



What I've learnt about Coal Mining

Brisbane Mining Club

24 April 2008

TARGET ZERO Zero lost time injuries & Zero fatalities in 2008
OUR STEPPING STONE TO ZERO HARM

What I've learnt about Coal Mining

- Background
- Anglo American Plc
- Anglo Coal Australia
- Dalrymple Bay Coal Chain
- What I've learnt about coal mining

My background

- Chemical Engineer from Dublin
- Technology development with Henkel in Germany for 7 years
- Career highlight up till now – Tooheys Brewery
- A tale of two companies, WMC and BHP Billiton
- Gold, nickel, copper, uranium and now “Black Gold”



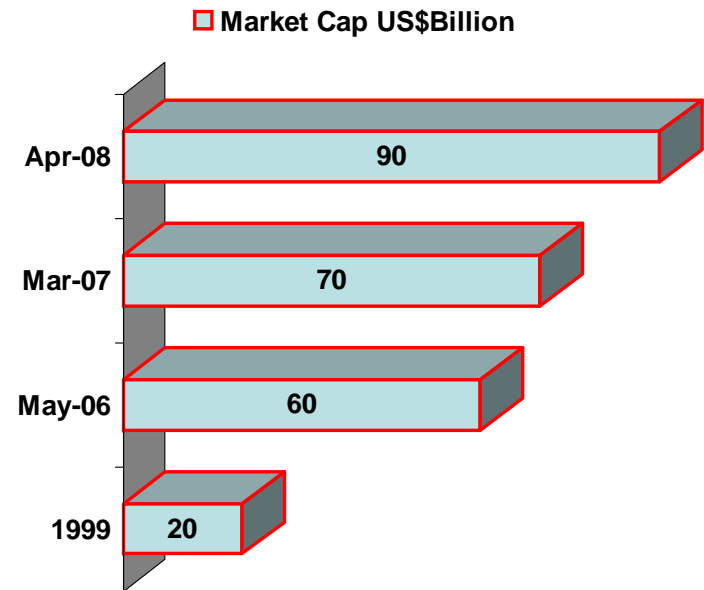
Anglo American plc



- Born in South Africa 90 years ago, now has operations in 45 countries
- Divestment of non-core businesses paper etc
- Five core mining businesses
- The old Anglo American was perceived to be a bureaucratic, sluggish and over-cautious Anglo-African organisation
- Poor track record in Australian acquisitions

The Businesses

- Platinum
- Diamonds
- Coal
- Base metals
- Industrial minerals
- Ferrous metals and Industries
- Gold



Primary Listing In: London (LSE); Number 6 on the FTSE 100 as at 26 March 2008

Coal: A Core Division of AA plc

2007 ANNUAL RESULTS OPERATING PROFIT US\$10.1 Billion

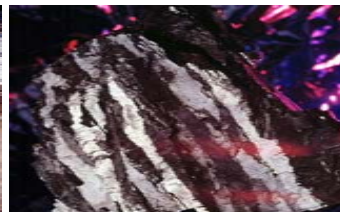
Core Operations



Base Metals
100% US\$4,338M



Platinum
74.8% US\$2,697M



Ferrous Metals
100% US\$1,432M



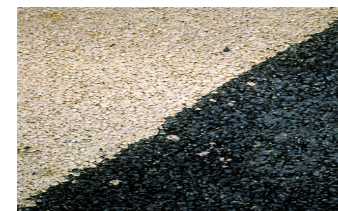
COAL
100% US\$614M



Diamonds
45% US\$484M

- Base Metals – world’s sixth largest producer
- Platinum – world’s largest producer (37% of global supply)
- Ferrous – world’s fourth largest producer
- Coal – world’s sixth largest producer (95.6 Mt in 2007)
- Diamonds – own 45% of De Beers (world diamond leaders after 120 years)

