Coal & Allied Industries Limited

Presentation to the Financial Community
Half Year Results – 30 June 2010

Bill Champion

29 July 2010

Presentation outline

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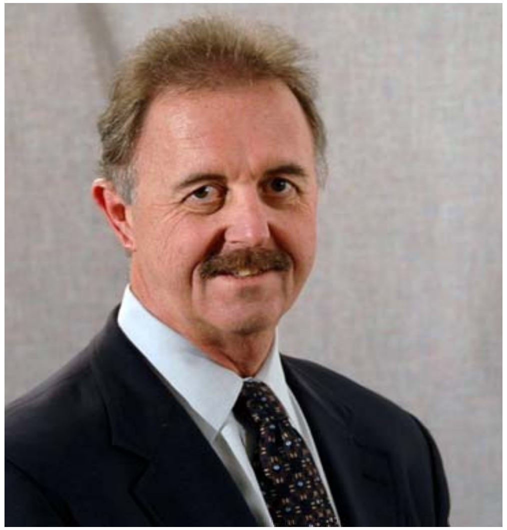
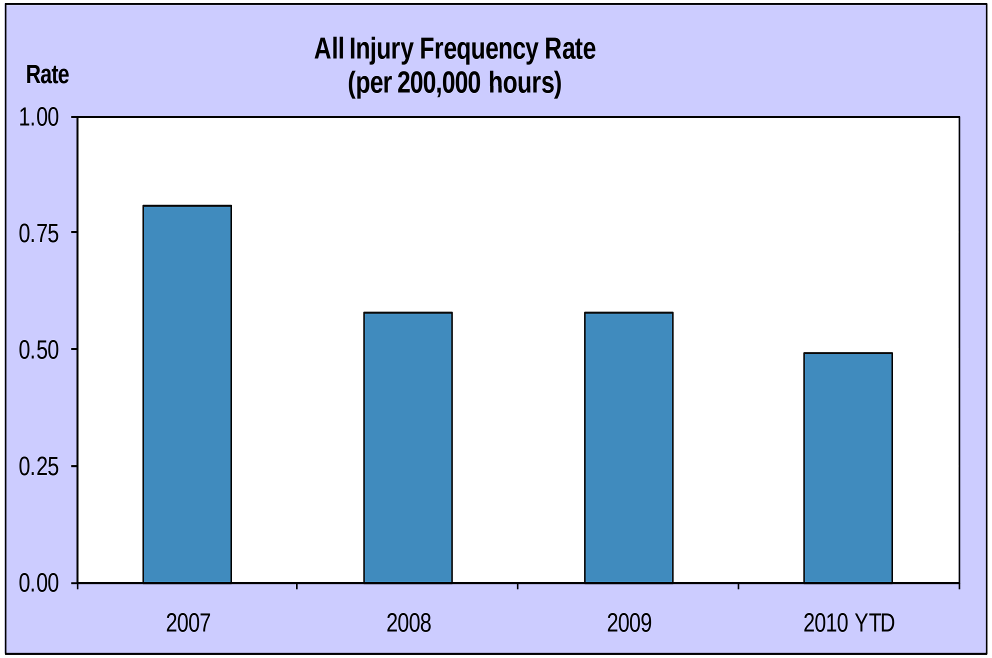
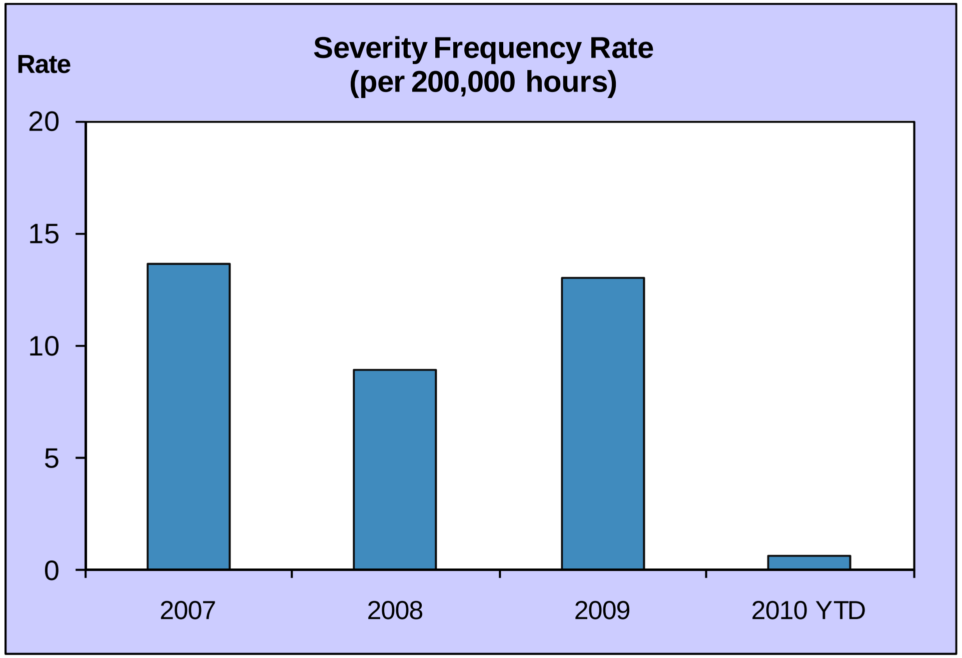


