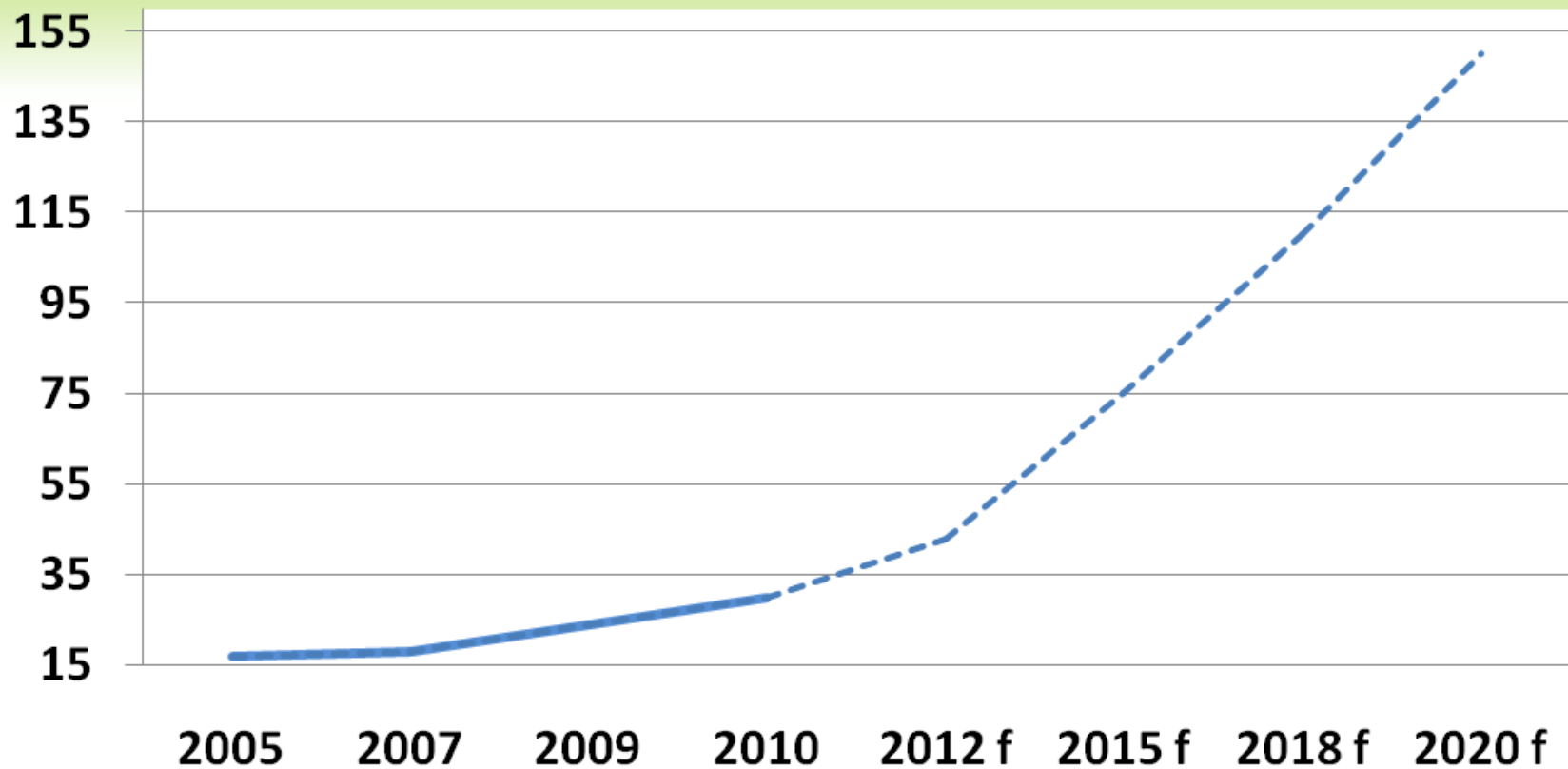


India's domestic coking coal scenario

- Although India has large coal reserves it is very short of prime HCC
- Domestic Coking coal is:-
 - High ash
 - Tends to have poor coke strength
 - Requires imported high quality HCC for blending
 - Not really suitable for PCI
- Production of domestic coking coal has declined since 2004
- Coke production has risen by almost 30% since 2004 and is poised to grow further

The future of India's coking coal is Imports

FORECAST OF INDIAN COKING COAL IMPORT (IN MT)