Non-Core Operations



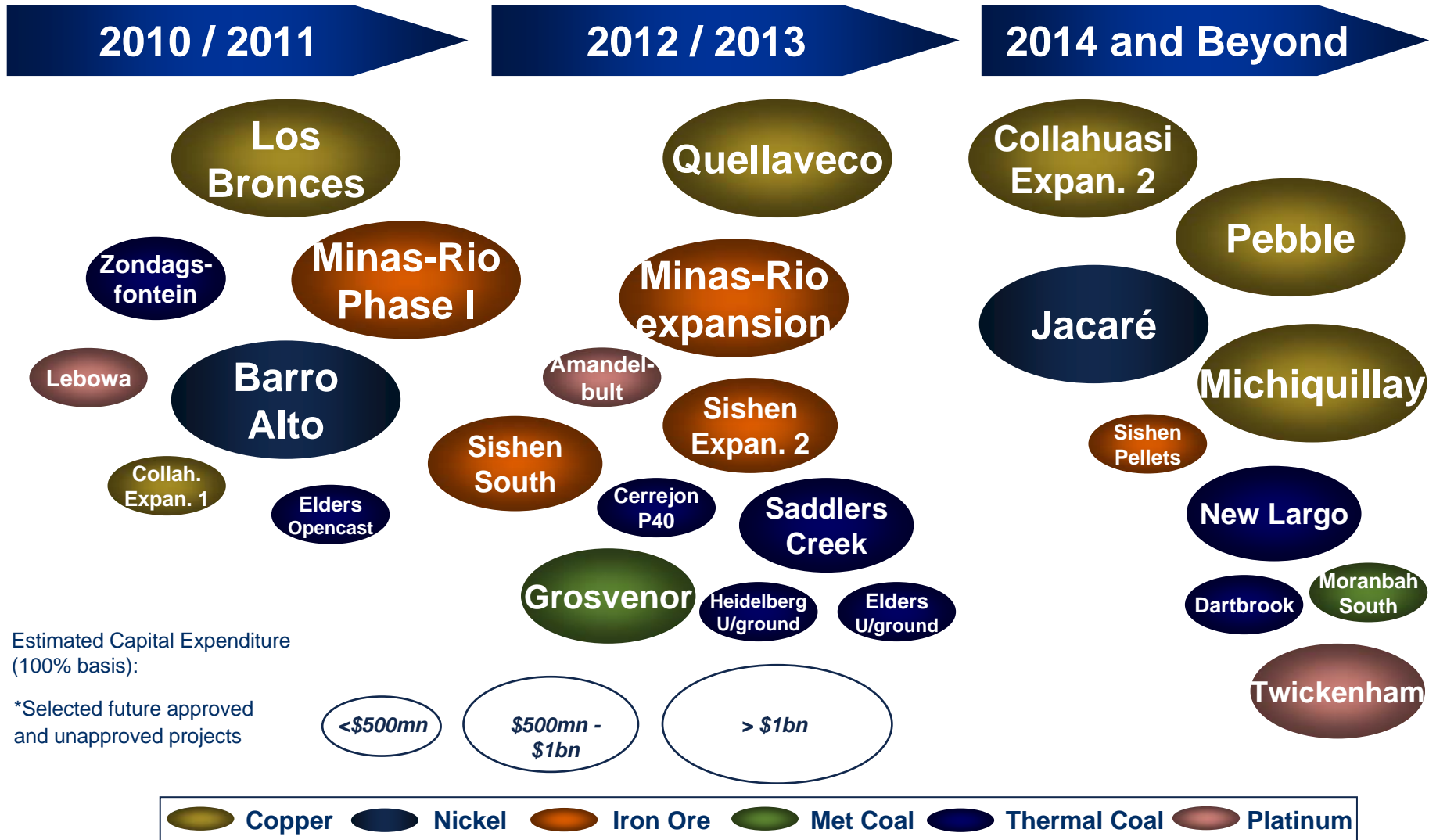
Industrial Minerals
100% US\$474M

The new Anglo American plc

- New CEO Cynthia Carroll in 2007.
- Executive changes and streamlining of structure.
- Intense focus on Zero Harm.
- One Anglo approach across businesses and regions.
- Most active year in acquisitions – MMC Minas-Rio iron ore project in Brazil, Pebble copper project in Alaska, Foxleigh coal, Michiquillay copper project in Peru.
- Record Operating profit of US\$10.1 billion.



Anglo American Plc Growth Options (US\$40bn)



Estimated Capital Expenditure (100% basis):

*Selected future approved and unapproved projects

Anglo Coal Australia - Who Are We?

