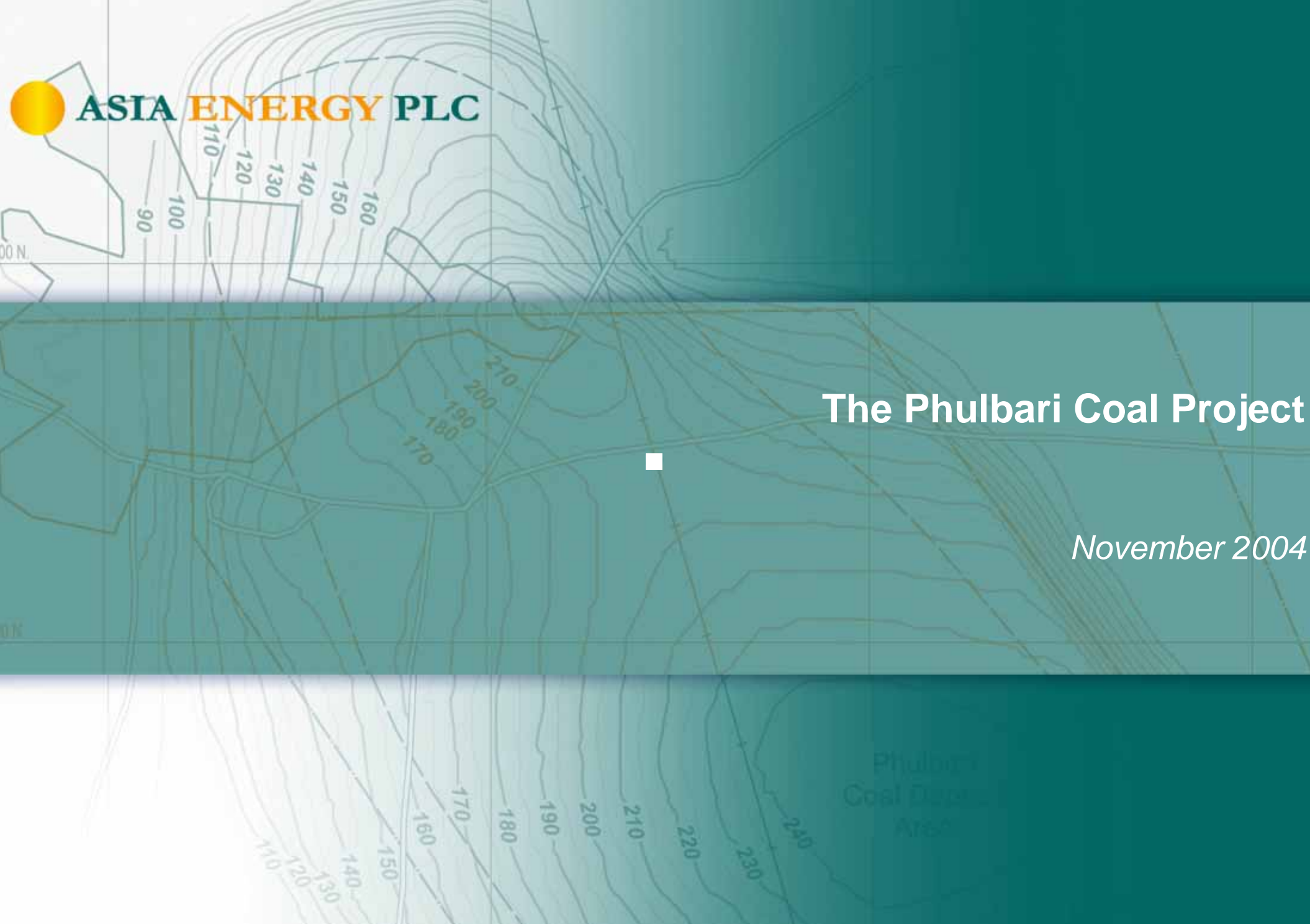


# The Phulbari Coal Project

*November 2004*



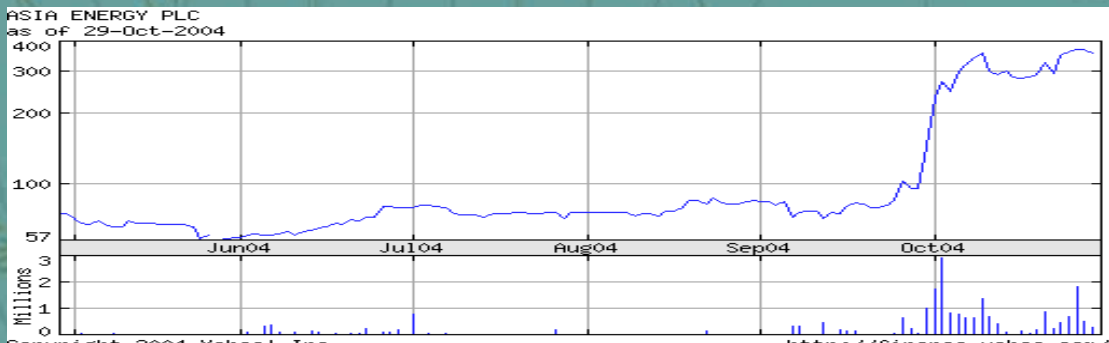
## Overview

- Asia Energy Plc (“Asia Energy” or “the Company”) - a London based AIM quoted company (AEN.L) led by an experienced international team
- Mission – to develop a world-class class export coal mine at Phulbari on a major coal deposit in north-west Bangladesh. Phulbari’s average seam thickness is 35 metres
- Asia Energy owns 100% of the Phulbari Coal Project (“Phulbari”) in Bangladesh and extensive development and mining Agreements with the Bangladeshi Government
- The Company raised sufficient funds when it was admitted to AIM in April 2004, to finance a full Definitive Feasibility Study (“DFS”) on the project. This study is expected to be completed in mid 2005
- Since admission to AIM, the Company has rapidly advanced the project and independent cash flow analyses indicate a base case Project NPV of US\$2.3 billion given a capital cost of US\$530 million. Barclays Capital have been appointed as Financial Advisers
- First coal production is currently planned for 2007
- This Project is on a scale to transform the economy of Bangladesh and turn the energy hungry country into a major coal exporter