Bill Champion
Managing Director
Coal & Allied Industries Limited

Safety performance

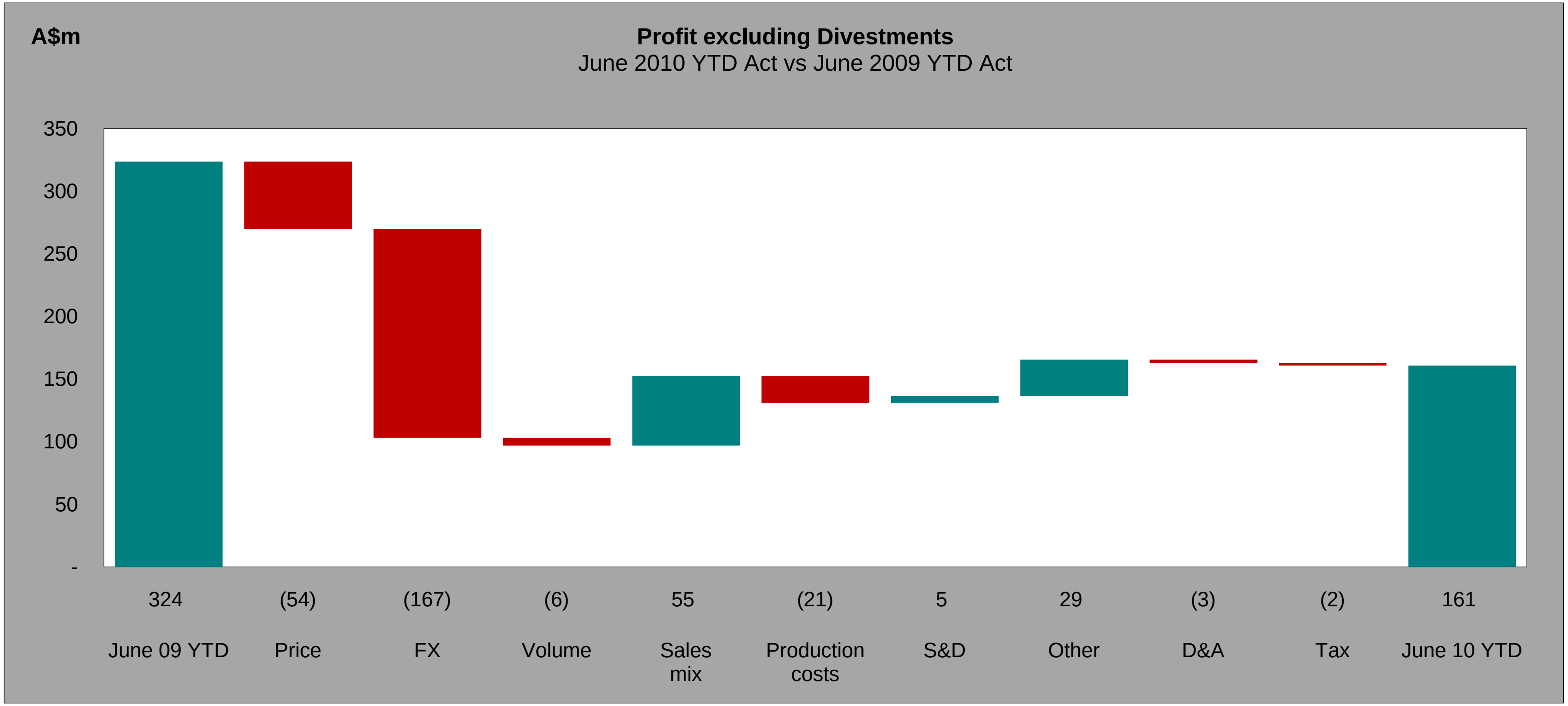




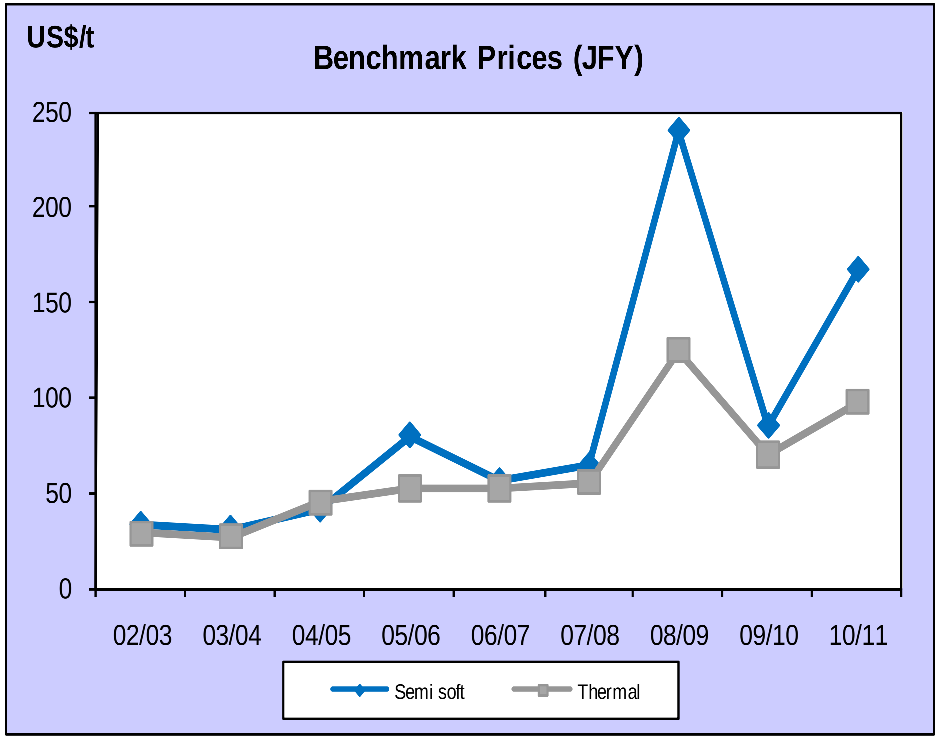
Financial performance - overview

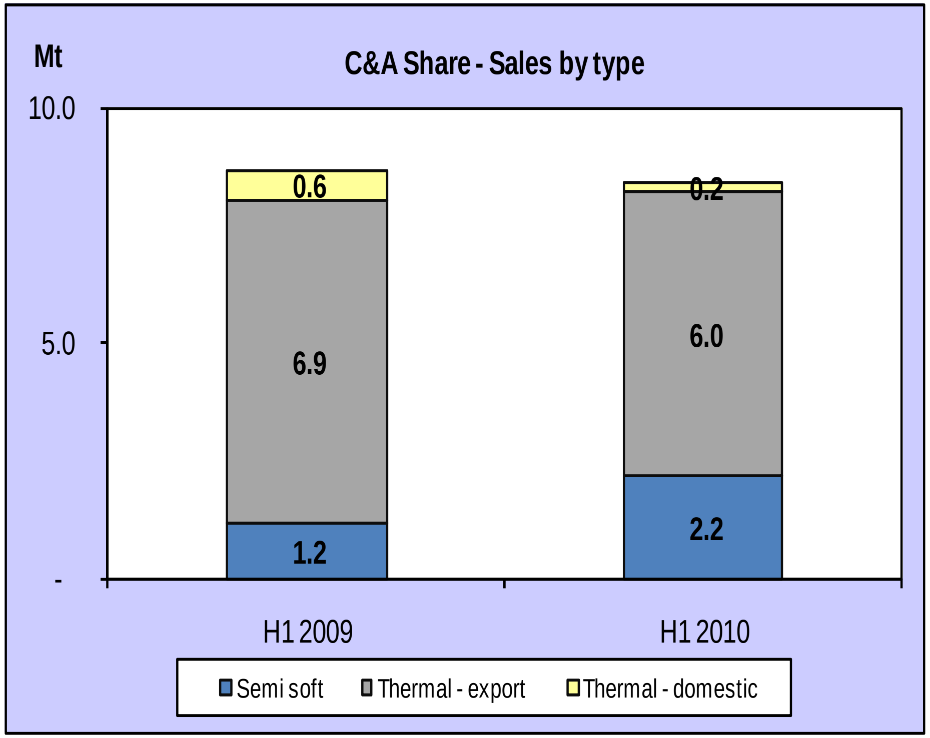
Half Year ended June	H1 2010 $m	H1 2009 $m	Change %
Coal production (million tonnes) – 100% basis	**12.0**	11.5	4
Coal sales (million tonnes) – 100% basis	**11.2**	11.4	(2)
Revenue	**929**	1,250	(26)
EBITDA	**266**	520	(49)
Profit before tax	**218**	459	(53)
Profit excluding divestments after tax	**161**	324	(50)
Net profit after tax	**498**	324	54
Ordinary dividends declared	**Cps**	**Cps**	**Change %**
Interim	**450**	160	181
Earnings per share	**575**	374	54

