

# Indian thermal coal import prospects for Australian coal

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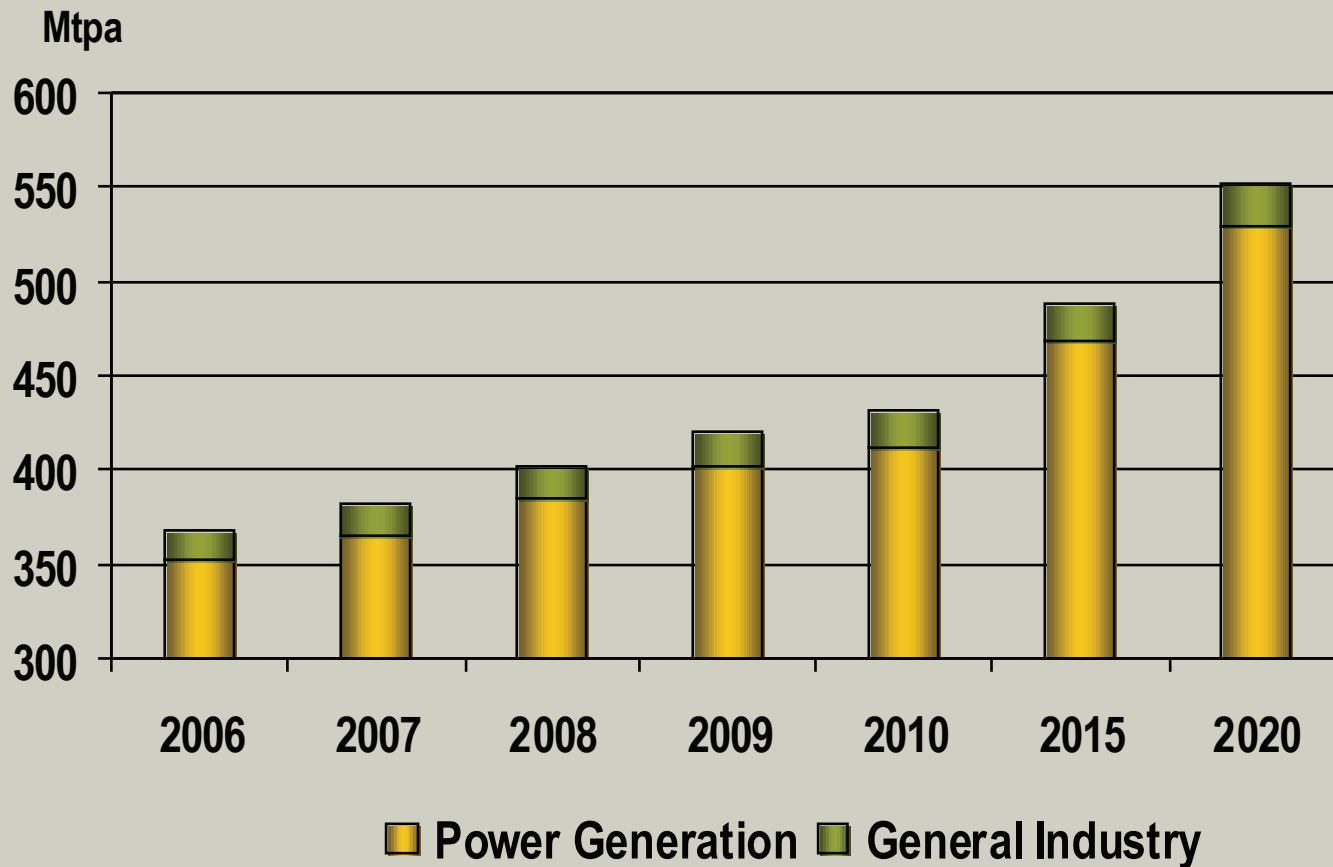
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