

# Analyst Visit to the Coppabella and Moorvale Mines

22 January 2004



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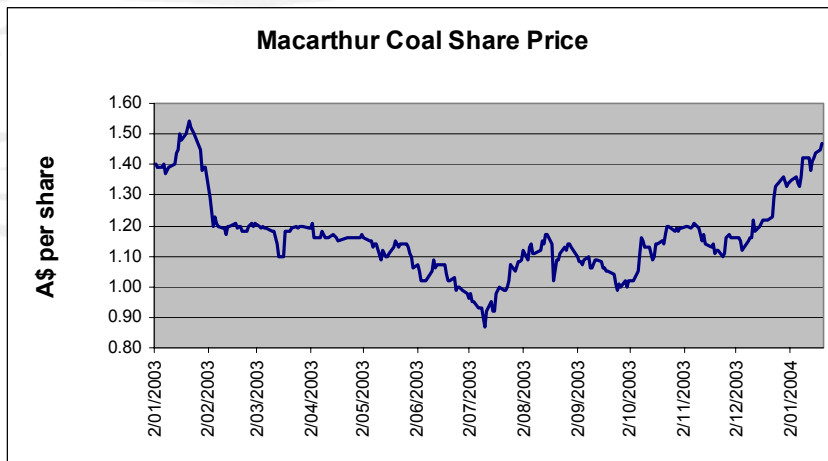


## Macarthur Coal Overview

- ◆ IPO: 5 July 2001
- ◆ Shares currently: \$1.45
- ◆ Current market capitalisation: \$185 million
- ◆ Pure coal mine operator and developer
- ◆ Strong joint venture and customer relationships
- ◆ Priority is to develop open-cut resources into new mines in high growth, niche markets
- ◆ Leader in supply of low volatile PCI coal



## Share Price



## Full Year Results

	(\$'mill)
Total revenue	138.1
EBITDA	29.2
EBIT	21.8
Profit before tax	17.6
Operating Profit After Tax	10.9
Earnings per share	8.5 (cents)
Dividend per share	4.2 (cents)



## Hedge Position at 11 December 2003

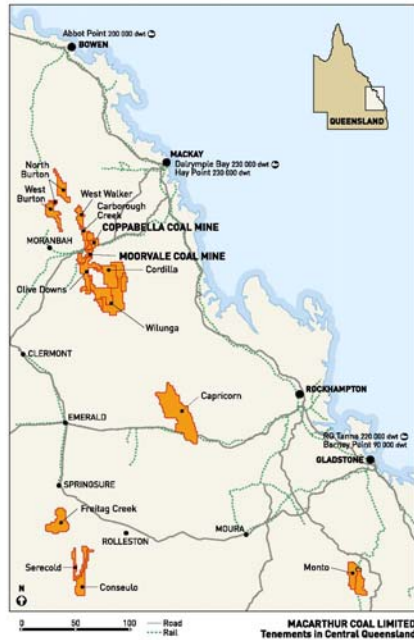
Period covered by FX Hedge Contracts	US dollar value	FX rate A\$1.00 = US\$*	A\$ Unrealised gain based on A\$:US\$ spot rate of \$0.73
Dec 03 to Dec 04	88,084,000	0.583	30,373,000
Jan 05 to Dec 05	70,216,000	0.582	24,563,000
Jan 06 to Dec 06	10,150,000	0.576	3,908,000
<b>Total</b>	<b>168,450,000</b>	<b>0.582</b>	<b>58,844,000</b>

\* Average



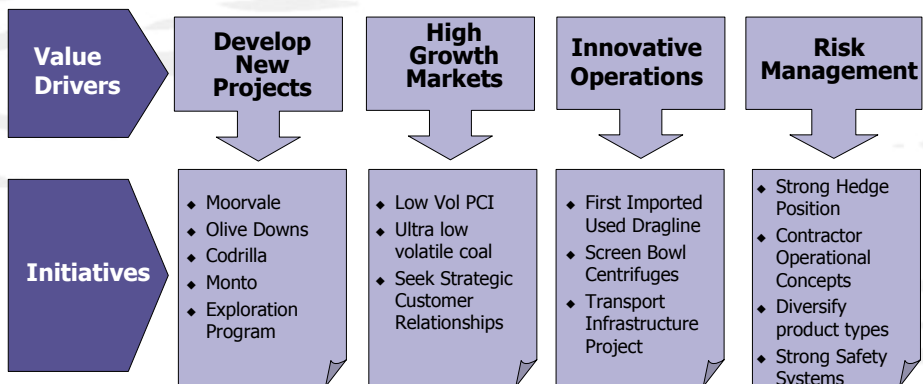
## Location of Coal Mines and Tenements

- ◆ Coppabella: MCC 73.3%
  - ◇ Low Vol PCI
  
- ◆ Moorvale: MCC 73.3%
  - ◇ Soft Coking Coal
  - ◇ Low Vol PCI
  - ◇ High Energy
  - ◇ Thermal