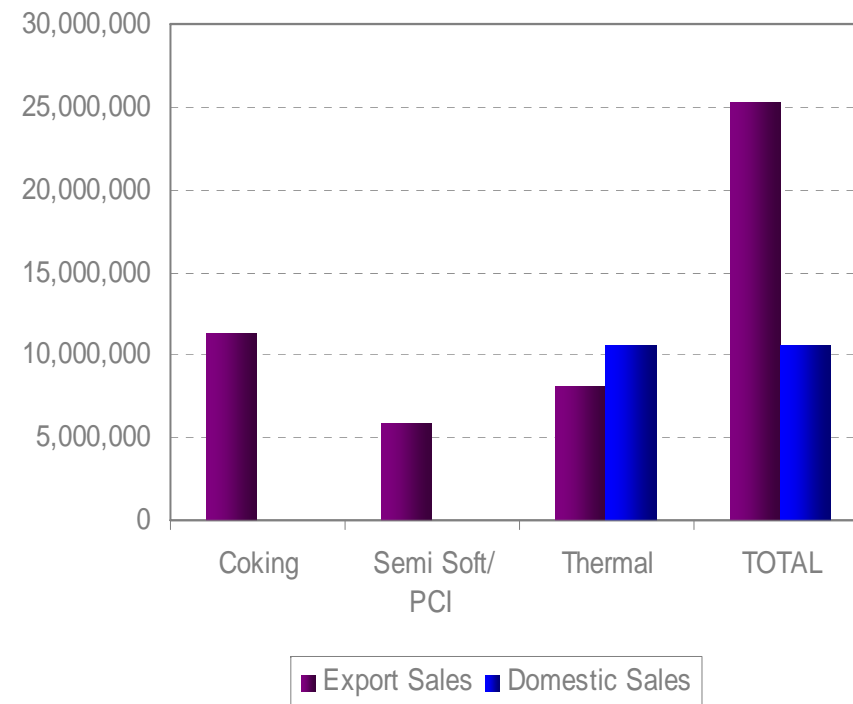
- 2007 production of 34Mt.
- Total resource base over 3500Mt (100 years life).
- Six QLD mines and one in NSW.
- Longwall and Opencut operations.
- Two major projects in completion phase – Dawson and Lake Lindsay.
- Three seamgas operations plus two power plants; Monash Energy project.
- 3000 employees and 2400 contractors.



Anglo Coal Australia – Our Products and Customers

- Product range covers spectrum from thermal (domestic and export) to hard coking coal (export).
- Largest range of metallurgical coal products.
- Broad customer base:
 - Thermal Coal – Australia, Japan, South Korea, Taiwan, China and Malaysia.
 - Metallurgical Coal – Japan, South Korea, Taiwan, India, Pakistan, Brazil, Mexico, Turkey Germany, Spain, France and Belgium.
- Joint Venture partners – Mitsui, Marubeni, Itochu, Posco, Dausung, Hyundai.

