

A leading *independent* Australian coal company

MACARTHUR COAL  
LIMITED



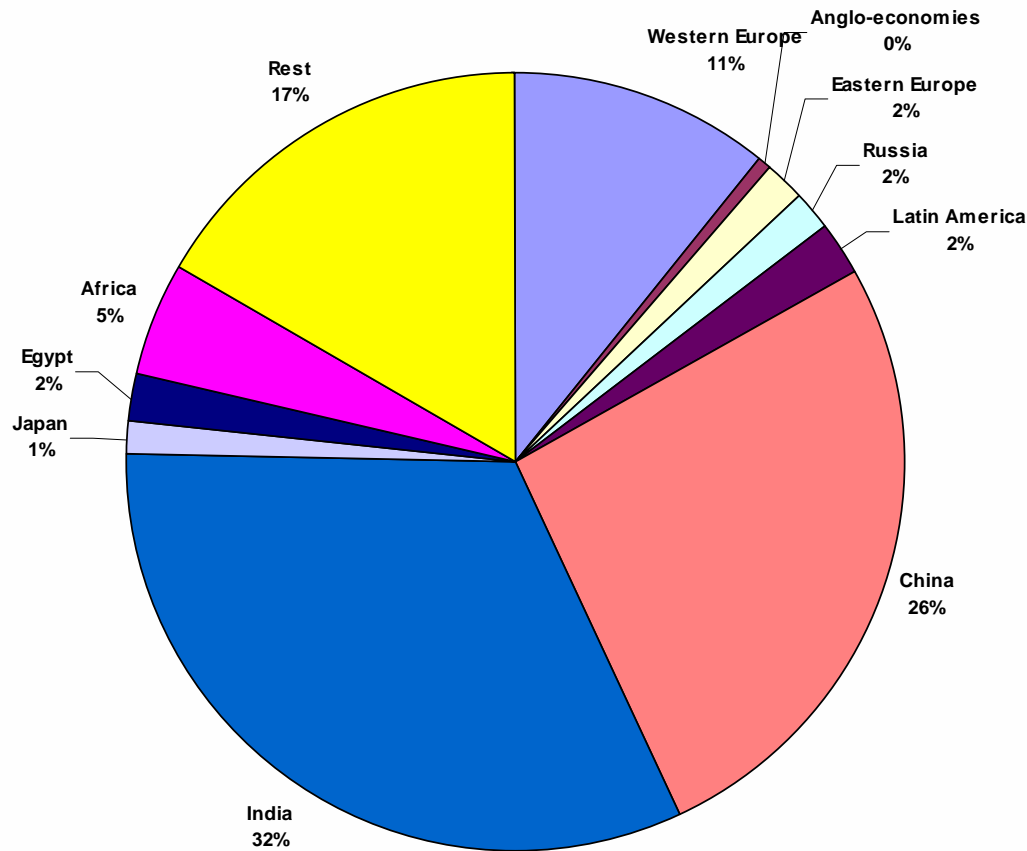
**Presentation to Brisbane Mining Club**