Source: various reports and internal estimates

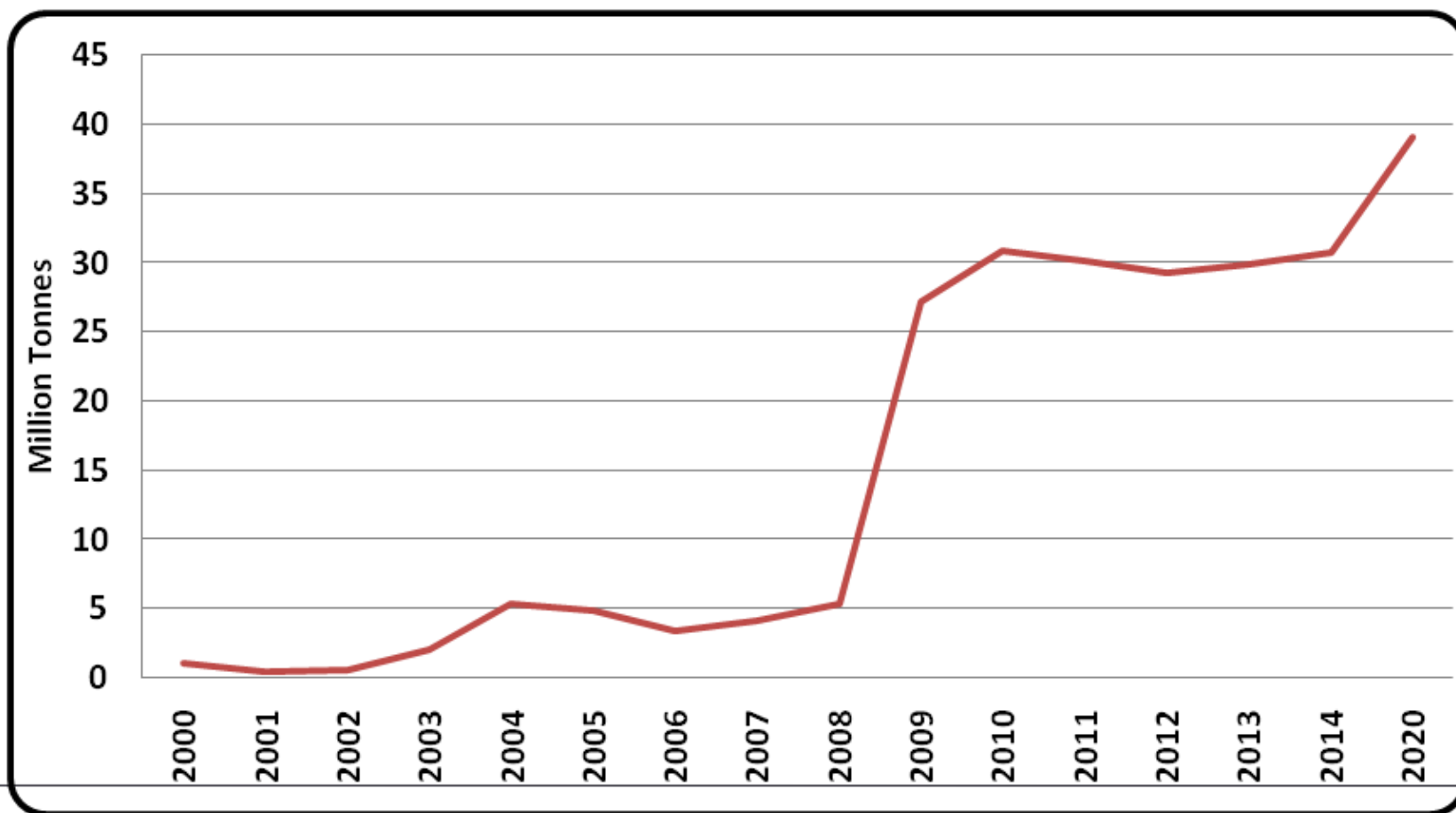
Global Trends in Coking Coal Supply

- With increased demand, met coal supply will need to increase strongly to meet demand
 - Existing met coal production is facing major challenges to meet growth aspirations and severely rising costs
 - Australia the major potential source has its own limitations of logistics & capacity
 - New supplies are urgently needed, Mozambique the great hope??
 - China likely to dominate and its offshore mine and corporate ownership is likely to accelerate. India to follow suit
 - Effect is that Coking coal is “structurally short” and price could remain extremely high for some years
-

China's Emergence as a major market

China has become a major importer of coking coal in less than 10 years with major impact on coking coal trade flows in 2009 which is going to stay for the entire decade