2007 Sales (100% basis)



Anglo Coal Australia – Transforming Our Business

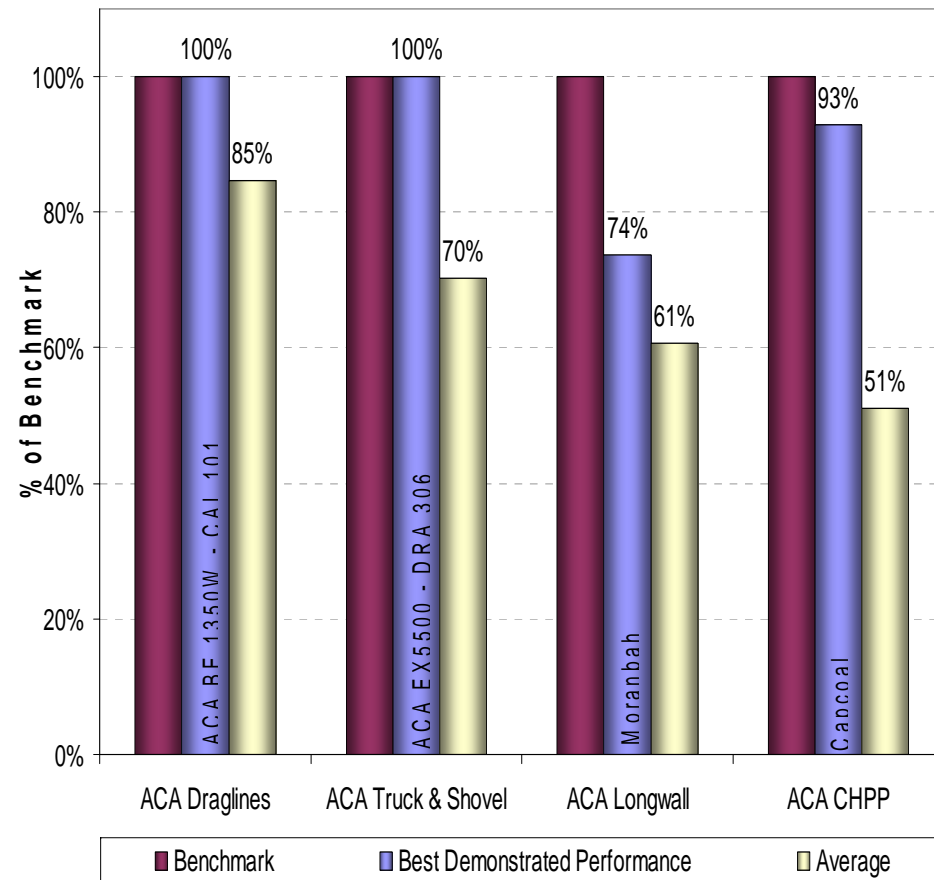
Target Zero

- In 2007 we took a good hard look at our safety performance.
- Some pockets of excellence, BUT a changed approach is required if we are to achieve our goals.
- Target Zero Initiative:
 - Leadership competency
 - Risk management
 - Learning from High Potentials
 - Rigorous audits
- Early days but 2007 saw a 38% reduction in TRCFR.

Departments – LTI days free (250 days+)	Number of days since last LTI
Capcoal CHPP	2527
Gas Business	1694
Grasstree Maintenance	1515
Dawson Production	781
Capcoal OC Maintenance	709
Moranbah Operations	401
Moranbah Maintenance	386
Drayton Maintenance	376
Dawson Maintenance	322
Drayton Operations	313
Callide Maintenance	292

