

A leading *independent* Australian coal company

MACARTHUR COAL
LIMITED



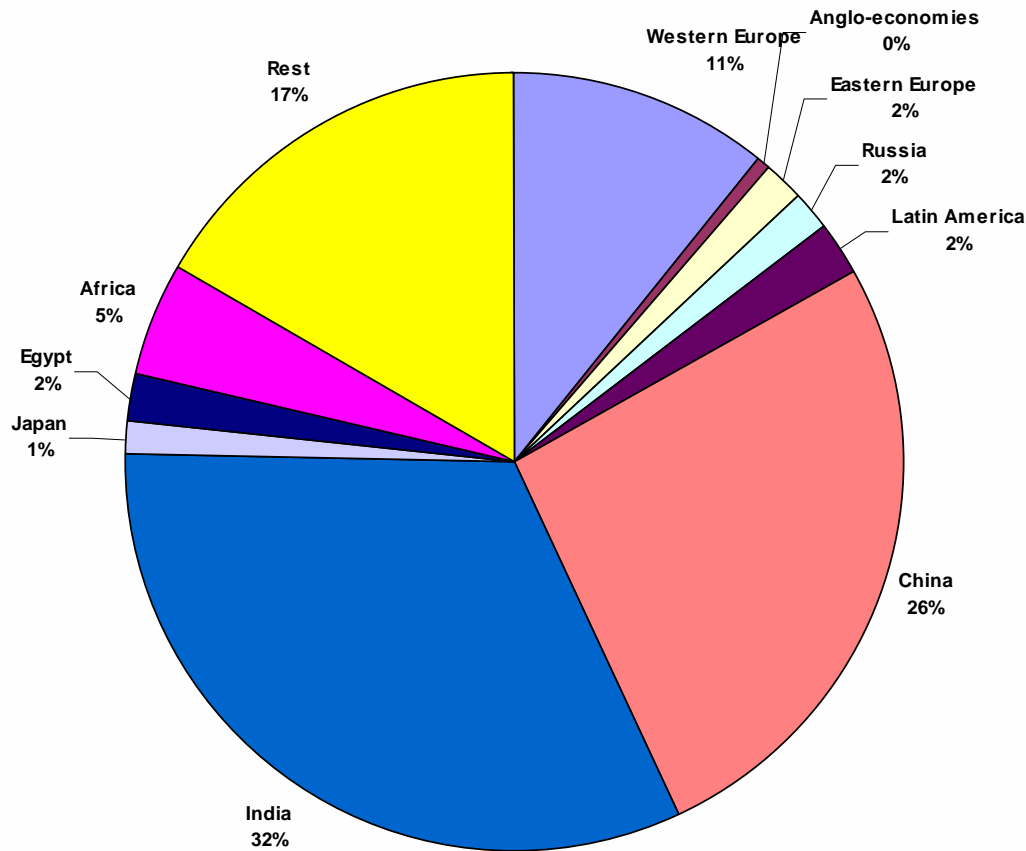
Presentation to Brisbane Mining Club

Live or Let Die ...