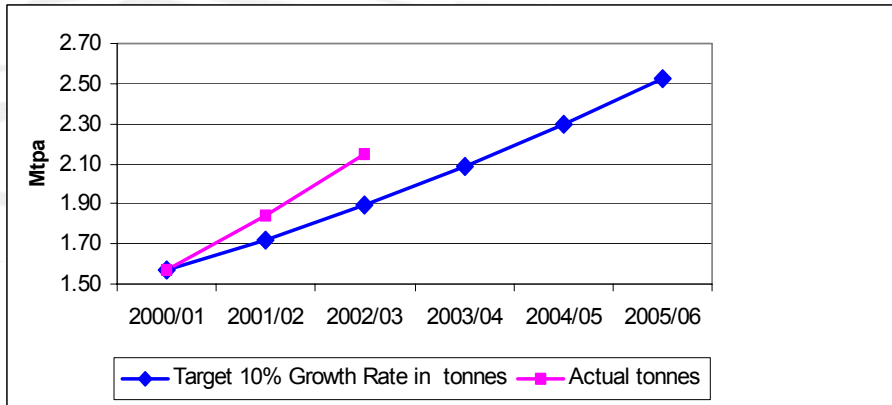


## Growth Strategy

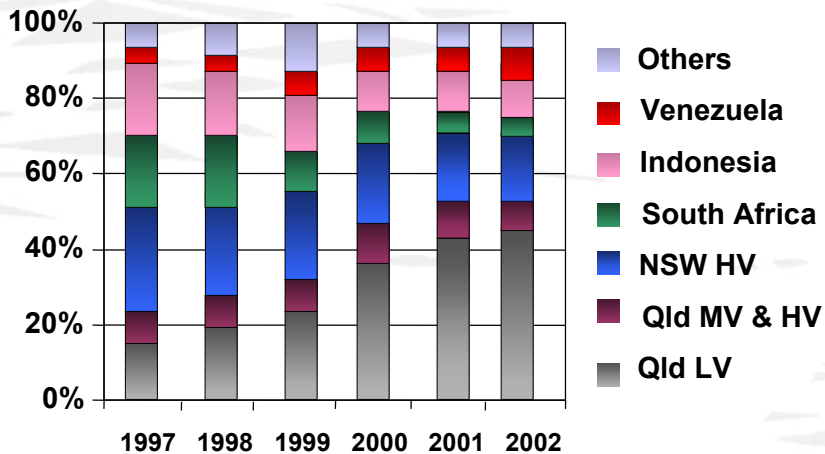
- ◆ Macarthur Coal aims to become a leading, independent Australian resources company