**Live or Let Die ...**

Ken Talbot - Managing Director & CEO

Friday 28 October 2005

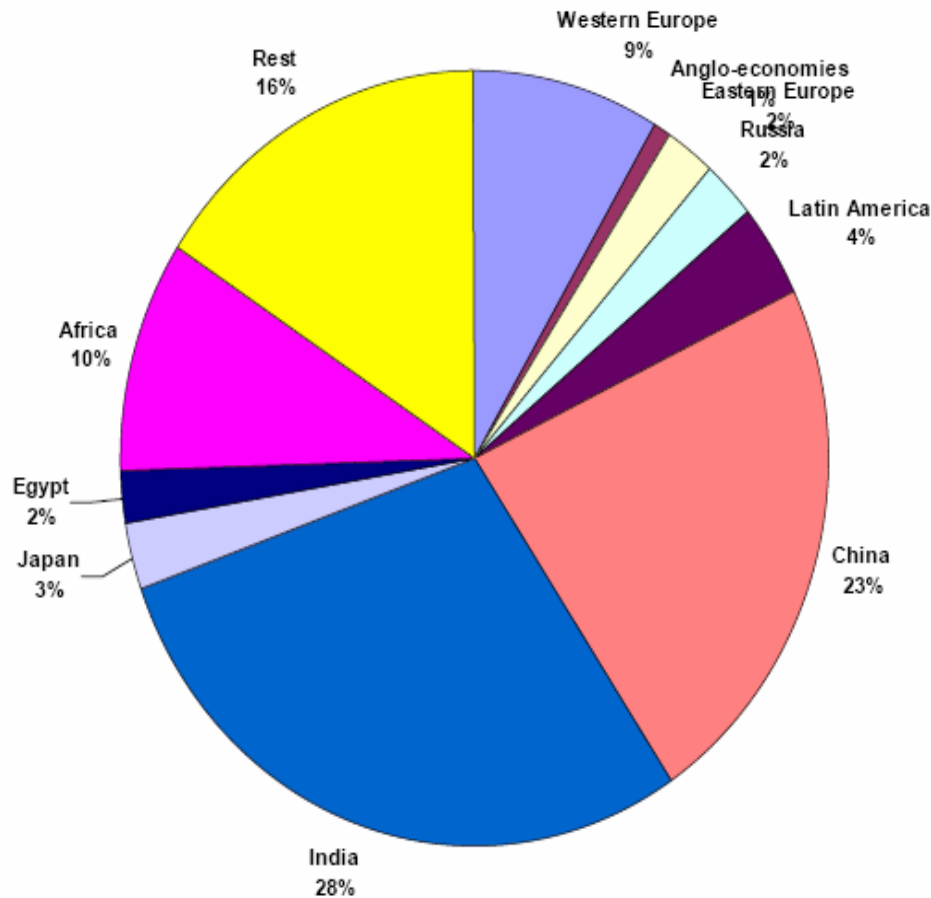
# World output – Year 1 AD



China plus India = 58%

Anglo-econs < 1%

# World output – Year 1000 AD

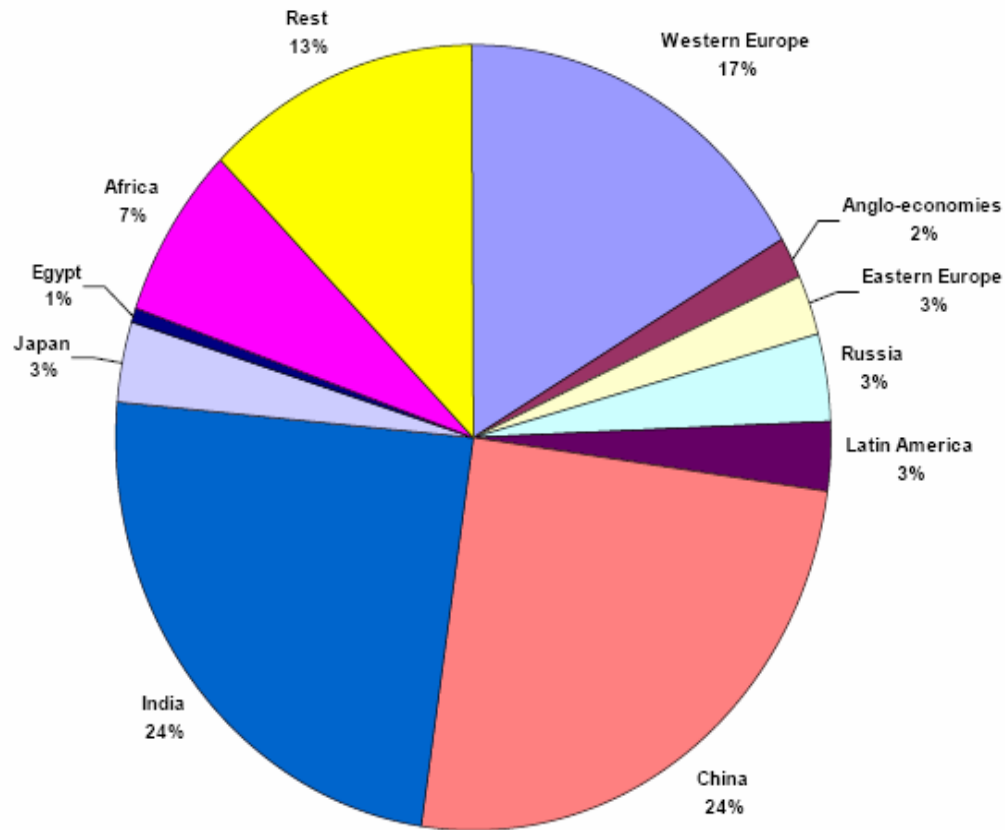