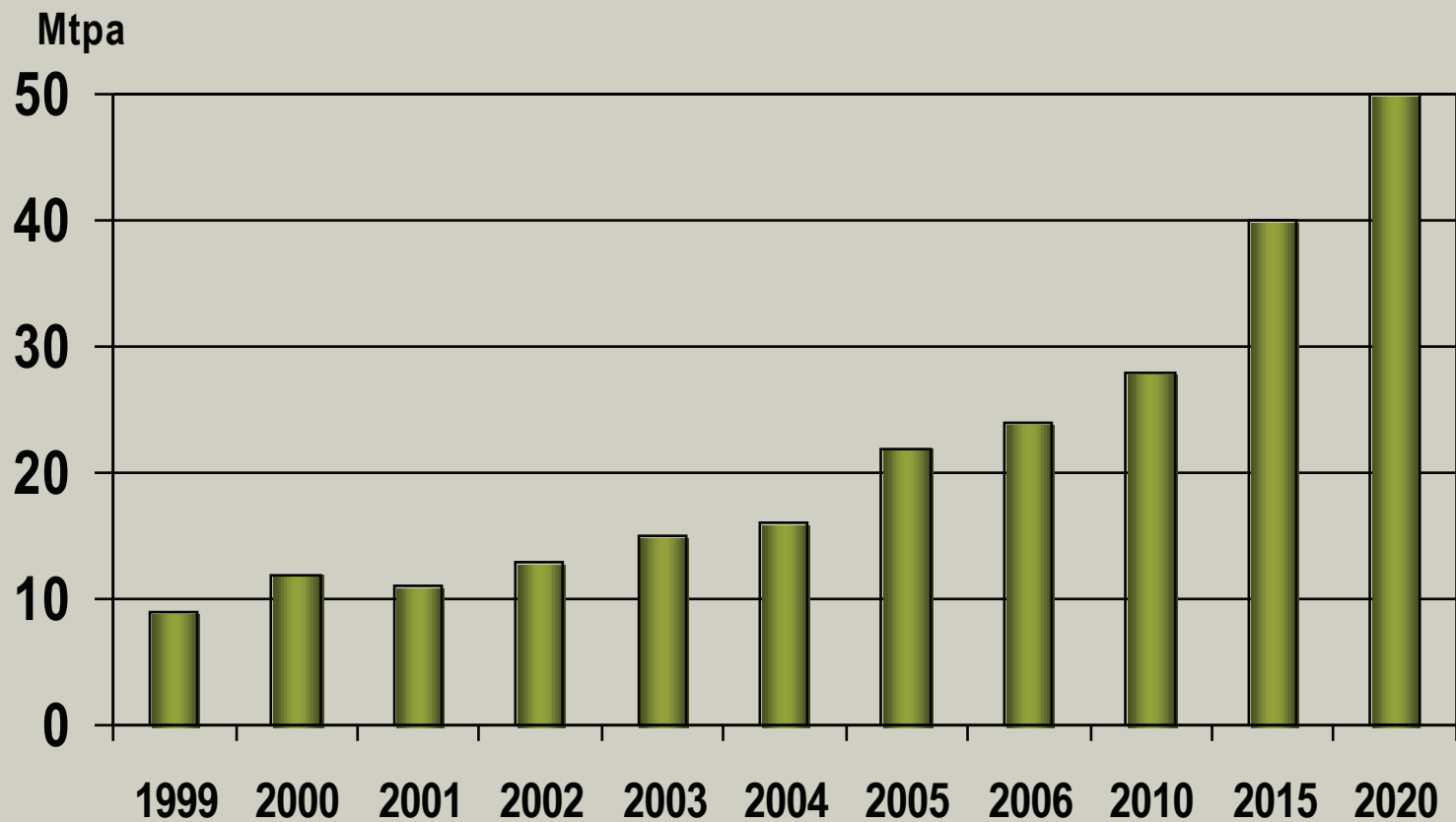
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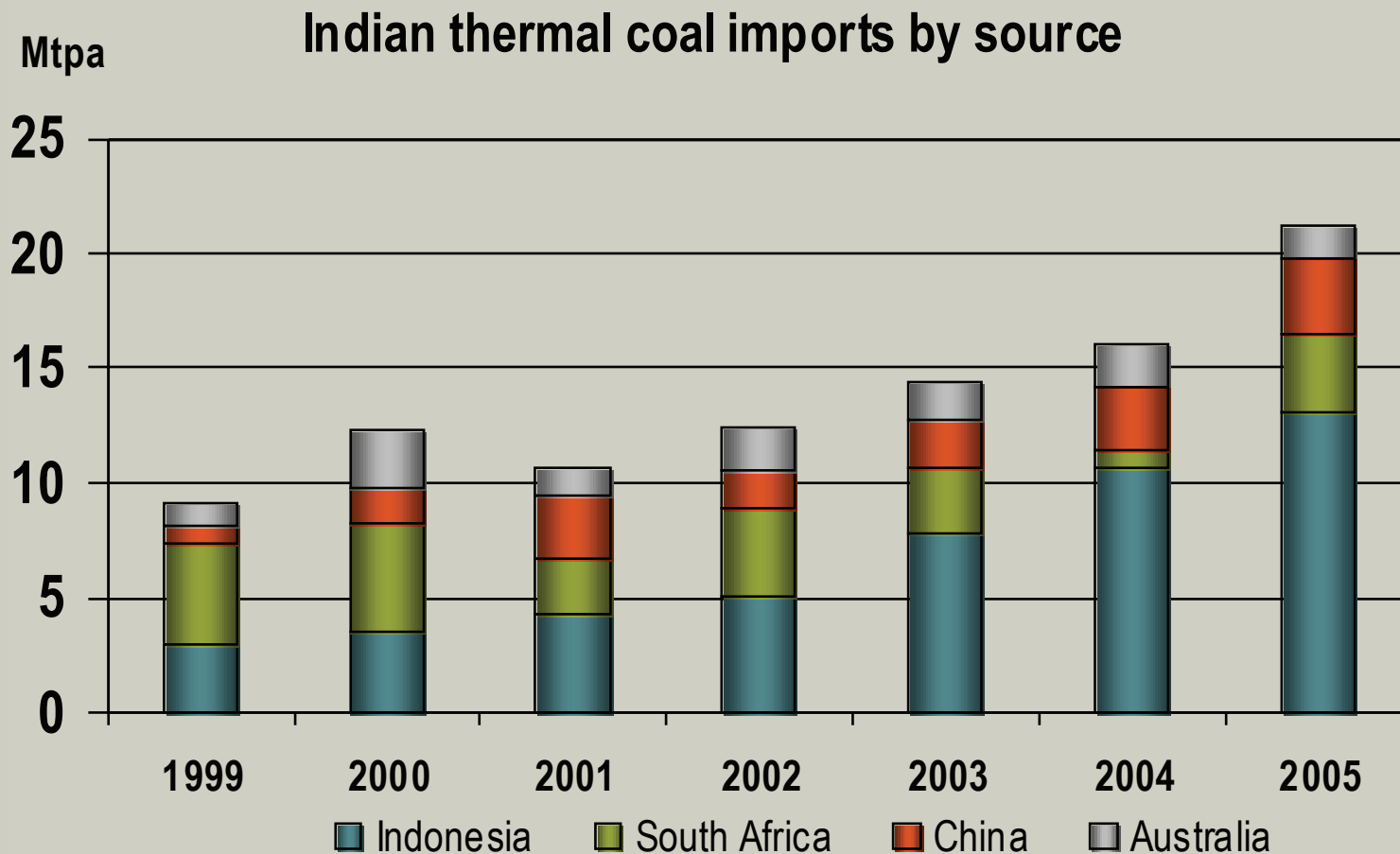
# Indian thermal coal demand growth by sector