## Growth Performance

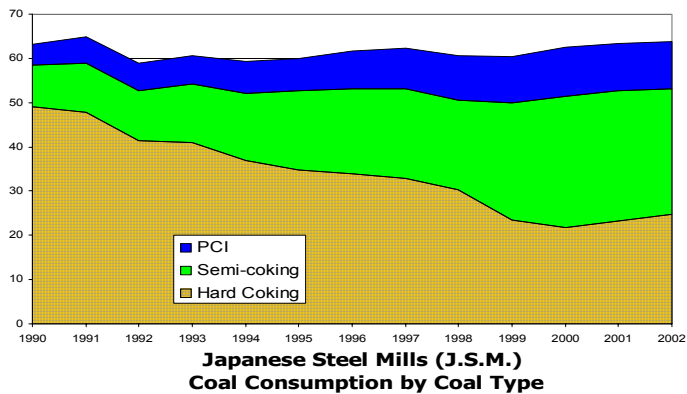


## PCI Coal Market – Supply Trends

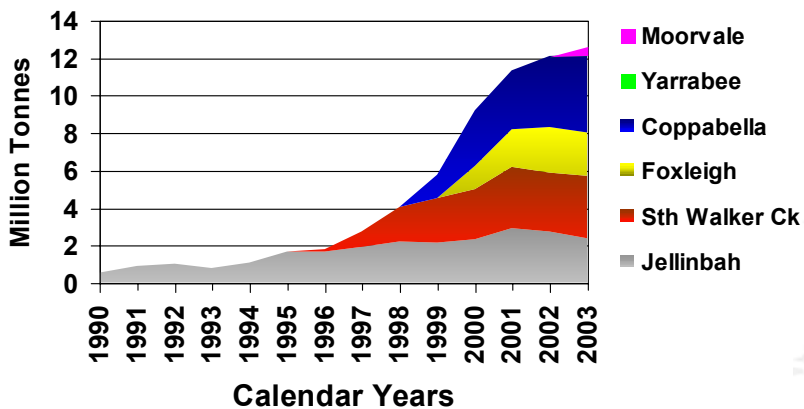


## Coal Consumption

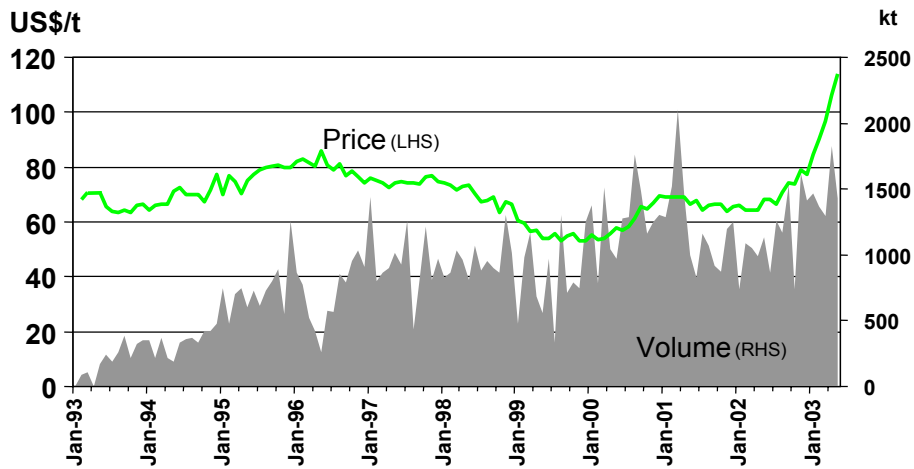
- ◆ However, customers are using an increasing proportion of poorer quality coking coals.



## Low Volatile PCI Coal Market

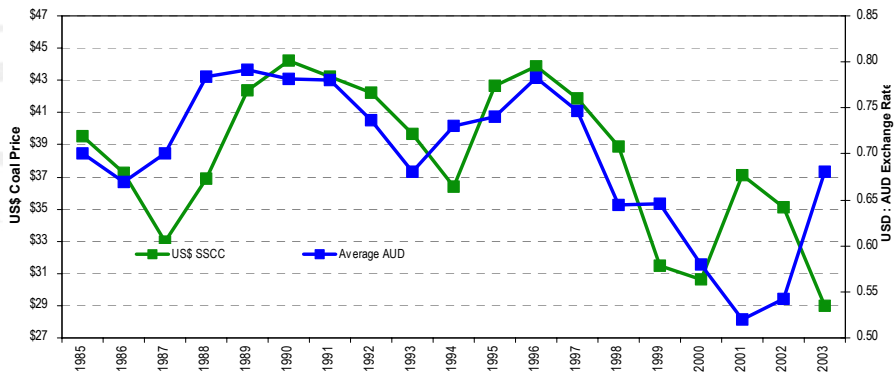


# Chinese Coke Exports



# Towards Sustainability

Semi Soft Coking Coal Price Vs USD/AUD Exchange Rate



## Operations

### Coppabella Mine

- ◆ Long life open cut reserve - 13 years open-cut mine life
- ◆ Extensive underground reserves
- ◆ Low capital cost – less than \$25 per product tonne
- ◆ One of the fastest coal mine development rates in Australia – 14 months from discovery to first shipment
- ◆ Close to infrastructure and port – 140km to port
- ◆ Contract mining and coal processing

## Potential Improvements

- ◆ CHPP above 800TPH (4.2Mtpa sales)
- ◆ East Pit – Ultra Low Volatile Coal Project
- ◆ Movement of Infrastructure Corridor – Access to 28.2 Mt Reserves
  - ◆ Access to higher yielding coal
  - ◆ Access to lower strip ratio coal
- ◆ Cost reduction programmes being studied
  - ◆ Tertiary overburden removal