China plus India = 51%

Anglo-econs = 1%

World growth rate = 0.01% pa

# World output – Year 1500 AD

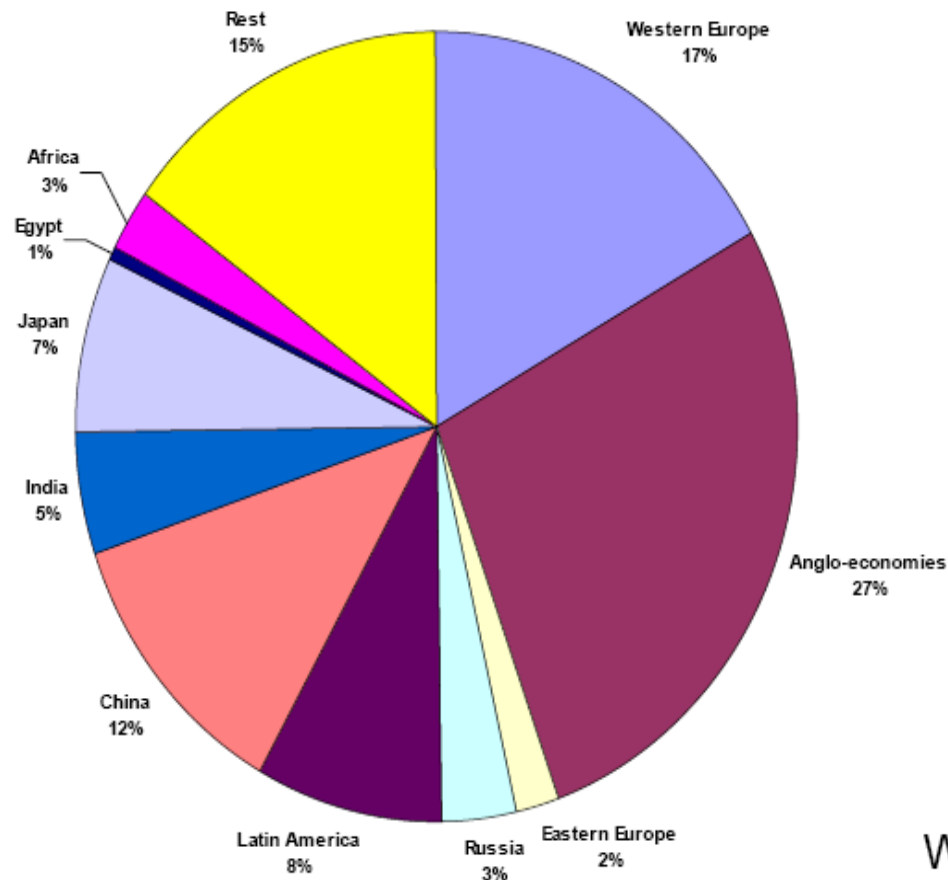


China plus India = 48%

Anglo-econs = 2%

World growth rate = 0.2% pa