Profit after tax excluding divestments



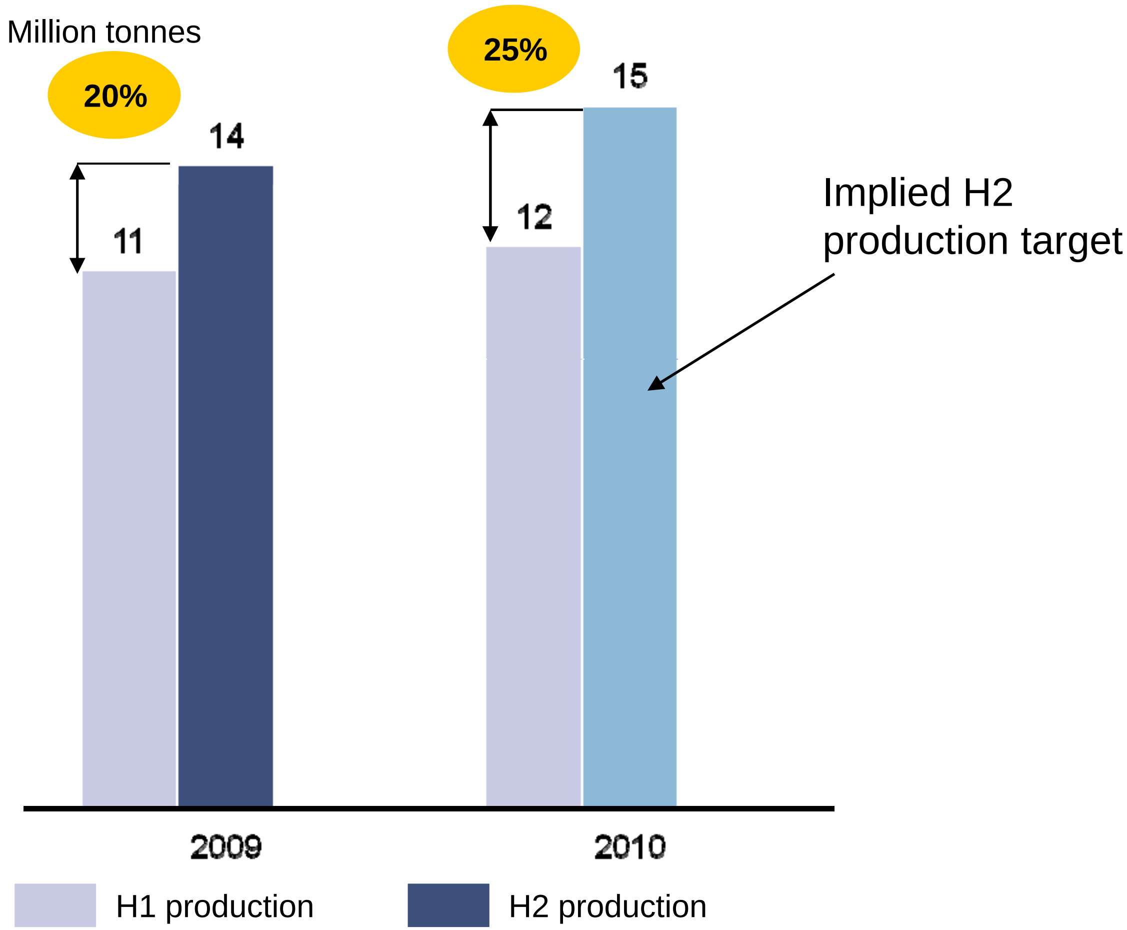