Ken Talbot - Managing Director & CEO

Friday 28 October 2005

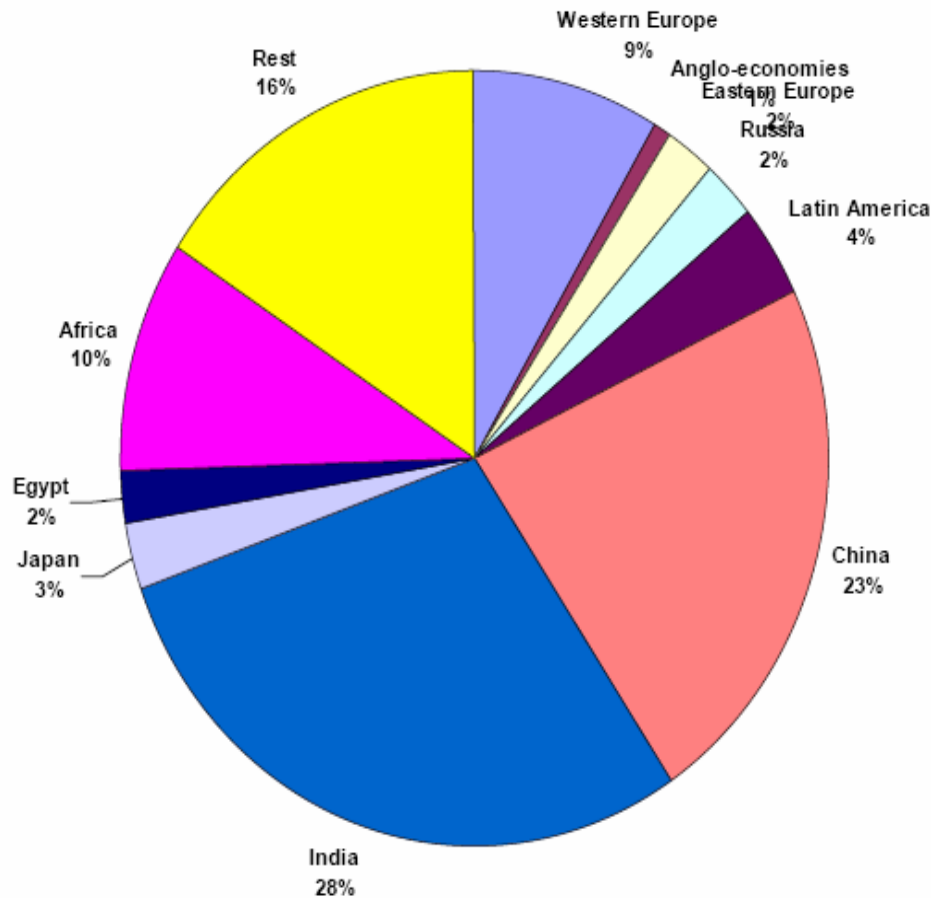
World output – Year 1 AD



China plus India = 58%

Anglo-econs < 1%

World output – Year 1000 AD

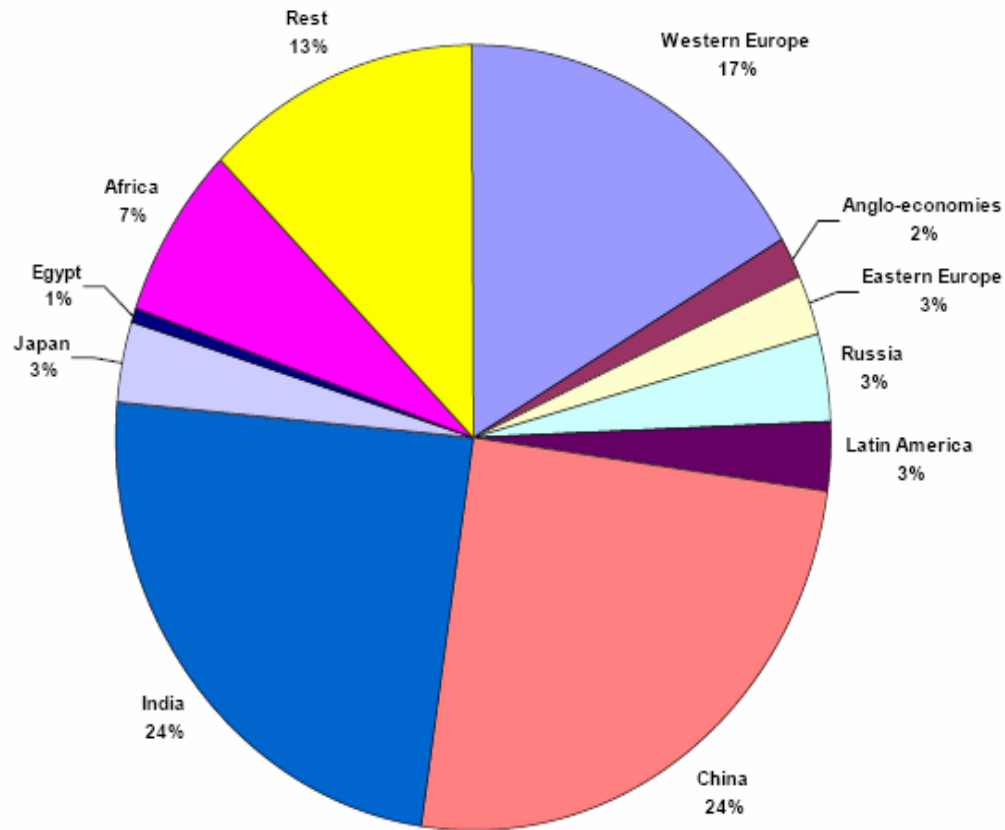


China plus India = 51%

Anglo-econs = 1%

World growth rate = 0.01% pa

World output – Year 1500 AD