## Corporate Profile

- Asia Energy listed on London's AIM (AEN.L) on 19th April 2004.
- Number of Ordinary Shares in Issue 37,867,638
- Fully Diluted Share Capital 44,606,024
- Market Capitalisation £156 million at £3.50 per share
- 52 Week Low / High £0.55 / £3.80
- Major Institutional Shareholders (Over 3%)
 

RAB Capital Special Situations LLP	Framlington Investment Management Limited
L-R Global Partners LP	L-R Global Fund Limited
Morgan Stanley Securities Limited	Cambrian Mining Plc
- Shareholding of Board 3,983,333 (8.9% of Fully Diluted Stock)



## Stage 1 Mining Study – Summary Results (GHD and MineConsult)

Coal Mining Rate	15 Mtpa
Coal Type	High Volatile, low Sulphur Rank A & B
Coal Price	US\$50 per tonne (mine gate)
Average Life of Mine (LOM <sup>1</sup> ) operating cash cost	US\$12 per tonne
Average LOM cost (incl. capital)	■ US\$15 per tonne
Potential Reserves <sup>2</sup>	430 Mt
Indicative Mine Life	30 years
Average Strip Ratio	6.1 waste bcm per tonne of coal
Mining Method	Opencast with Truck and Shovel
Average Ung geared NPV @10% p.a.	US\$2.3 billion
Average Ung geared IRR	50% p.a.

**Note 1:** LOM means Life of Mine

**Note 2:** The potential reserves are based on extrapolating existing borehole data between holes and to basin boundaries. This data is considered inadequate to develop a JORC compliant statement of Coal Reserves.

**Qualifier:** The key economic and mining parameters quoted are based on the available geological, environmental and technical information. Consequently, the capital and operating costs are limited by the accuracy of the available data and the costs can therefore only be classified as “conceptual” and may change when results of the drilling programme and other investigations currently underway (planned completion of drilling is early 2005) are incorporated into an updated mine plan and economic model.

## **Asia Energy – A Focussed and Experienced Management Team**

Christopher Eager Non-Executive Chairman – Ex-Rothschilds,  
Current CEO Monterrico Metals Plc

David Lenigas Joint Managing Director – Qualified Mining Engineer

Michael Frayne Joint Managing Director – Qualified Geologist, Chartered Accountant

Laith Reynolds Executive Director - Bangladesh

Jo Malins Non-Executive Director – Chartered Accountant

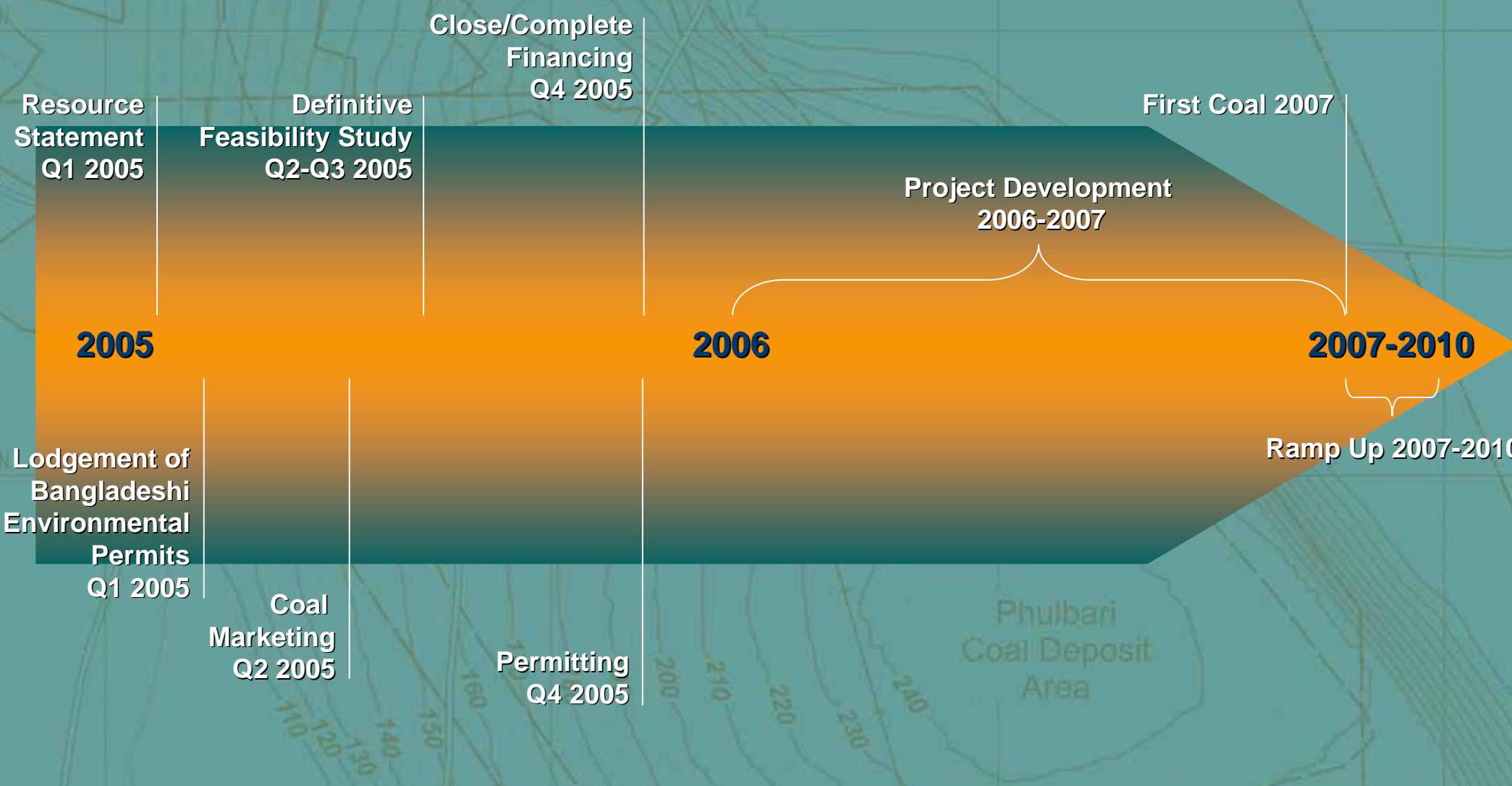
Gary Lye DFS Manager – Qualified Mining Engineer and Geologist

### **Advisors to the Board**

Bill McIntosh Senior Technical Advisor – Ex-Project Manager PT Kaltim Prima Coal Mine