Benchmark prices and sales mix



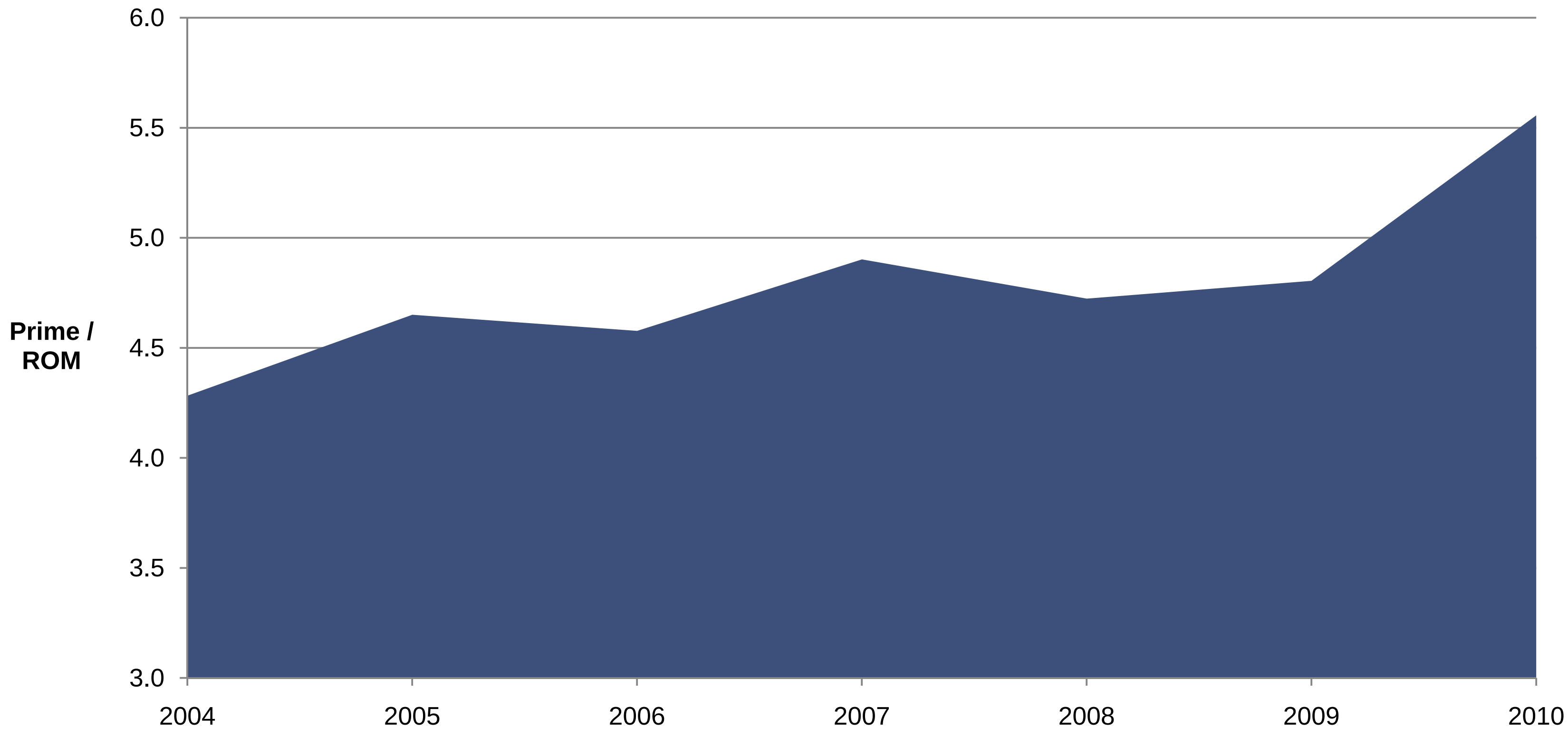


Source: ABARE export data