# Indian thermal coal imports



# Indian thermal coal imports by source

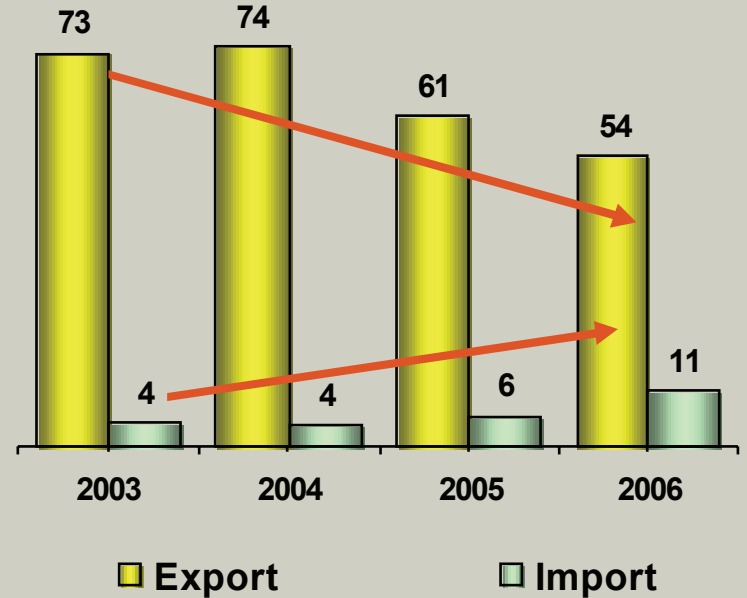


# China's coal imports are growing while exports drop

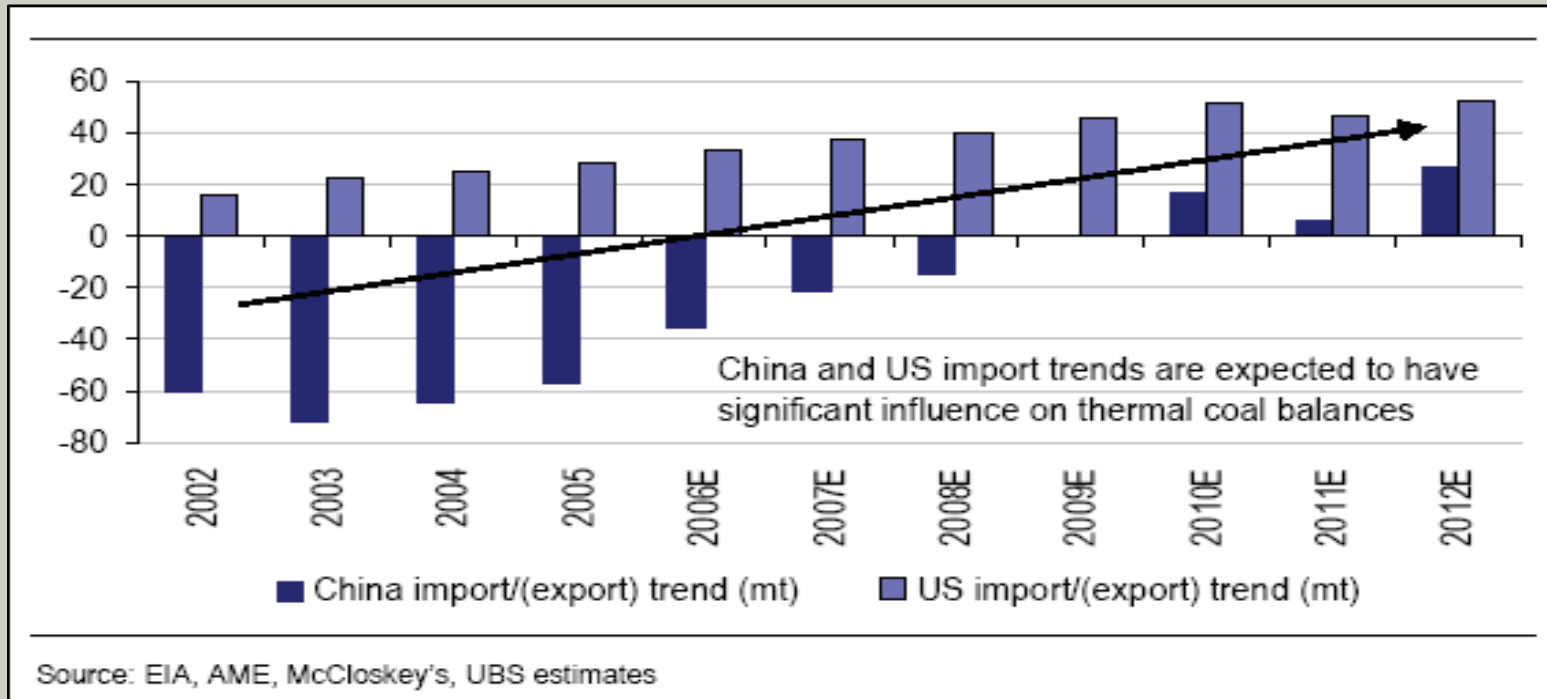
### China All Coal Exports & Imports (Mtpa)



