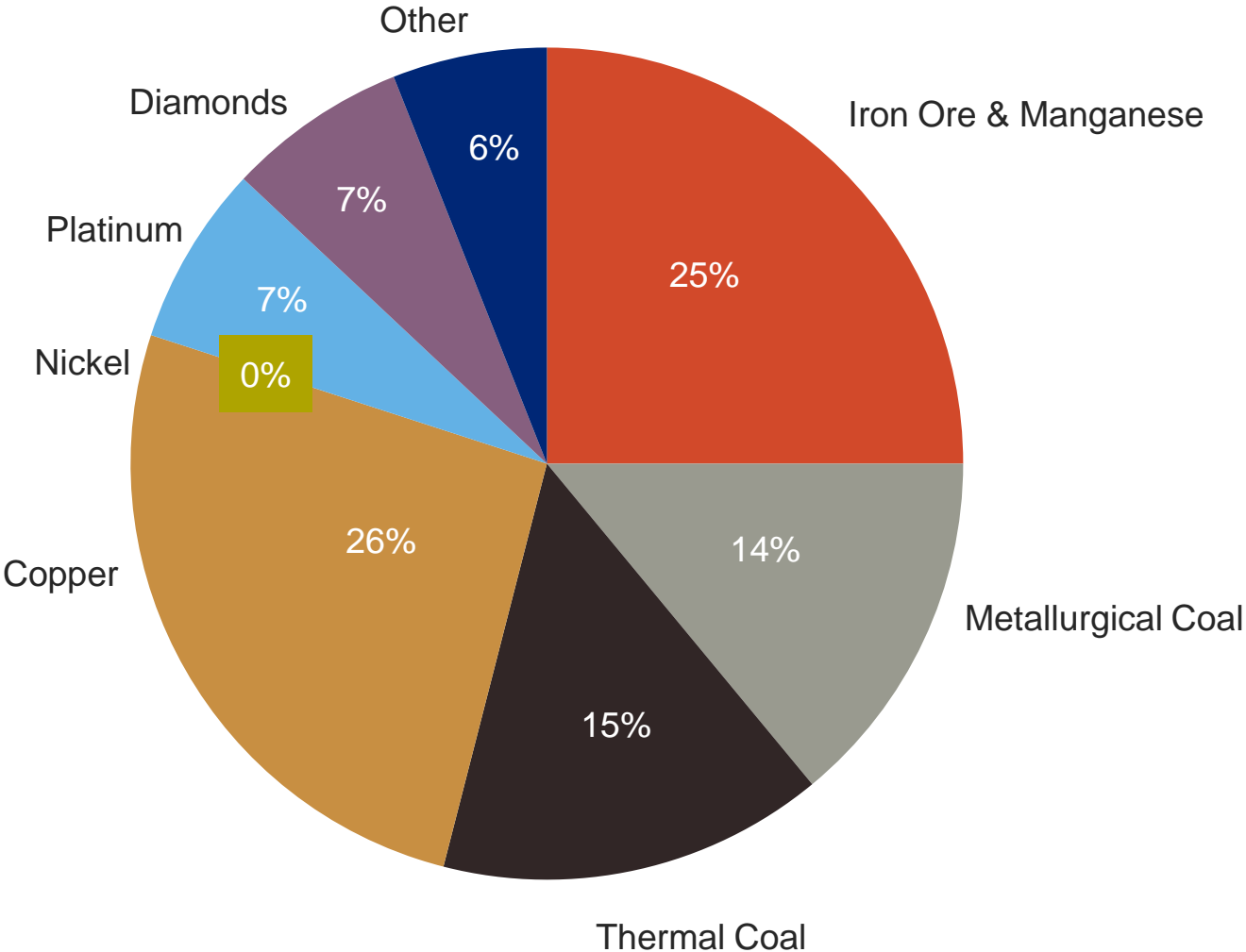
- **World class assets in developed regions close to growth markets**
- **High performing business**
  - 60% productivity improvement
  - Real unit cost reduction
  - High margin assets
- **Hard Coking Coal our preferred growth product**
- **Best project pipeline**
  - Large Hard Coking Coal resources close to ports
  - Projects at advanced stage
- **Hard Coking Coal CAGR of 12% to 2020**

# OUR BUSINESS



# ANGLO AMERICAN UNDERLYING EARNINGS BY BUSINESS UNIT<sup>1</sup>

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<sup>1</sup> Financial results 2011

# A GLOBAL COAL BUSINESS FOCUSSED ON PREMIUM METALLURGICAL COAL

## Scale

2<sup>nd</sup> largest Australian and 3<sup>rd</sup> largest global seaborne metallurgical coal producer

## Operations

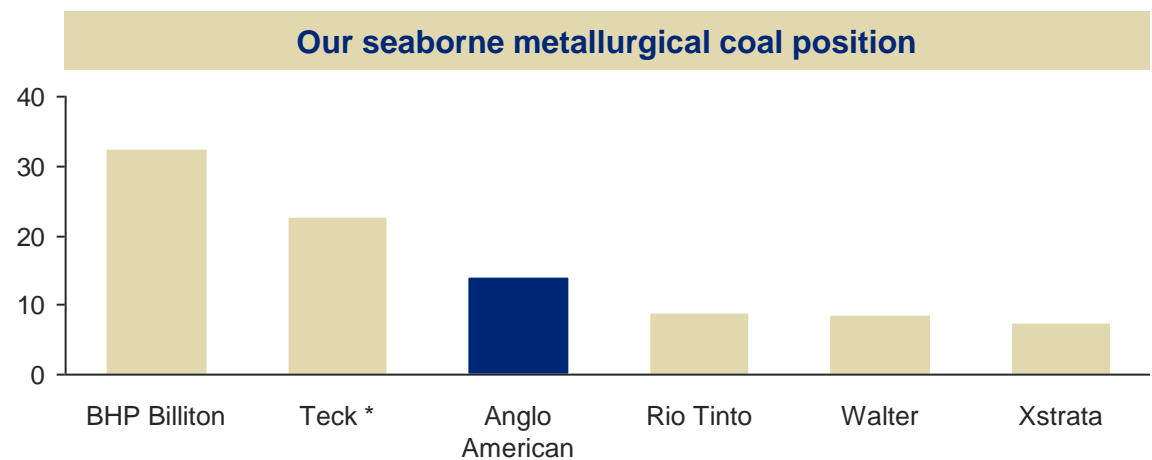
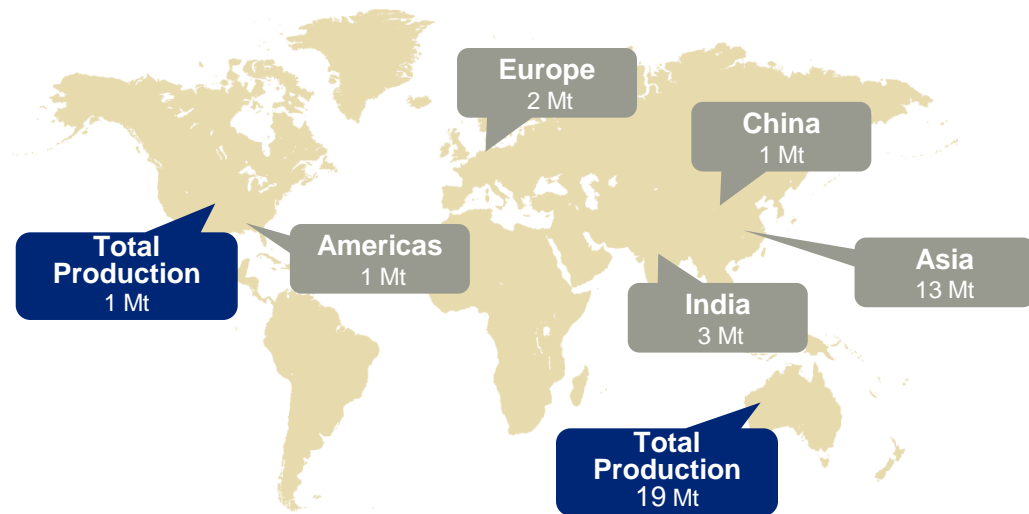
- 6 in Australia
- 1 in Canada

## Key Partners

- Japanese steel mills
- Indian steel mills
- Korean steel mills
- Arcelor Mittal
- China Steel

## Products

- 14 Mt metallurgical coal
- 5 Mt export thermal



Source: Annual Reports & Quarterly Results Excludes SSCC production. All figures are attributable production 2011.

\* Teck production data is shown in 100% terms

# OUR OPERATIONS

## Canada



	Production	Product
① Trend mine 100%	1 Mt	Premium hard coking coal

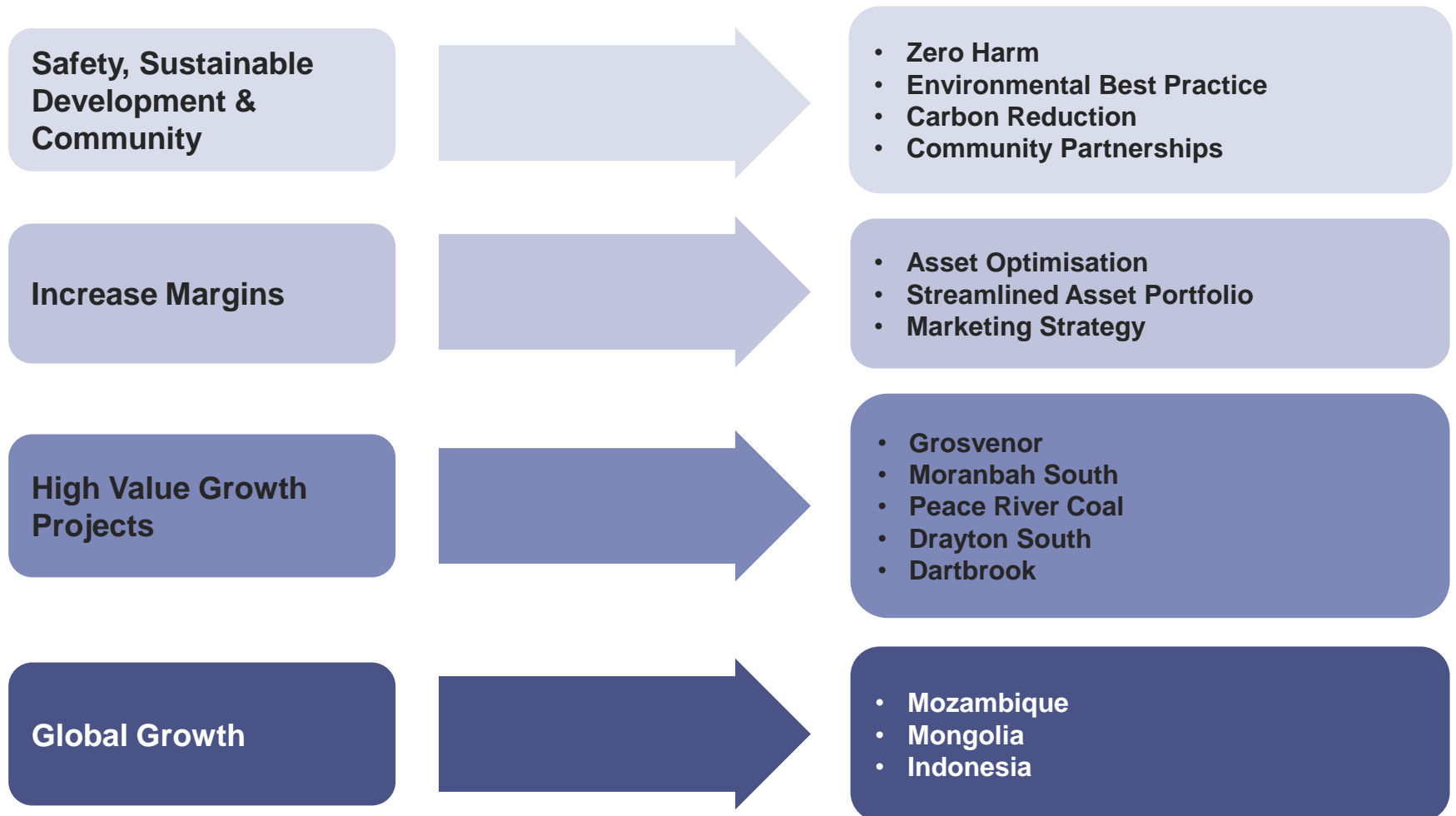
## Australia



	Production	Product
② Moranbah North 88%	2.8 Mt	Premium hard coking coal
③ Capcoal 70%	7.2 Mt	Premium hard coking PCI coal
④ Foxleigh 70%	2.0 Mt	Premium PCI coal
⑤ Jellinbah East & Lake Vermont 23.3%	5.4 Mt 2.4 Mt	PCI coal/Semi soft Hard coking coal
⑥ Dawson 51%	5.4 Mt 2.3 Mt	Coking coal Premium export thermal coal
⑦ Drayton 88%	4.5 Mt	Export thermal coal

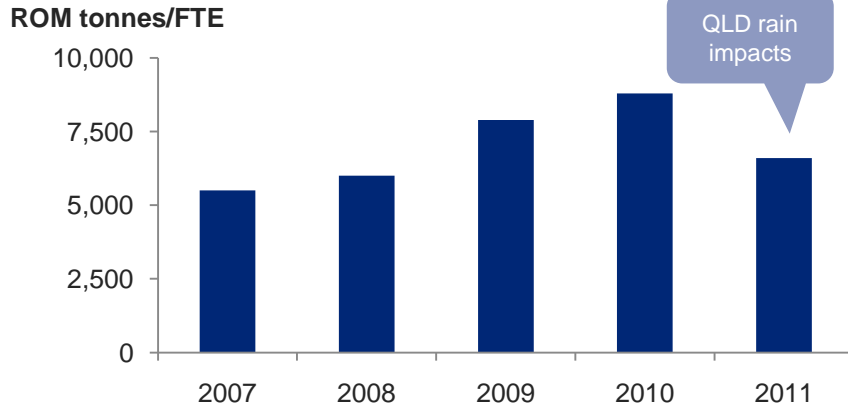
# CLEAR STRATEGY TO DELIVER VALUE FROM OUR WORLD CLASS ASSETS

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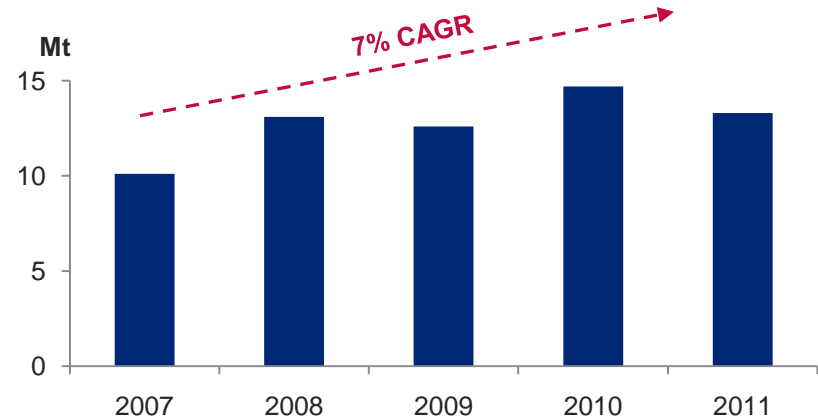


# A WORLD CLASS METALLURGICAL COAL BUSINESS

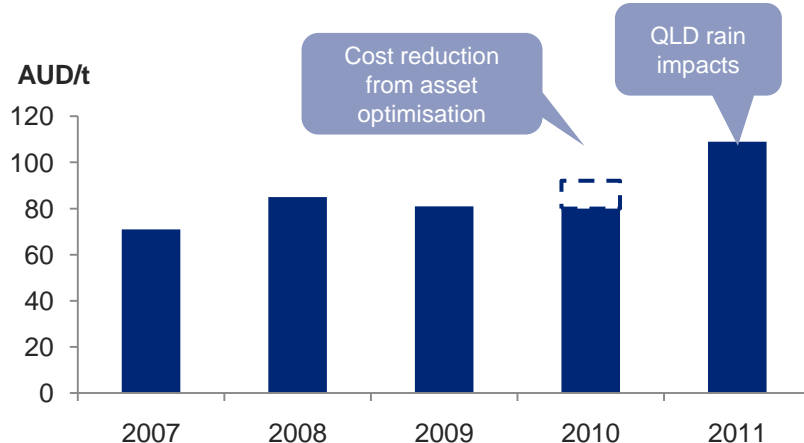
## Productivity (export mines)