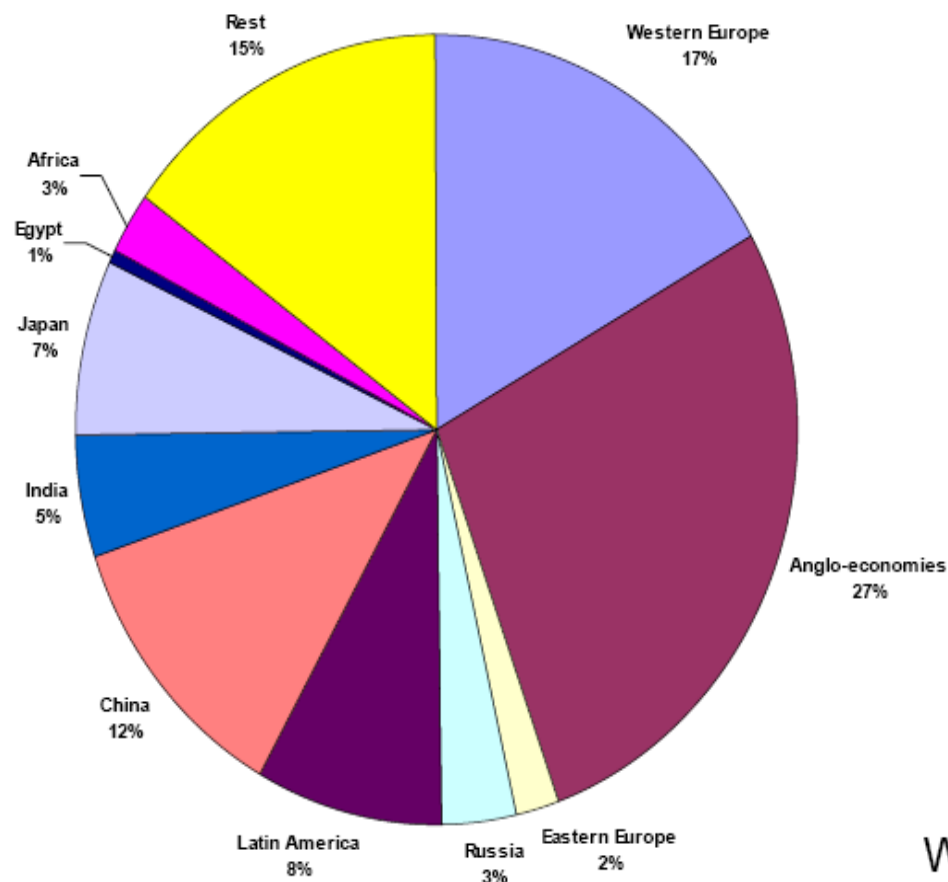


China plus India = 48%

Anglo-econs = 2%

World growth rate = 0.2% pa

World output – Year 2000 AD



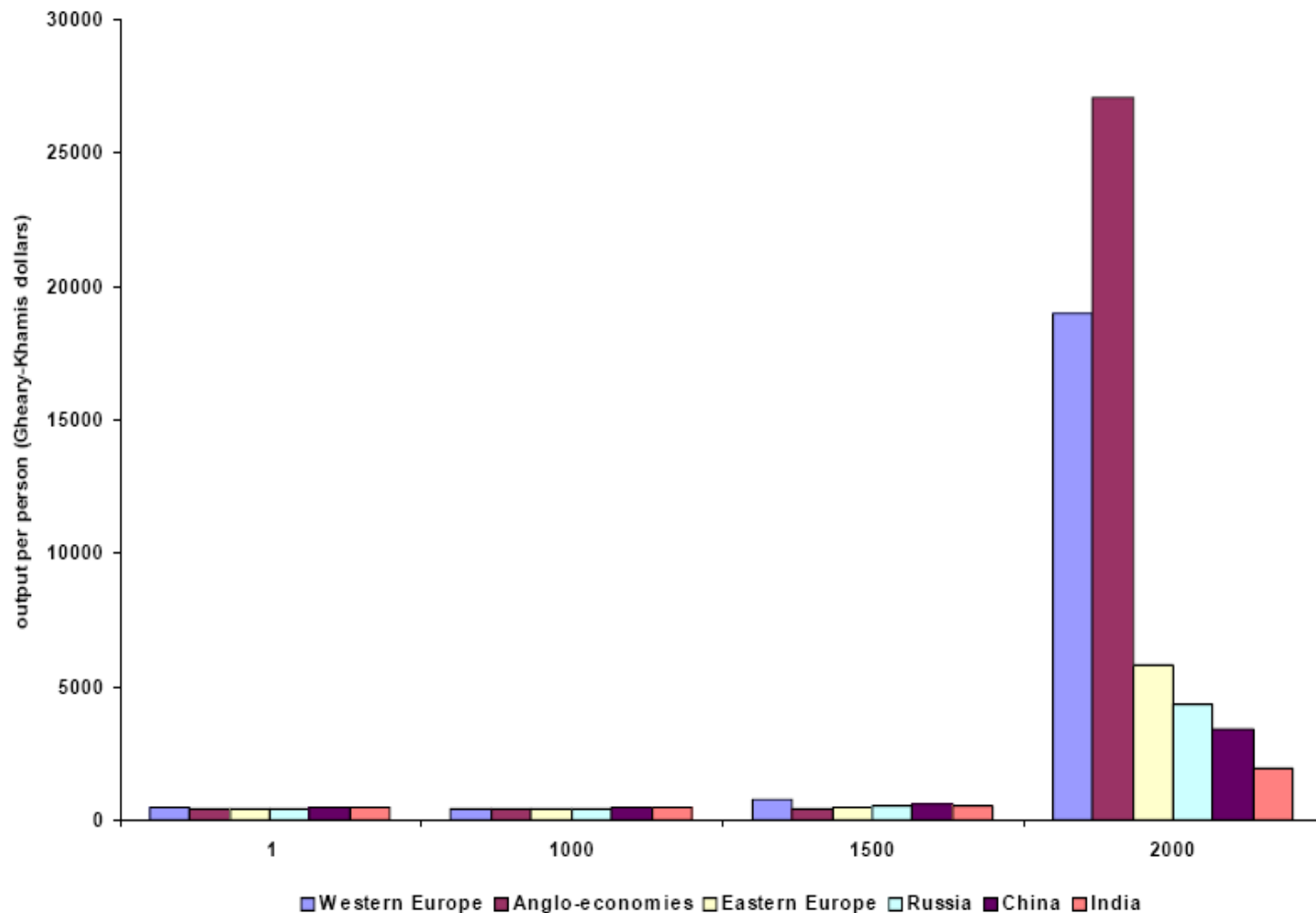
China plus India = 17%

Anglo-econs = 27%

World growth rate = 1.0% pa

Global productivity – 1 to 2000 AD

GDP per capita



Enter... The Minerals/Coal Industry

'The Map that Changed the World'