Forecast of Chinese coking coal import for the decade



Global Coking Coal Demand - 2020

Million Tonnes	2008	2009	2010	2011	2012	2015	2020
A: Seaborne Hard Coking	138	139	161	182	191	213	243
B: Seaborne Semi-soft/weak	44	35	48	55	58	65	74
C: Seaborne PCI	36	32	40	47	50	57	69
Sub-Total SS & PCI (B+C)	80	67	88	102	108	122	143
All Met Combined	218	206	249	284	299	335	386

THE GLOBAL COKING COAL SUPPLY FRONT

- ⊙ Australia remains the major supplier of Coking Coal
- ⊙ But production not likely to increase to match demand – infrastructure remains the main bottleneck in further expansion
- ⊙ Further floods like that seen in Australia (Queensland which supplies nearly 60% of coking coal globally) would further strain the scarce market
- ⊙ US supply has increased to replace Australian lost to floods but how much more is there left to grow?
- ⊙ New locations emerging – Indonesia, Siberian Russia, Mozambique, Mongolia.
- ⊙ However quality concerns and infrastructure bottlenecks remain in potential new supply sources

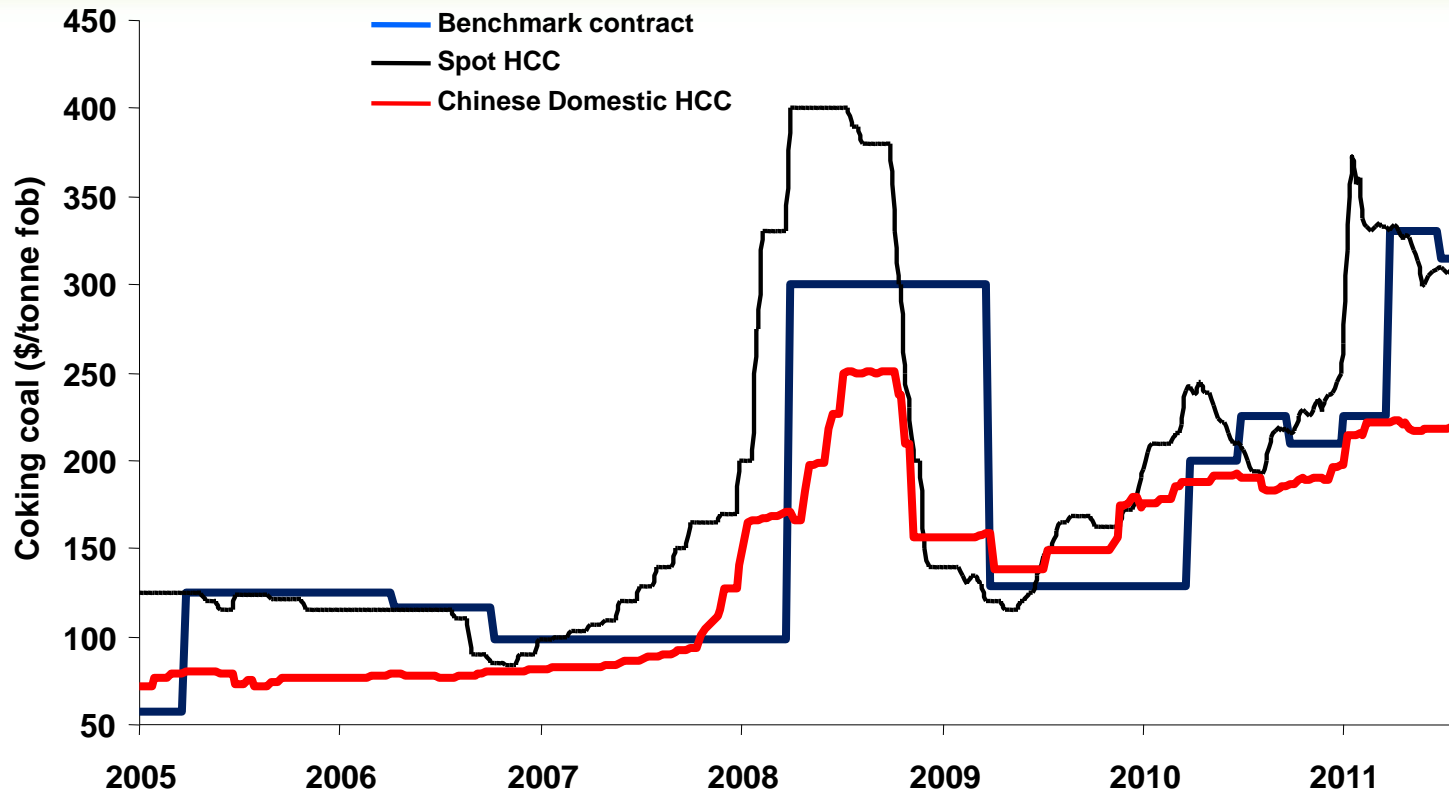
Sourcing of 400 Mt of Met Coal by 2020 – Global Scenario