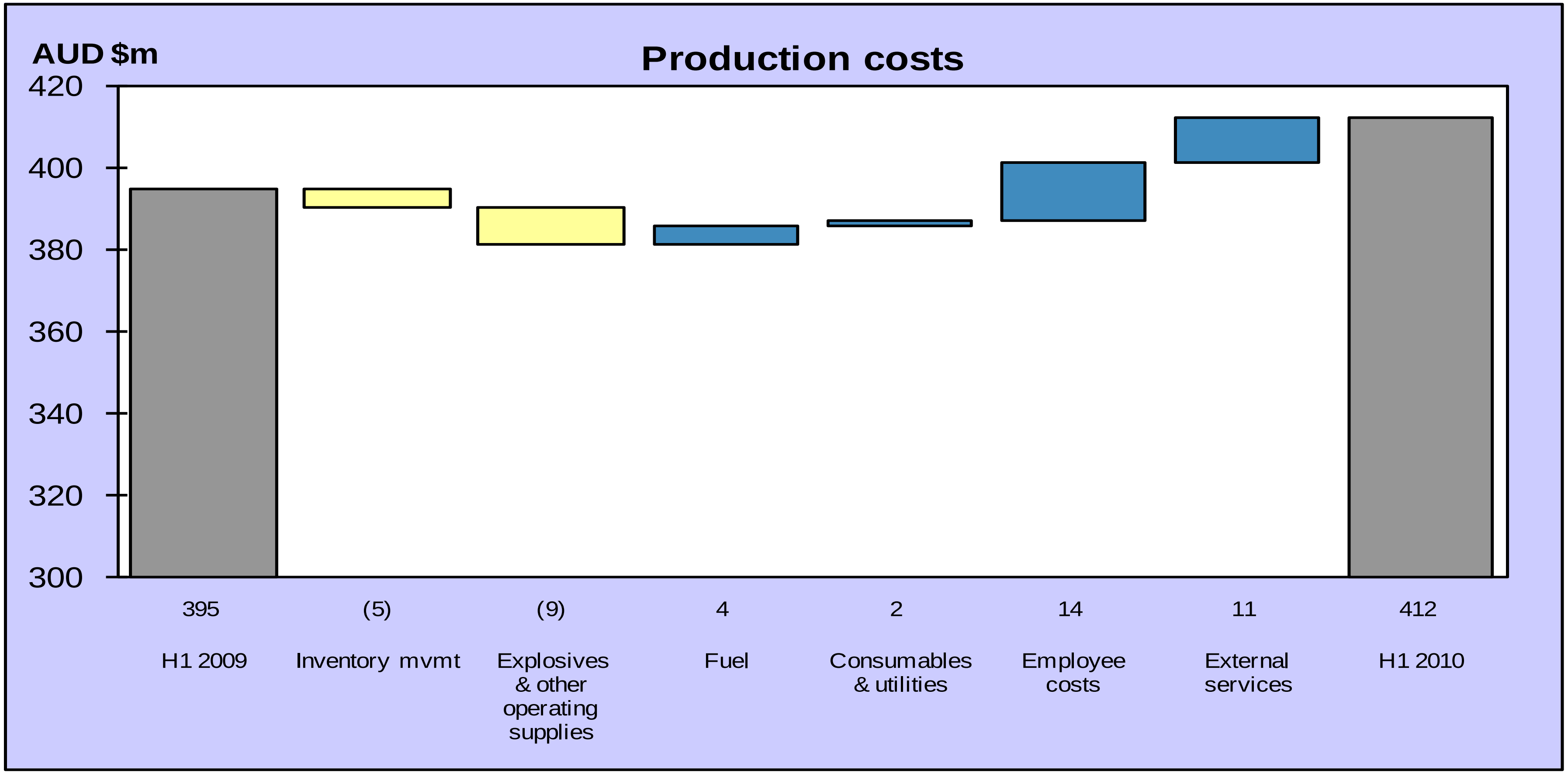
Saleable production – 100% basis