### China Thermal Coal Exports & Imports (Mtpa)



# China may be transitioning towards becoming a net importer – similar to what happened in the US



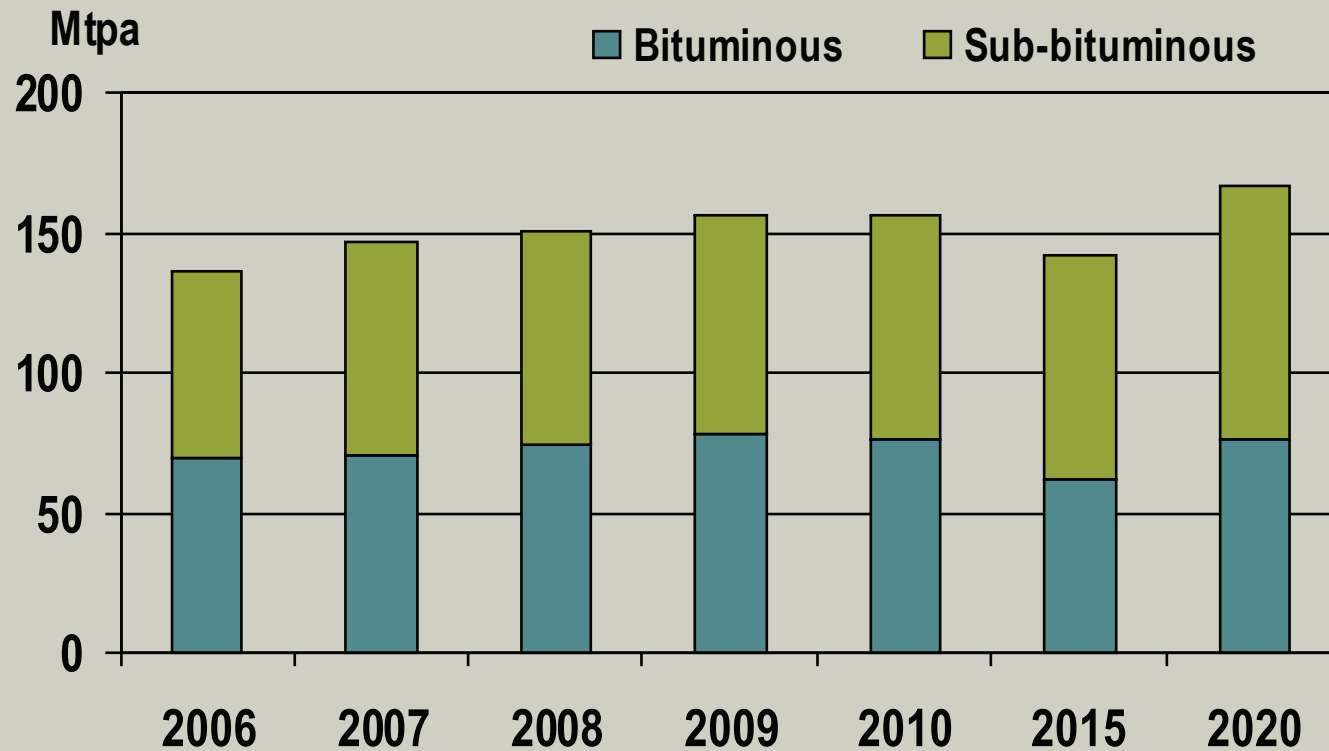
Both the US and China have significant domestic coal fired power