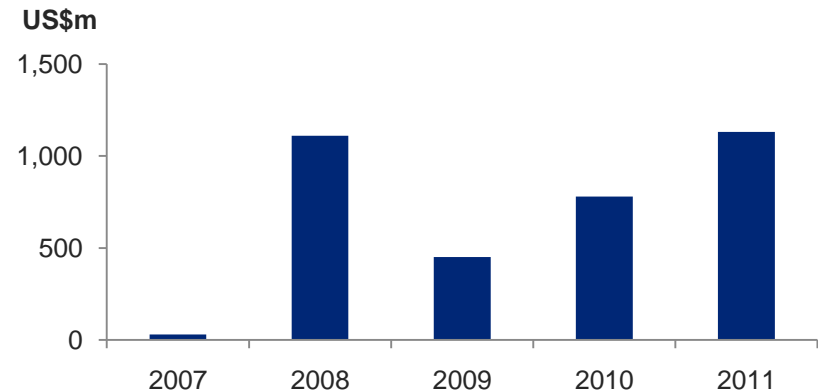
## Metallurgical coal production



## FOB Cost (export mines excluding royalties)

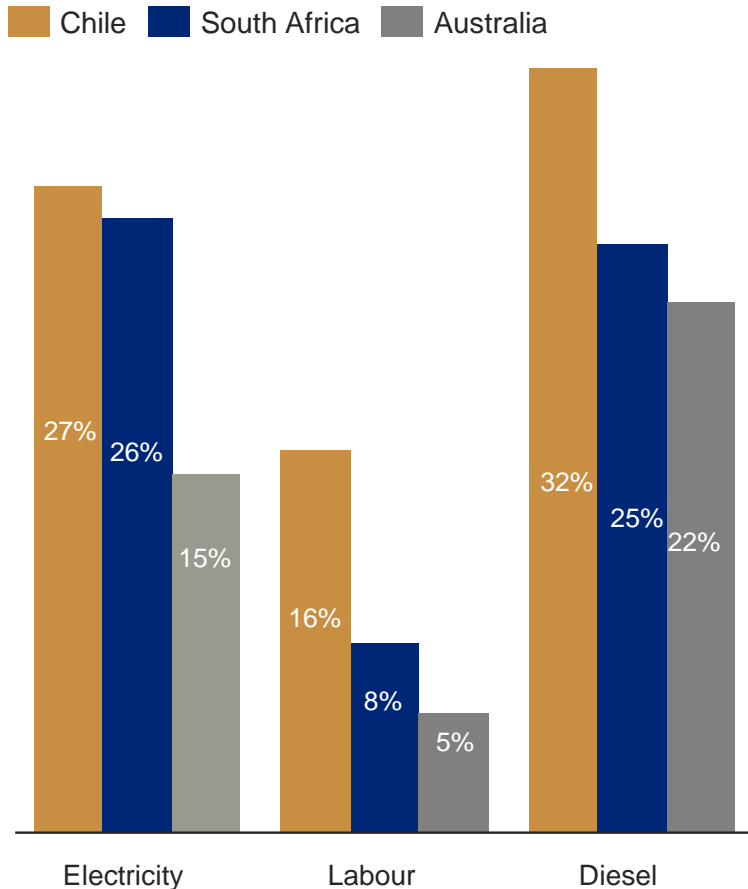


## Operating profit

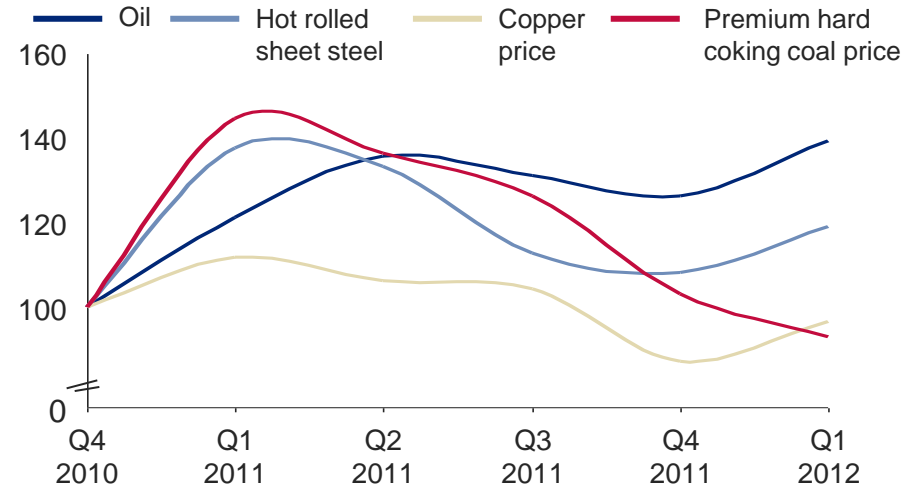


# INDUSTRY WIDE CAPITAL AND OPERATING COST PRESSURES REMAIN

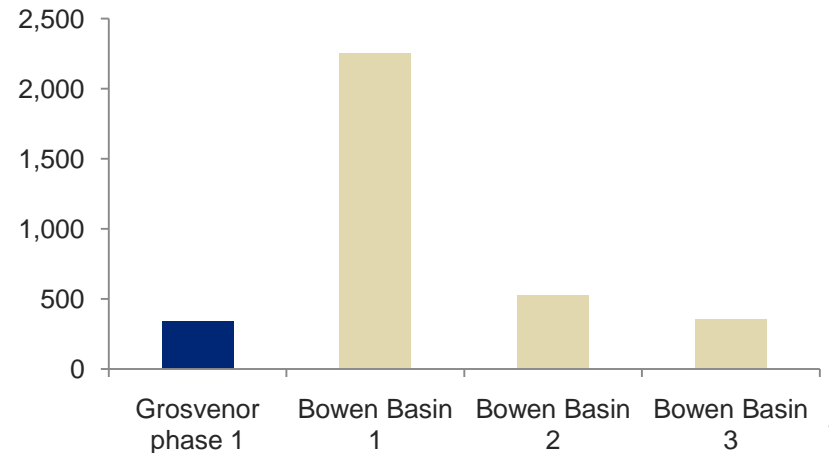
2011 vs. 2010 % cost increase



Costs and commodity prices indexed to 100



Capital intensity for Grosvenor project is attractive

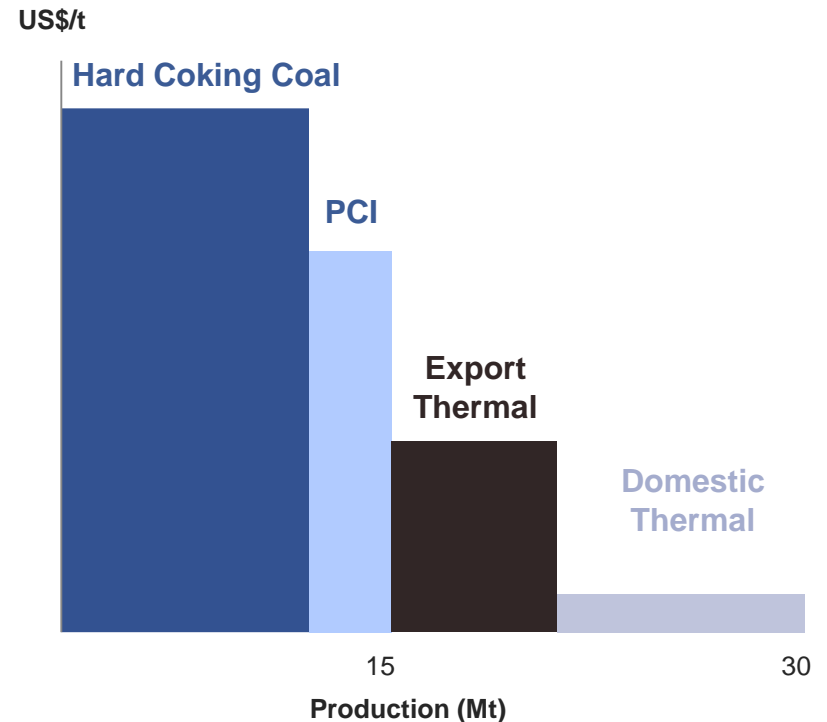


# PORTFOLIO STREAMLINED TO FOCUS ON HIGH MARGIN PRODUCT

## Divestment program

- Dawson seam gas divested in 2010 for \$38m
- Bylong, Sutton Forest and Surat Basin assets divested in 2010 for \$580m
- Domestic thermal coal
  - Drayton 1 Mtpa domestic thermal now converted to export thermal with coal plant upgrade in Q3 2011
  - Divestment of Callide expected to be completed Q3 2012 (7.5 Mtpa domestic thermal and 1 Mtpa export thermal)
- Portfolio management program completed

## EBITDA margin by product

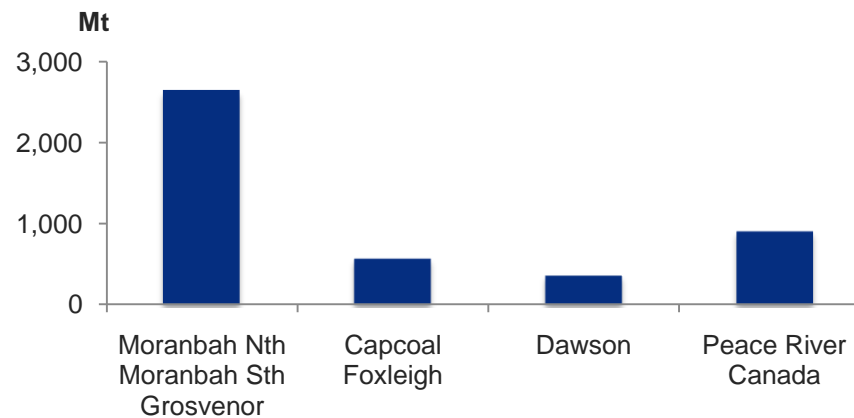


# LARGE TIER ONE HCC RESOURCES WITH EXCELLENT PORT ACCESS IN AUSTRALIA AND CANADA

- Metallurgical coal resource base predominantly premium quality Hard Coking Coal
- Hard Coking Coal located in two major hubs in Queensland and Peace River region in Canada
- Moranbah and Peace River resource concentration provides significant development synergy
- Peace River is platform for growth in Canada
- Pure thermal resources located in the Hunter Valley
- All resources close to established towns and infrastructure, Anglo American presence in all ports with significant expansion opportunity

	Reserve Mt	Resource Mt	Coal Inventory Mt
<b>Metallurgical</b>	<b>401</b>	<b>1,694</b>	<b>5,200</b>
HCC	310	1,512	4,500
PCI	91	182	700
<b>Export Thermal</b>	<b>102</b>	<b>1,282</b>	<b>5,300</b>

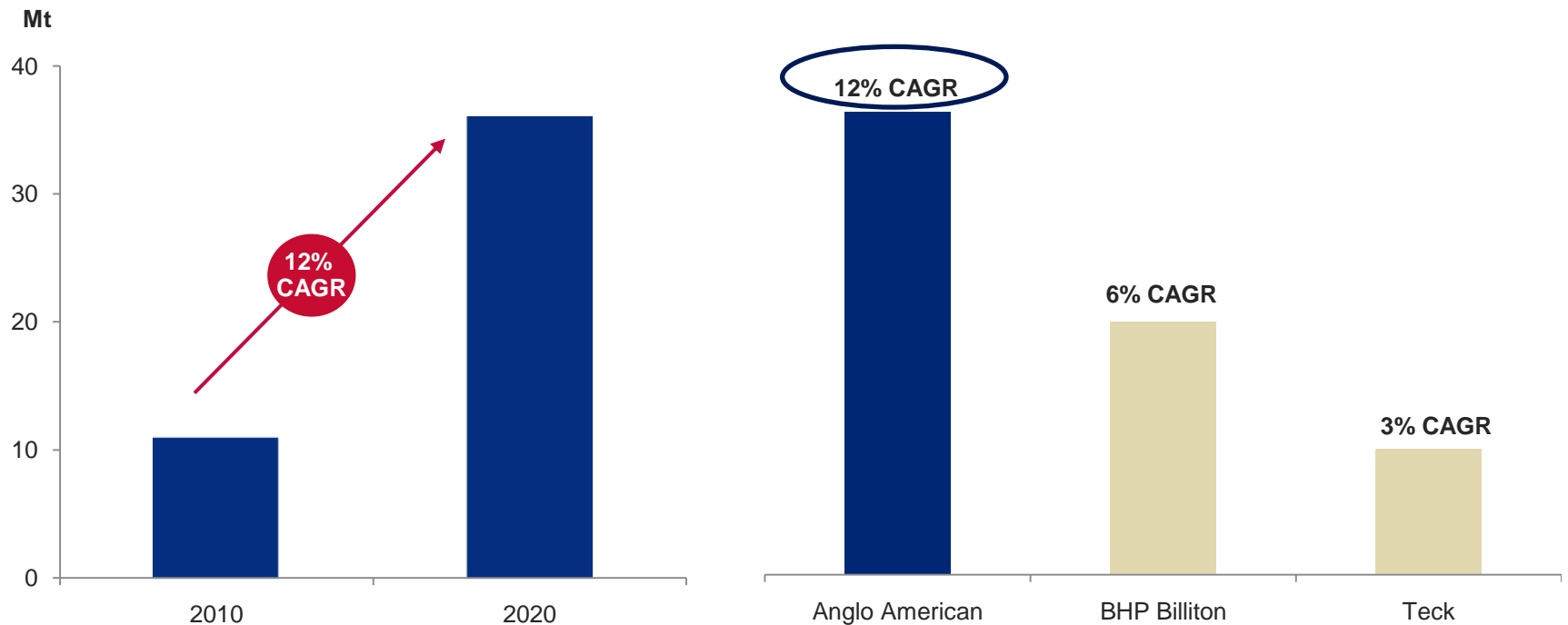
**Hard Coking Coal inventory by region**



# HIGHEST GROWTH IN HARD COKING COAL

## Our Hard Coking Coal growth

## Competitor growth comparison (Hard Coking Coal) 2010 - 2020



Source: All figures on equity basis. Based on advanced stage projects only. Teck and BHP Billiton data from Investor presentations.