By Simon Winchester

Completed by just one man

W Smith – 1 August, 1815

The Australian Coal Industry

Some Rich History

- ◆ Discovered by Captain Cook, 1770 in a cliff south of Sydney (called Coal Cliff)
- ◆ Coal Cliff Mine closed in the 1980's after approximately 100 years of mining
- ◆ Australia has some rich coal deposits
Example: Bowen Basin of Queensland

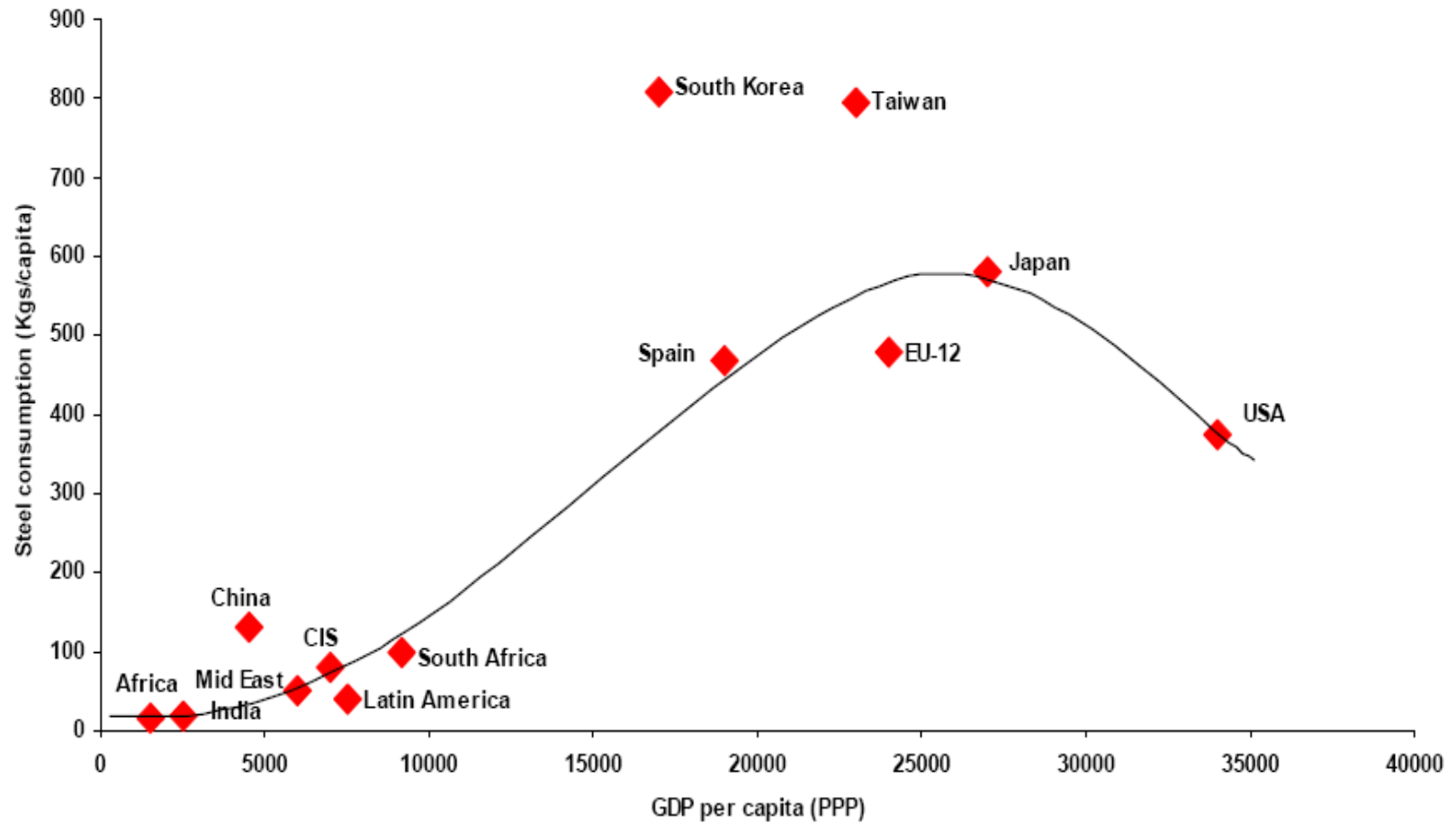
What's Different This Time?