Continued strong demand growth in China and an increasing cost base are making imports more competitive

China faces further infrastructure constraints in future – only 40% of the rail network is double tracked

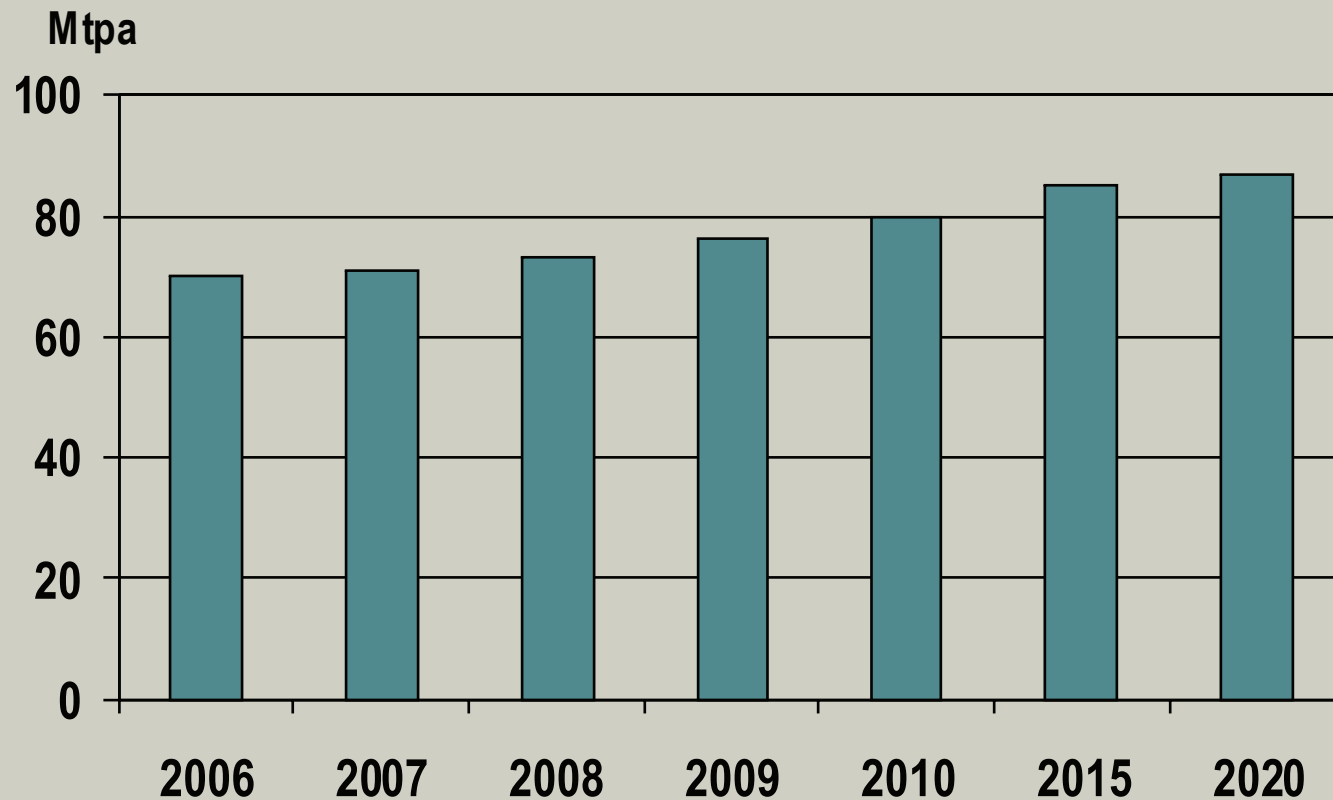
New coal resources in China are incrementally further away from the demand centres of the South