# MARKETING & OUTLOOK



# STRONG DEMAND GROWTH FOR MET COAL DRIVEN BY CHINA AND INDIA

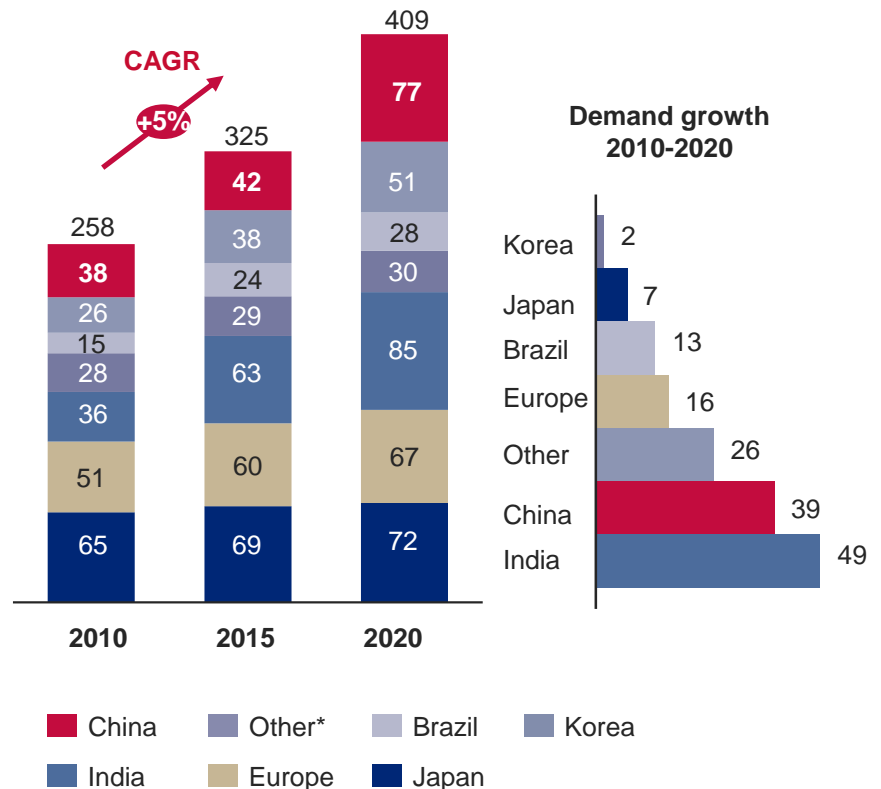
## Growth markets

- India's steel production growth is reliant on imported coal due to poor quality domestic supply
- China's reliance on seaborne coking coal imports will increase due to government policy of industry consolidation, construction of new large blast furnaces requiring premium metallurgical coal and depletion of domestic resources
- Brazil and South East Asian economic development will drive metallurgical coal demand. New steel capacity is planned in Malaysia, Thailand, and Vietnam - geographically close to Anglo American operations

## Traditional markets

- Japan, Korea, Taiwan and Europe will continue to be major consumers of Anglo American coals based on long term stable relationships

## Global seaborne metallurgical coal demand (Mtpa)



Source: Wood Mackenzie - Coal Market Service - Metallurgical Trade.

\* Other includes Vietnam, Thailand, Malaysia, Taiwan, South Africa and Pakistan.

# INDIAN STEEL PRODUCTION WILL BE RELIANT ON SEABORNE IMPORTS - CAGR 9%

- Anglo American first shipment in 1993. Long term partnerships in public and private sectors
- Limited domestic metallurgical coal reserves with little growth potential
  - Deep, expensive, high ash and low yield mining
- Premium quality Hard Coking Coal imports required for large scale integrated blast furnace steel production
- 2010 imports 36 million increasing to 85 million tonnes by 2020
  - +90% of the demand will be Hard Coking Coal
- Anglo American is well positioned to supply these products
  - Strong demand for premium mid volatile Hard Coking Coal e.g. Moranbah, Grosvenor and Peace River

## Our customers



# CHINA IMPORTS FORECAST TO GROW SIGNIFICANTLY - CAGR 8%

- The majority of steel production capacity growth is geared towards large coastal mills
- Major steel companies are commissioning large capacity blast furnace (+4,000m<sup>3</sup>) requiring Hard Coking Coal
- Depletion of domestic quality Hard Coking Coal resources
- 2010 imports 38 million increasing to 77 million tonnes by 2020
  - + 90% of the demand will be Hard Coking Coal
- Anglo American is well positioned to supply these products
  - Strong demand for premium low volatile Hard Coking Coal e.g. Capcoal, Moranbah South



# WE WILL SUPPLY OVER 30% OF BOTH THE AUSTRALIAN AND CANADIAN\* INCREASE

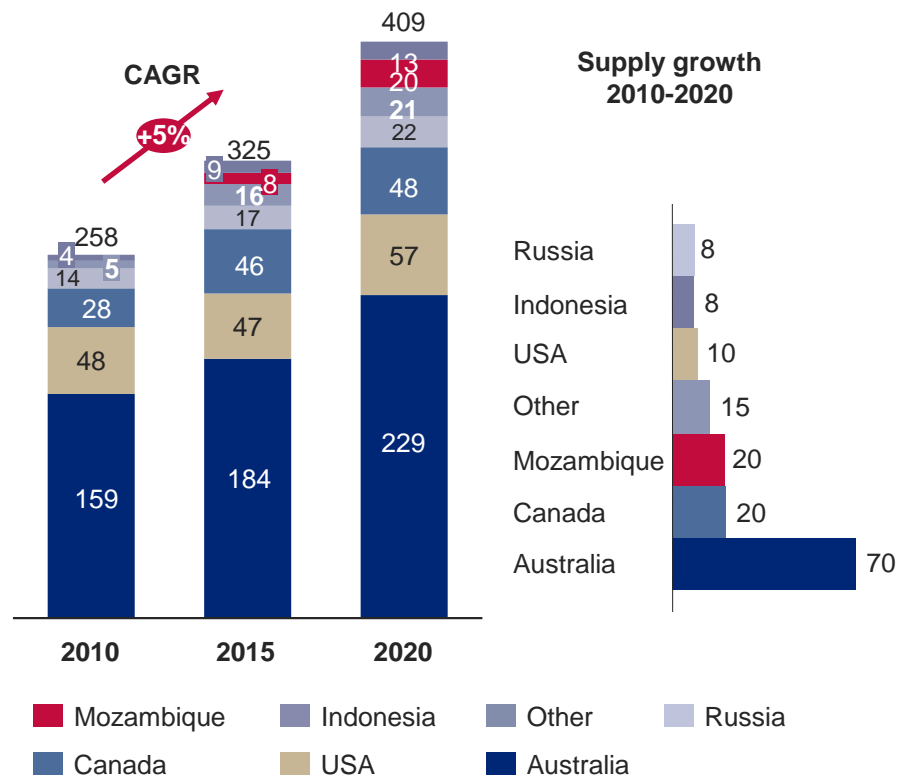
## Existing supply source

- Australia: New port & rail infrastructure at Abbot Point and Wiggins Island will facilitate the development of new metallurgical coal mines in the Bowen Basin
  - Grosvenor and Moranbah South projects critical for Hard Coking Coal increase
- USA export growth will be limited due to reserve depletion
- Canada: Rail & port capacity expansions
  - Peace River projects critical for Hard Coking Coal increase

## New supply

- Mozambique: Greenfield coal basin in the Tete province forecast to export 20 Mtpa by 2020 but infrastructure solution still not clear

## Global seaborne metallurgical coal supply (Mtpa)



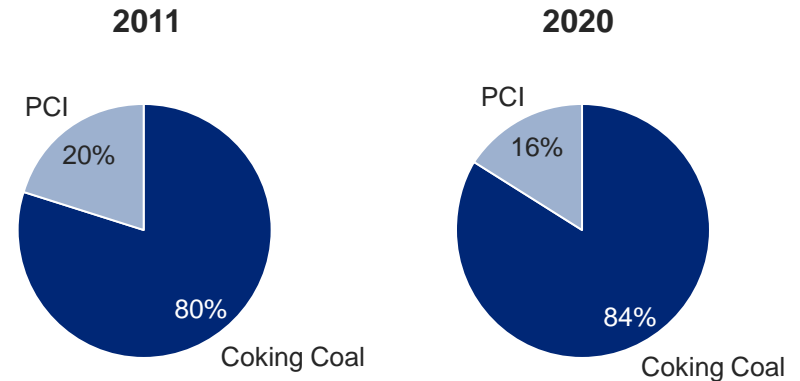
\* Based on 8 Mtpa equity production target for Peace River region by 2020.

Source: Wood Mackenzie - Coal Market Service - Metallurgical Trade. Other includes Vietnam, Thailand, Malaysia, Taiwan, South Africa and Pakistan.

# MARKETING STRATEGY

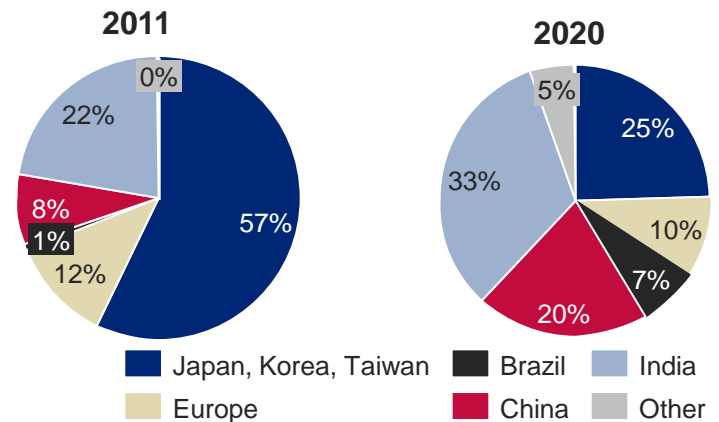
## Product strategy

- Focus on building our brand with new customers: transition Anglo American from a mid-tier Australian producer to the leading, reliable global supplier of premium Hard Coking Coal



## Customer strategy

- Comprehensive Market Development Plans for each customer segment to capture market share in target markets, for example
- Establishing local presence through regional marketing offices and/or distribution centers at new capesize disport in India
- Investigate strategic alliances with major target customers through technical co-operation, price leadership, long term off take agreements



# MARKETING STRATEGY

## Pricing strategy

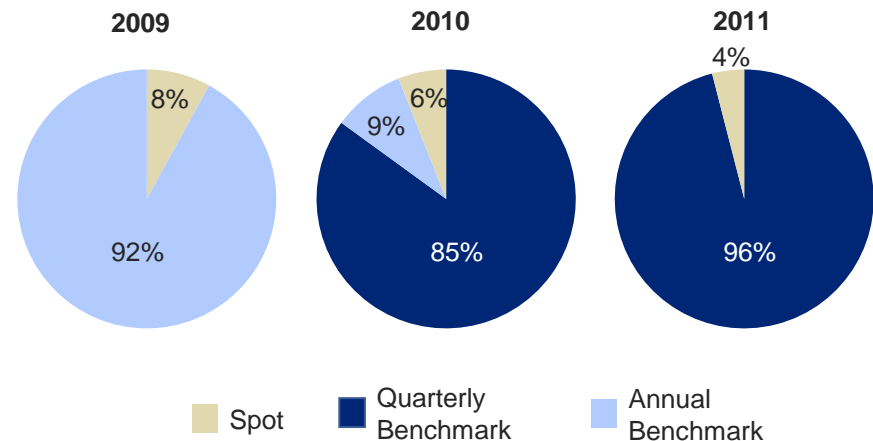
- Seaborne metallurgical coal market has moved from the yearly benchmark system
- Anglo American has worked closely with customers to facilitate the changes and has led quarterly benchmark negotiations
- We will take a collaborative approach with customers on any further changes

## Integrated logistics management

- Integrated Logistics Management Centre commissioned in February 2011
- Pacific National contract operating successfully for two years
  - Dedicated trains
  - Expanded contract (21 Mtpa) commences January 2012
- Fully integrated mine to port value optimisation:
  - Optimised value movement from pit to port and customer service levels

Source: All figures on Anglo American equity basis

## Our contract portfolio



## Integrated Logistics Management Centre



# PEACE RIVER & ASSET OPTIMISATION

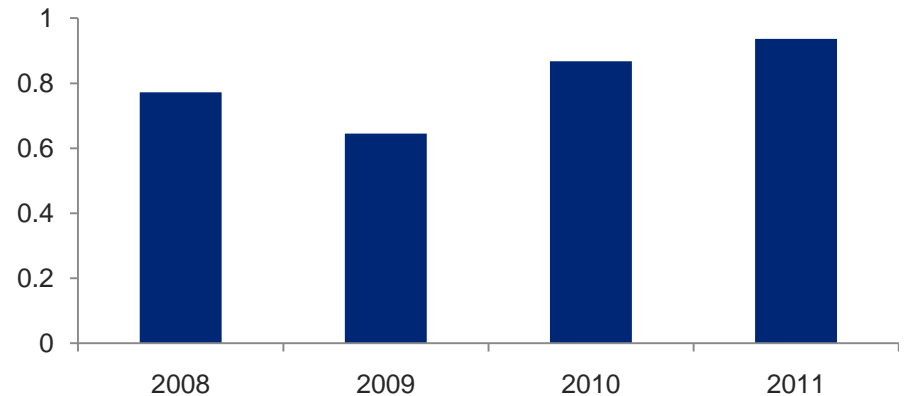


# PEACE RIVER, CANADA

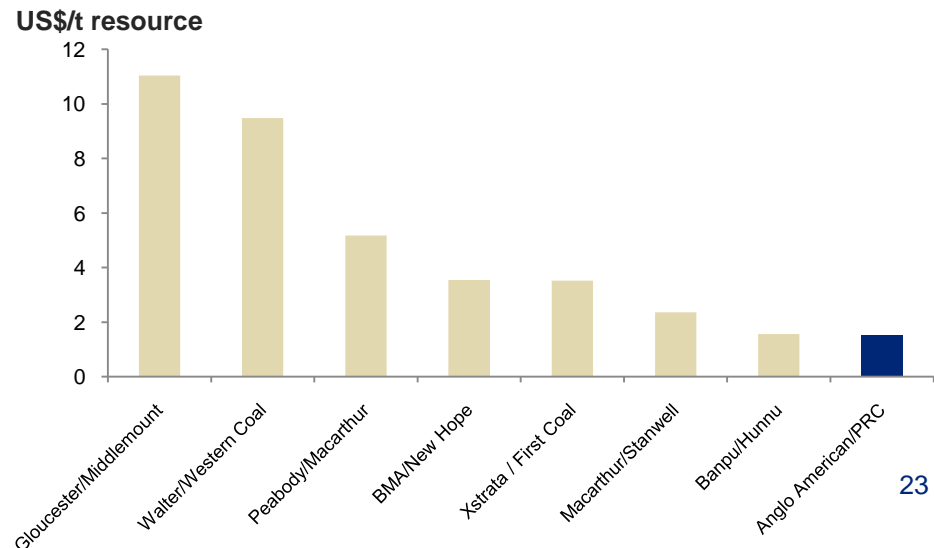
- Open cut metallurgical coal mine producing 100% premium Hard Coking Coal
- Decision made to retain based on potential for significant growth from coal inventory of over 1,400 Mt of Hard Coking Coal
- Acquisition of 25% minority interest completed in September 2011 and now 100% Anglo American ownership. Cost < US\$2/t resource, significantly cheaper than competitor acquisitions
- Premium quality Hard Coking Coal for export to Japan, Brazil and Europe
- Target production for total Peace River operations is 4 Mtpa by 2016 and 8 Mtpa by 2020
- Key operational data
  - Mining strip ratio 9:1
  - CHPP yield 74%
  - Key equipment includes 3 excavator fleets
  - Capacity to produce up to 1.5 Mtpa of Hard Coking Coal from existing Trend Mine and progressing Roman feasibility study to increase production to 4 Mtpa by 2016

Source: Reserve number on 100% ROM basis.  
Production numbers on a 100% basis.