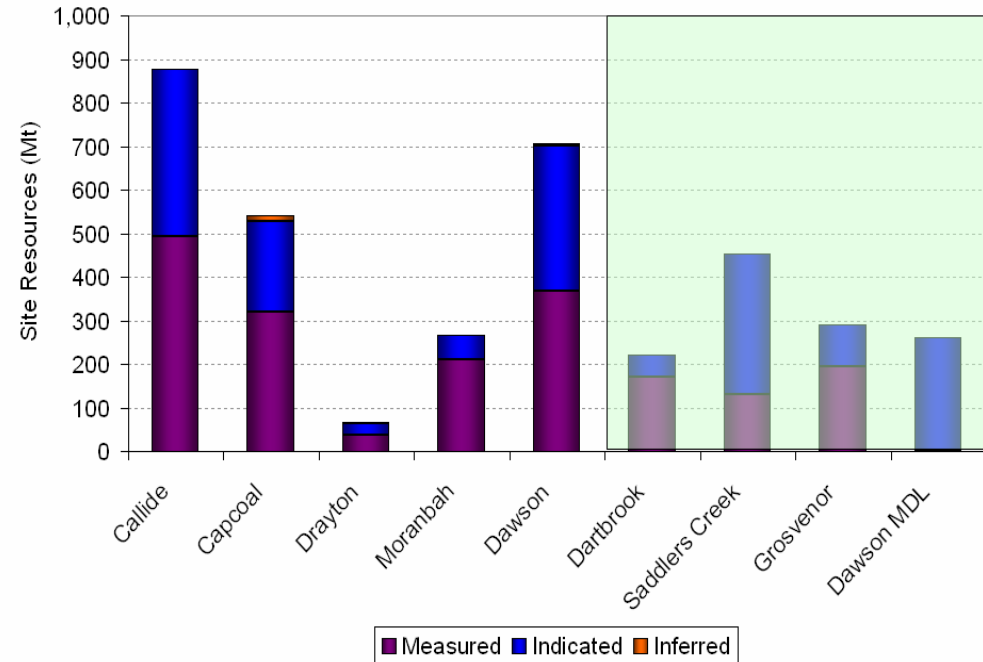
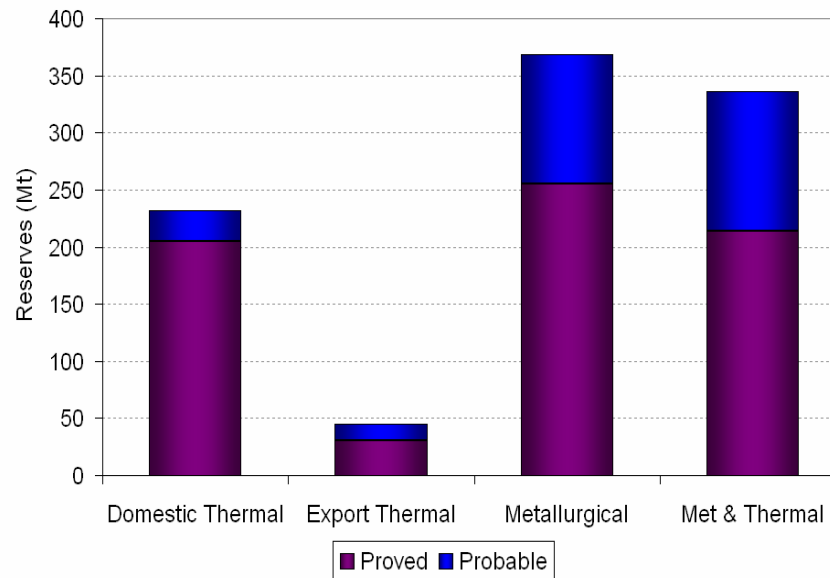
Anglo Coal Australia – Transforming Our Business

- Drive business value from existing operations and growth.
- Triple export production within 10 years by developing our resource base.
- Lift operational performance to benchmark standards.
- Become the “employer of choice” to attract and retain the best people.
- Innovate to reduce our carbon footprint.