- Eastern Russia – Early coal from Elga possible, but >10 Mt plus would require major investment in new port, rail
 - Indonesia – Transportation & Logistics remain key concernsdoubts on HCC availability, timing and volumes
 - Mozambique – lots of coal but with promised deadlines unmet, fails to inspire confidence..... Infrastructure for transportation not ready, major infrastructure questions before 2020
 - Mongolia – land locked and likely to feed an ever increasing Chinese market for coking coal
 - This leaves us with = Canadian & **a lot of Australian coking coal**
-

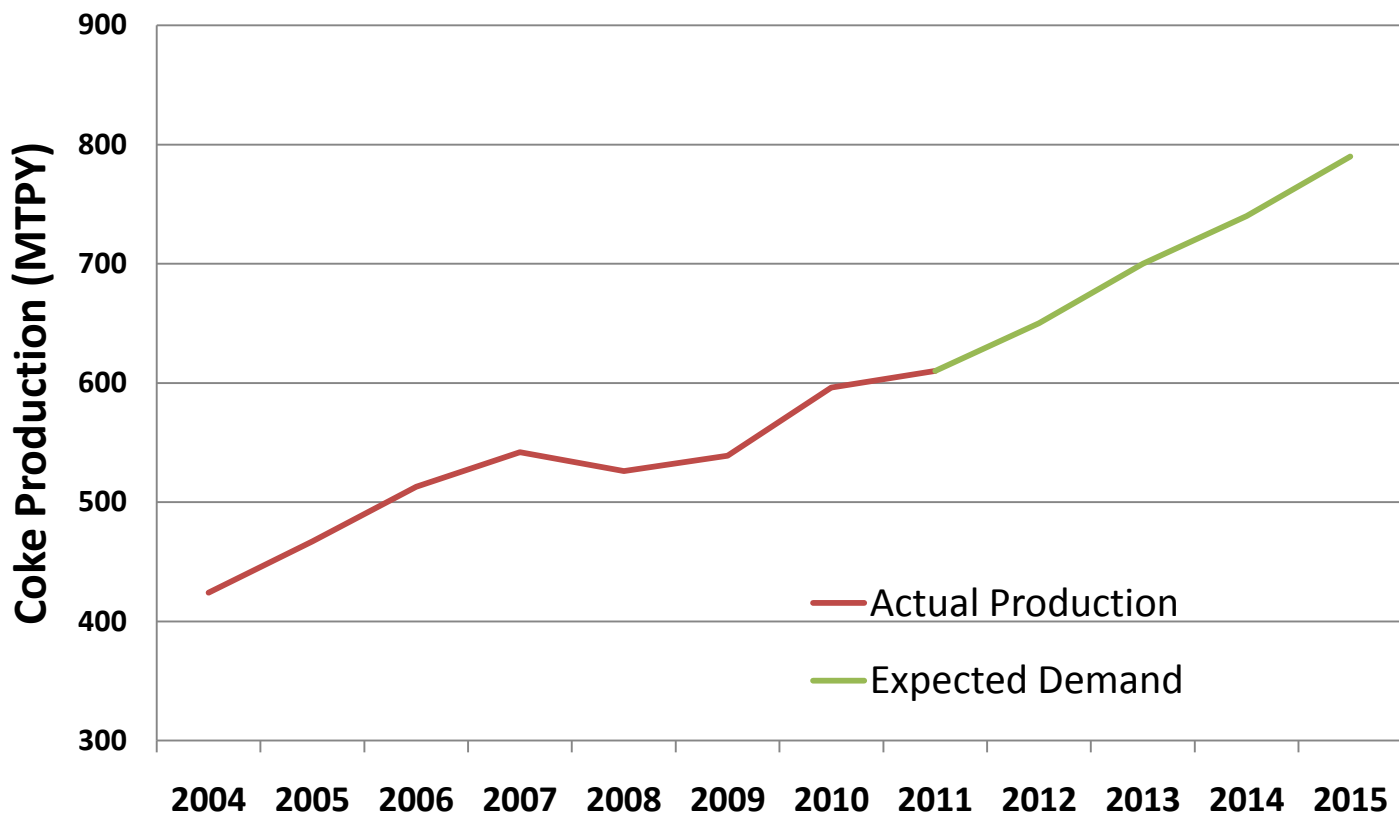
Fundamental trends in Global Met coal supply