Saleable production HCC (Mt)



Metallurgical coal acquisitions



# DELIVERING VALUE FROM ASSET OPTIMISATION & SUPPLY CHAIN

## Marketing

Contract renegotiations

Blending and value in use pricing

Logistics management

## Operations

Moranbah – Longwall cutting hours 0.88 Mt

Dawson – Coal loss reduced to 7% 0.5 Mt

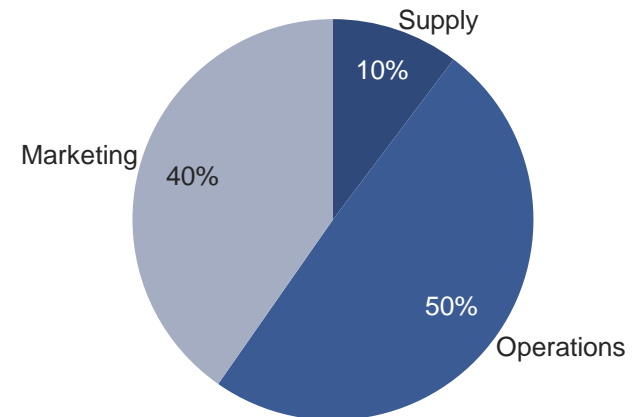
Capcoal – Longwall cutting hours & Open Cut excavator utilisation and rate 0.5 Mt

Moranbah – Second longwall operated 0.35 Mt

Capcoal – Coal loss reduced to 7% 0.3 Mt

Workforce Restructure - 28% reduction

## Realised benefits 2008 - 2010

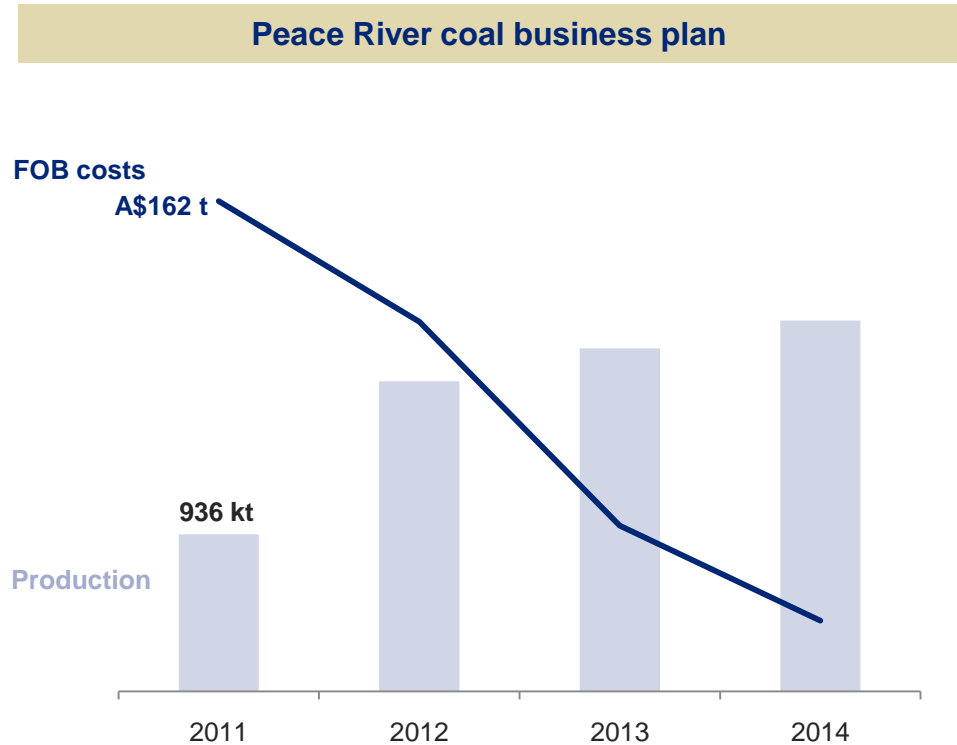


Supply	
Explosives contracts	\$24m
Heavy Mining Equipment	\$22m
Mining Services	\$18m
Tyres	\$12m
Fuels & Lubes	\$9m

# COST CURVE POSITION - OPENCUT BEST PRACTICE

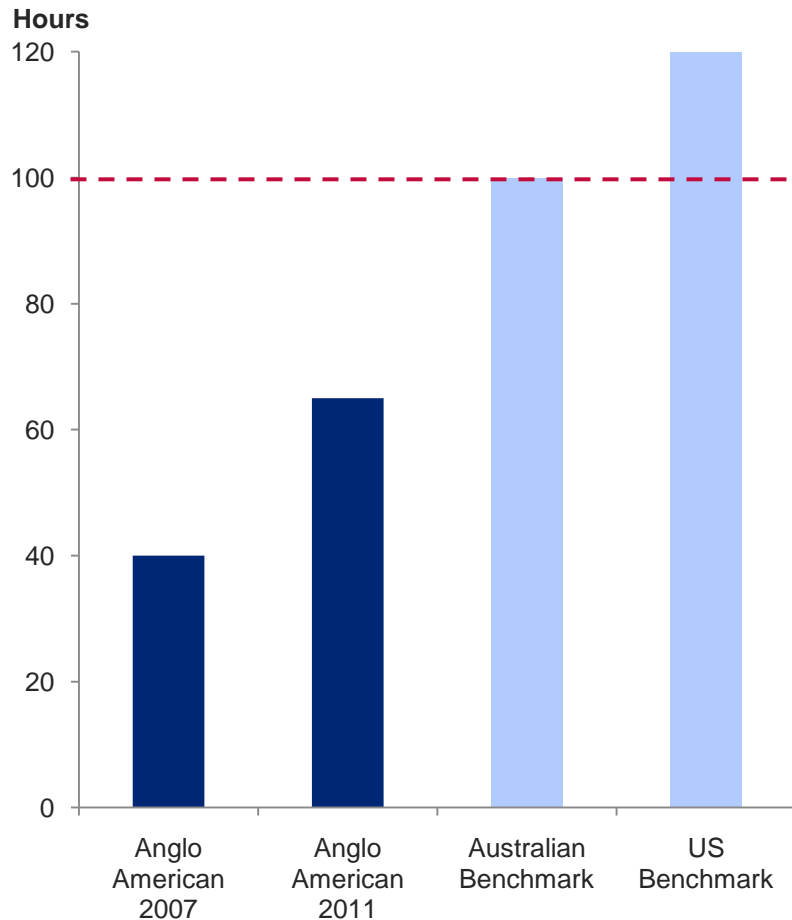
## Business Plan targets Best Practice at Dawson & Peace River Coal operations

- Evidence of best practice performance throughout the business
- Best practice gap represents A\$8/t ROM cost reduction
- Business plans to close the gap (up to A\$8/ROMt) between actual performance and best practice rates
- Improvements delivered through adherence to Operations Management System, in particular:
  - Dawson and Peace River Coal improvement plans
  - Equipment set up for optimal digging
  - Manning and required skills set
- Dawson targets and performance
  - 10 Mt by 2014 (36% increase from 2011)
  - Move to terrace mining and revitalised mine plan
  - Demonstrated 7% performance improvement across all key equipment compared to 2011
- Peace River Coal targets and performance
  - 1.5 Mtpa by 2014; 63% increase from 2011
  - Demonstrated capability to achieve 82% of best practice across all key equipment; 2011 performance 42% of best practice

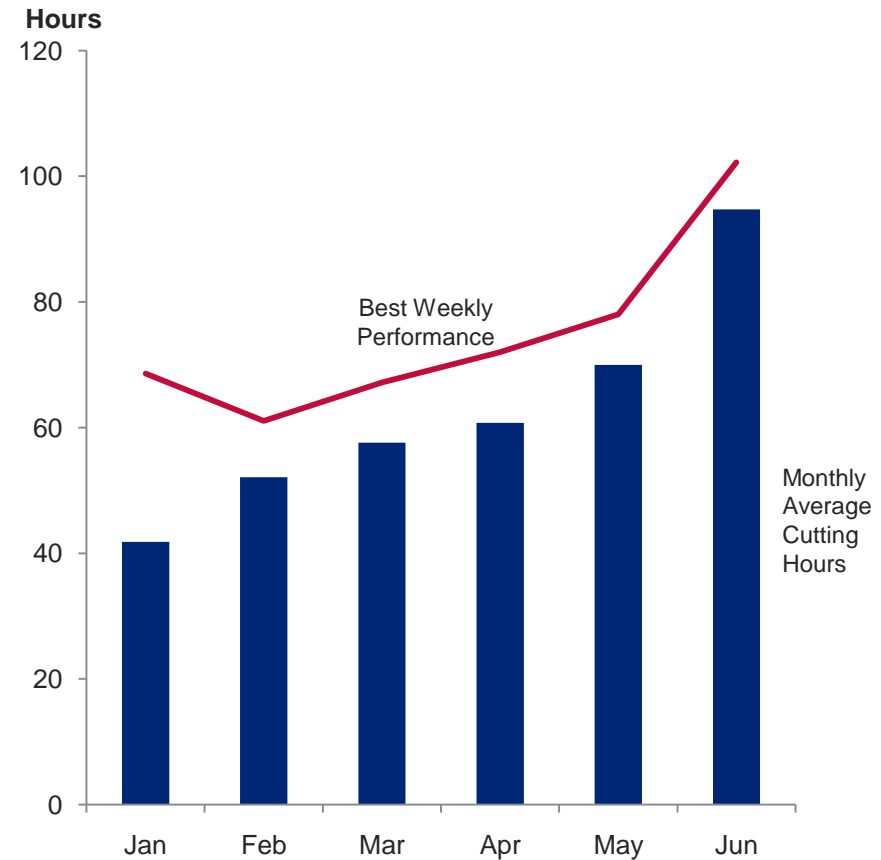


# ASSET OPTIMISATION – TARGET TO LIFT LONGWALL CUTTING HOURS TO 100 HOURS PER WEEK

Longwall benchmarking

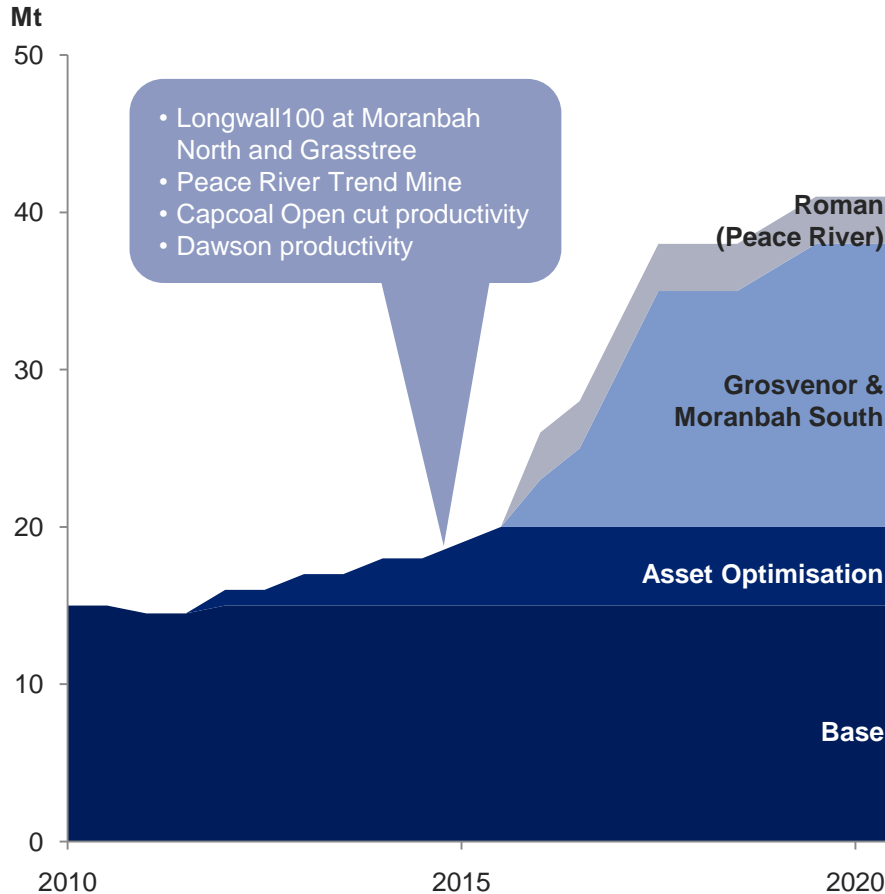


Grasstree cutting hours (H1 2011)



# LONGWALL100 PROJECT CONTRIBUTES TO NEAR TERM PRODUCTION INCREASE

## Asset Optimisation to 2015



## Asset Optimisation beyond 2015

- Longwall design for Grosvenor and Moranbah South Projects is 'Longwall of the Future' which builds in potential for cutting performance of 120 hours and cutting rate capacity of 2,500 tonnes per hour
- Production targets for Grosvenor and Moranbah South projects based on 100 hours and 2,200 tonnes per hour cutting rate
- Design developed by
  - Dedicated team of local and international experts in longwall operations
  - Partnership with Joy Mining Machinery, the worlds largest global supplier of high capacity longwall mining equipment

Source: All figures on Anglo American equity basis.

# DELIVERING HIGH VALUE GROWTH PROJECTS



# PLATFORMS ESTABLISHED TO DELIVER OUR GROWTH

## Infrastructure

- Ongoing investigation of dedicated terminal development options at Abbot Point and Dudgeon Point
- Consideration of other terminal capacity options, including Wiggins Island Stage 2
- Pacific National dedicated trains
- Port capacity for Peace River Roman Project secured at Ridley Island

## Partnerships

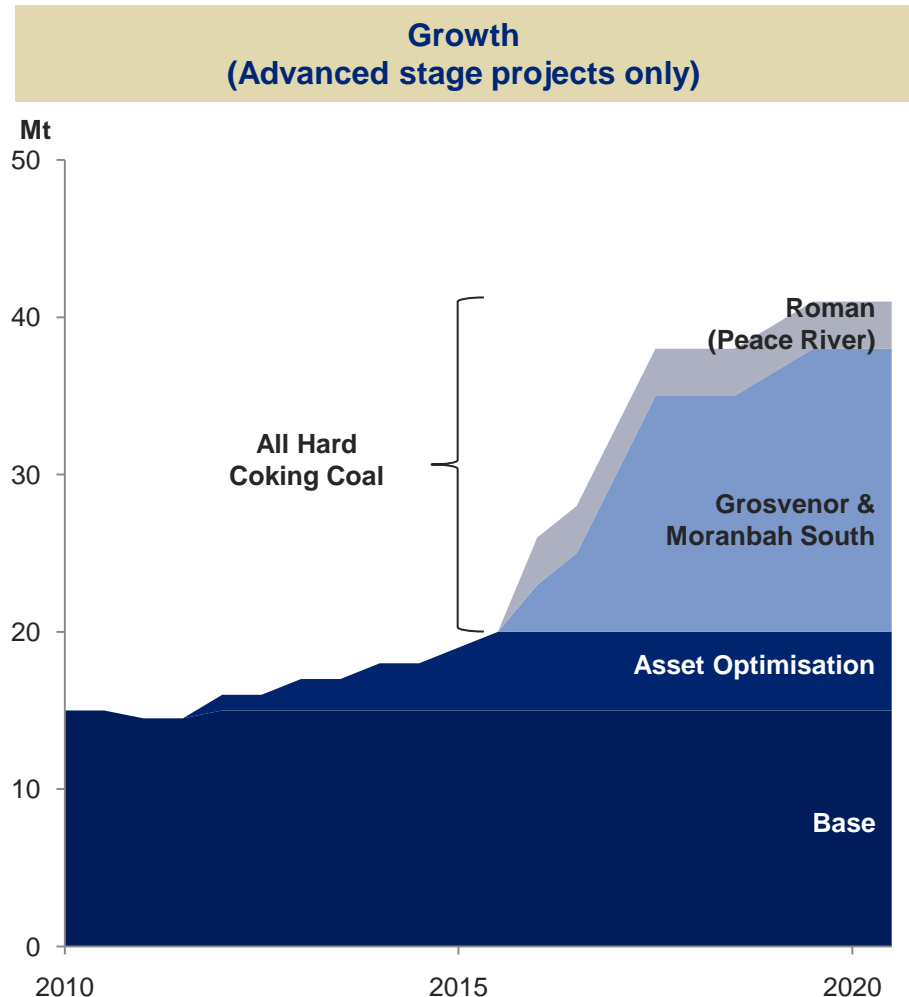
- Offtake agreements with key customers in negotiation
- Joy partnership to deliver 'Longwall of the Future' for all longwall projects