# World output – Year 2000 AD



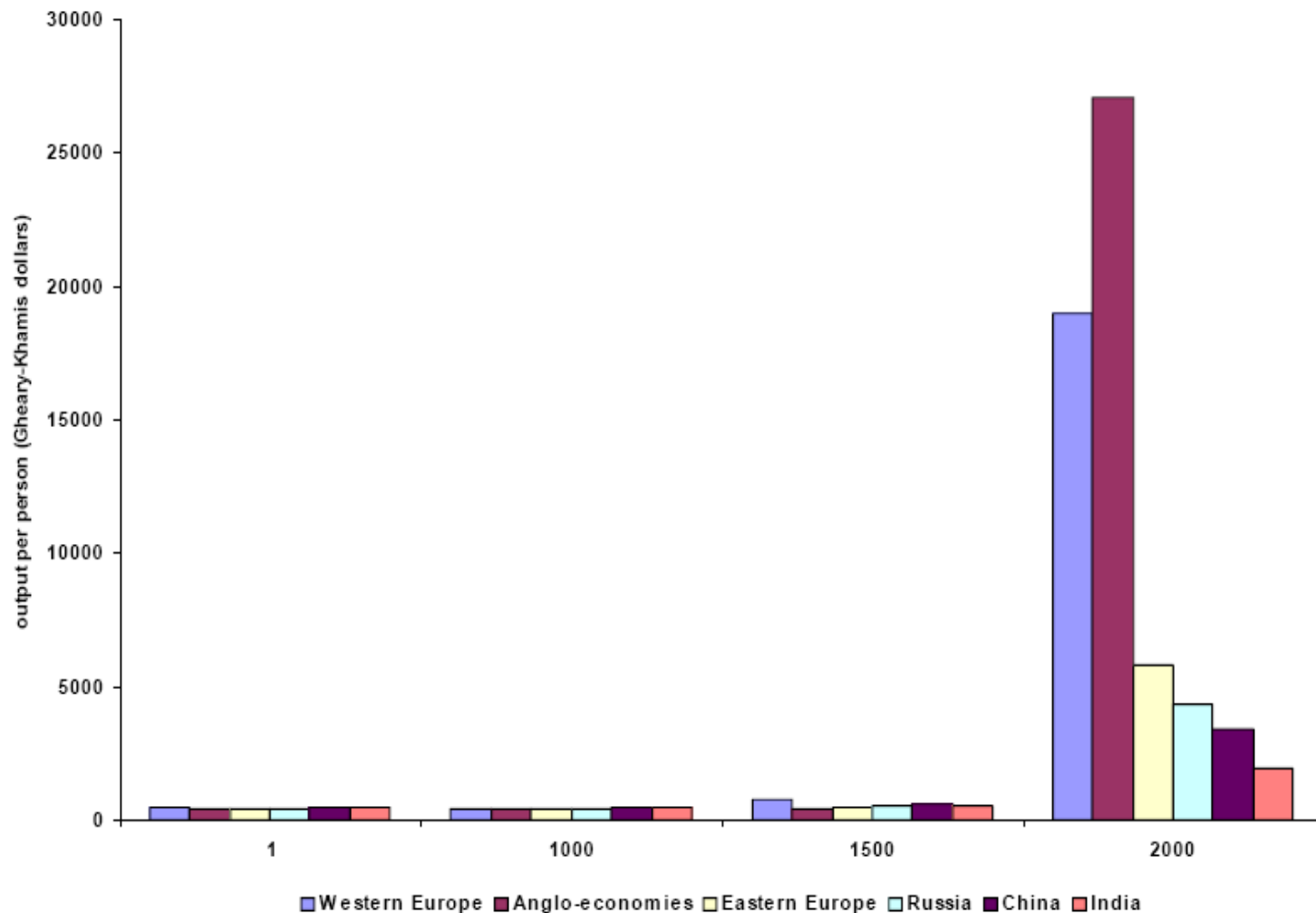
China plus India = 17%

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

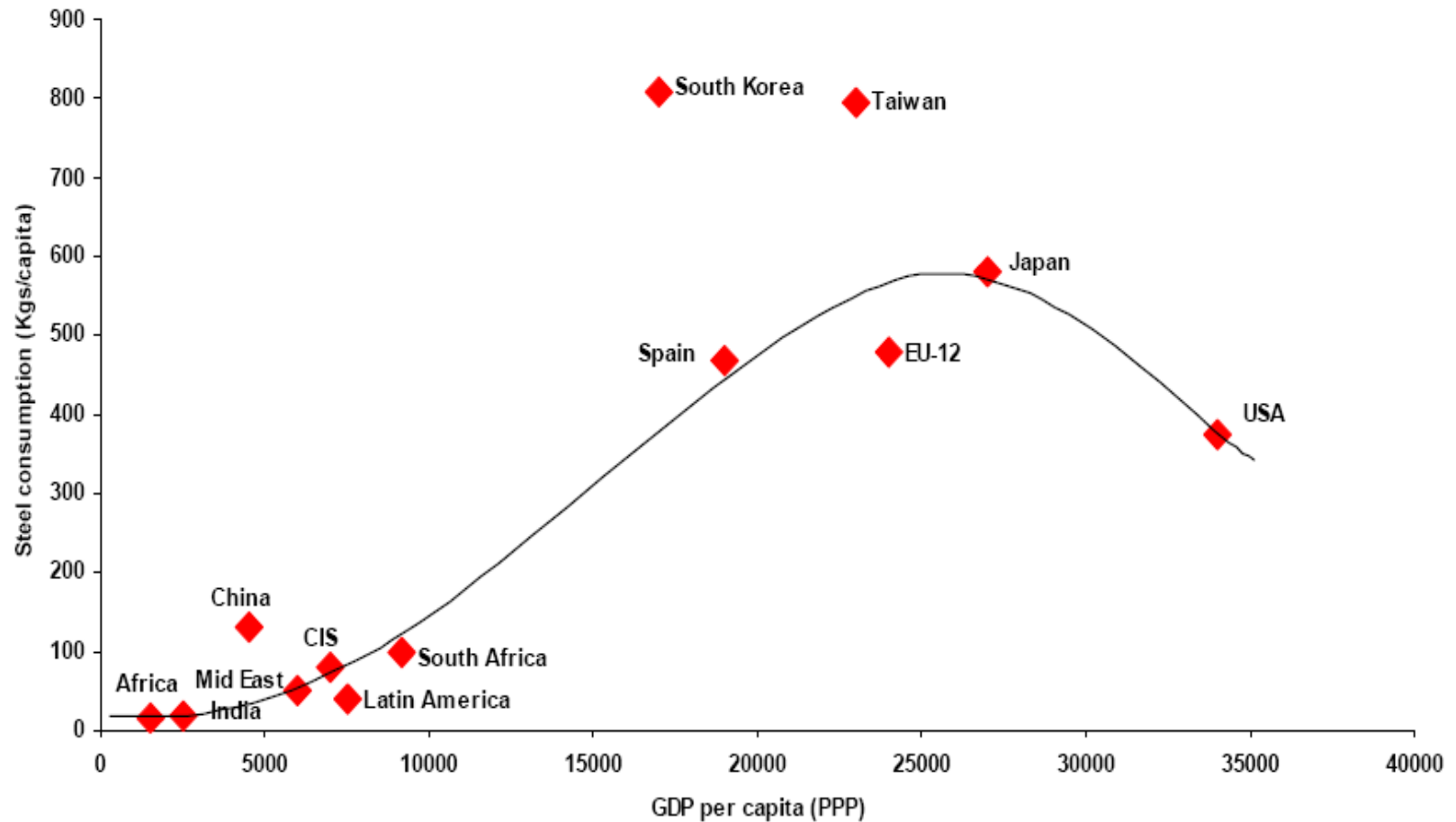
# What's Different This Time?