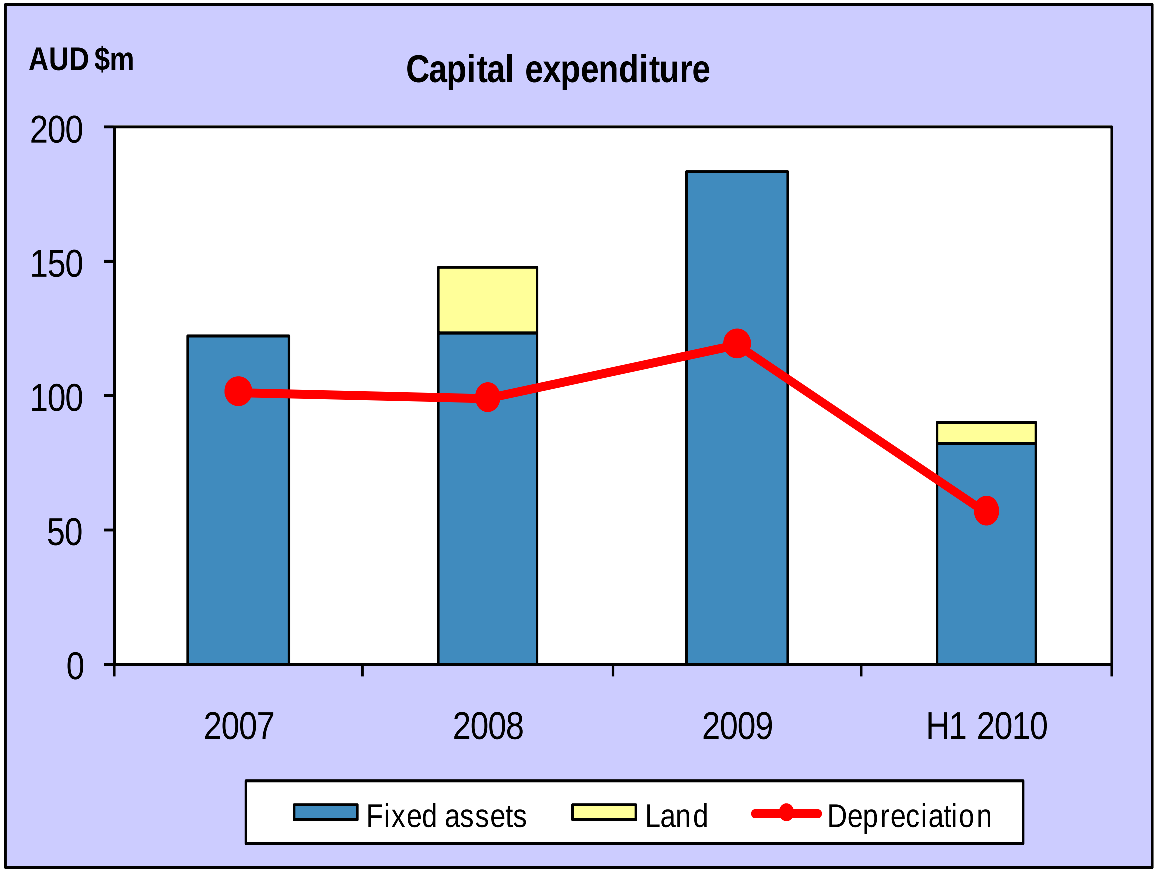
Rising strip ratio impacting costs



Production costs (FOR basis)