- Major challenges exist around infrastructure and cost
 - New coal basins are coming on stream but have quality and / or political factors
 - Future coal quality is probably declining in current major producers
 - Future coal costs are likely to be higher than today – with flow on effect to price
 - Key issue for future is - will new supply arrive in time under strong demand conditions?
-

PRICING TRENDS IN COKING COAL



World Met Coke Market

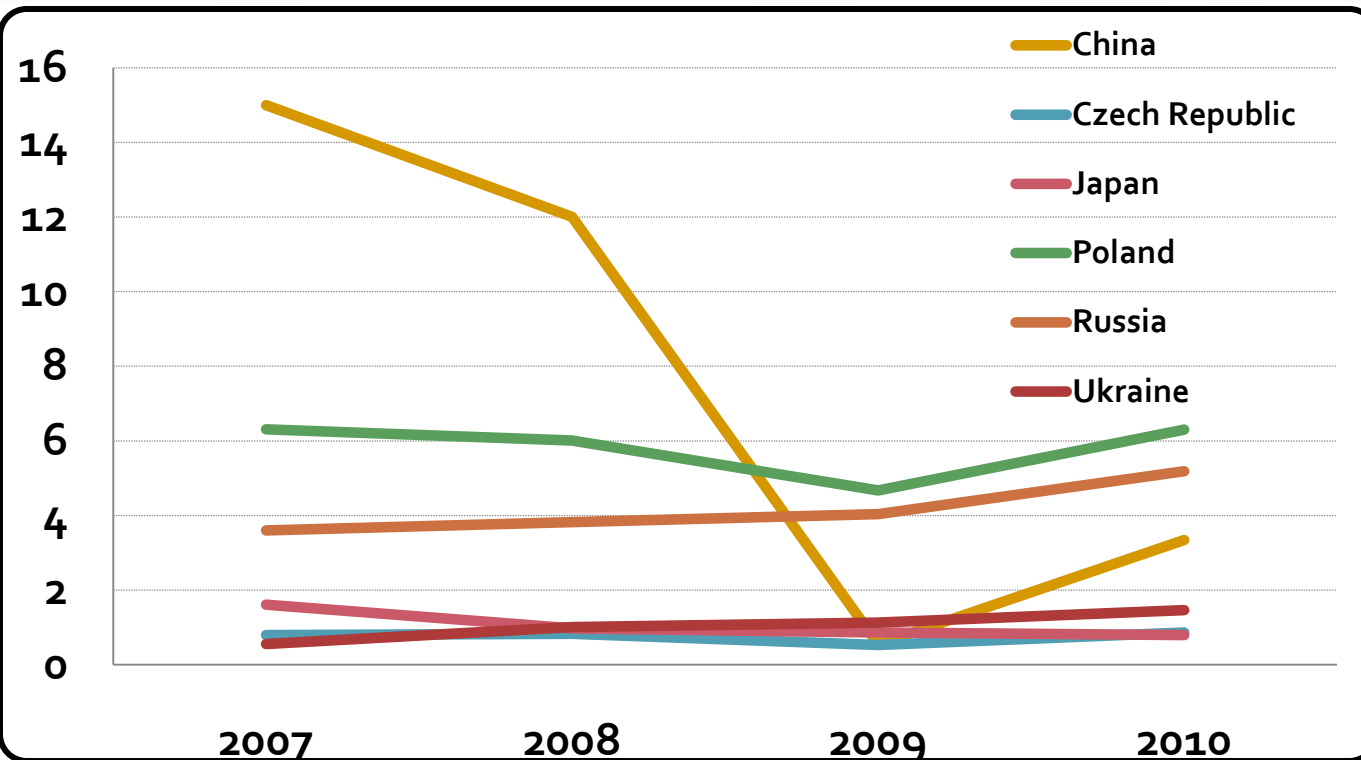


Met Coke demand is expected to rise by 150 to 200 MTPY in next 5 years going by growth projections in BRIC countries

COKE'S VITAL ROLE

- ◎ Coke is the key for growth BF based steel production
- ◎ Future trends are likely to need higher quality coke
- ◎ Coke is vital for ferro alloy production and a vital industrial fuel
- ◎ Rising demand for ferro alloys for steel production puts further pressure on coke supplies
- ◎ Coke batteries are aging worldwide, except for growing capacity in China and India
- ◎ Rise of heat recovery technology can assist new coke capacity

World Met Coke Trade - Exports



• Though Chinese coke availability increased in 2010 over 2009, it is much below the global requirement at strong growth

- Most of the Chinese Coke went to Japan (approx 60%)
- Japanese export declined in 2010
- Columbia - a new entrant exporting to Brazil & India
- India though is a major net importer, has been exporting to Brazil, Japan and SE Asian Countries