## 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

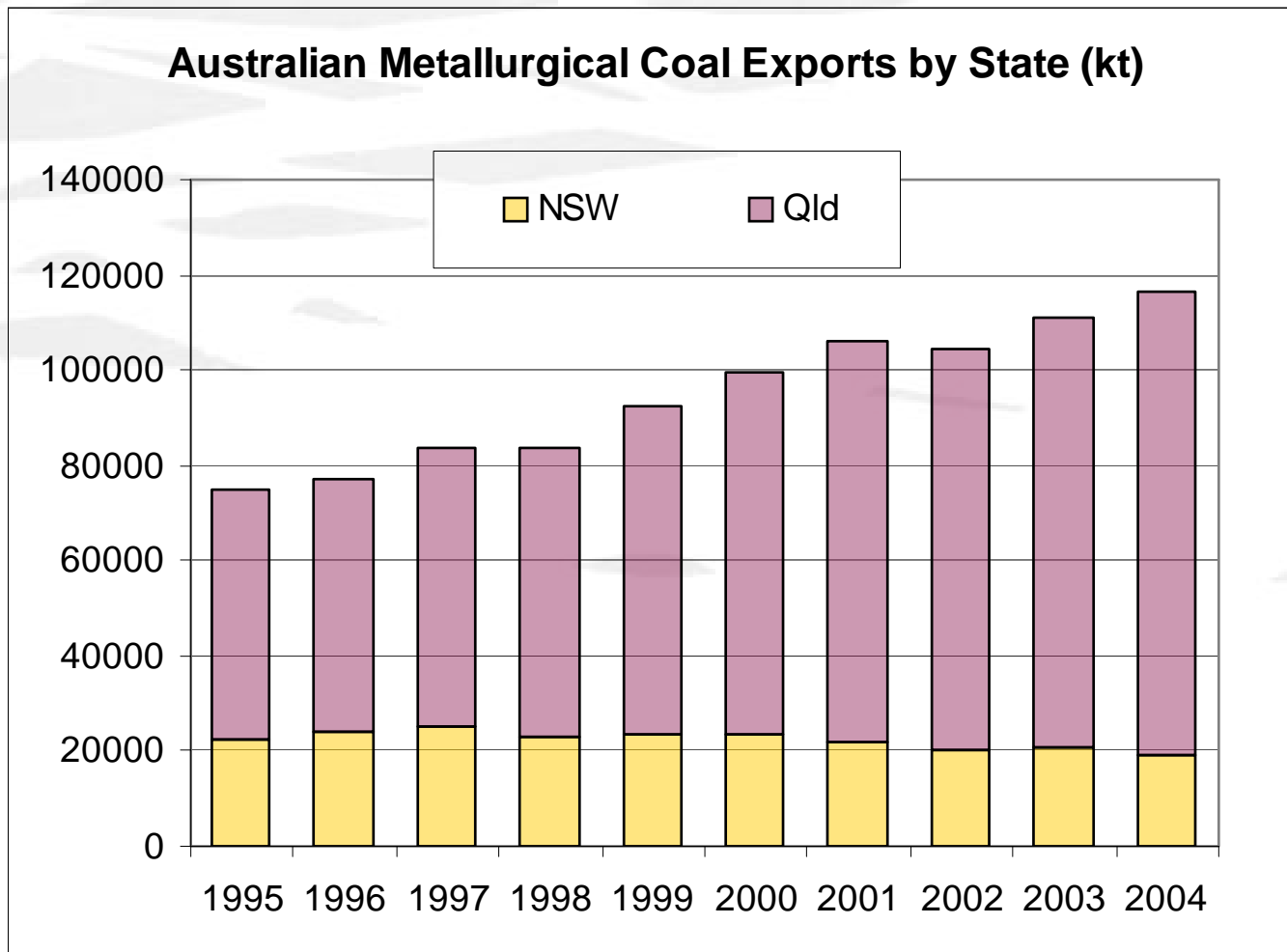
# Coke Making Trends cont'd



VS



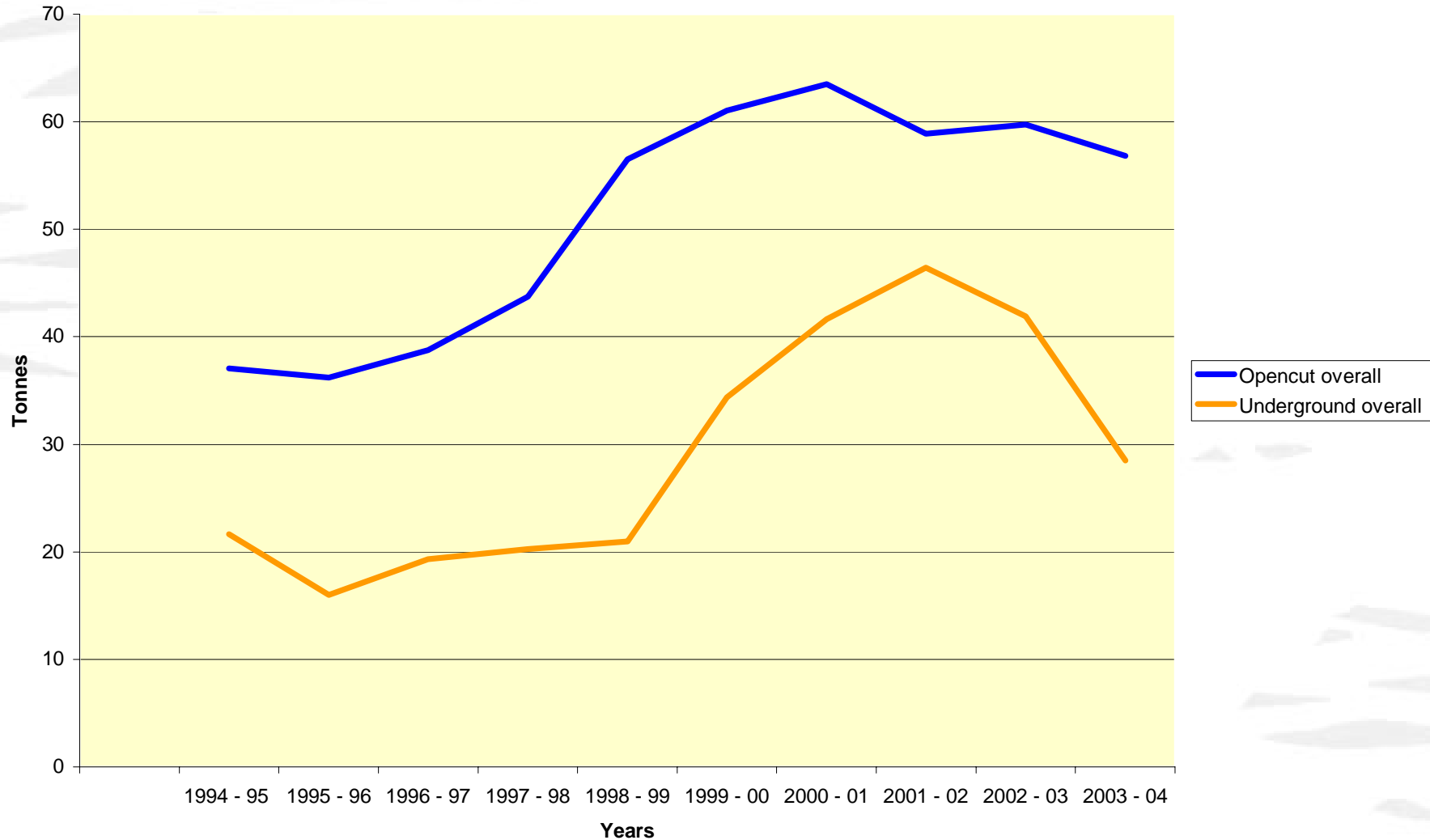
# Coal State of Origin



Source: Barlow Jonker

