

Phulbari Coal Project



UK

November 29th, 2005

The Phulbari Coal Project...

The map illustrates the Phulbari Coal Project's infrastructure in Bangladesh. A blue route starts at **Phulbari** in the north, passes through **Ishurdi** and **Darshana**, crosses the **Jamuna Bridge** and **Hardinge Bridge**, and ends at **Khulna** on the coast. Other locations marked include **Dhaka**, **Gazipur**, **Chandpur**, **Mongla**, **Akram point**, and **Chittagong**. A yellow box labeled **India** is positioned near the coast. Surrounding the map are several images: an aerial view of a large open-pit coal mine; a yellow and black conveyor system; a red cargo ship at a port; a coal train on a track; and a large red Panamax ship at sea. A text box in the bottom right corner specifies: **Handymax → 40-45kt** and **Panamax → 55-70kt**.

Placing...

- **US\$52M (gross) placing through JPMorgan Cazenove**
- **Allocation Preference → existing Institutional shareholders**
- **Firm Placing + Conditional Placing ← EGM**
- **EGM for Conditional Placing → 22nd December**

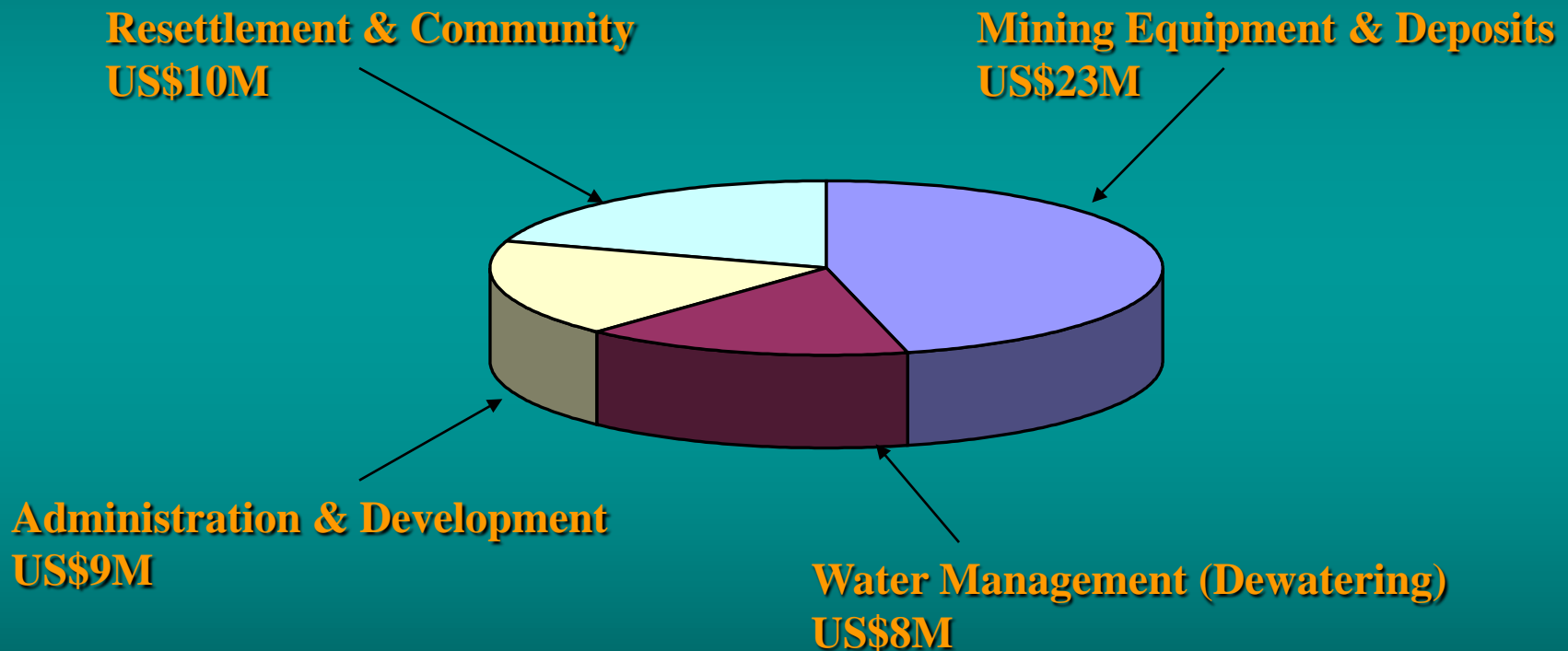
Reasons for Placing...

- **Fund certain initial Project development activities in order to achieve current mining plans**
- **Mining Equipment:**
 - purchase initial gear → site preparation / operator training
 - deposit for larger equipment → join manufacturers' delivery queue
- **Resettlement & Community:**
 - **Commence Land Acquisition Process**
 - Initial mining area
 - Model village → initial resettlement site

Reasons for Placing...

- **Water Management:**
 - Purchase pumps / associated equipment
 - Commence dewatering
 - preparation for mining late 2006
- **Administration & Development:**
 - Build Project development team
 - Detailed mine planning
 - Production scheduling
 - Contract preparation

Net Placing Proceeds Expenditure...



