



AACI acquisition

INVESTOR & ANALYST UPDATE

9 June 2008

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- 1. Transaction summary**
- 2. Asset focus**
- 3. Sales and marketing**
- 4. Financial review**
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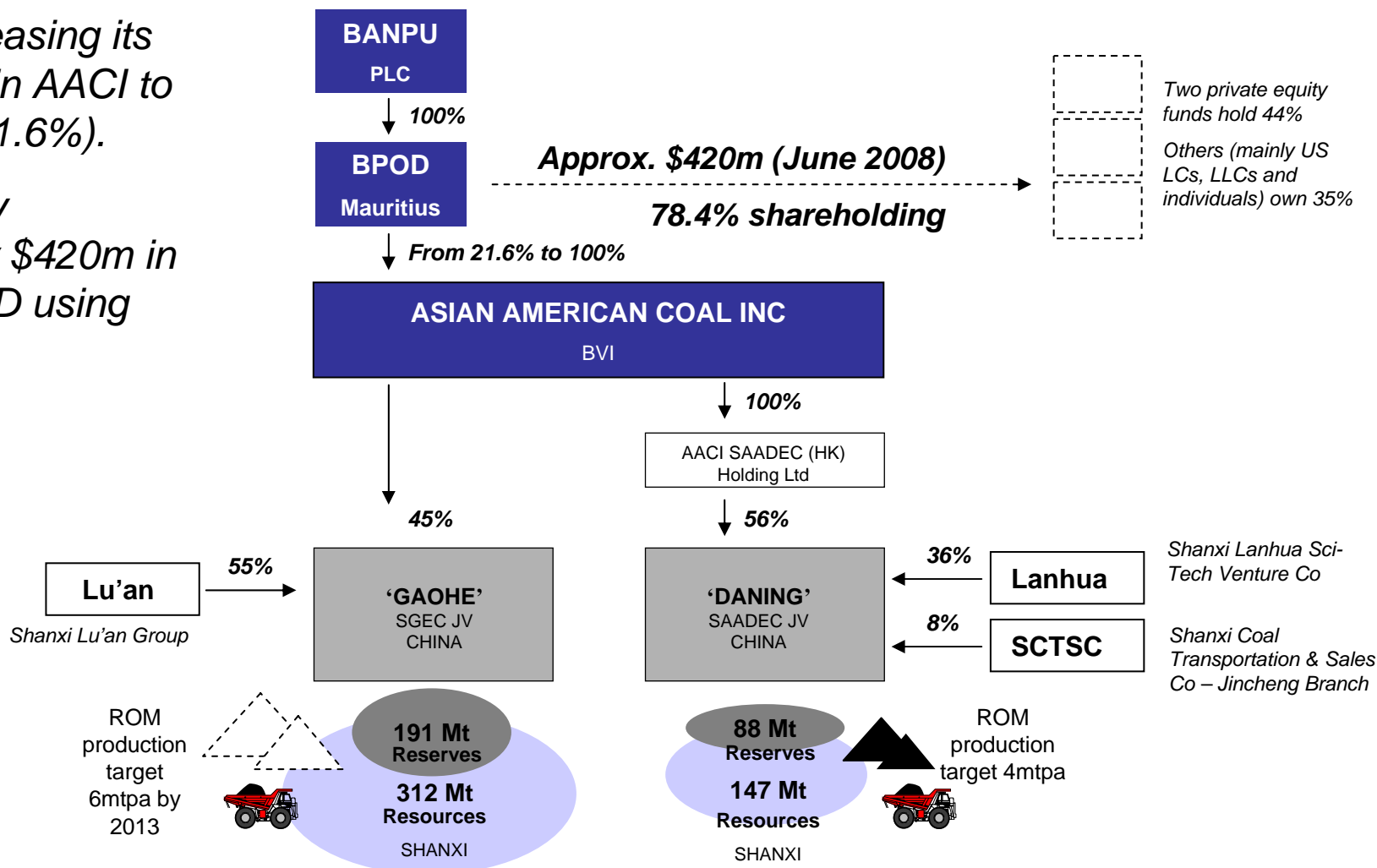
1. Transaction summary