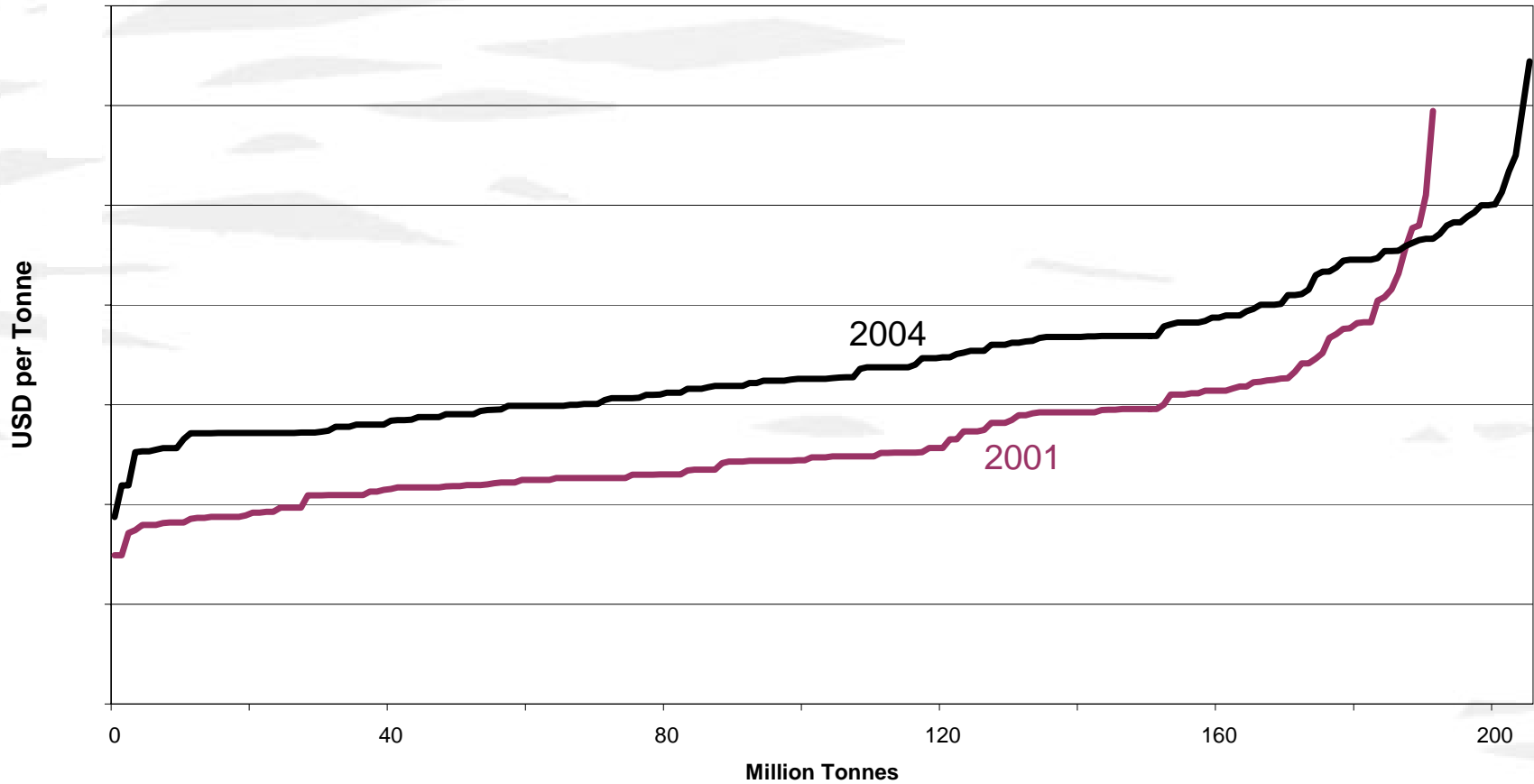
# Productivity – Qld Coal Industry

## Output per Employee Shift



# Global Cost Trends

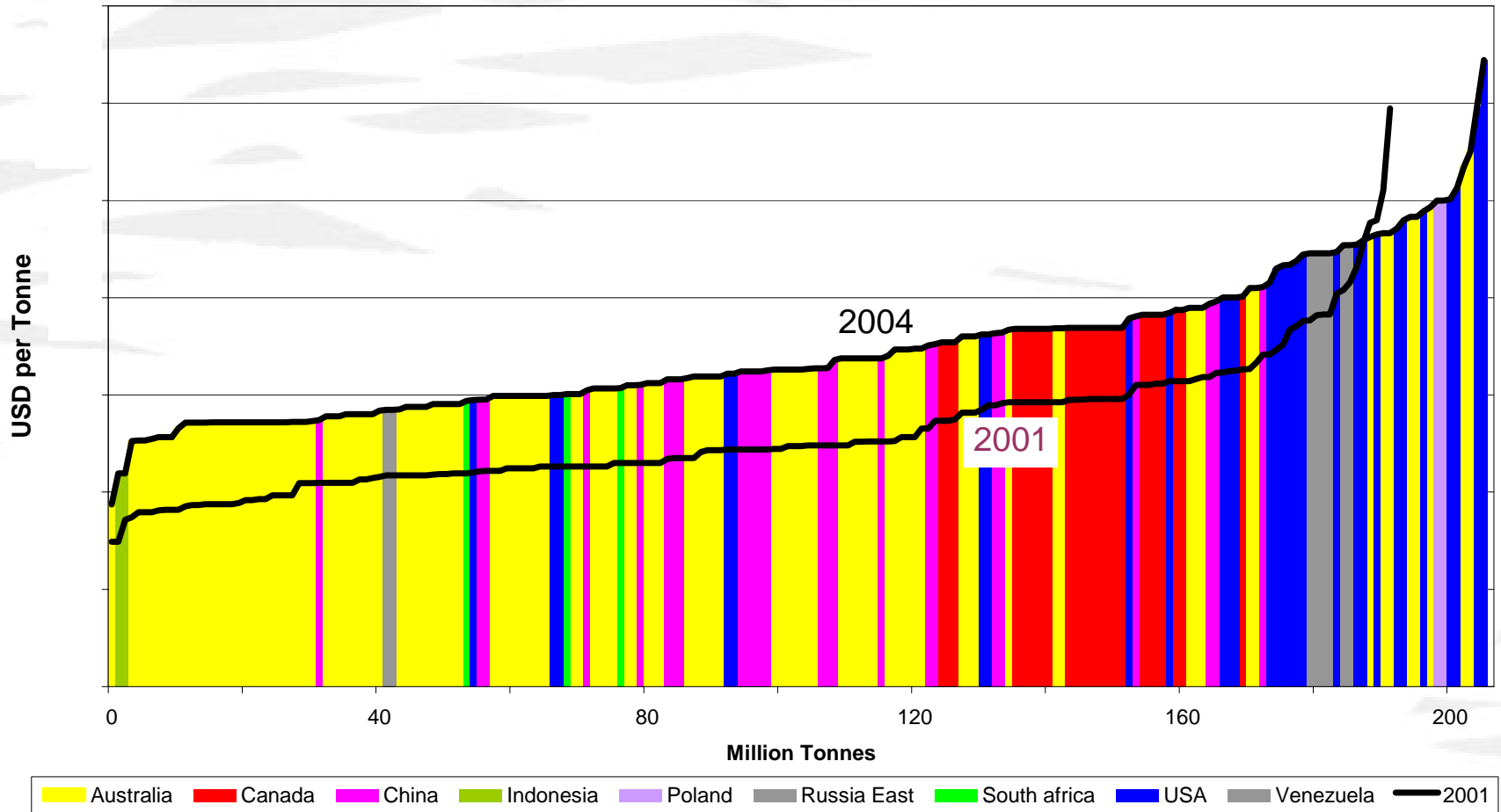
## Metallurgical Coal FOB Cash Cost Comparison