1980's vs 2000's

- ◆ Customers - Continuing concern with security of raw materials
- ◆ Demand - Japan vs global
- ◆ Bowen Basin - Shallow to deep mining
- ◆ Infrastructure - Today at full capacity
- ◆ Environment - Today's high expectation

Western world sees lots of upside

Global per capita steel consumption and per capita GDP



Coke Making Trends

- (1) Outsourcing
- (2) Trend towards non-recovery technology
 - Environmental factors
 - Cost Drivers

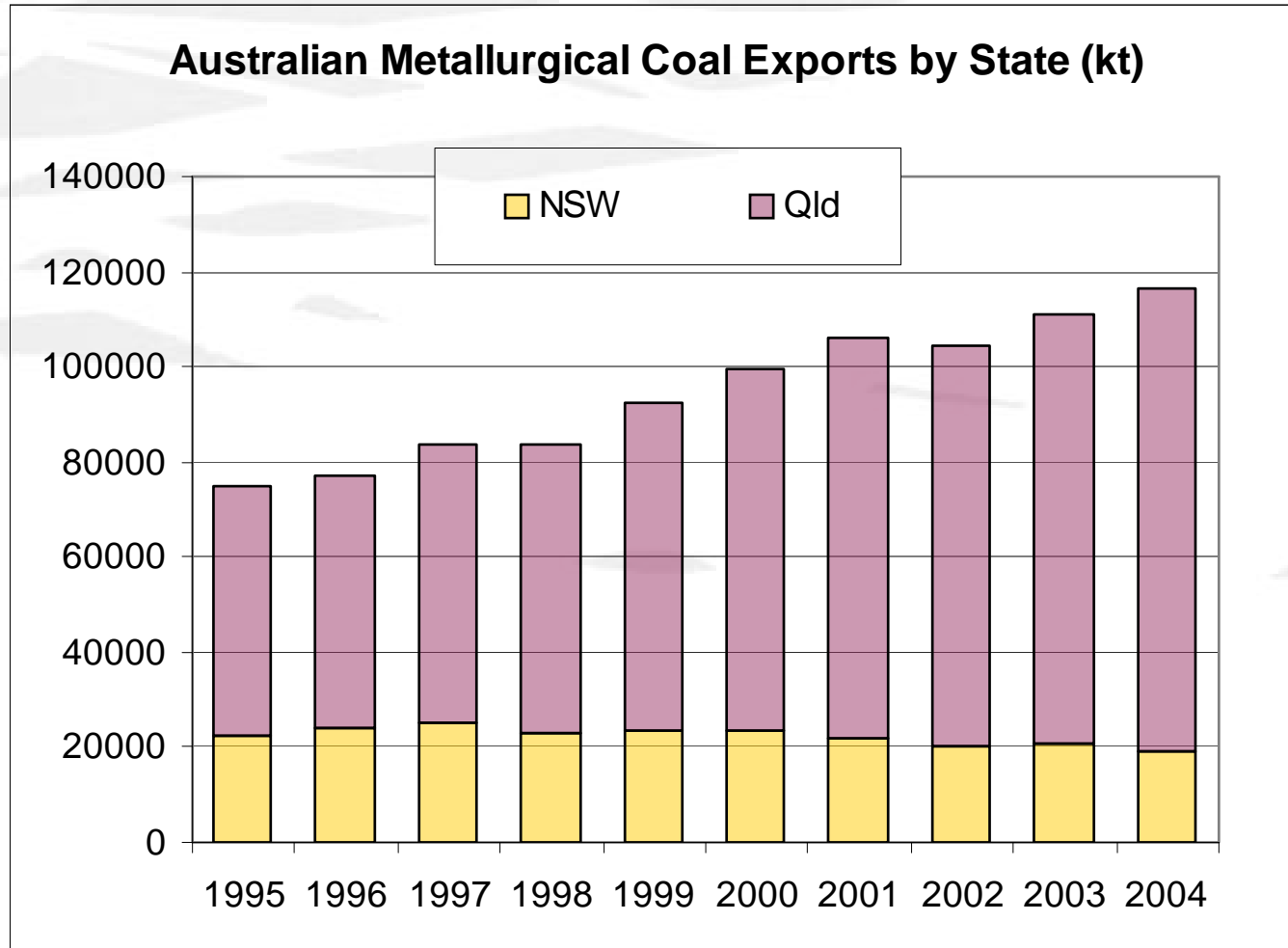
Coke Making Trends cont'd



VS



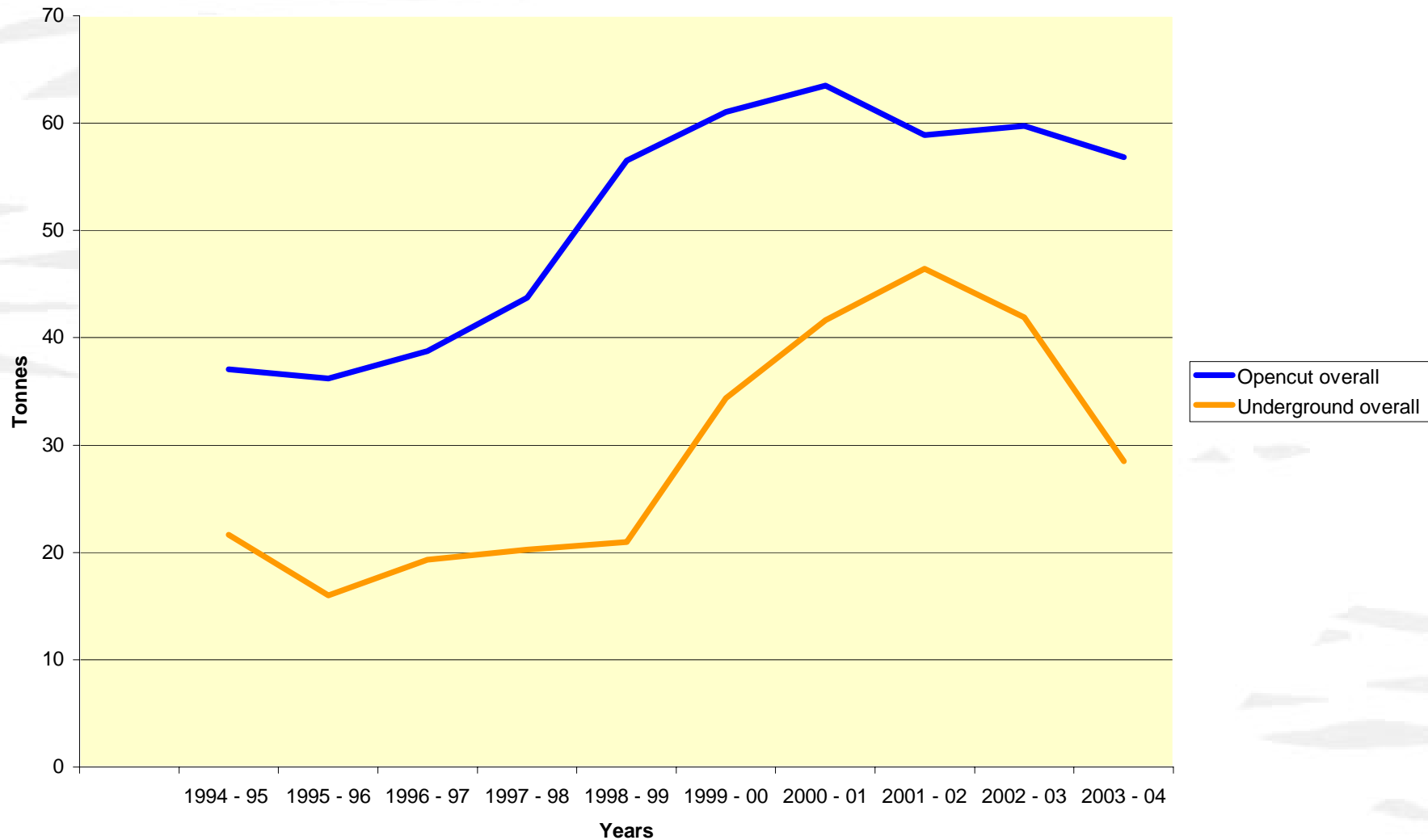