Somruedee Somphon
Chief Financial Officer

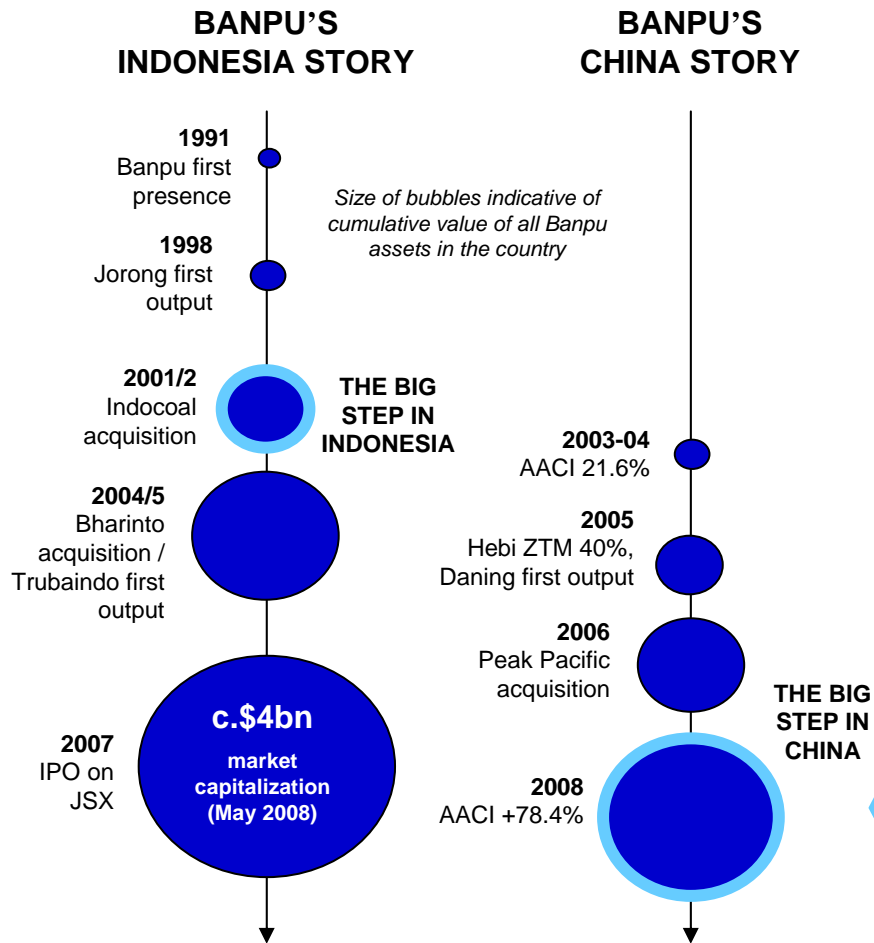
Transaction summary

Banpu is increasing its shareholding in AACI to 100% (from 21.6%).

Banpu will pay approximately \$420m in cash via BPOD using debt finance.



Transaction rationale



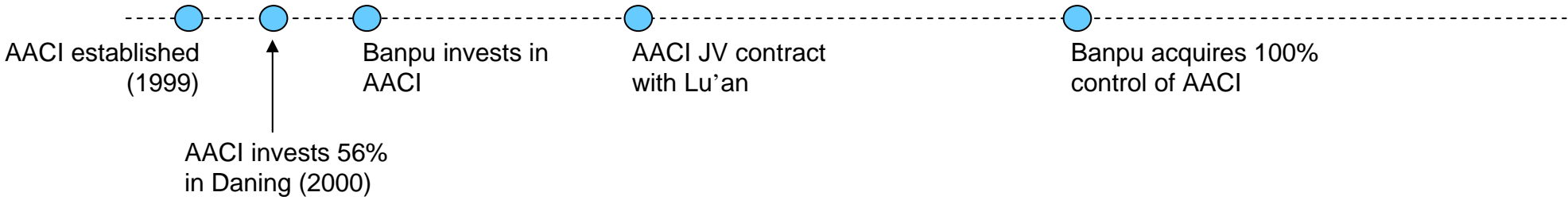
AACI TRANSACTION RATIONALE

- ✓ Establishes critical mass and asset diversity to Banpu's China strategy providing firmer foothold in China
- ✓ Adds 107Mt equity reserves in China and diversifies Banpu's reserve and asset base
- ✓ Opportunity to obtain majority control of large quality mine in China built/operated to US standards (Daning 4Mtpa)
- ✓ Opportunity to develop other projects and relationships with local stakeholders
- ✓ Banpu familiar with both main assets (since 2003); better able to understand value-creation potential