**TOTAL US\$50M (net) →
approx. 1/3 of Project Expenditure 2006**

Funding Strategy...

- **Life-of-Mine model estimates:**
 - US\$1.07B (excl. financing costs) required before Project reaches +ve cashflow in 3rd year coal production (2010)
 - CAPEX → US\$850M
 - Net OPEX → US\$220M ...to 2010
- **14% → 2006... 44% → 2007... 34% → 2008... 8% → 2009**
- **Estimates will continue to be optimised in lead up to finalising Banking Project Info Memo**

Funding Strategy...

- **Barclays Capital August 2004 → financial advisors**
- **Finance Options being evaluated** (but not limited to):
 - Equity
 - Project debt
 - Debentures
 - Convertible debentures
 - Export credit agencies
 - Multi & bi-lateral agencies
 - Off-take agreements
 - JV partners
- **Financing structure → part of finance process commencing early 2006**

Progress → Phulbari Coal Project ...

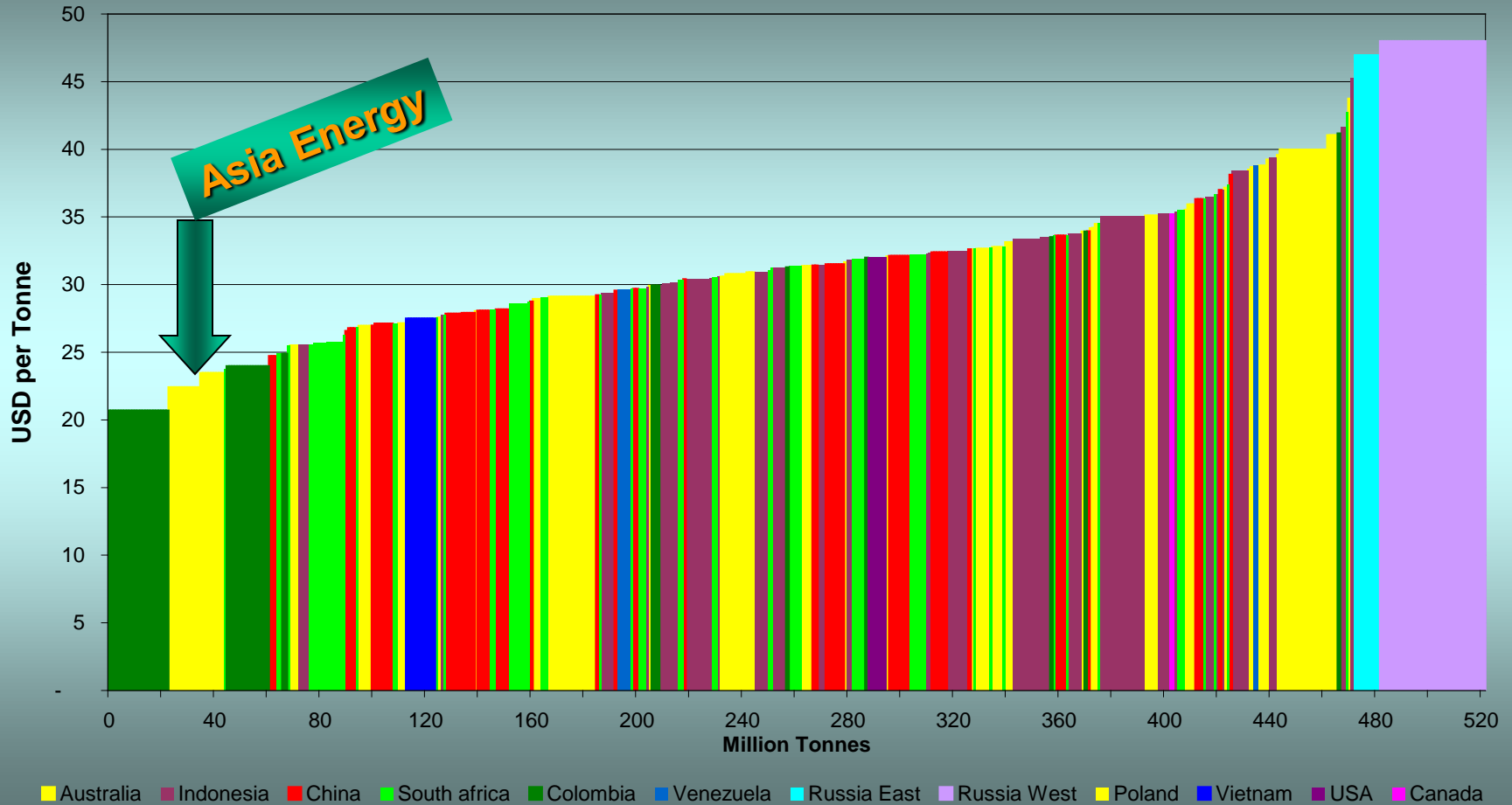
- Resource of 572 million tonnes
- Approx. 93% Measured + Indicated
- Drilling / Geophysics:
 - basin extends southwards (remains open)
- Diverse Product Mix:
 - Thermal & Semi Soft Coking Coal