# Indonesia coal export potential

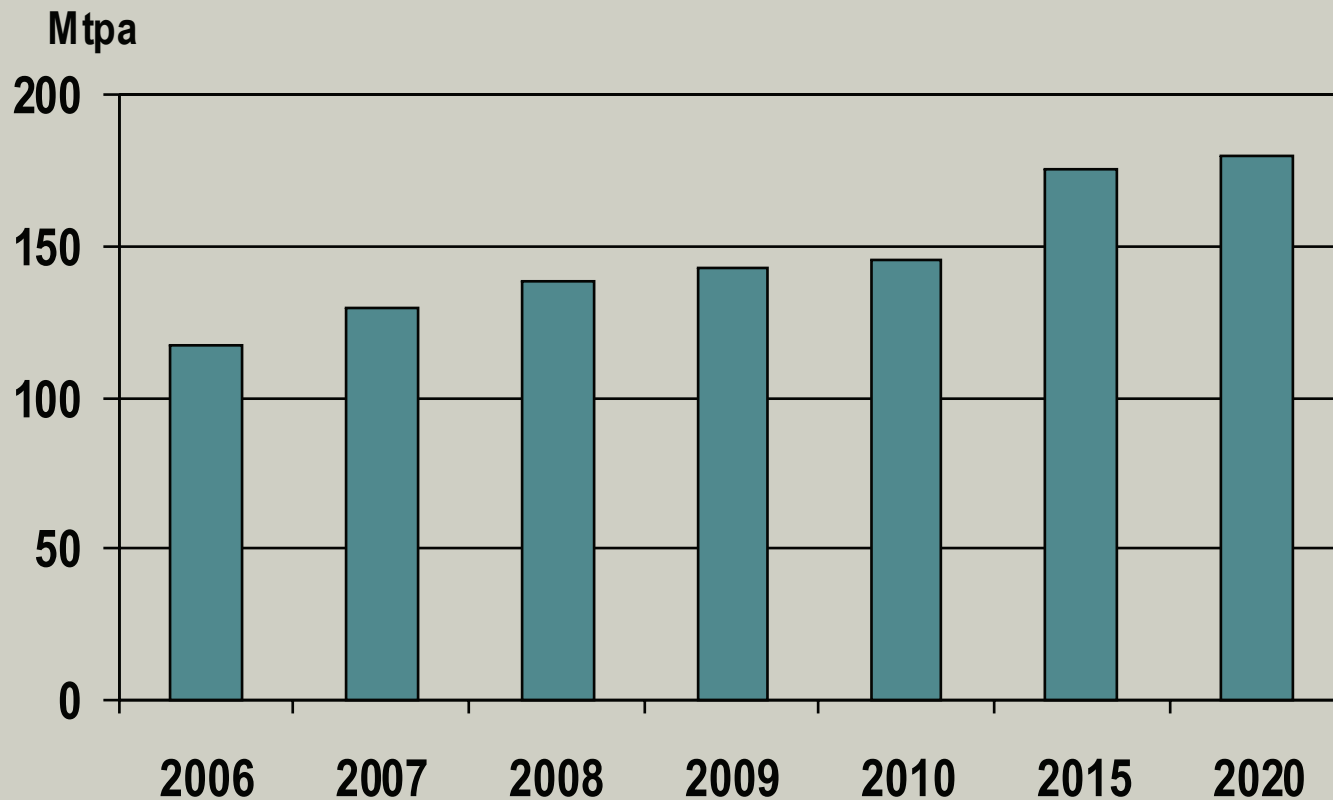




# RSA coal exports potential



# Australia thermal coal exports potential



# Australia Port/Rail expansion – New South Wales

**Hunter Valley capacity could grow from current 89mtpa level to 160mtpa by 2010**

## • Port loading facilities

Port Waratah Coal Services (PWCS) Expansion plans

- Project 3D to finish Q1 07, capacity to 105mtpa
- Phase 1 to finish Q3 08, capacity to 119mtpa
- Phase 2 to finish Q4 09, capacity to 129mtpa