## Community

- Moranbah 2020 fund underpins our development in the Moranbah region

## People

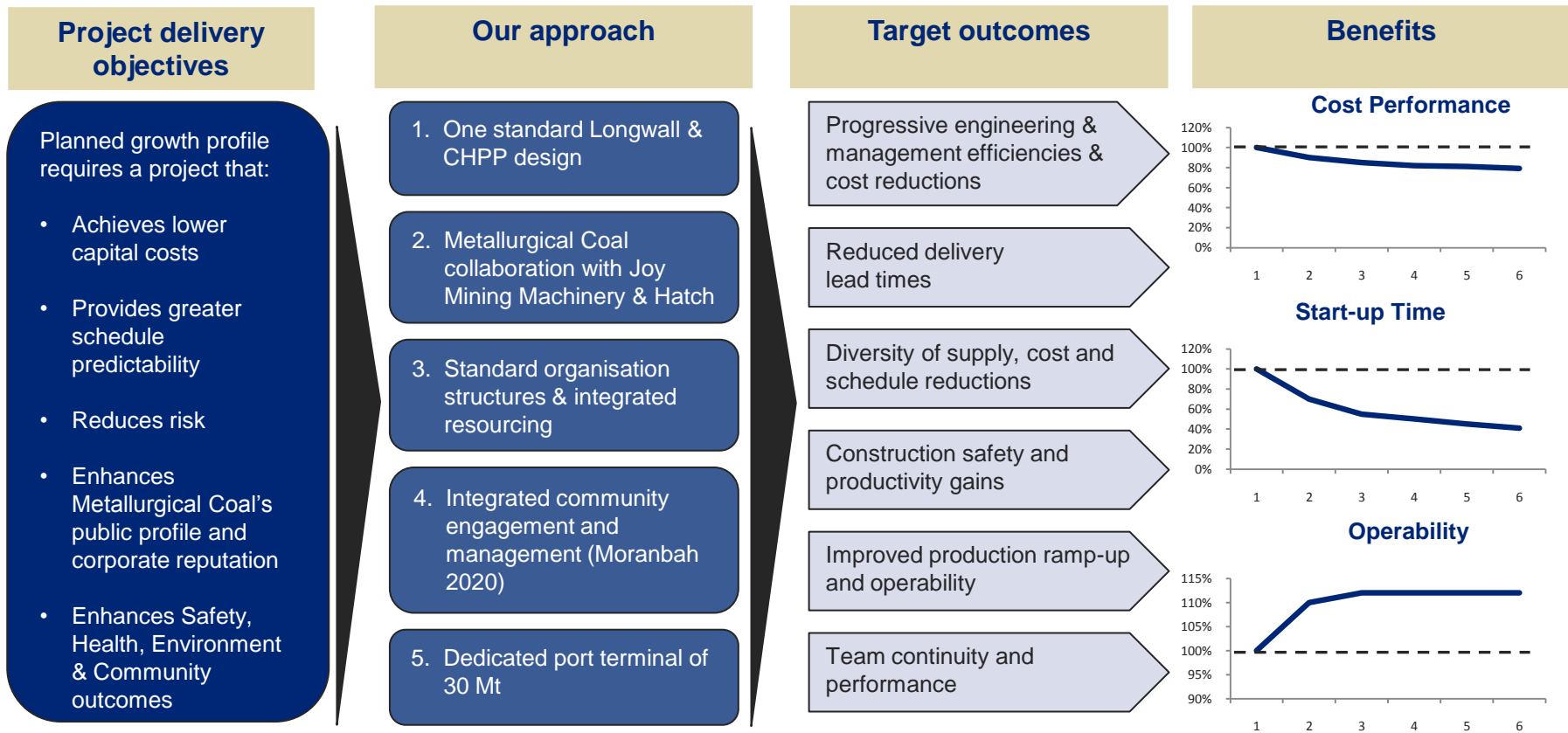
- Program in place to build local skills and attract overseas skills to both deliver and operate new assets



Source: All figures on Anglo American equity basis.

# CAPTURING SYNERGIES FROM CONTINUOUS PROJECT PIPELINE IN AUSTRALIA AND CANADA

Example from Australian Longwall Projects (a similar model for the development of multiple open cut hubs in Canada is under design)

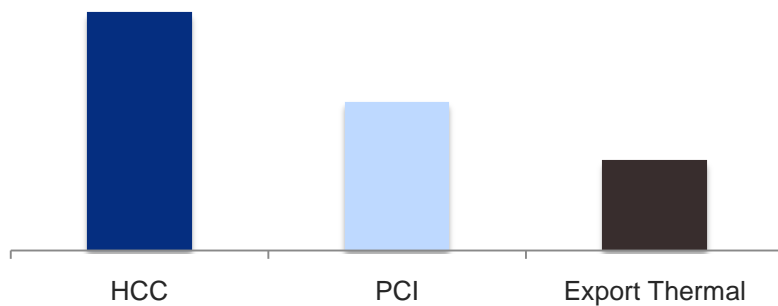


Progress to Date:

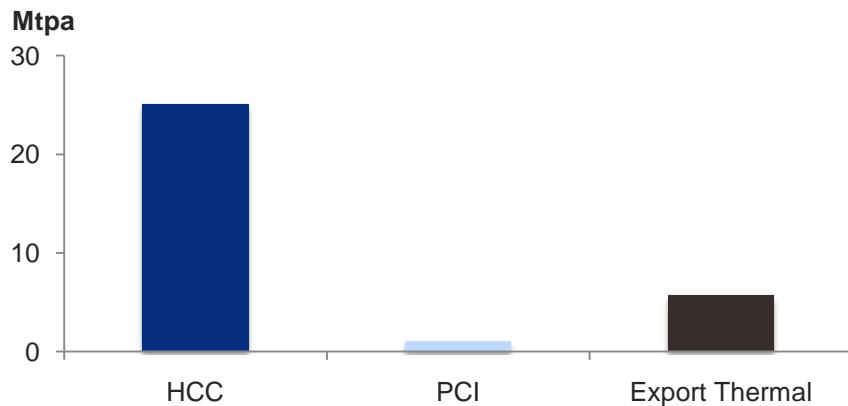
- Project Manager and Optimisation Team appointed
- Implementation Plan completed
- Partner of Choice – OEM & EPCM (Hatch, ABB & Joy)
- Early contribution to design with a safety focus

# ADVANCED PROJECTS HEAVILY WEIGHTED TOWARDS HARD COKING COAL

## Margins



## Growth 2010 - 2020



Project	Stage	Product Type
<b>Metallurgical Coal</b>		
Roman	Feasibility	HCC
Grosvenor Stage 1	Feasibility	HCC
Grosvenor Stage 2	Prefeasibility	HCC
Moranbah South	Prefeasibility	HCC
<b>Export Thermal</b>		
Drayton South	Feasibility	Export Thermal
Dartbrook	Prefeasibility	PCI & Export Thermal

Source: All figures on Anglo American equity basis, based on long term pricing.

# EXPLORATION IS FOCUSED ON PREMIUM HARD COKING COAL TARGETS

## Australia

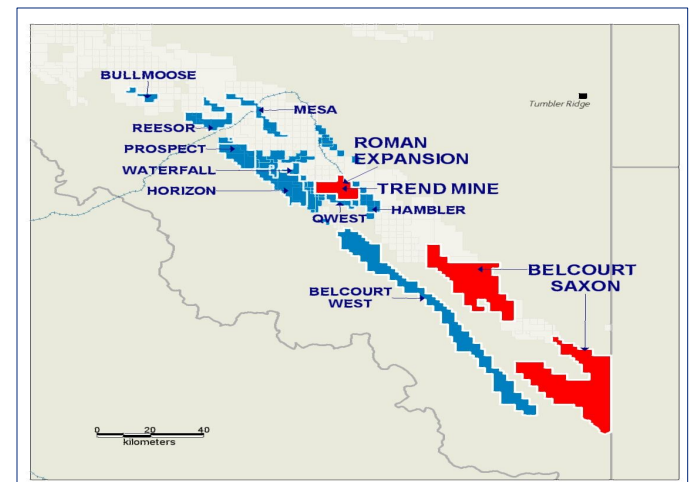
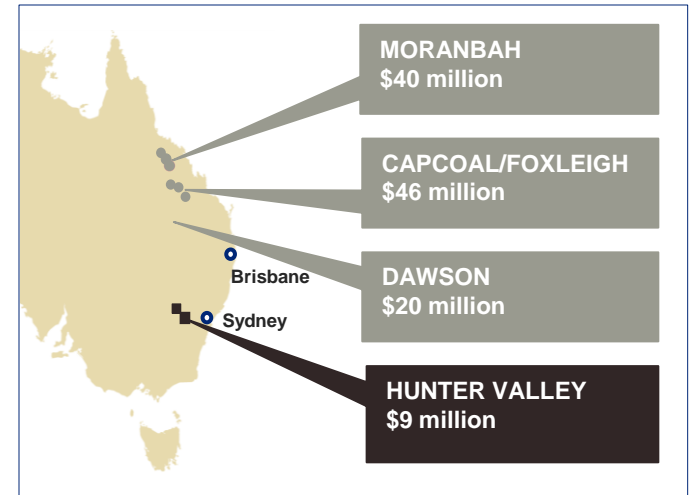
- Significant exploration investment to firm up quality resource base in all regions >\$100m pa
- Priority targets are the Grosvenor and Moranbah South resources
- Life of mine extensions at Moranbah North, Capcoal and Foxleigh
- Hunter Valley targets at Drayton South and Dartbrook

## Canada

- Regional exploration programme commenced with total spend of \$20m pa
- Priority targets are
  - Roman
  - Belcourt Saxon JV (50%), significant under explored resource

## New supplier regions

- Mozambique, Mongolia and Indonesia preferred
- Country office opened in Mozambique; assessment of opportunities ongoing
- Exploration offices opening in the near future in Mongolia and Indonesia



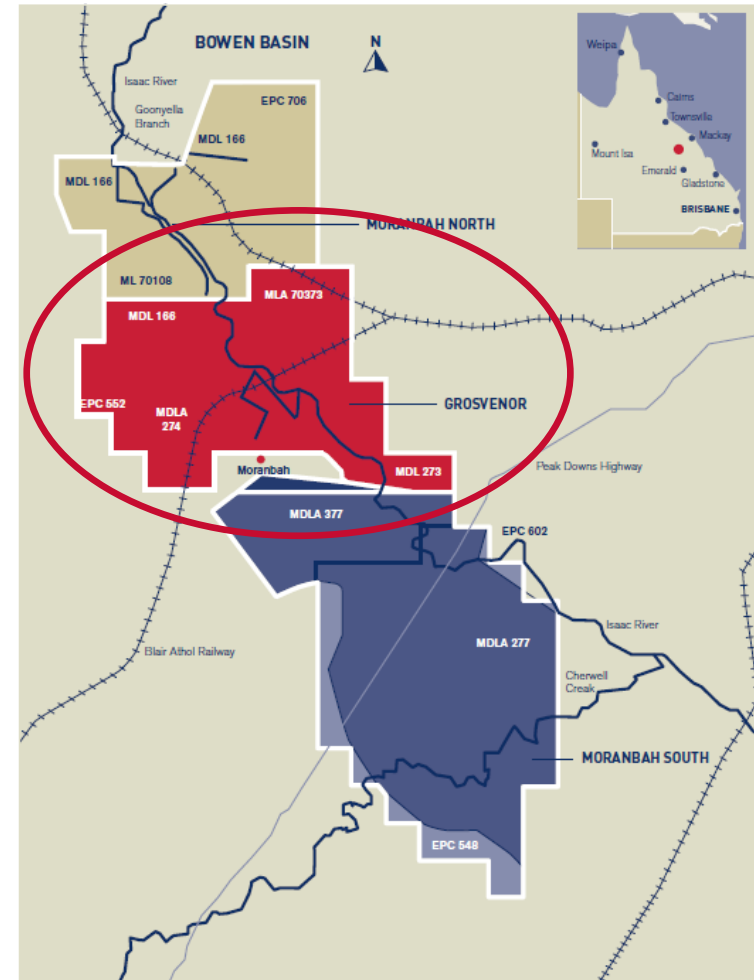
# A SUBSTANTIAL AND ACTIVE RESOURCE DEVELOPMENT PIPELINE PREDOMINATELY IN HARD COKING COAL

Project	Stage	Mining	Product Type	Location	Growth/ Sustaining
<b>Metallurgical Coal</b>					
Aquila	Concept	Longwall	HCC	Capcoal/Foxleigh	Sustaining
Moranbah North LW2	Concept	Longwall	HCC	Moranbah	Growth
Belcourt Saxon	Exploration	Open Cut	HCC	Peace River	Growth
Horizon	Exploration	Open Cut & Underground	HCC	Peace River	Growth
Rolfe Creek	Exploration	Underground	HCC	Capcoal/Foxleigh	Sustaining
Capcoal Northern Leases	Exploration	Open Cut & Underground	HCC	Capcoal/Foxleigh	Sustaining
Capcoal Eastern Extension	Exploration	Underground	HCC	Capcoal/Foxleigh	Sustaining
Dawson Far North	Exploration	Open Cut	HCC	Dawson	Sustaining
<b>Export Thermal Coal</b>					
Theodore South	Desktop	Open Cut	Export Thermal	Dawson	Growth

Source: Excludes Feasibility and Pre-Feasibility stage projects.

# GROSVENOR PROJECT - 100% OWNED IN THE MORANBAH AREA PRODUCING 12 MTPA FROM TWO LONGWALLS

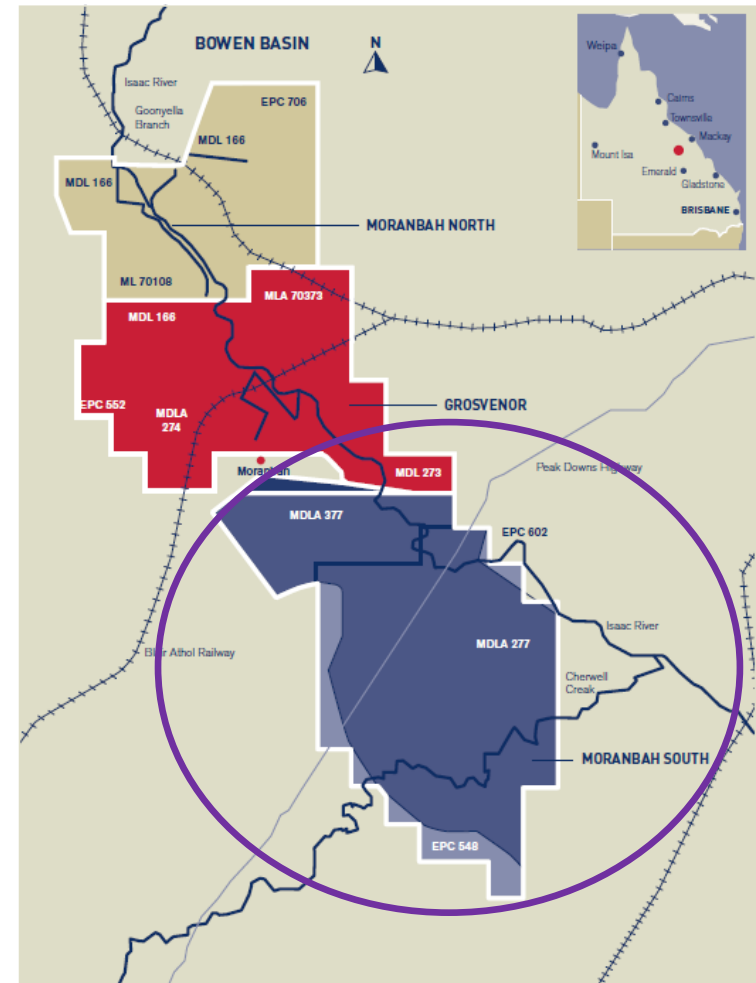
	Stage 1	Stage 2
Mining	Longwall	Longwall
Product	Premium Hard Coking Coal	Premium Hard Coking Coal
Saleable Production	5 Mtpa (increasing to 6 Mtpa)	6 Mtpa
Development Coal	2013	2015
Longwall Commissioning	2016	2017
Infrastructure	Utilises synergy with Moranbah North CHPP and train loadout	New CHPP module
Cost Curve Position	Bottom half	Bottom half
Life of Mine	26 yrs	25 yrs



Source: All figures on a 100% basis.