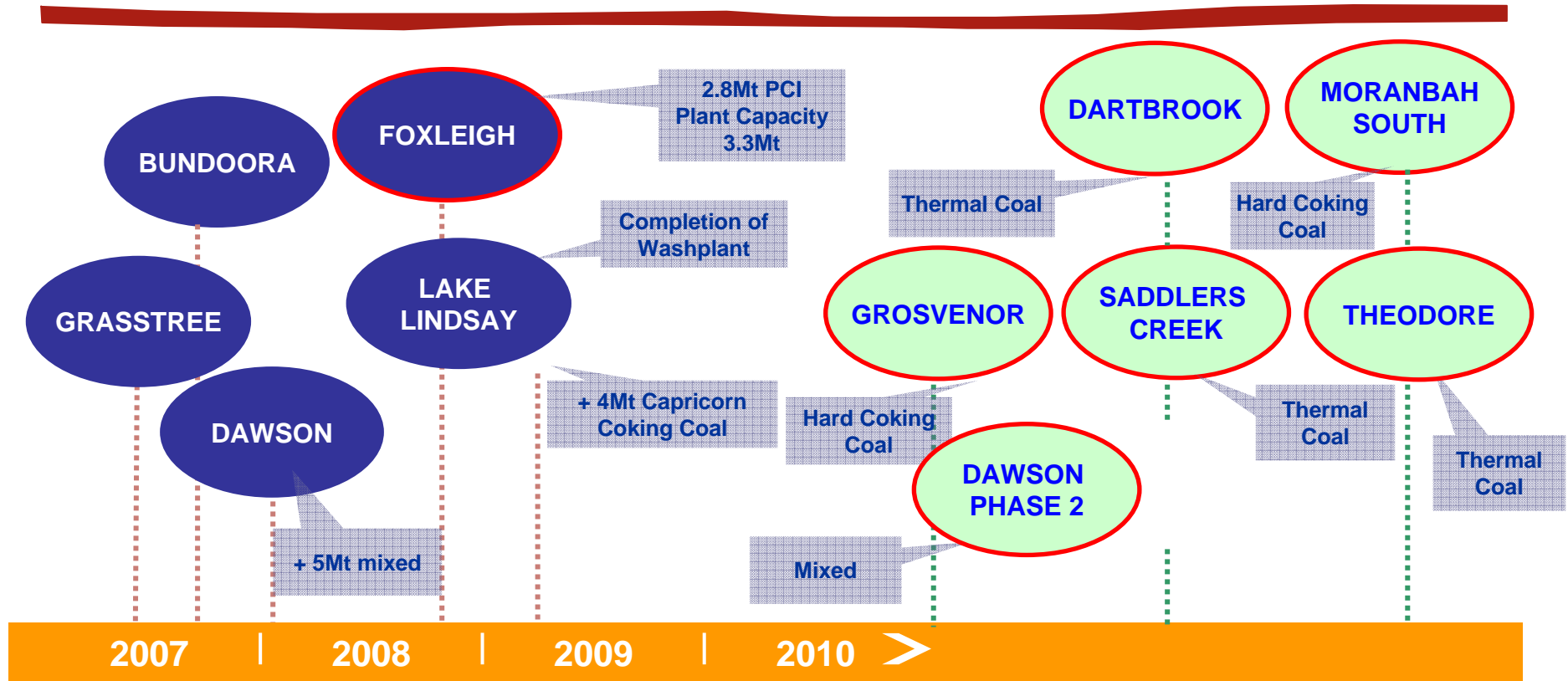


Developing Our Resource Base

We have a very attractive resource base to drive both brownfields and greenfields growth.



ACA Growth Projects



Dawson and Lake Lindsay 2008

- Expanded volume and elevated product quality has required diversification of sales portfolio.
- Markets established in which volume can be placed and full value settlements achieved long term.
- Value add blending prospects identified and executed.

Future Growth

Grosvenor and Moranbah South

- Integration into Moranbah North.
- Value add blending currently taking place, long term blend prospects identified and pursued.

Dartbrook and Saddlers Creek

- Synergy with Drayton operations.