- Comprehensive Study Completed:
 - First coal 2008
 - 15Mtpa saleable coal by 2013
 - >30 year Project life
 - Lowest Quartile Cost Producer (<US\$25/tonne)



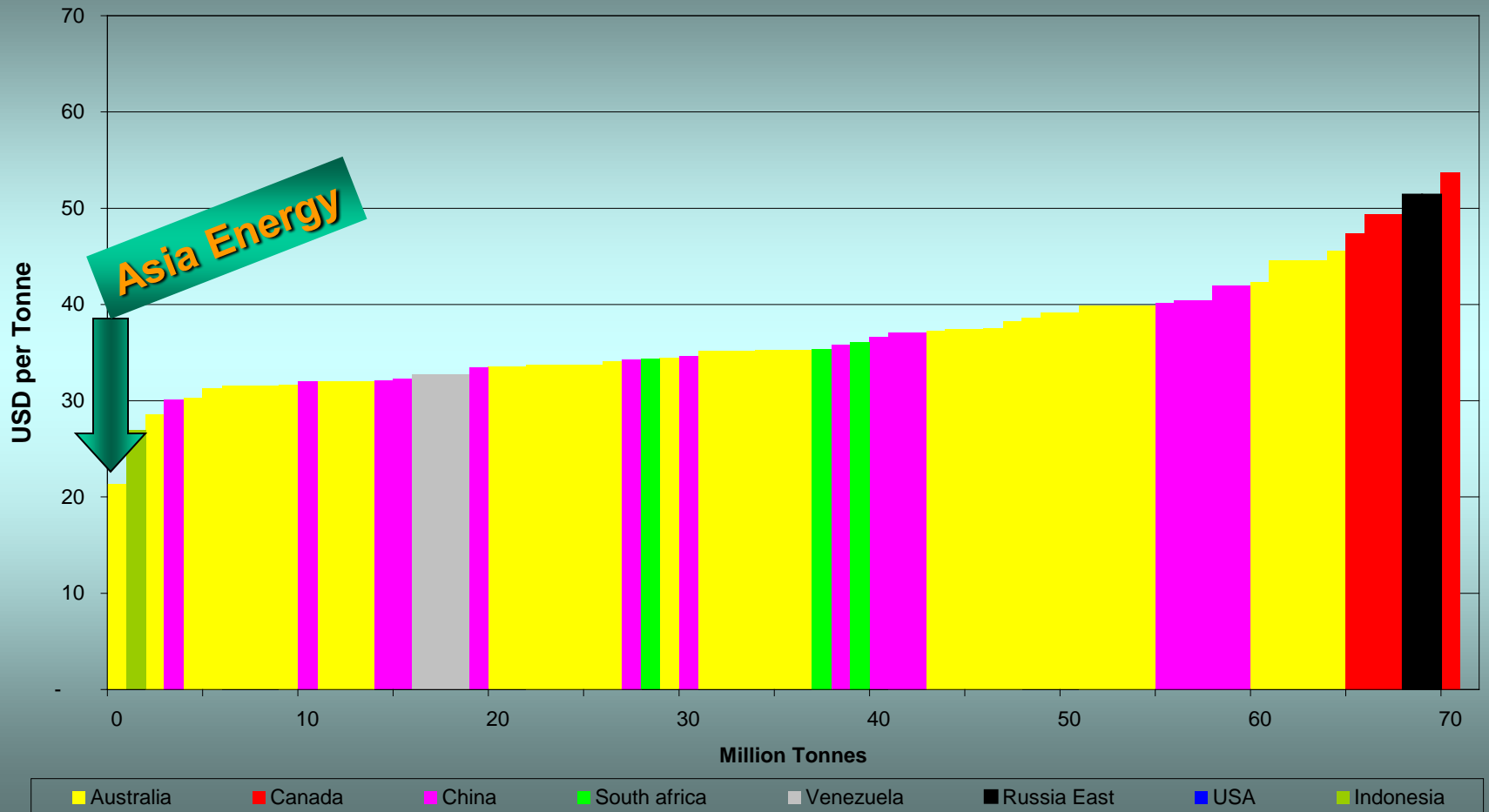
Thermal Coal Cash Cost Curve

2005 Thermal Coal FOB Cash Cost Curve
adjusted to 6350kcal/kg gar



Metallurgical (Non HCC) Cash Cost Curve

2005 Metallurgical Coal FOB Cash Cost Curve



Progress → Phulbari Coal Project ...

- **Coal Export:**
 - Rail / River Barge / Port Infrastructure requirements established
- **Environment Clearance**
 - from GoB September 2005
- **Feasibility/Scheme of Development**
 - to GoB October 2005

NEXT STEPS

- **Commence initial development activity**
- **Final Project Approval ← GoB**
- **Complete Banking Project Info Memo**
- **Project Funding...assistance from BarCap**





Phulbari Movie

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