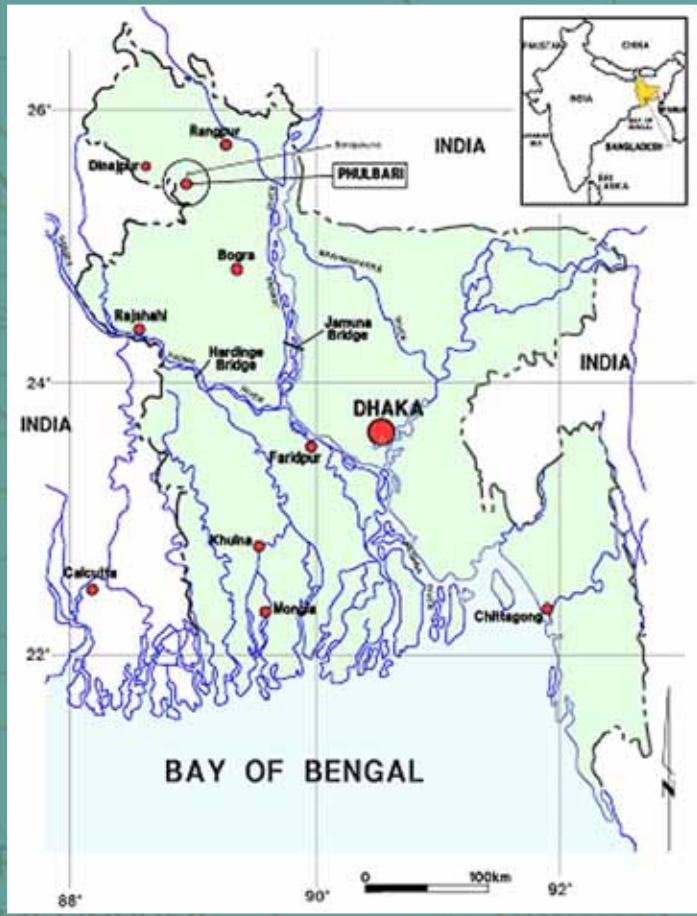
Dick Sanders Coal Quality Advisor – QCC Resources

# Project Overview - Timeline

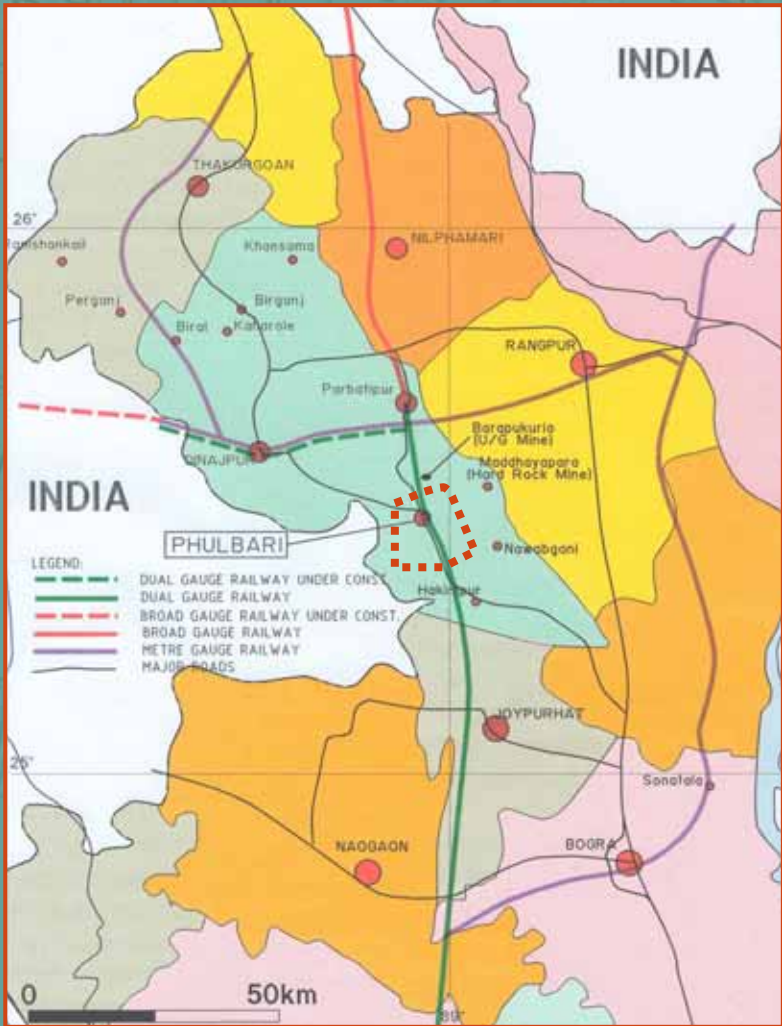


## Project Overview - Location

- Coal first discovered at Phulbari by BHP in 1997
- Asia Energy owns all licences and Agreements granted to BHP for mining at Phulbari
- The Project is located in the northwest of Bangladesh, 300km northwest of Dhaka and 10km from the Indian border
- The deposit is conveniently located on a new dual gauge rail line
- The Project is situated on one of the highest points in Bangladesh and is not prone to flooding
- Target markets – Asian sea ports, Indian continent and Bangladesh domestic market