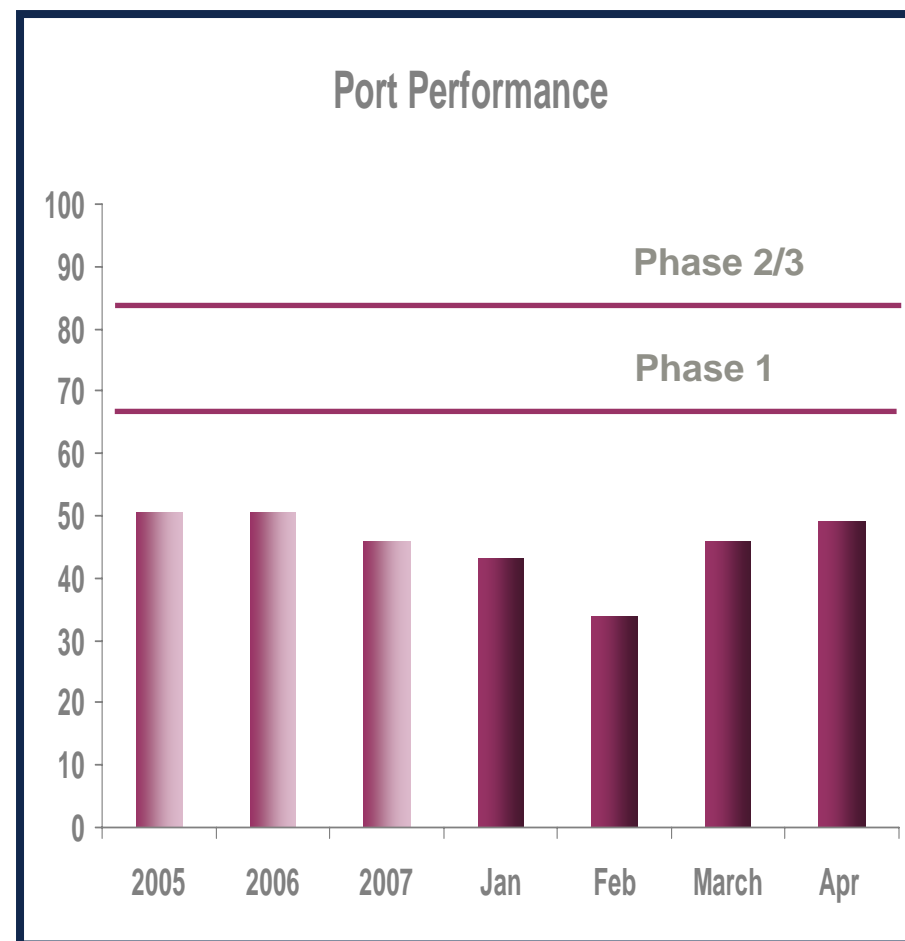
Dawson

- Medium-term options.

Dalrymple Bay

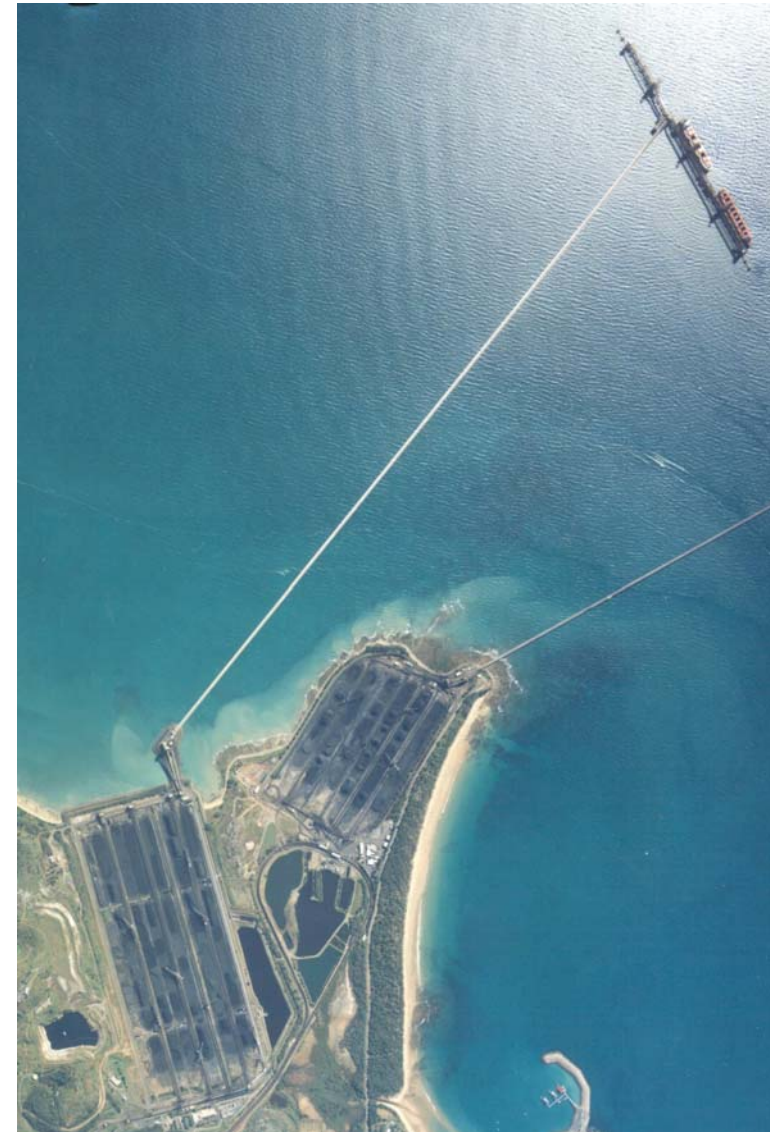
Background

- Port rated at 59mtpa and operated at 50mtpa in 2005 and 2006.
- Expansion to 68/85mtpa commenced in 2007.
- Significant disruption to system capacity resulted in 45mt in 2007.
- Vessel queue increased to 45 ships by end 2007.
- Significant weather impact in January/February 2008.
- Phase 1 to 68mtpa completed in March.