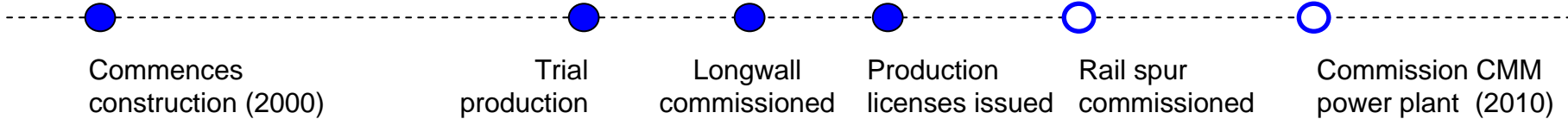
AACI milestones



CORPORATE



DANING



GAOHE



2. Asset focus

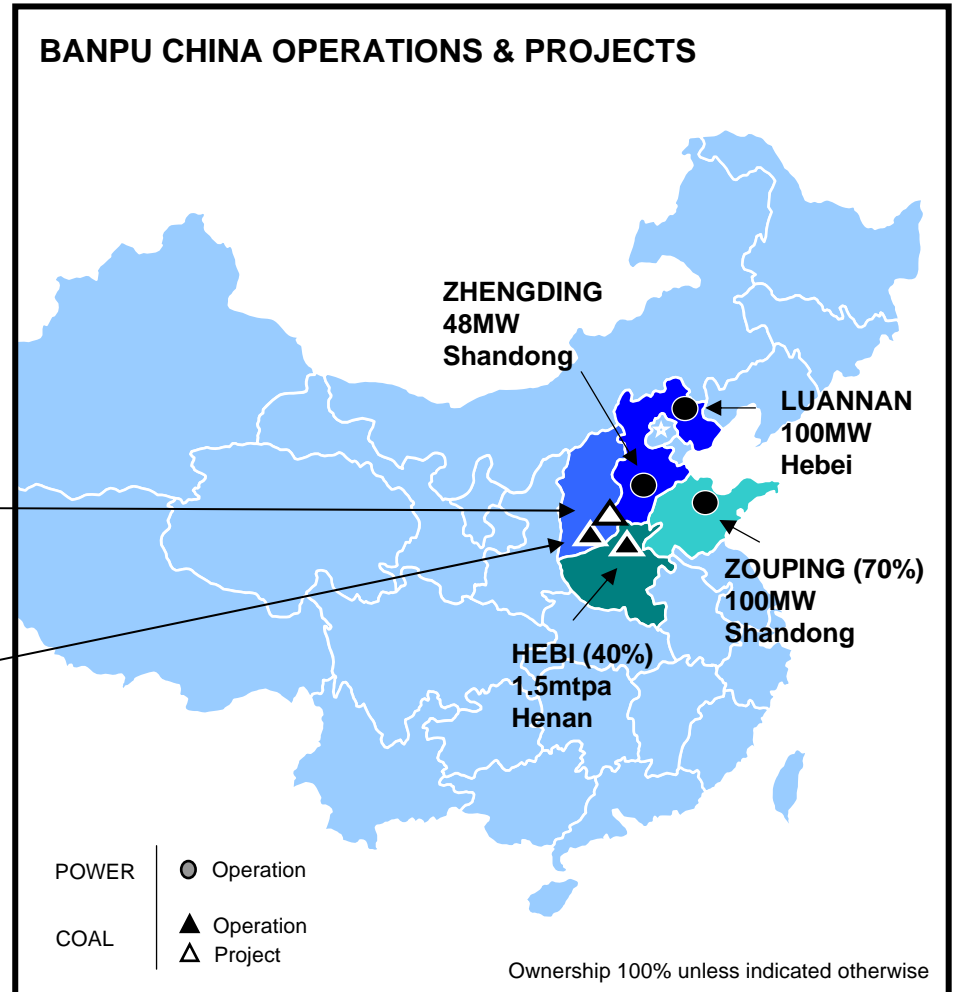
Nipon Amorntheparaksa
Head of China Coal

Location of Daning and Gaohe



GAOHE (45%)
6mtpa (COD 2010)
Shanxi

DANING (56%)
4mtpa
Shanxi



Daning introduction



DANING ROM PRODUCTION ANALYSIS

	ASP 295	333	383	426	RMB/t
2007	0.6	0.8	0.9	1.3	3.1 Mt
	1Q	2Q	3Q	4Q	
2008f	0.5				3.8 Mt
	ASP 450				