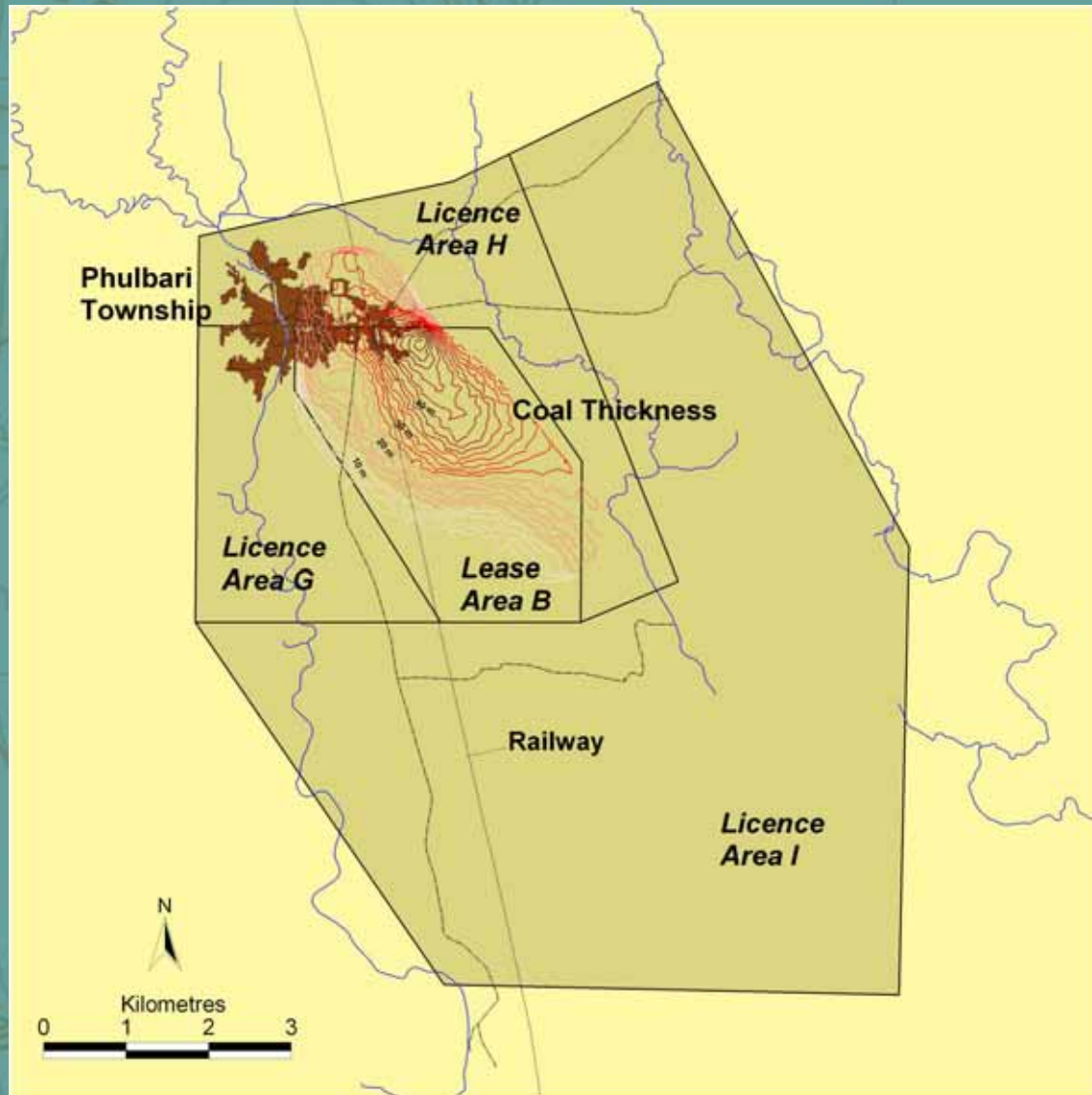
# Infrastructure - Rail Network



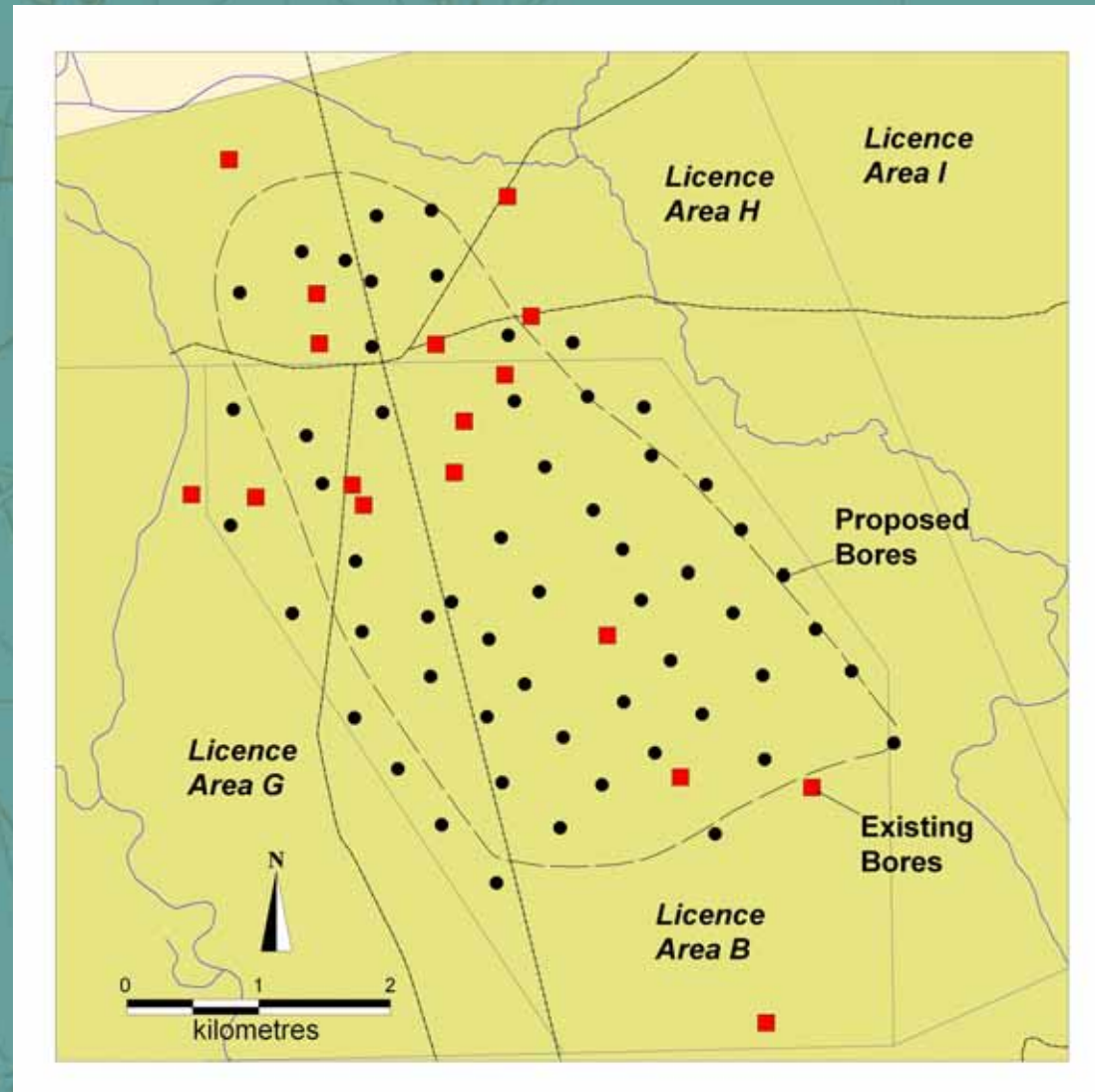
## Project History

- 1994** BHP enters into comprehensive licensing and investment agreements with Bangladeshi Government
- 1994-1997** BHP exploration confirms presence of deposit and drilling determines inferred resource of 382Mt
- 1998** Project was part of Magma Copper division of BHP, disposed of during period of corporate restructuring  
Asia Energy acquires 100% of project from BHP
- 2000** Pre-feasibility study confirms economic viability of Project as a large scale open pit mine
- Sep 2003** Asia Energy Plc incorporated in United Kingdom to acquire 100% of the Project
- Dec 2003** Drilling increases estimated in situ resource to 426 million tonnes (JORC resource of 370Mt)
- Jan 2004** Definitive Feasibility Study (“DFS”) for mine development commences
- Apr 2004** Asia Energy admitted to AIM after raising £14 million, primarily from institutions  
Bangladeshi Government grants Mining Lease over the coal basin