Coal State of Origin



Source: Barlow Jonker

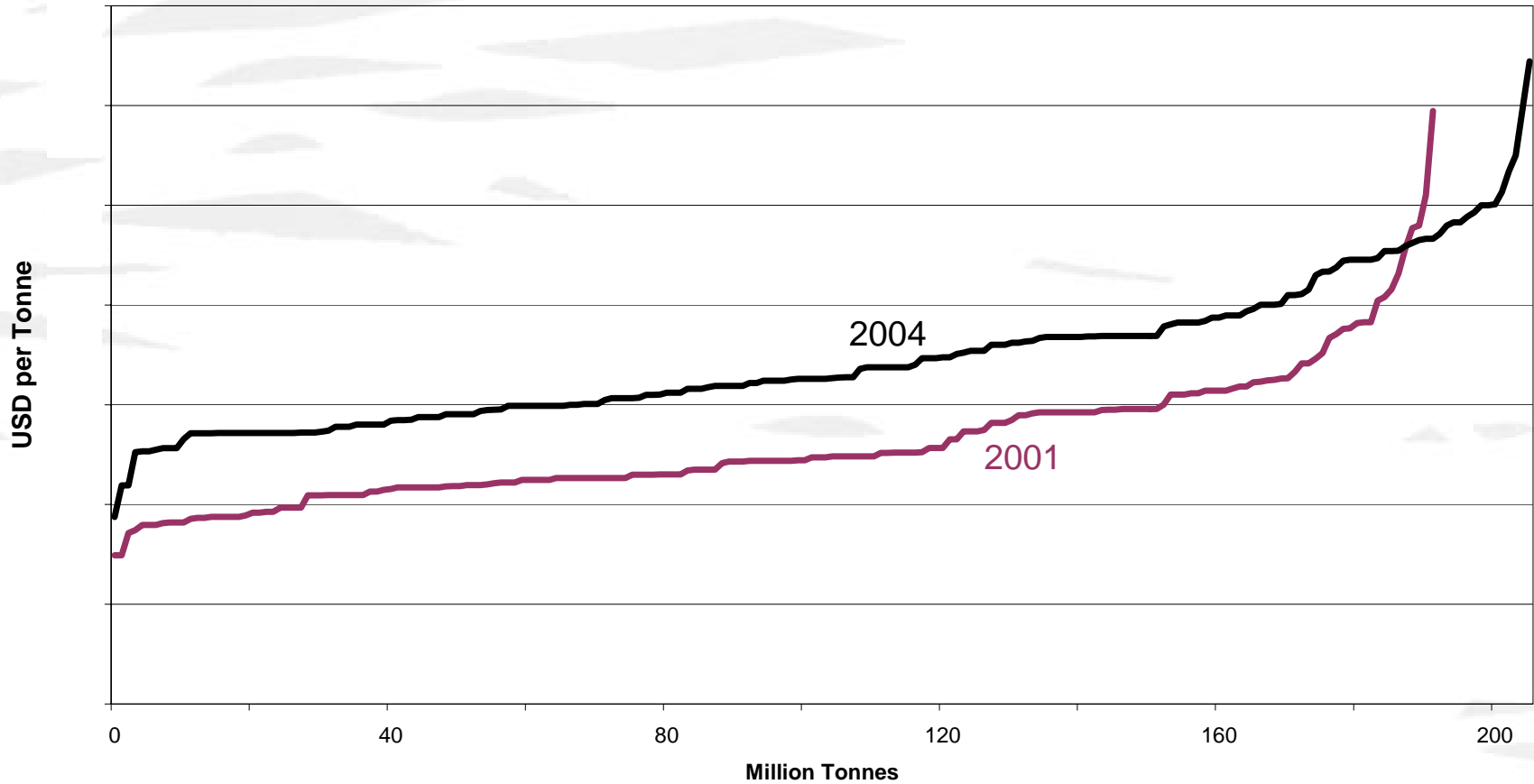
Productivity – Qld Coal Industry

Output per Employee Shift



Global Cost Trends

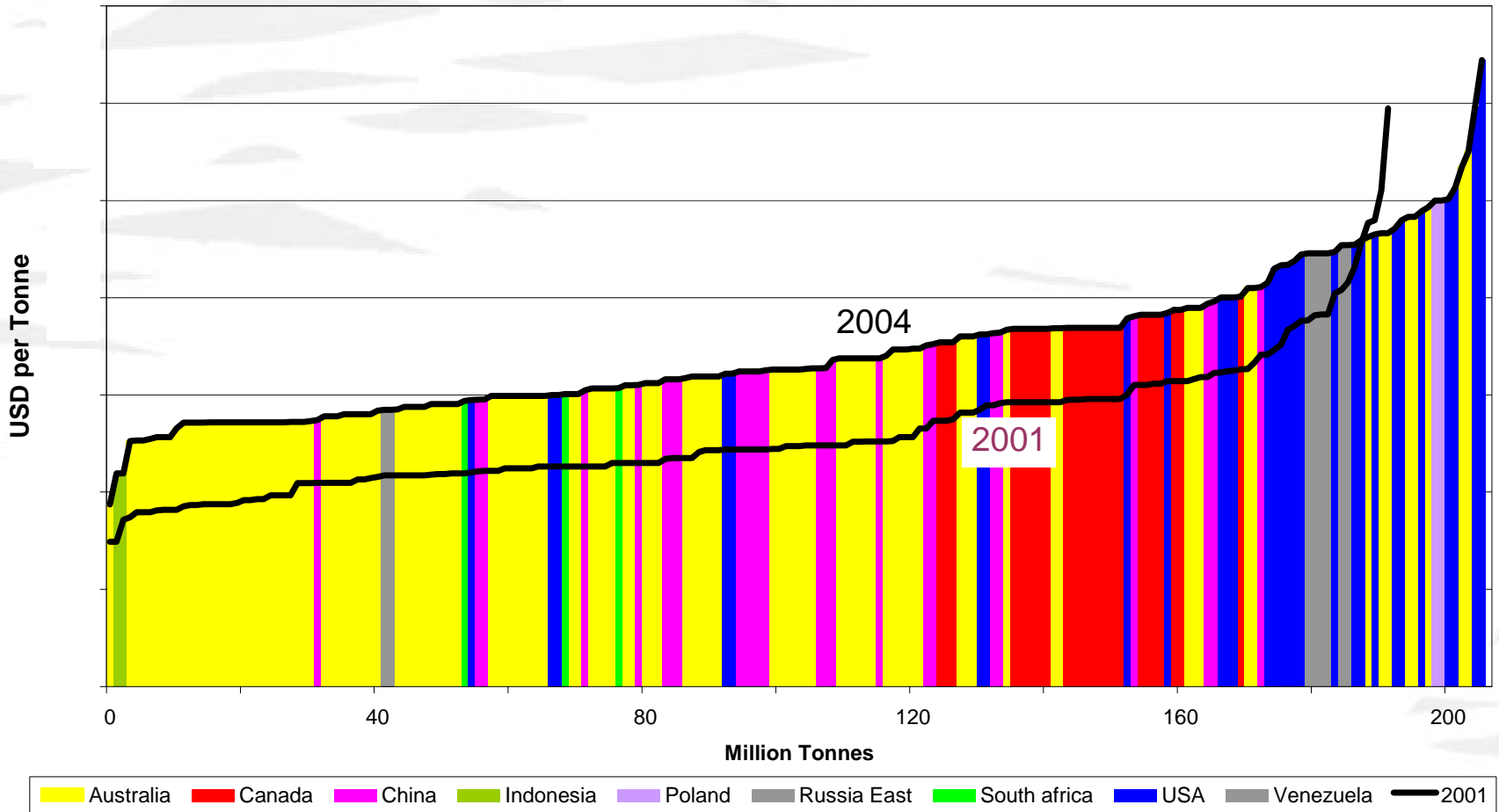
Metallurgical Coal FOB Cash Cost Comparison