Newcastle Coal Infrastructure Group (BHP Billiton 35.5%)

Expansions

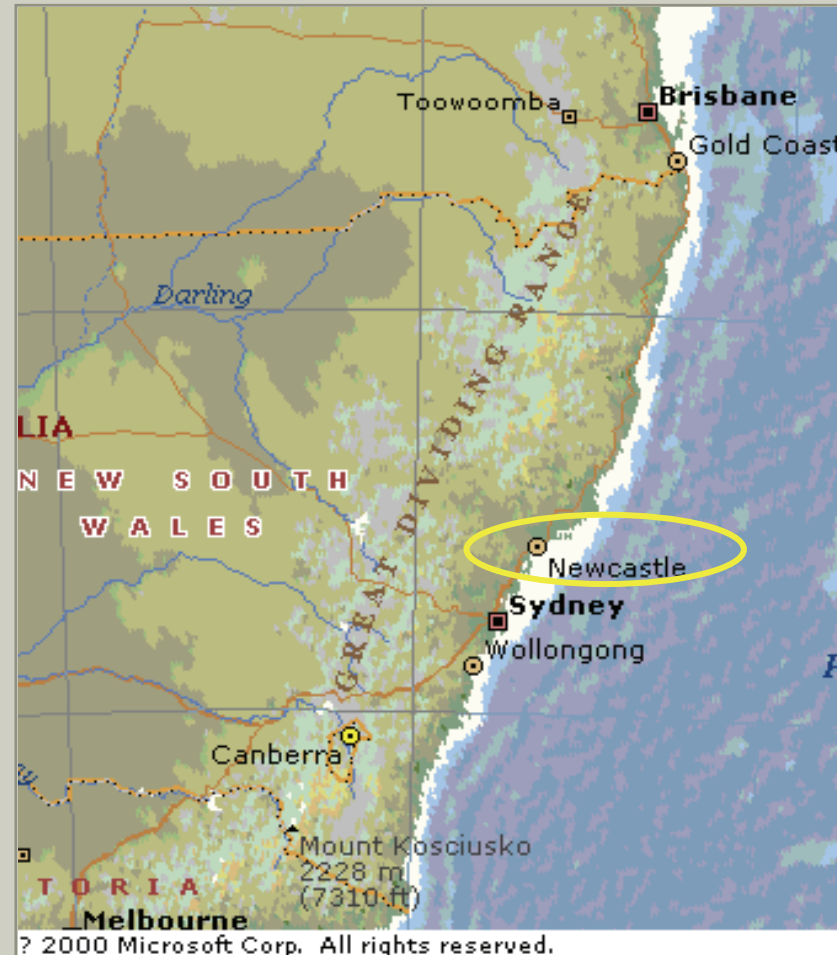
- New Coal Loading Terminal to finish end CY2010, capacity 30mtpa

## • Rail track

- Plans in place to lift track capacity to 145mtpa by Q3 2008. Predominantly track duplication & passing loops to allow extra train paths per day
- Further expansion is available as demand requires.

## • Trains

- Train sets on order to deliver 120mtpa Capacity by Q2 08
- Further expansion is available as demand requires



# Australia Port/Rail expansion - Queensland

- **DBCT**

- Current 56Mtpa
- Expanding to 68Mtpa by Nov 07 & 85Mtpa by Dec 08

- **Abbot Point**

- Current 15Mtpa
- Potential to expand to 25Mt then 50Mt

- **Gladstone**

- Current 49Mtpa
- Expanding to 75Mtpa by 2010

- **Hay Point –BMA (50% BHP Billiton) owned and operated**

- Current 40Mtpa
- Under construction to expand to 42Mtpa by mid 2007, with further expansion to 55Mtpa under study