- Jul 2004** DFS scope increased from 9 Mtpa to 15 Mtpa operation and project development time frame accelerated
- Aug 2004** Barclays Capital appointed as project finance advisers
- Sep 2004** Initial drilling for DFS has coal intersections of over 40 metres
- Sep 2004** Independent Mining Economic Parameter study shows Project has NPV of US\$2.3bn and IRR of 50%

# Project Licence Area



# DFS - Drill Campaign Plan

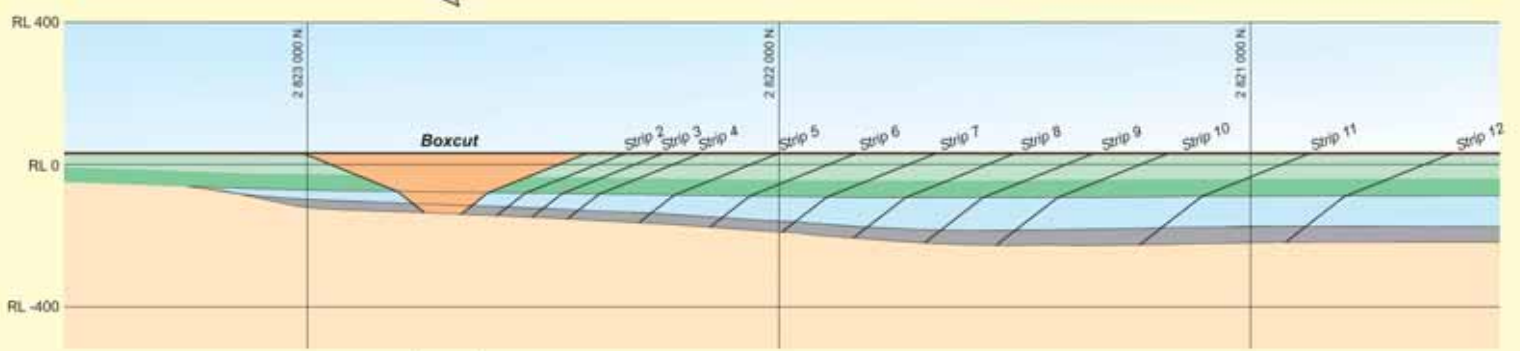
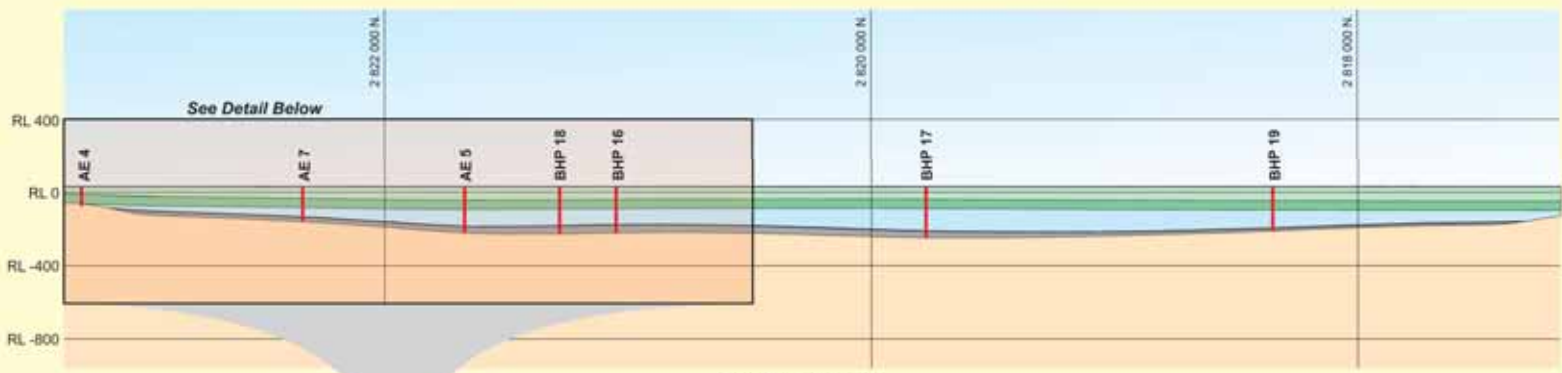


## DFS – Drilling Campaign

- The Coal deposit comprises a seam averaging 35m thick between 120m – 250m from surface – suitable to large scale open cast mining
- Asia Energy has commenced a 60 hole / 15,000m Resource Definition diamond drilling programme at Phulbari, which is scheduled to be completed in Q1 2005
- AEN1 – Intercepted 21.95m of coal from a depth of 177.85m below the collar, which comprised 7 plies
- AEN2 – Intercepted 41.47m of coal from a depth of 206.96m below the collar, which comprised 2 seams in close proximity
- The Company intends to make periodic news releases as the drill programme progresses