Source: Barlow Jonker

Australia Remains Competitive

Metallurgical Coal FOB Cash Cost Comparison



Source: Barlow Jonker

Long Term Sales Price Trend

Stronger prices for longer

- ◆ To account for increasing cost structure
- ◆ To provide an adequate return on investment
- ◆ Relationship with customers, an ongoing challenge

MacArthur Coal



Source: General Douglas MacArthur Foundation, Virginia - USA

Macarthur Coal Corporate History

◆ Taitalio Pty Ltd (a shelf company name)

- ◆ Formed 1988
- ◆ Invested in the Jellinbah East project

◆ Macarthur Coal Pty Ltd

- ◆ Name changed November 1995
- ◆ Invested in Coppabella Project (1996) and a Bowen Basin exploration program (1998)

◆ Macarthur Coal Limited

- ◆ IPO – July 2001

People Make the Difference

Behind every good story..... are good people

- ◆ Frank Simmons/Bill Adamson – Queensland Rail
- ◆ The late Reg Tanna/Bryan Jordan – Gladstone Port Authority
- ◆ Roger Marshall
- ◆ Lance Grimstone
- ◆ Denis Wood
- ◆ The Directors of Macarthur Coal Limited
 - ◆ Hon. Keith De Lacy
 - ◆ Roger Marshall
 - ◆ Don Nissen
 - ◆ Peter Forbes

Significant Discoveries for Macarthur Coal



Source: Queensland Coke & Energy

Macarthur Coal Outlook

<u>Project</u>	<u>Potential 100% Size (mtpa)</u>	<u>Potential Likely MCC size (mtpa)</u>
COAL		
Existing Mines	7	5
8 Exploration properties	24	16 – 18
Monto	8 – 10	4 – 5
Total	39 – 41	25 - 28
COKE PROJECT		
Stanwell	3.2	1.6

Big Issues

- ◆ Health and safety
- ◆ Water
- ◆ Meeting community expectations
- ◆ Managing market expectations

Queensland Resources Council (QRC)

- ◆ All companies operating in Qld should join
- ◆ Let's all have a say!
- ◆ We need everyone to work together

Conclusions

Summary as follows:

- ◆ China and India not a new phenomena
- ◆ The Australian coal industry is less than 200 years old
- ◆ Within Australia, Qld is dominant and is a major global producer
- ◆ Macarthur Coal is Qld's leading coal exporter with plans to substantially grow

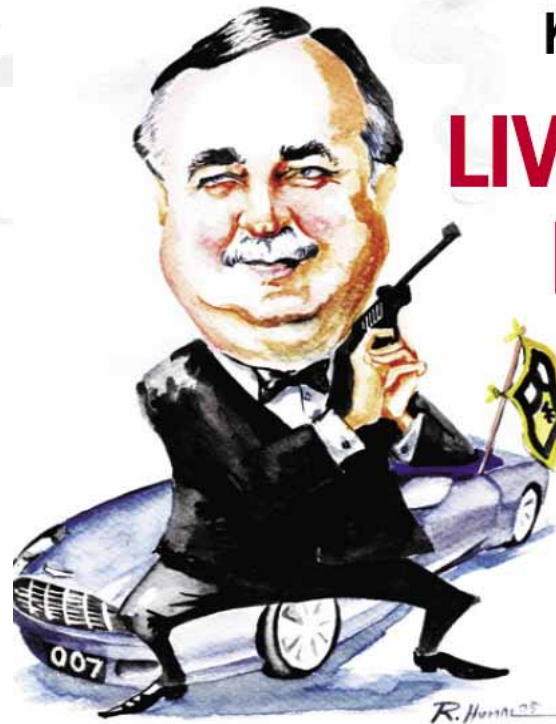
Conclusions



www.brisbaneminingclub.com.au

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NEWSLETTER

The 18th BMC Mining Forum, Friday 28th October 2005.



KEN TALBOT

presents

LIVE OR LET DIE

A SIMPLE COAL MINER
CEO/MD OF MACARTHUR
COAL LIMITED

MAJOR SHAREHOLDER OF
MACARTHUR COAL LIMITED

CENTENARY MEDAL
RECIPIENT - 2003
"DISTINGUISHED SERVICE
WITHIN THE MINING
INDUSTRY"

34 YEARS EXPERIENCE,
AUSTRALIAN COAL INDUSTRY

FROM CADET MINING ENGINEER
TO MINE MANAGER & CEO

MEMBER OF PREMIER
BEATTIE'S EXPORT CONNECTIONS
COMMITTEE SINCE 2003

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