Dalrymple Bay Coal Chain Board

- O'Donnell Report July 2007:
 - Role of Central Coordinator;
 - Dalrymple Bay Coal Chain Board of service providers and producers;
 - Recommended rail capacity increases to match port expansion.
- Dalrymple Bay Coal Chain Board formed December 2007.
- Memorandum of Understanding formed between service providers and producers early 2008.
- Ross Dunning appointed as Central Coordinator January 2008.
- Leadership team established February 2008 and meeting fortnightly.
- Dalrymple Bay Coal Chain Board “meeting” monthly.



What do we have to do?

We need to manage like a single owner

Five critical issues

- **Information** – end to end system performance data.
- **Coordination** – daily scheduling with all parties to optimise movements.
- **Debottlenecking** – system bottlenecks agreed on monthly basis, prioritised and addressed by accountable party.
- **Master Planning** – capacity expansion managed to keep system in balance.
- **Incentive** – all parties must have shared incentive to increase efficiency and output.



“..there was a clear contrast between the efficiency with which iron ore was transported and shipped in Western Australia – where the major exporters own the port and rail – and the eastern seaboard where infrastructure delays highlighted the difficulty posed by multiple-use ports..”

Brian Fisher , leader of Howard Infrastructure Taskforce

AFR April 14

Our Challenges

Great start made with focused daily coordination from Ross' team and the service providers but we have plenty of challenges...

- “Transparency of information critical (O’Donnell report) – contractual conflicts?”
- Shared rail infrastructure for two separate terminals – Dalrymple Bay and Hay Point.
- System complicating with Abbott Point expansion.
- Over-optimistic long-term production forecasts (particularly at high prices!)
- How to guarantee returns for infrastructure capacity increases?
- Entrance of new service providers

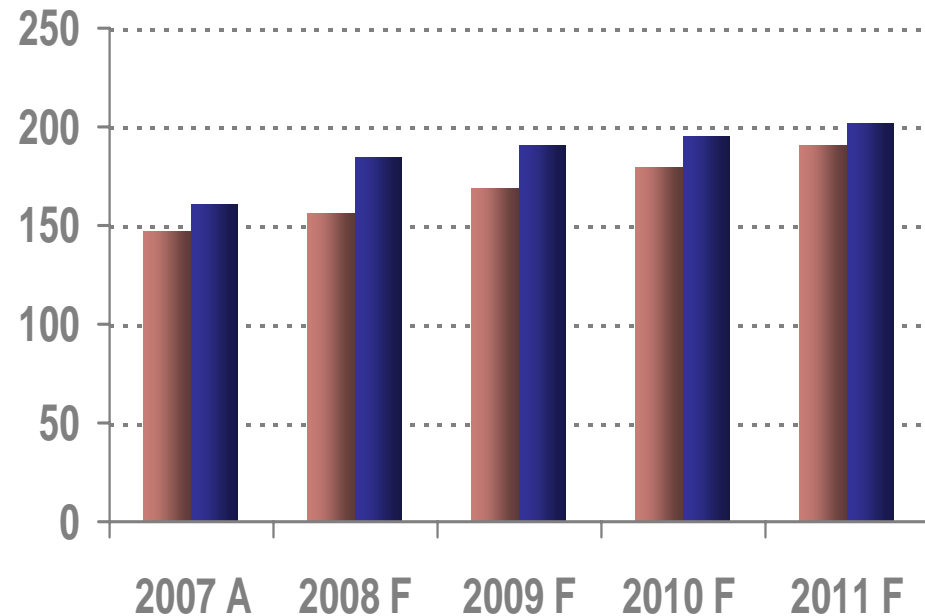
With the commitment seen so far we expect 2008 to be a significantly better year for the Dalrymple Bay Coal Chain !



What I've learnt about Coal mining

- Safety transformation achievable.
- Market outlook compelling particularly metallurgical coal
- ACA has great potential to increase its value.
- Coal mining process is straightforward
- Logistics more complicated and require tight coordination.
- Exciting opportunity to increase output at Dalrymple Bay through coordination and cooperation.
- Climate change challenge requires us to shape our own future.

Global Seaborne Metallurgical Market



Source: AME 2007

More healthy, more profitable and just as much fun as brewing beer!



**ANGLO
COAL**