COMMENTS

- Thermal and lump coal production. Grades ranging from CV 5600 – 6900 kcal/kg
- Underground longwall operation with design capacity for 5.0mtpa (licensed for 4.0mtpa)
- Rail spur due for completion in 2008
- Total project investment RMB 1.5bn, debt to equity 65:35

Danang surface facilities



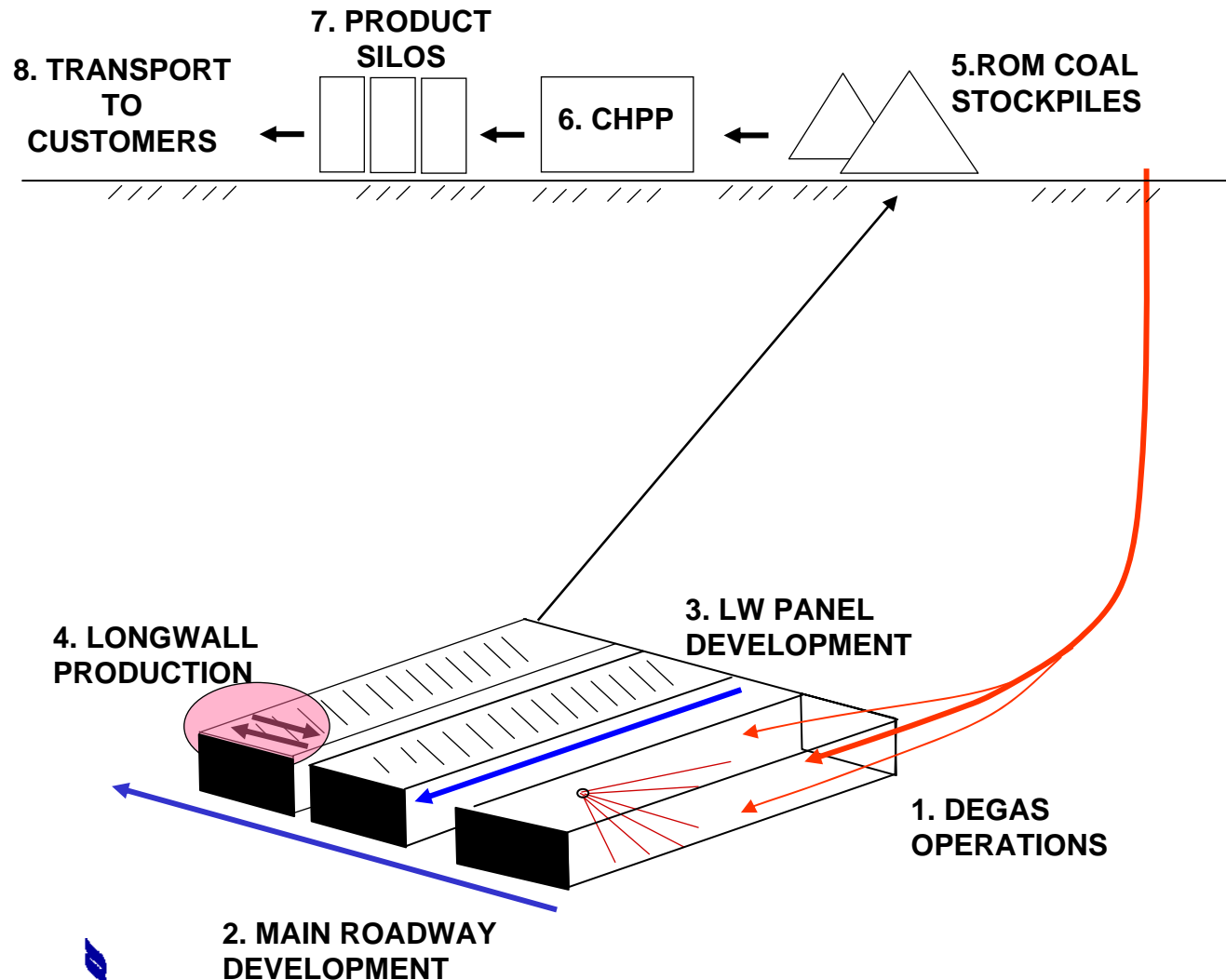
Daning underground facilities



Mining components and expertise from

- Shield: *DBT (Germany)*
- Shearer: *Joy (USA)*
- AFC: *LW Associates (England)*
- Conveyor belts: *DBT (Germany)*
- Electrical system (*Australia*)
- Underground installation: *DBT (Germany)*