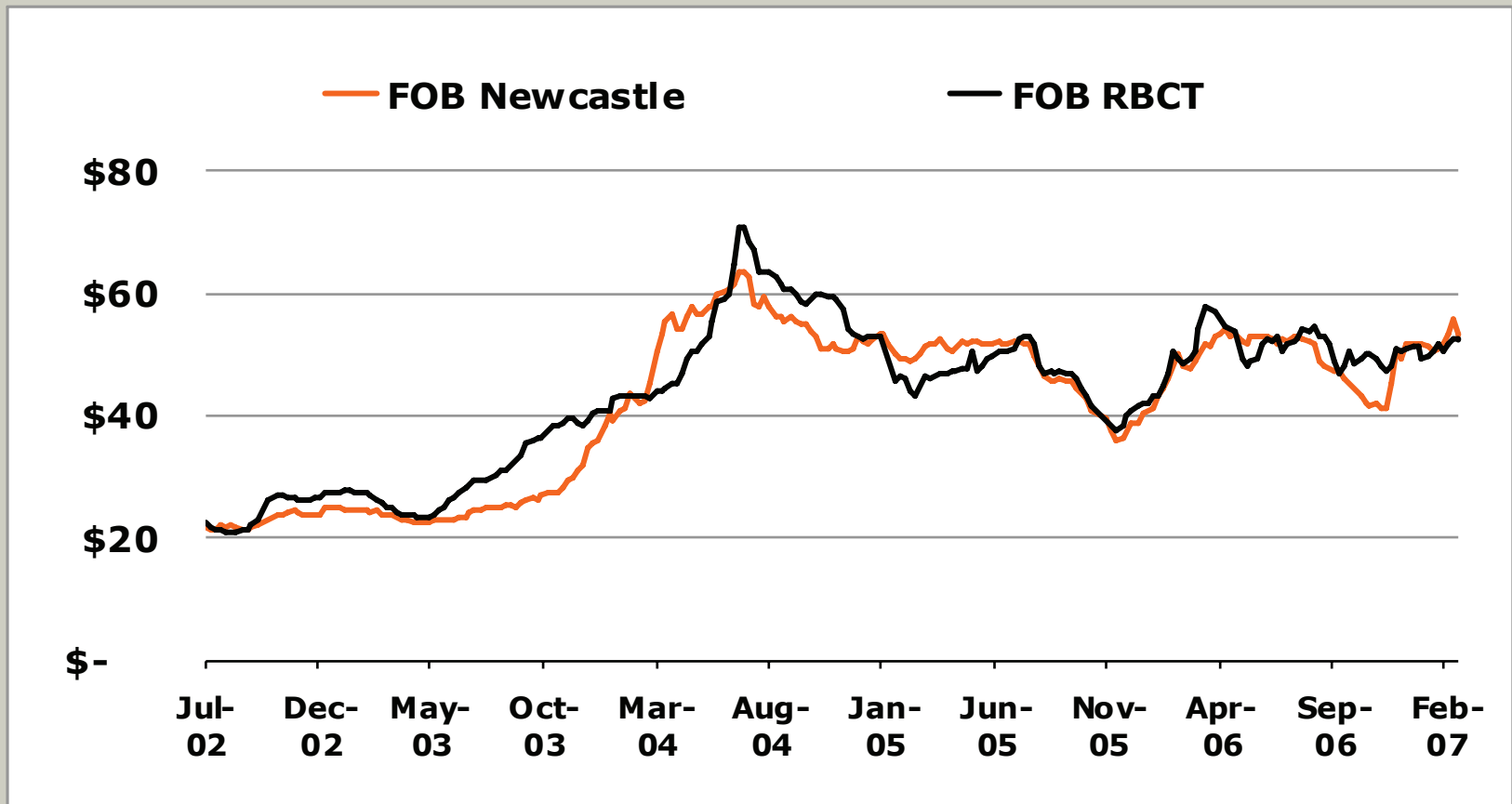
- **RAIL**

- Focus on increasing rail capacity on Goonyella Line to 129Mt over next few years, further under study
- Government-funded feasibility study on missing rail link



Source: ports

# API 3 and API 4 price movement



# Conclusions

- Indian thermal coal imports are anticipated to grow rapidly
- Chinese thermal coal supply to India may be limited in future
- Indonesia is expected to continue to be the major thermal coal supplier to India
- South African coal may retain a significant share of the Indian thermal coal market but this could fluctuate depending on the coal and freight market dynamics between the Atlantic and Pacific basins
- Australia is expected to be the marginal tonnage thermal coal supplier to the Pacific market, and has the resources to do this provided market conditions indicate that suitable economic returns will be made
- Australian thermal coal may take a share of the Indian market on an opportunistic basis but the share may fluctuate. As time goes on the Australian share of the market is likely to increase due to tightening supply of alternative suitable coals and security and for reasons of diversity of supply



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