# Stage 1 Mining Study - Long Sections



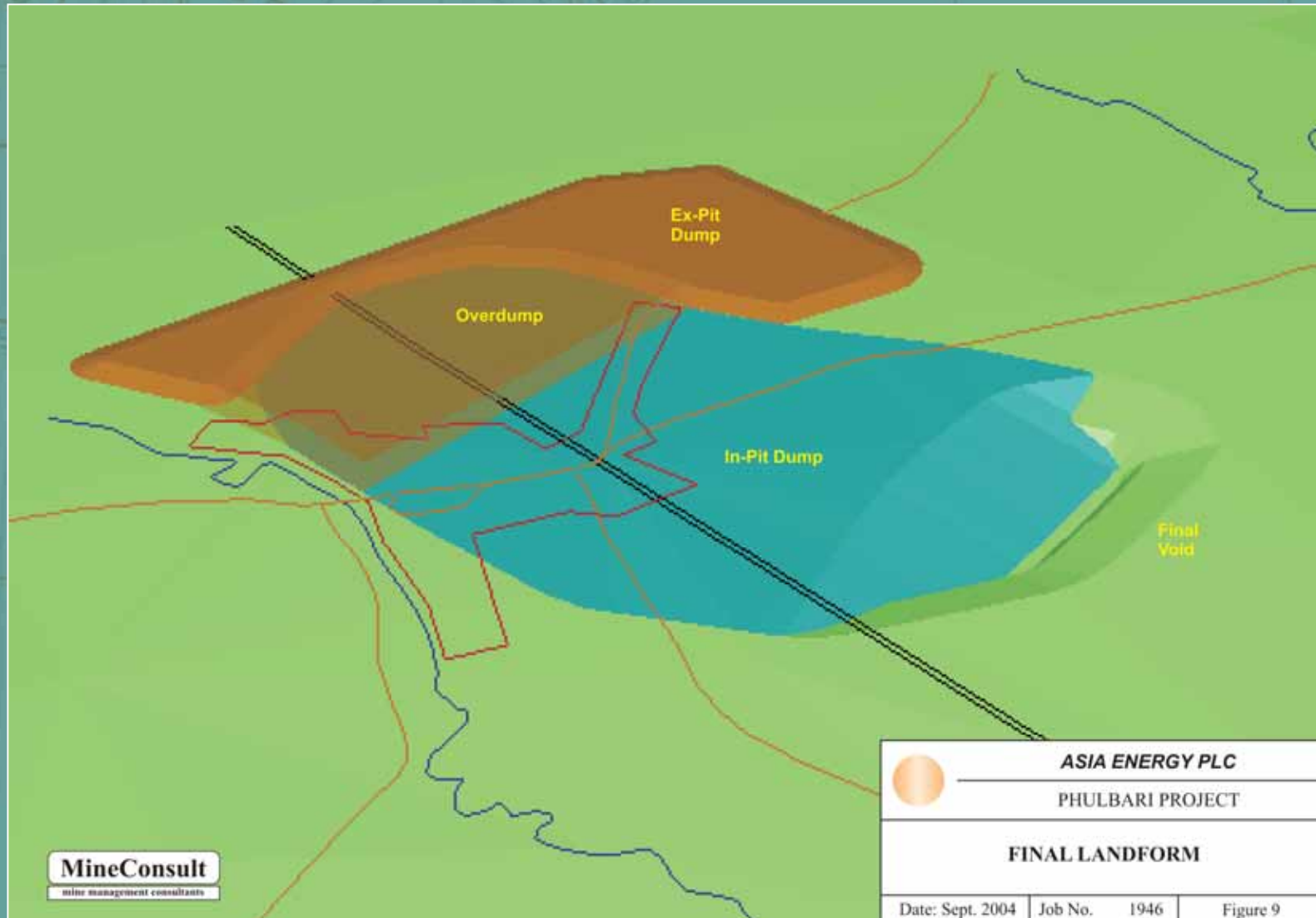
- Legend**
- Quaternary Clay
  - Upper Tertiary
  - Lower Tertiary
  - Upper Permian
  - Coal
  - Drill Hole



**ASIA ENERGY PLC**  
PHULBARI PROJECT

**LONG SECTIONS**

# Stage1 Mining Study - Final Landform



## DFS – Geology

- GHD has primary responsibility for the DFS and specific responsibility for the following
  - ▶ Coordination of the drilling campaign and the quality / integrity of the in-fill drilling programme
  - ▶ Compilation of the drillhole database encompassing all sampled data
  - ▶ Resource calculations and “sign off” to JORC reporting standards
  - ▶ Geotechnical assessment of the opencast slope angles
  - ▶ Hydrological and hydrogeological aspects of the Project, including dewatering and in-pit seasonal pumping requirements
- 
- The results of the in-fill drilling programme will primarily contribute to the accomplishment of all of these deliverables



- **GHD Pty Ltd** is a leading independent consultancy providing leadership in management, engineering and the environment, with offices strategically located throughout Australia, New Zealand, the Middle East, the Asia-Pacific region and the Americas. GHD has over 2,500 staff, has operated as an independent entity for over 75 years, and is wholly owned by its senior staff. GHD has extensive experience in major project development for mining, industrial, energy, water, community infrastructure, transportation, environment, information and defence and security projects for private, government and aid agencies, including projects in Bangladesh, India and south-east Asia.

## DFS – Mining

- MineConsult has primary responsibility for the Project's
  - ▶ Reserve statement
  - ▶ Mine design
  - ▶ Mine scheduling
- MineConsult will further derive
  - ▶ The capital cost schedules for all the plant and equipment required to execute the mine design and schedule
  - ▶ Full operating cost estimates inclusive of schedules of consumables, fuel and power utilised
- MineConsult and GHD will work closely to ensure a fully integrated and comprehensive study document

**MineConsult**

mine management consultants

- MineConsult Pty Ltd is an independent consulting group specialising in technical, operational and management services to the mining industry. Projects cover coal, metalliferous, quarry and other styles of work for the private and public sectors. A wide range of services are offered to the open-cut coal and metalliferous mining sectors as well as to underground coal and quarries. Assignments have been completed in Australia, Brazil, Bulgaria, Chile, China, Colombia, Fiji, Ghana, Indonesia, Ireland, New Guinea, New Zealand, Philippines, South Africa, Venezuela and Zimbabwe. Their clients cover mining companies, exploration companies, investment bodies, mining contractors, financial institutions, consultants, government instrumentalities and international banks.