# MORANBAH SOUTH PROJECT - 50% JOINT VENTURE WITH EXXARO

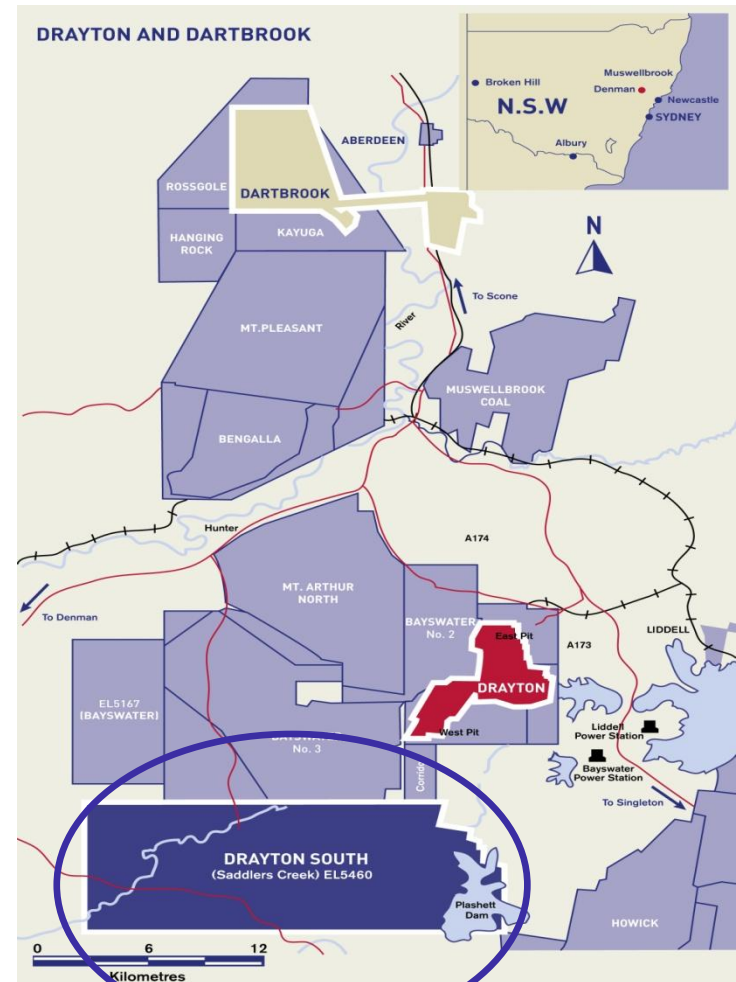
Mining	Two Longwalls
Product	Premium Hard Coking Coal
Saleable Production	12 Mtpa
Development Coal	2015 – 2017
Longwall Commissioning	2017 – 2020
Infrastructure	Greenfields processing facility
Cost Curve Position	Bottom half
Life of Mine	28 yrs



Source: All figures on a 100% basis.

# DRAYTON SOUTH - PROJECT EXTENDS LIFE OF DRAYTON OPERATION BY 26 YEARS

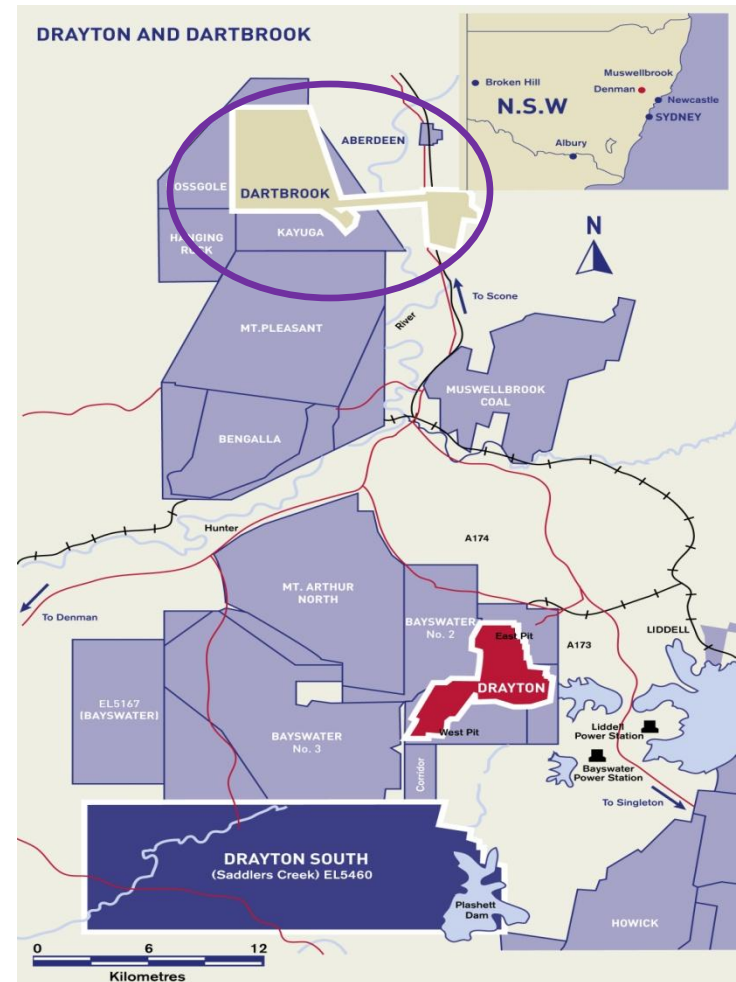
Mining	Open Cut – Truck/Excavator
Product	Export Thermal Coal
Saleable Production	4 Mtpa
Pre-strip	2013
Open Cut Commissioning	2015
Infrastructure	Utilises existing Drayton CHPP and loadout facilities
Cost Curve Position	Bottom half
Life of Mine	26 yrs



Source: All figures on a 100% basis.

# DARTBROOK - OPEN CUT MINE USING EXISTING COAL PLANT AND RAIL INFRASTRUCTURE

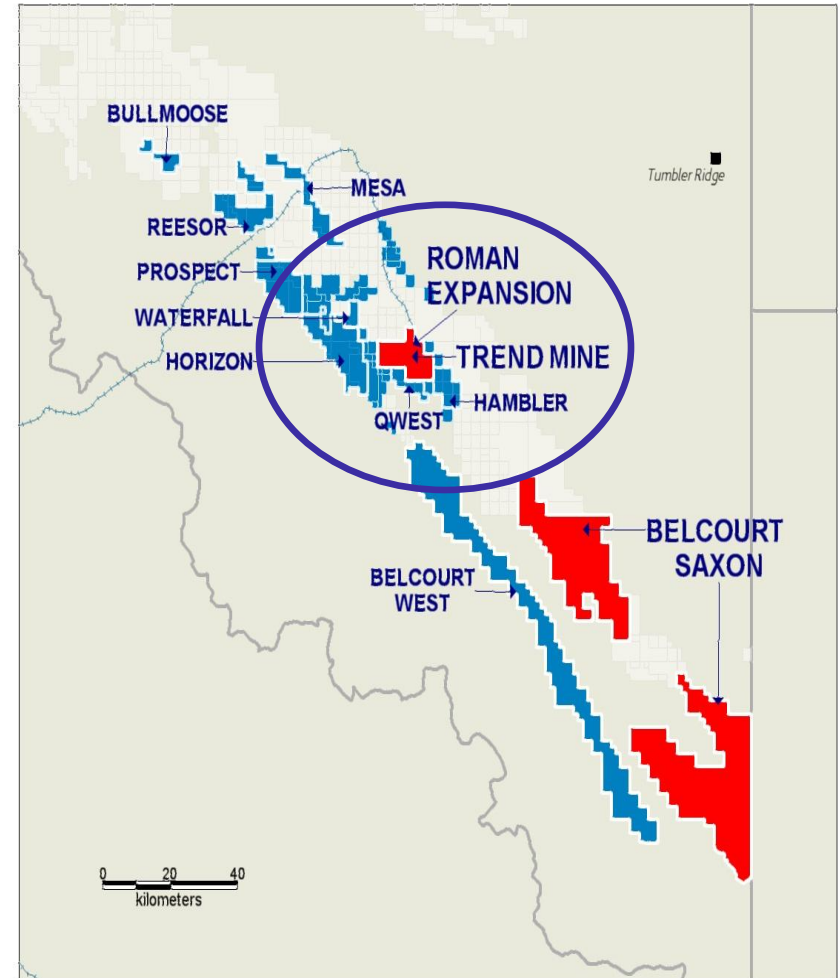
Mining	Open Cut Truck/Excavator
Product	PCI (35%) and Export Thermal Coal (65%)
Saleable Production	5 Mtpa
Pre-strip	2015
Open Cut Commissioning	2017
Infrastructure	Utilises existing Dartbrook CHPP and loadout facilities
Cost Curve Position	Bottom half
Life of Mine	25 yrs



Source: All figures on a 100% basis.

# ROMAN - 100% OWNED AND EXPANDS EXISTING TREND OPERATION AT PEACE RIVER

Mining	Open Cut Truck/Excavator
Product	Premium Hard Coking Coal
Saleable Production	3 Mtpa (target production for total Peace River region is 8 Mtpa by 2020)
Pre-strip	2014
Open Cut Commissioning	2015
Infrastructure	Expands existing Peace River CHPP port capacity secured
Cost Curve Position	Bottom half
Life of Mine	15 yrs



Source: All figures on a 100% basis.

# SUMMARY



# SUMMARY

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- **World class assets in developed regions close to growth markets**

- **High performing business**

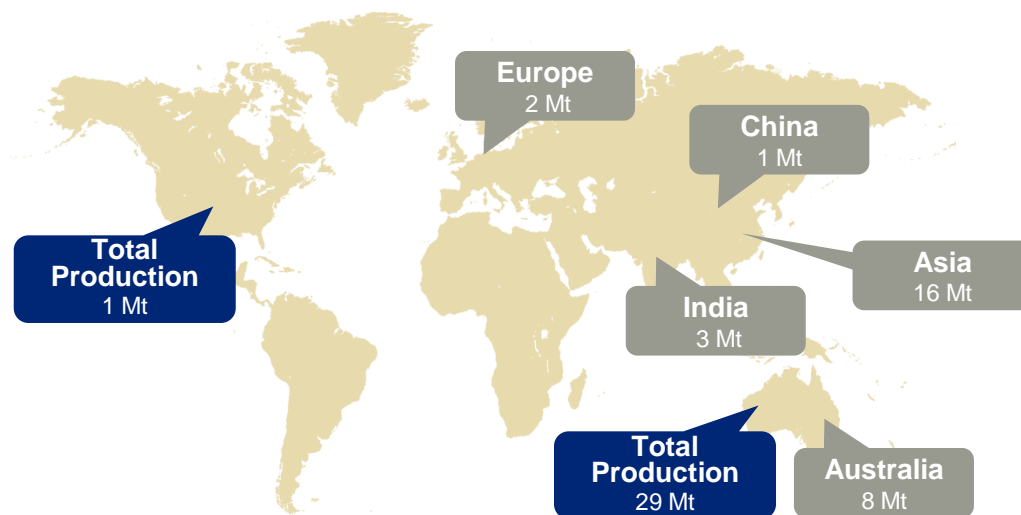
- 60% productivity improvement
- Real unit cost reduction
- High margin assets

- **Hard Coking Coal our preferred growth**

- **Best project pipeline**

- Large Hard Coking Coal resources close to ports
- Projects at advanced stage

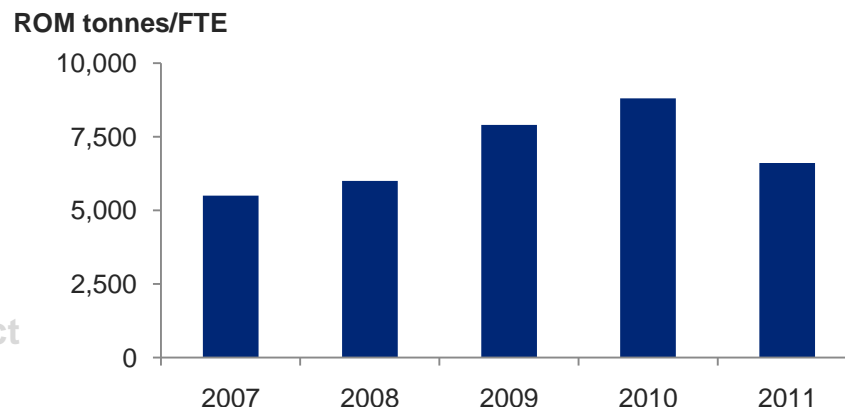
- **Hard Coking Coal CAGR of 12% to 2020**



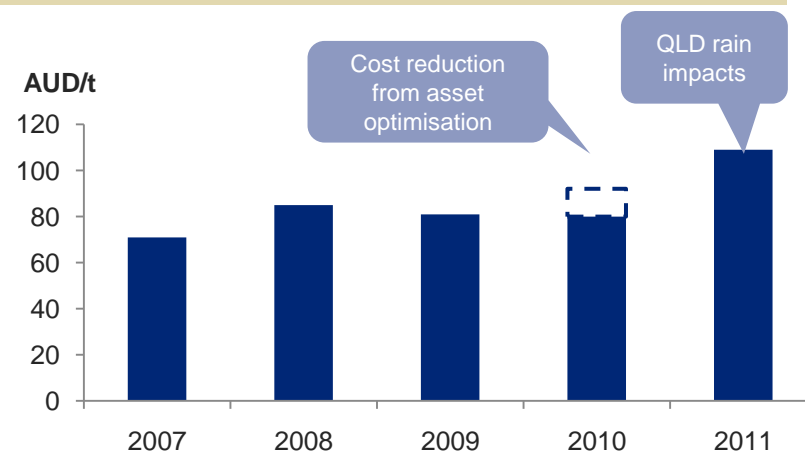
# SUMMARY

- World class assets in developed regions close to growth markets
- High performing business
  - 60% productivity improvement
  - Real unit cost reduction
  - High margin assets
- Hard Coking Coal our preferred growth product
- Best project pipeline
  - Large Hard Coking Coal resources close to ports
  - Projects at advanced stage
- Hard Coking Coal CAGR of 12% to 2020