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>
<b>COAL</b>		
Existing Mines	7	5
8 Exploration properties	24	16 – 18
Monto	8 – 10	4 – 5
Total	39 – 41	25 - 28
<b>COKE PROJECT</b>		
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

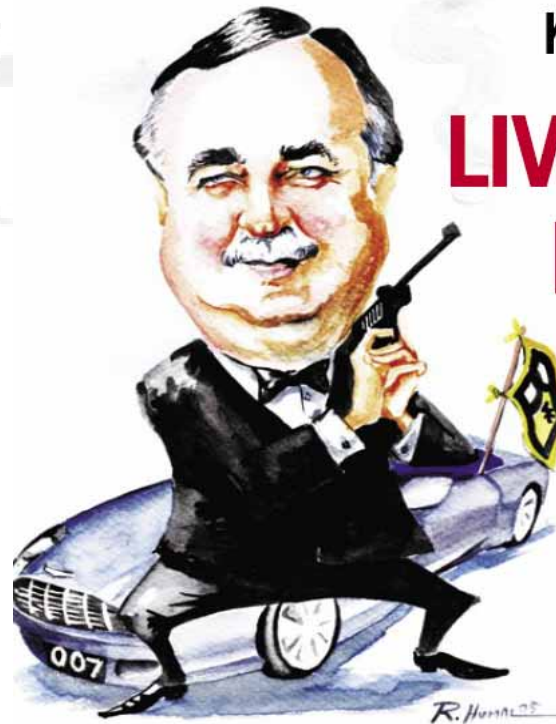
# Conclusions



www.brisbaneminingclub.com.au

18  
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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