## DFS - Coal Quality

- QCC will undertake a full analysis of the coal qualities across the deposit in conjunction with ACIRL and GHD, which will
  - ▶ Provide the basis for defining coal marketing agreements
  - ▶ Derive an optimal coal product specification to maximise the coal revenues generated within the context of the mine schedule
  - ▶ Develop a coal preparation plant flow sheet to deliver the proposed product specification
  - ▶ Derive associated capital and operating costs for any proposed coal preparation plant



- **QCC Resources Pty Ltd** will be advising the Company and its consultants on coal analysis, potential coal product types and subsequent processing options to maximise returns on coal products available for sale. Founded in 1987, and now part of the Roche Mining group, QCC Resources offers specialist services in the areas of coal preparation technology and quality to producers, coal terminal operators, coal buyers and other service organisations. Consulting services include: feasibility and due diligence studies, resource and coal quality assessment, product revenue optimisation, and laboratory program design. Coal preparation services include: design, engineering and project management of process plants, process design, maintenance and engineering support, operations and cost reviews.

Phulbari  
Coal Deposit  
Area

## DFS – Infrastructure & Logistics

- Bangladesh has received significant aid in excess of US\$30bn since Independence in 1971. As a result the Project benefits from extensive and modern infrastructure (rail, roads, bridges)
- The upgraded rail network provides several entry points to India as well as direct rail access to the Bangladeshi ports of Chittagong and Mongla and the Indian port of Kolkata
- Asia Energy is in active dialogue with a number of agencies, which are currently upgrading Bangladesh's infrastructure to optimise use of facilities
- GHD will provide a fully integrated infrastructure plan for the Project:
  - ▶ All Project site infrastructure support requirements
  - ▶ Bulk transportation of coal
  - ▶ Export facilities
  - ▶ Bulk transportation of Consumables to the Project site



Dual gauge railway at Phulbari

## Definitive Feasibility Study – Environmental & Social

- SMEC International is responsible for the Environmental and Social Impact Assessment of the Project
- SMEC has extensive in-country presence and a long history of operating in Bangladesh, combined with extensive experience of projects with significant social and environmental impacts and have managed similar sized relocation plans
- Given the comparatively limited social and environmental legislation in Bangladesh, the Project is being developed in accordance with the Safeguard Policies of the World Bank Group and IFC – and hence, the Equator Principles
- Given the location of the Phulbari township, a key focus of SMEC's work will focus on development of relocation plan in conjunction with locally affected communities, regional and national government and NGOs
  - Current plans suggest that 15,000 – 20,000 people will need to be relocated over the life of the Project
  - Relocation sites have been identified and are currently being investigated in conjunction with all stakeholders
  - The cost of relocation has been fully factored into the capital development costs



- **SMEC International** is an international consulting organisation with permanent regional offices in 12 countries stretching from the Pacific Islands to Africa. SMEC has had a long-standing involvement in environmental/social impact assessments and related investigations for international funding agencies such as the World and Asian Development Banks. SMEC has brought together an internationally renowned project team to carry out the environmental and social impact assessment of the Phulbari project. The project team is centred on SMEC's permanent regional office in Dhaka and has been augmented by senior technical professionals from other offices to produce an environmental and social impact assessment that meets international “best practice” and Equator Principle standards.

## Definitive Feasibility Study – Environmental & Social

- SMEC will deliver the following
  - ▶ EIA & EIS documentation (with associated Resettlement Action Plan) that complies with the requirements of the World Bank and IFC
  - ▶ Environmental and Social Operating Plans for the construction and operational phases of the Project
  - ▶ A comprehensive ongoing and closure rehabilitation plan for the Project
  - ▶ Completion is scheduled for Q2-Q3 2005



## Definitive Feasibility Study – Coal Marketing Study

- As an integral component of the DFS an independent Coal Marketing Study will be commissioned
- In Q4 2004/Q1 2005 an internationally recognised consultancy will be employed to produce a report focussing on

### Supply

- ▶ By region, by capacity and by geographic location inclusive of forecast new supply
- ▶ Producers and their relative positions on the industry cost curve – both regional and global

### Demand

- ▶ Identification of all regional coal consumers for the Project's planned specification and annual consumption
- ▶ Overall projected demand for this type of coal on a regional and global basis

### Price Outlook

- ▶ Review of the supply/demand balance

### Marketing Strategy

- ▶ Identification of key criteria to enhance marketability of the Project's production
- ▶ Identification of key geographies and, within them, key consumers to be targeted as part of the development of the marketing strategy
- ▶ Recommendation of a proposed marketing strategy including timetable
- ▶ Identification of any issues which might limit implementation of an optimal marketing plan

## Bangladesh – A Country Overview

- Bangladesh came into existence in 1971 when Bengali (East Pakistan) seceded from its union with West Pakistan
- Area: 144,000 sq km – half the size of Italy
- Population: 141 million (July 2004 est.) 9th most populous in the world
- Ethnic groups: Bengali 98%, tribal groups and non-Bengali 2%
- Religions: Muslim 83%, Hindu 16%, other 1%
- Terrain: mostly flat alluvial plain; hilly in southeast ■
- Climate is tropical with mild winter (October to March); hot, humid summer (March to June); and humid, warm monsoon season (June to October)
- Combination of chronic over population, flat terrain and the climate has a significant impact - one third of the country floods annually during the monsoon season. Many people are landless and live on and cultivate flood-prone land
- Ironically, Bangladesh endures intermittent water shortages because of falling water tables in the northern and central parts of the country
- As a further complication, the ground water is contaminated by naturally occurring arsenic in southern and north-eastern areas of the country
- GDP: US\$258.8 billion (2003 est.), ~ 33rd globally
- Major industries are agriculture (21.7%), industry (26.6%) and services (51.7%)
- GDP per capita: US\$1,900 (2003 est.), similar to Angola and Zimbabwe (approx 74th percentile of world curve)

## Bangladesh – Asia Energy’s Positive Contribution

### Financial Impact

- One of the largest private business developments in the history of Bangladesh
- Development of a new export industry for Bangladesh
- The Project enjoys significant support in Bangladesh at local, regional, and national levels. Comprehensive Development and Investment agreements with Bangladeshi Government are in place and include:
  - 9 year tax holiday
  - A corporate tax rate of 45%
  - Low fixed import duties of 2.5%
  - No export duties
  - All coal can be exported
  - Fixed sales royalty for the Project of 6%
- Bangladesh Government stands to gain about US\$45 million per year in royalties and about US\$3 billion in corporate taxes LOM