## Productivity (export mines)



## FOB cost (export mines excluding royalties)

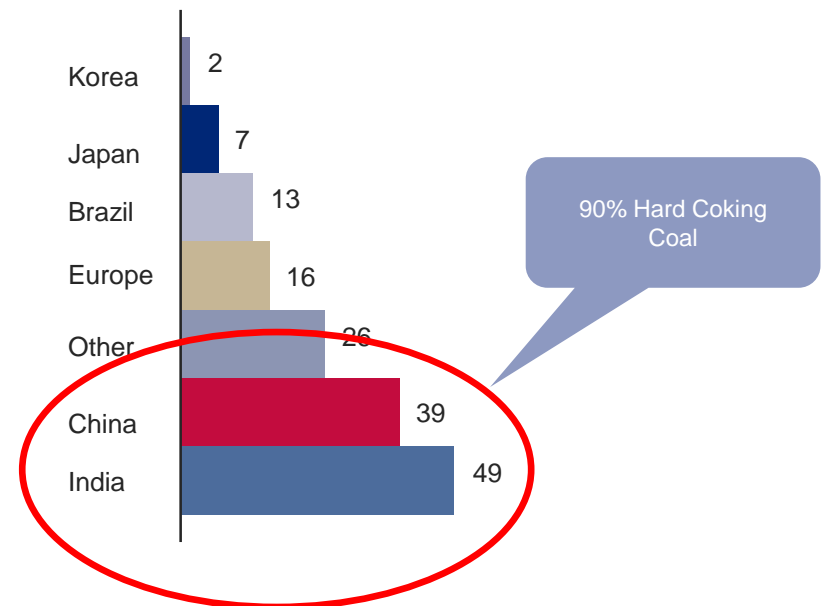


# SUMMARY

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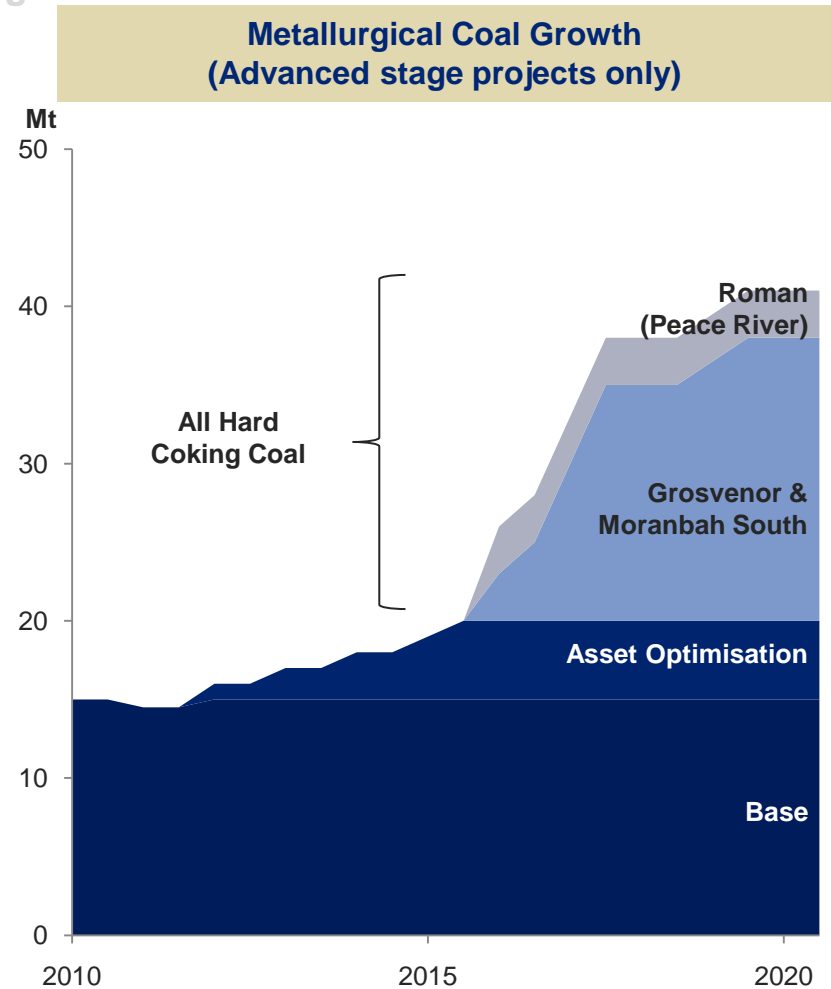
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**Seaborne metallurgical coal demand growth 2010-2020**



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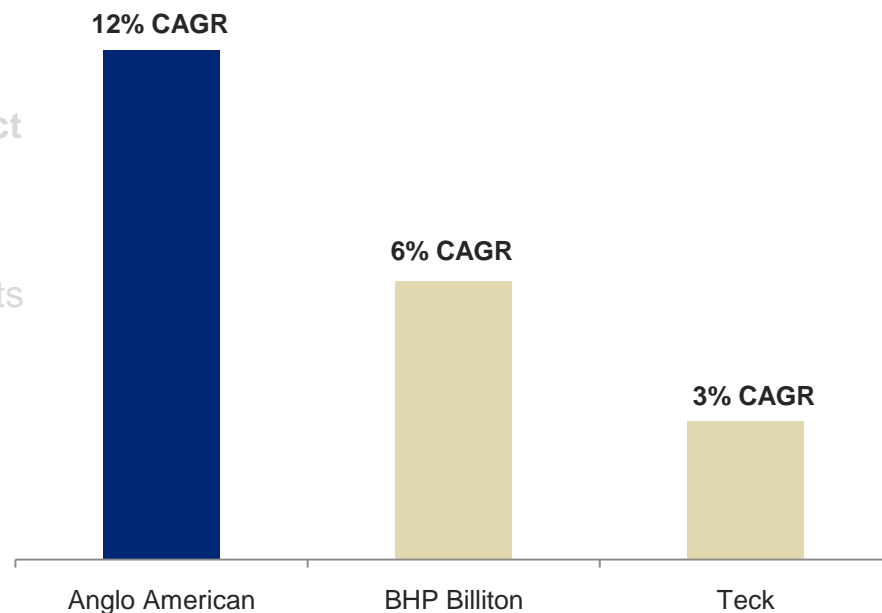
- Best project pipeline

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- Projects at advanced stage

- **Hard Coking Coal CAGR of 12% to 2020**

**Competitor growth comparison (Hard Coking Coal)  
2010 - 2020**

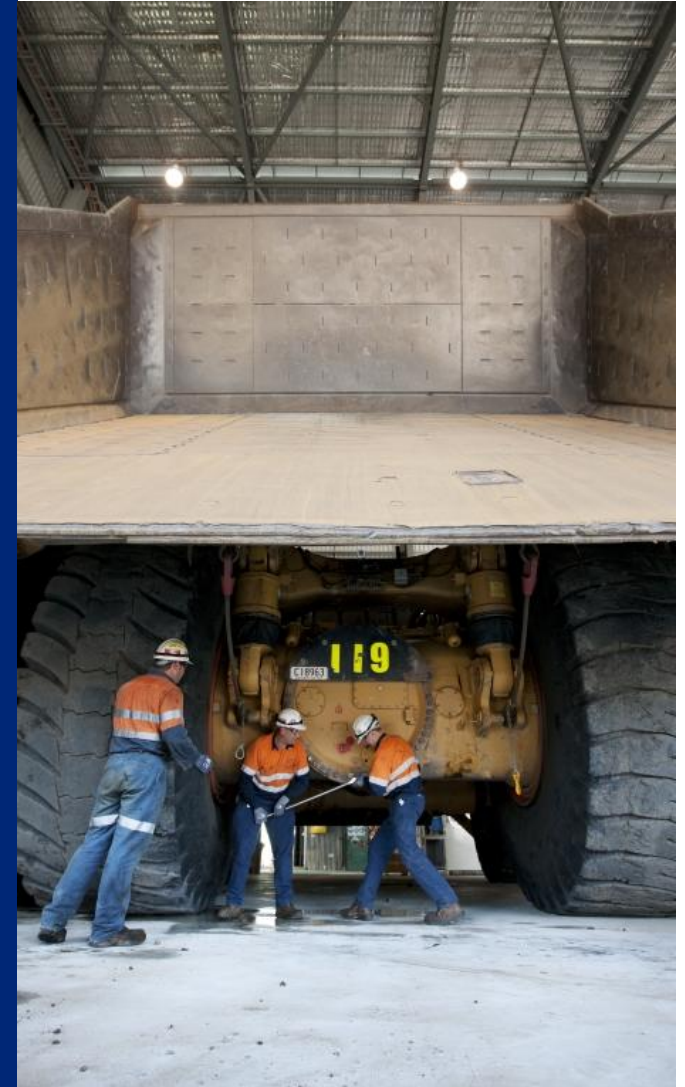


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# APPENDIX



# STRATEGY IMPLEMENTATION: IN THE LAST TWELVE MONTHS WE HAVE...

Safety	
Zero Harm	Developed 3 Year Safety Improvement Plan and initiated Zero Harm Longwall of the Future Project
Increase Margins	
AO/Supply Chain	Delivered a 26% increase in Asset Optimisation/Supply Chain benefits (\$0.7bn) from 2010 and total of \$1.8bn since 2008
Longwall100	Recruited key personnel from best practice longwall operations Developed Longwall100 plan and built targets into Business Plans and growth projects Established preferred partnership with key supplier
Marketing	Leadership in quarterly pricing negotiations across all quarters
Portfolio Management	Progressed divestment of Callide domestic thermal operation
Growth	
Advanced Projects - Australia	Grosvenor 1 Approved Progressed Grosvenor 2, Moranbah South & Dartbrook to Prefeasibility Progressed Drayton South to Feasibility
Canada	Acquired Peace River Coal minority parties and Watermark leases for \$0.70/t significantly below industry multiple average.
Advanced Projects - Canada	Integrated Canadian Peace River Coal operation and completed resource development plan for the region
Infrastructure	Secured option to develop a dedicated 30 Mtpa coal terminal at Abbot Point in Queensland
Exploration	Developed a plan to assess emerging coal regions
Mozambique & Mongolia	Office opened in Mozambique; Mongolia office set to open in H2 2012

# CARBON MANAGEMENT - MINIMISING THE IMPACT ON THE ENVIRONMENT AND OUR BUSINESS

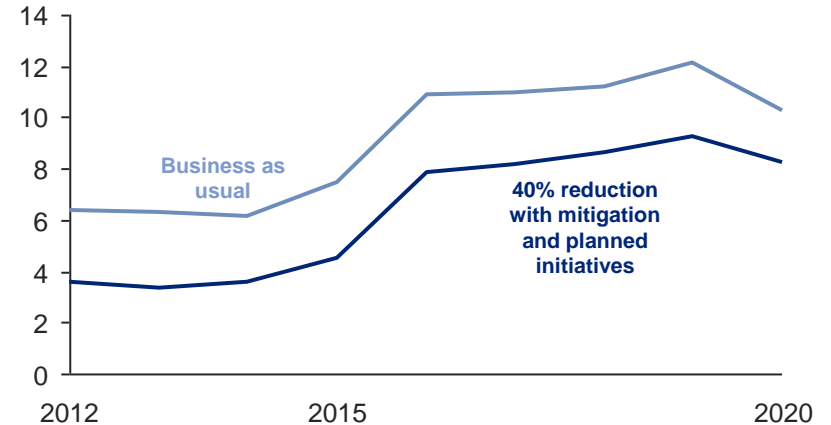
## Carbon reduction

- Mitigation and initiatives identified to achieve a 40% reduction in emissions
  - Improved drainage and capture pre & post mining
  - Improved flare capacity
  - Expansion of German Creek Power Station +13MW
- Ventilation Air Methane mitigation technology e.g. thermal or catalytic oxidation - safety concerns with current high temperature mitigation technology being investigated. Industry working group to develop 'safety case'
- Expansion projects include current best practice methane capture projects

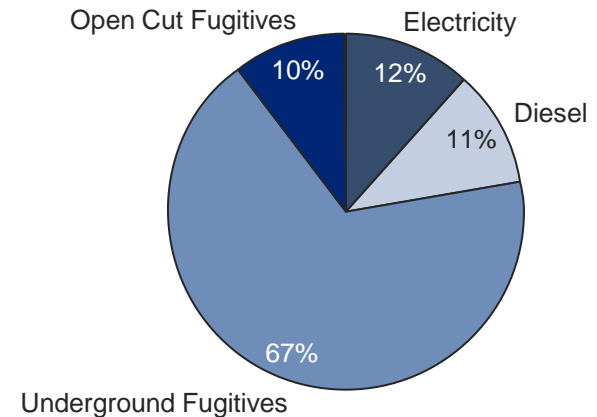
## Cost of carbon (Australia)

- Direct costs of carbon units to cover fugitive emissions & indirect costs will be passed through by increased electricity prices and reduction in fuel tax credit for diesel
- Value of project pipeline potentially reduced by 24 – 32% over the life of these projects
- Continue Government and stakeholder engagement to maximise assistance package
- Explore opportunities to create/purchase:
  - Domestic offset credits i.e. Carbon Farming Initiatives
  - Kyoto compliant international units (e.g. Certified Emission Reductions) created by Anglo American globally

## Carbon emissions (Mtpa)

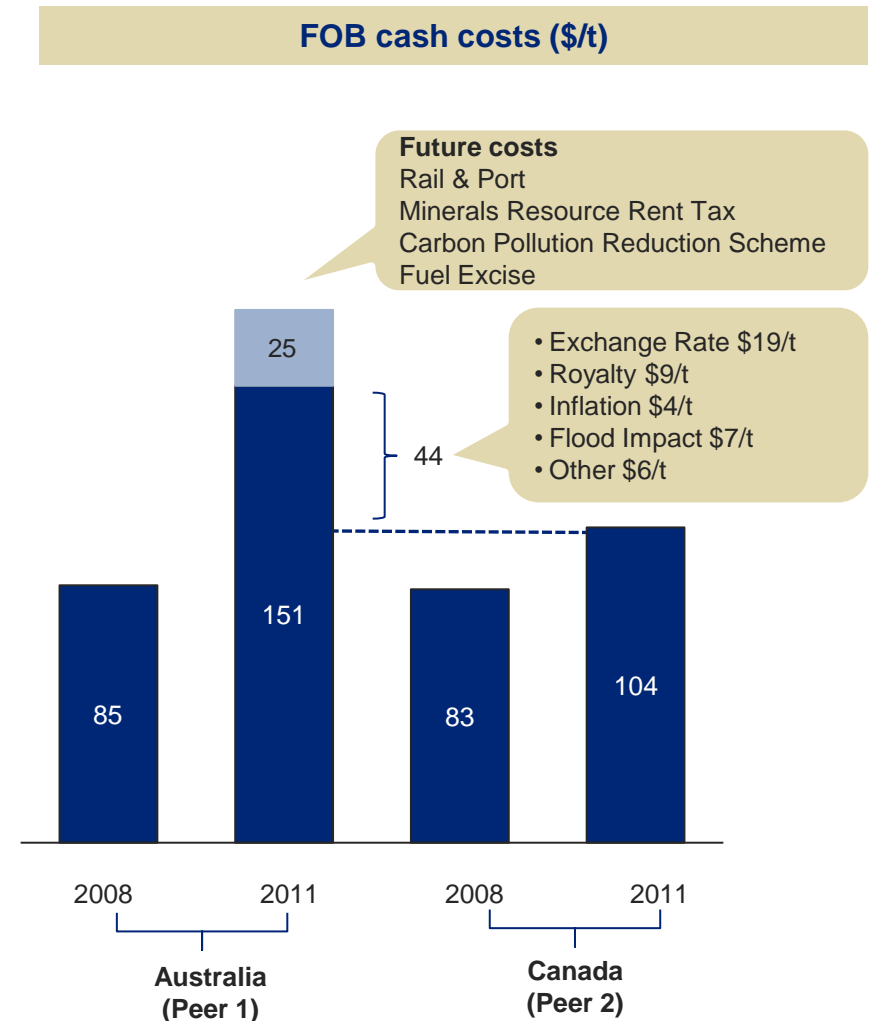


## Emissions sources



# TRADITIONAL COUNTRY RELATIVITIES ARE CHANGING DUE TO AUSTRALIA'S RISING COST PRESSURES

- Canada becoming more cost competitive given structural changes in Australian domestic costs
- Cost increases in Australia due to:
  - Currency: Both local currencies strengthening against US dollar Australia 5% CAGR (\$26/t) and Canada 2% (\$7/t) CAGR
  - Royalties: Higher royalty regime in Queensland averaging ~9% of FOB price. No state based royalty in British Columbia (but have resource rent tax post recouping capital)
  - Labour & Material Costs:
    - Mining salaries and materials in Australia have increased 4% since 2008. Canadian mining costs <2% (difference ~\$4/t)
    - On average base salaries are 20% higher in Australia versus Canada; Australian underground operator salaries are typically double US equivalent
    - Increased use of contractors in Australia (“other”)
- Other differences: Corporate Tax: in Australia 30% versus Canada 25%
- Additional future cost increases in Australia due to:
  - Distribution: Australian distribution costs to increase further with higher rail and port costs associated with new infrastructure
  - Government Regulations: higher costs of Carbon Pollution Reduction Scheme, potentially Minerals Resource Rent Tax and removal of fuel rebates