Capital and depreciation



Capital spend – C&A share

H1 2010	H1 2009
$90 million	$88 million

- Purchase of heavy mobile equipment, including trucks, excavators and grader
- Dragline overhauls at BEN, HVO & MTW
- Major cyclical maintenance
- Mount Pleasant land acquisitions

Cash flow

Half Year ended June	H1 2010 $m	H1 2009 $m
Cash from operations before tax	**265**	663
Tax payments	**(186)**	(284)
Net operating cash flow	**79**	379
Capital expenditure	**(90)**	(88)
Proceeds on fixed asset disposals	**2**	-
Net inflow from divestments	**384**	-
Free cash inflow	**375**	291
Dividends paid	**(303)**	(476)
Net repayment of borrowings and lease liabilities	**(23)**	(102)
Net cash (outflow) inflow	**49**	(287)
Net cash	**360**	362

Hunter Valley Operations – 100%

Key statistics	H1 2010 (kt)	H1 2009 (kt)
- Thermal	**3,628**	4,595
- Semi-soft	**1,544**	838
Total production	**5,172**	5,433
Sales	**4,993**	5,430
Capex ($m) C&A share	**62.6**	50.7

- Production lower than H1 2009 due to an extended period of working through areas of higher strip ratio and an increase in unfavourable weather conditions
- Entered a new labour agreement

Mount Thorley Warkworth
80% Mount Thorley, 56% Warkworth

Key statistics	H1 2010 (kt) 100% basis	H1 2009 (kt) 100% basis
- Thermal	**2,964**	2,973
- Semi-soft	**1,149**	506
Total production	**4,113**	**3,479**
Sales	**3,902**	3,611
Capex ($m) C&A share	**17.7**	17.3

- Increase in prime overburden removal as production ramps up through additional heavy mobile equipment
- Entered a new labour agreement

Bengalla Operations – 40%

Key statistics	H1 2010 (kt) 100% basis	H1 2009 (kt) 100% basis
Production - Thermal	**2,705**	2,564
Sales	**2,313**	2,357
Capex ($m) C&A share	**1.4**	18.9

- Mining in a more productive seam
- Collective labour agreement currently being negotiated

Infrastructure progress providing increasing certainty

- 10 year take or pay contracts for port nominations began 1 January 2010
- PWCS expansion to 133mtpa due for completion Q4 2011; pre-feasibility work to expand port capacity to 145Mtpa; advancing study work on T4
- NCIG terminal stage one loaded first ship 2010
- Rail track capacity expanding

Divestments

Half Year ended June	PBT $m	Tax $m	NPAT $m
Divestment of Maules Creek and Vickery coal projects	**481**	**(144)**	**337**

Maules Creek Coal Project

- The sale of the undeveloped Maules Creek Coal Project in the Gunnedah Basin to Aston Resources Pty Limited for $480 million in cash, was completed during February 2010

Vickery Coal Project

- The sale of the Vickery Coal Project in the Gunnedah Basin to Whitehaven Coal Mining Ltd for $31.5 million in cash and 1,156ha parcel of land, was completed during February 2010

Projects

- Projects to realise latent capacity at HVO and MTW underway
- Mt Pleasant pre-feasibility study nearing completion and looking to move into the feasibility stage later in 2010
- Approvals for mine extensions being progressed at MTW and HVO

Summary

- Profit after tax down on 2009
- Expect significant improvement in second half production
- Current market conditions remain strong - uncertainty around the short term economic outlook
- Accelerating production growth
- Minerals Resource Rent Tax – still much work to be done during consultation process
- Risks around labour, infrastructure, communities and CPRS

COAL & ALLIED

Managed by Rio Tinto Coal Australia