## TIC Relocation Project

- ◆ Relocation of 5.5 km of road and rail infrastructure to gain access to 28.2Mt of reserves
- ◆ Completed on time. New infrastructure fully operational with the first train travelling along the new track on 17 December 2003
- ◆ Removal of the old rail system due for completion ahead of the April 2004 target. One section of the old rail system removed immediately after 17 December to allow the haul road to the South Pit to be completed



## Moorvale Mine

- ◆ Shallow open-cut reserve of 32.6 Mt located 12 km south of Coppabella
- ◆ Commenced operating on a stand alone basis in December 2003 Quarter



## Moorvale Mine Development

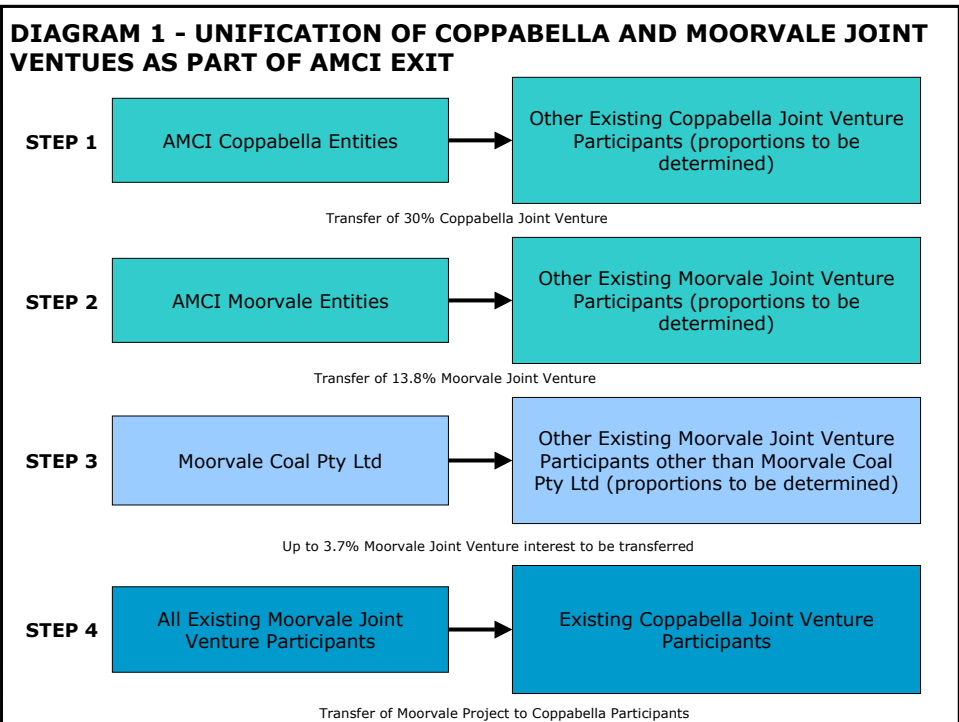
- ◆ Production capacity 1.6Mtpa saleable tonnes over minimum 10 year open-cut mine life
- ◆ Target 750,000 tonnes during 2004 financial year
- ◆ Commissioning of CHPP commenced in December 2003 Quarter
- ◆ Completion of capital works achieved within 13 months of grant of mining lease

## Exploration Growth

### Exploration Strategy

- ◆ Company committed to spend \$7.5 million over 4 years to earn 50% interest in a number of tenements
- ◆ Focus of activity is the Coxendean sub-basin, where 25km of strike length of the Rangal coal measures have been identified at less than 100m depth of cover
- ◆ At Moorvale initial mining area has 225 boreholes drilled for resource definition
- ◆ At Coppabella in excess of 1200 boreholes drilled for resource definition and coal quality purposes

# AMCI Acquisition



## AMCI Acquisition

- ◆ Macarthur Coal has acquired an additional 23.3% interest in Coppabella from AMCI.
- ◆ The Coppabella and Moorvale joint ventures have been unified into a single joint venture. Generated savings expected to be up to \$4m per annum.

	A\$ million
Total Purchase Price	48.20
Less 10 Year Purchase Agreement	15.53
Less assumption of net debt	1.85
Less Hedging Premium Adjustment	11.85
Amount Payable	18.97
Add Interest	0.43
<b>Net Payable on settlement</b>	<b>19.40</b>



## Conclusions

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- ✓ Reliable operational and financial performance
- ✓ Strong hedge book – securing profitability in volatile exchange rate environment
- ✓ Proven ability to deliver growth
- ✓ Achieved two-mine company objective in December 2003
- ✓ Strong worldwide demand for low volatile PCI coal
- ✓ **Continued profitable growth is the company priority**