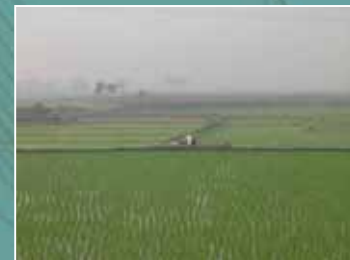


Phulbari  
Coal Deposit  
Area

## Bangladesh – Asia Energy’s Positive Contribution

### Non-Financial Impact

- Direct long term & stable skilled employment for c.1,200 permanent local labour force
- Significant economic multiplier effect expected on local and regional population
- Given requirement for town relocation, upgraded housing and community facilities
- Co-products from the overburden are commercially valuable – sands / aggregate / clays, which will reduce level of imports
- The provision of clean, potable water to the Phulbari region as a result of pit dewatering activities – vital for agriculture and the township in an area impacted by drought conditions some 9 months of the year
- The final open pit void will act as an artificial reservoir post mining and could continue to provide a clean water supply to the region
- Reduced dependence on importation of coal for domestic usage
- Once the mine is established, the ability to construct a captive coal fired power station (up to 2,500MW) can be evaluated – potentially providing a secure and consistent source of power to the National Grid



## Financing – A Structured Approach




- Barclays Capital, the investment banking division of Barclays Bank PLC, has been appointed to provide advice and services in connection with the financing of the Project
- Barclays is working closely with Asia Energy to
  - ▶ Ensure bankability of the Project from technological, environmental and social, legal, political and financial perspectives
  - ▶ Provide assistance in negotiating key Project contracts including those for construction, infrastructure and coal marketing
  - ▶ Source financing for the Project from a variety of institutions including multilateral and bilateral agencies, investment funds, potential joint venture partners and the commercial bank market

Phulbari  
Coal Deposit  
Area

## Contacts

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[info@asia-energy.com](mailto:info@asia-energy.com); [www.asia-energy.com](http://www.asia-energy.com)



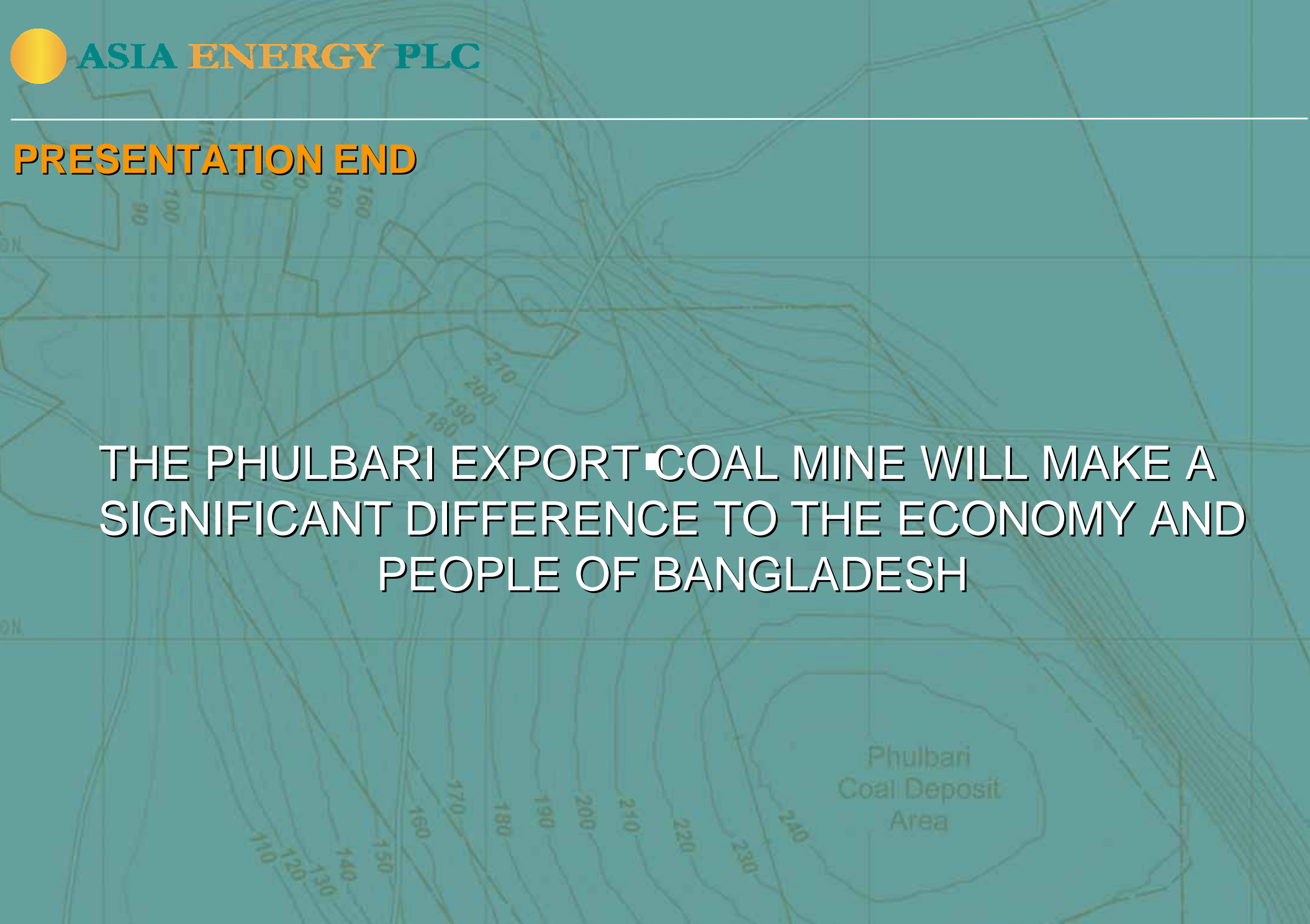
Phulbari  
Coal Deposit  
Area

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PRESENTATION END

THE PHULBARI EXPORT COAL MINE WILL MAKE A  
SIGNIFICANT DIFFERENCE TO THE ECONOMY AND  
PEOPLE OF BANGLADESH



Phulbari  
Coal Deposit  
Area

The background of the slide is a topographic map of the Phulbari Coal Deposit Area. The map features contour lines with numerical values such as 90, 100, 150, 160, 180, 190, 200, 210, 220, 230, 240, 170, 180, 190, 200, 210, 220, 230, 110, 120, 130, 140, 150, 160, 170, 180, 190, 200, 210, 220, 230, and 240. A large, irregularly shaped area in the lower right quadrant is labeled 'Phulbari Coal Deposit Area'.