# PROJECT DELIVERY – PROVIDING LEADERSHIP AND STRUCTURE TO DELIVER GROWTH AND OPERATIONAL EXCELLENCE

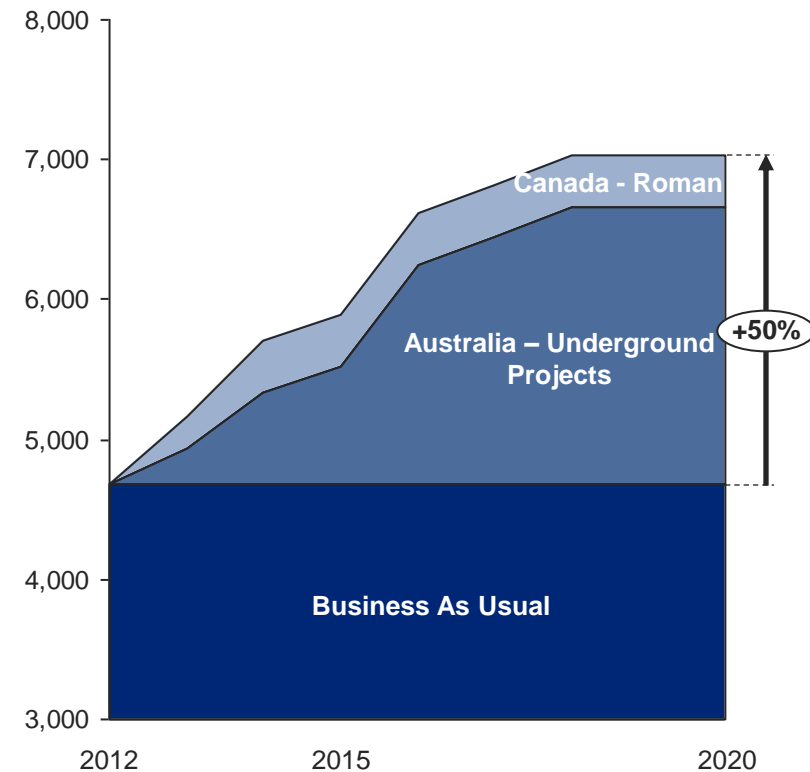
## Organisational design

- Ensuring the right structures and leadership are in place to manage the business effectively as it grows in size, complexity and with extended geographical boundaries
- Initiatives include:
  - Underground Leadership: targeted external recruitment in progress and in-house leadership development
  - Expansion Projects Leadership: 3 senior Project Directors internally appointed in 2012
  - Recruit and redeploy leaders with experience in emerging growth regions.
  - Structure Canada as separate operating unit post 2013

## Growing the workforce

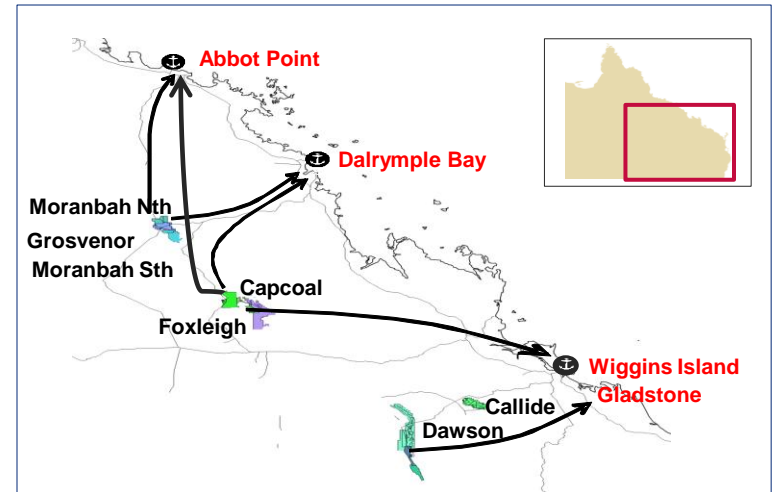
- Workforce to grow by 50% from 2012-2020, with critical capabilities required in underground mining
- Initiatives to support growth include:
  - Project resourcing plan and schedule based on installing key roles ahead of ramp-up, flexible sourcing policies, and identified partnership opportunities
  - Use of existing underground operations to onboard new personnel
  - Targeted recruitment of overseas longwall skills based on productivity benchmarking
  - Implement gender diversity improvement plans
  - Recruitment of cleanskins with dedicated training centre for underground skills in Moranbah region

## Workforce growth (FTE)

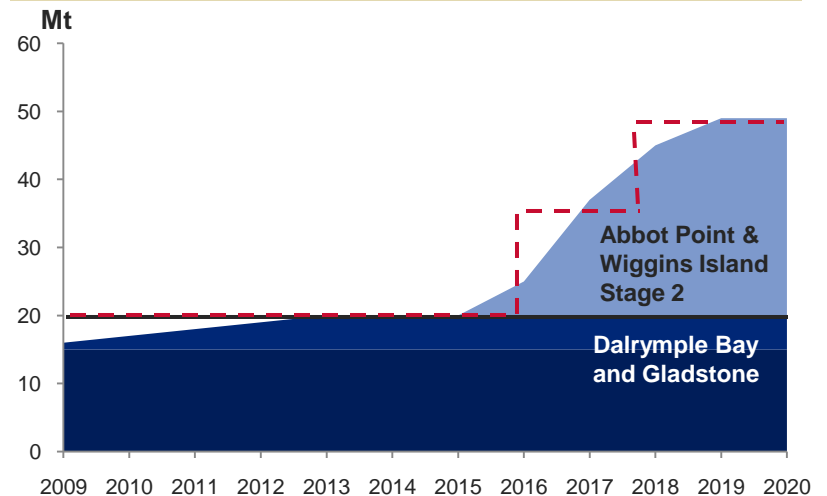


# INFRASTRUCTURE STRATEGY WILL PROVIDE PORT AND RAIL CAPACITY TO SUPPORT OUR GROWTH

- Strategy to secure dedicated port and rail capacity in Queensland to provide certainty of delivery of Hard Coking Coal resource to market
  - Port capacity secured for growth to 2023 at Dalrymple Bay and 2039 at Gladstone
  - Confirmed participant in Abbot Point process
  - Engagement with two potential port developers at Dudgeon Point
  - Evaluation of other port capacity options, including Wiggins Island and capacity transfers
  - Ongoing engagement with QR National and other prospective rail infrastructure developers
- Port optionality with three interchangeable locations, including existing capacity at Dalrymple Bay and Gladstone
- High level of confidence around port and rail capacity through various arrangements during mine and port projects ramp up
- Experienced infrastructure management team in place with technical support provided by global alliance partner, Hatch Engineering



**Northern Bowen Basin exports**



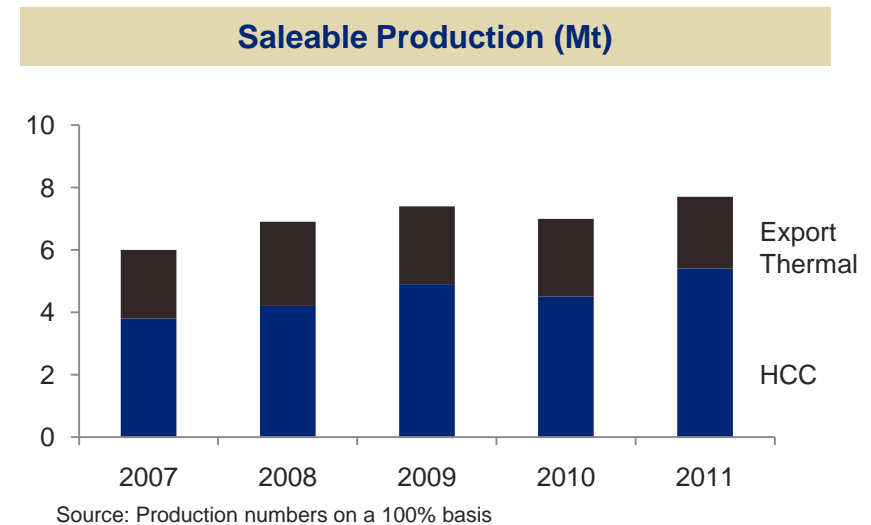
Source: All figures on a 100% basis.

# DAWSON

## Large open cut metallurgical and export thermal mine

- 51% ownership in joint venture with Mitsui
- Estimated coal inventory of 2,700 Mt with reserves of 174 Mt
- Key operational data
  - Producing 7 Mtpa of coking and export-quality thermal coal, increasing to 10 Mtpa as we move from dragline strip mining to more efficient terrace mining in main central pit
  - Key equipment includes three draglines, two rope shovels and six excavator fleets
  - Mining strip ratio 9:1
  - CHPP yield 75%
  - Life of mine of more than 30 years

Source: Reserve number on 100% ROM basis.



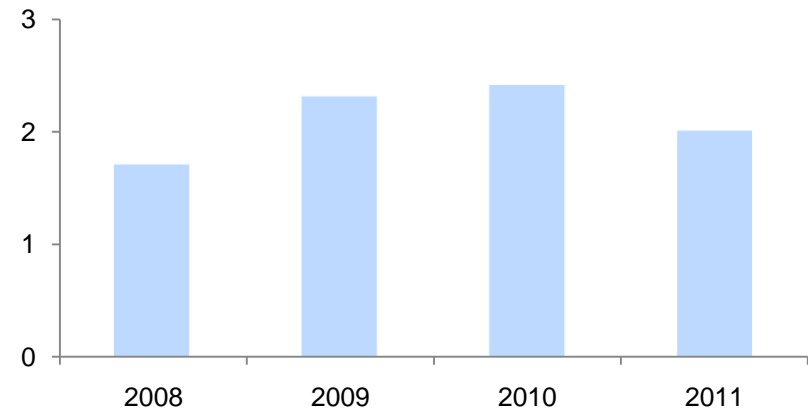
# FOXLEIGH

## Open cut metallurgical mine producing 100% premium PCI coal

- 70% ownership with Posco and Nippon Steel
- Estimated coal inventory of 242 Mt
- Key operational data
  - Best practice for 500 tonne class excavators (RH 340) at 12.5 Mbcm per annum
  - Foxleigh produces high quality PCI coal
  - Key equipment includes 5 excavator fleets
  - Mining strip ratio 10:1
  - CHPP yield 78%
  - Foxleigh Plains will extend the life of mine by 15 years
  - Mine increasing to 3.2 Mtpa in line with CHPP upgrade

Source: Reserve number on 100% ROM basis.

### Saleable production PCI (Mt)



Source: Production numbers on a 100% basis



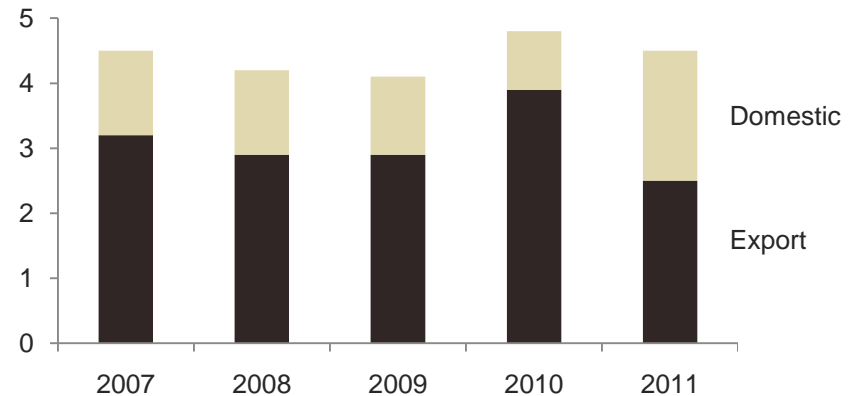
# DRAYTON

## Open-cut thermal coal mine in New South Wales Hunter Valley

- 88% ownership with Mitsui, NCEA, Hyundai & Daesung
- Following a \$47m CHPP upgrade completed in Q3 2011, now 100% export thermal coal operation
- Key operational data
  - Best practice for Hitachi 500 tonne class excavators at 11 Mbcm per annum
  - Production approximately 4.5 Mtpa
  - Product exported through Newcastle Port
  - Key equipment includes one dragline, and 4 excavator fleets
  - Mining strip ratio 7:1
  - CHPP yield 85%
  - Life of mine will be seamlessly extended by 26 years through the development of the Drayton South resource from 2015, utilising current infrastructure and equipment

Source: Reserve number on 100% ROM basis.

### Saleable production thermal (Mt)



Source: Production numbers on a 100% basis

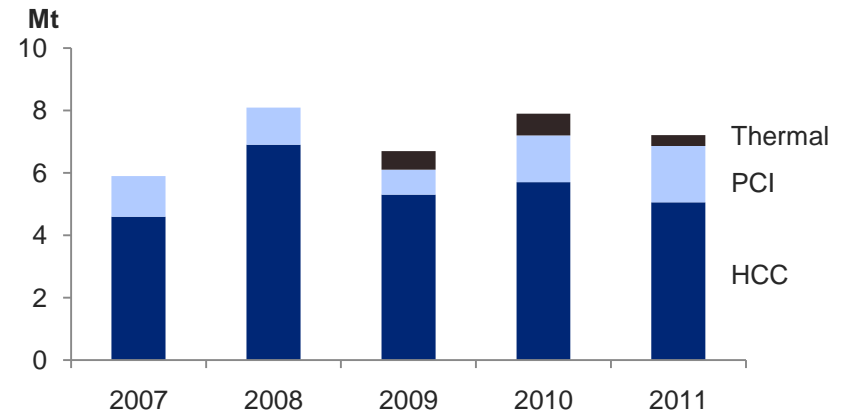


# CAPCOAL

## Combined open cut and underground operation producing 11 Mtpa of Hard Coking Coal and PCI from 2014

- 70% ownership in joint venture with Mitsui
- Estimated coal inventory of 1,500 Mt with reserves of 217 Mt
- Life of mine of more than 25 years
- Product exported through Dalrymple Bay and Gladstone Ports gives flexibility
- Key open cut operational data
  - Transferred large electric shovel from low margin domestic mine to high margin metallurgical mine in 2011
  - Mining strip ratio 9:1
  - CHPP yield 71%
  - Key equipment includes 2 draglines, 1 rope shovel, five excavators fleets
- Key underground operational data
  - Utilising the same CHPP as open cut
  - Underground operations include Grasstree longwall and Aquila bord and pillar operation
  - Aquila will convert to a longwall operation by 2016 producing Hard Coking Coal

### Saleable production (Mt)



Source: Production numbers on a 100% basis



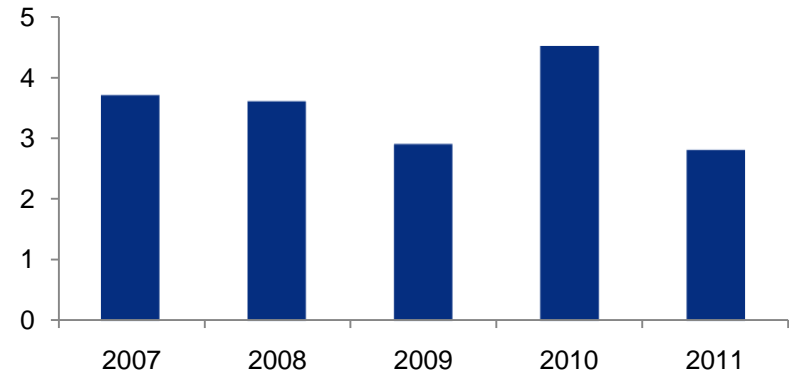
# MORANBAH NORTH

## Underground longwall producing 100% premium Hard Coking Coal

- 88% ownership with Mitsui, Nippon Steel, JFE, Shinsho & NS Resources
- Estimated coal inventory of 960 Mt with reserves of 130 Mt
- Key operational data
  - Currently produces 4 to 5 Mtpa
  - Potential to operate two longwalls with future expansion plans
  - Produces high fluidity, Hard Coking Coal mainly for export to steel manufacturers in Japan, Korea, Taiwan, India, Brazil and Europe
  - \$200m powered roof support project delivered in 2009 to increase the mine's productivity at depths
  - Life of mine of 17 years

Source: Reserve number on 100% ROM basis.

### Saleable production HCC (Mt)



Source: Production numbers on a 100% basis