Danang coal production process

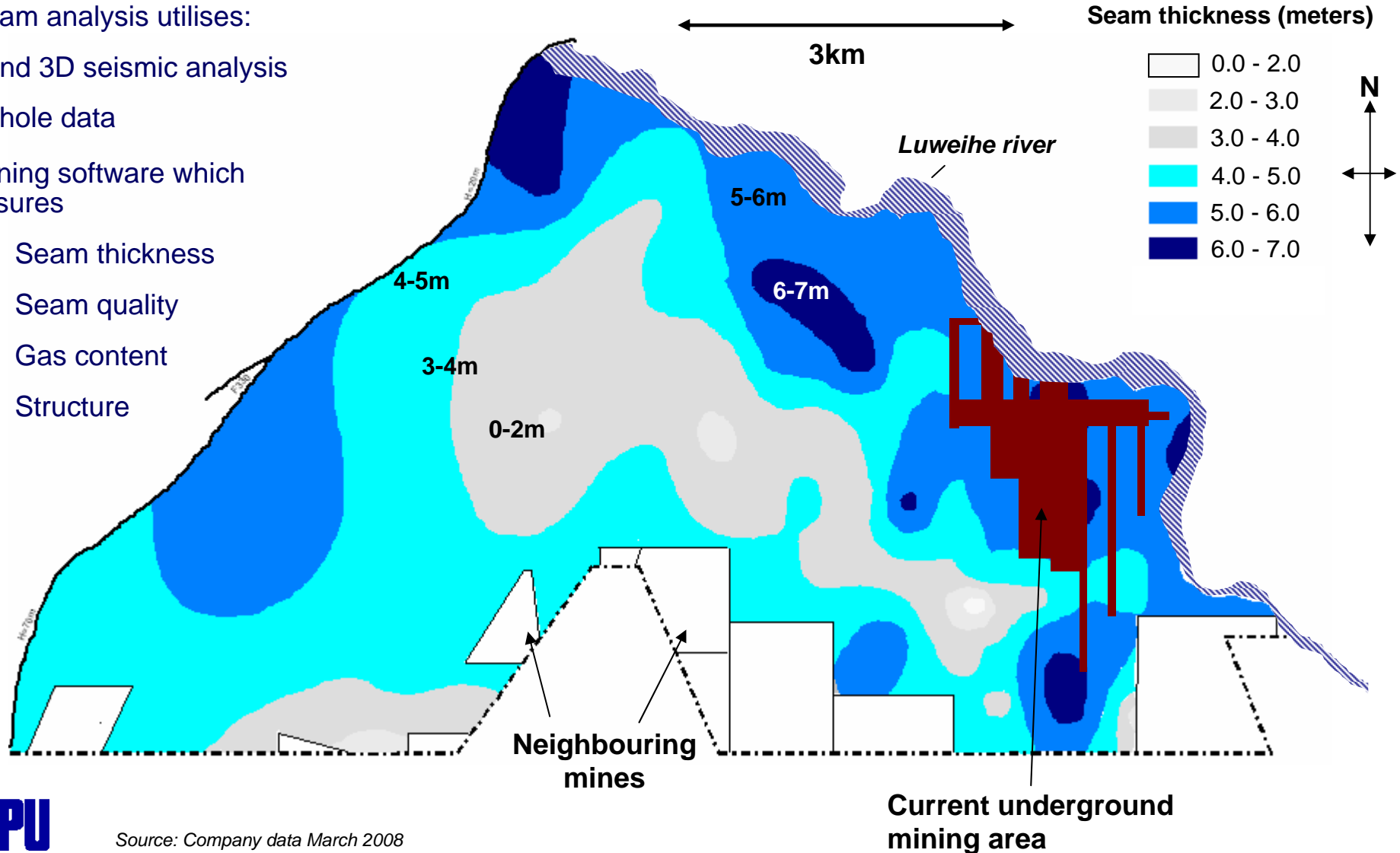


- Longwall mines are single face, serial production operations
- Achieving design output is dependent on effectively managing several interrelated activities and minimizing interruptions from external factors (capacity constraints, panel geometry, geology, equipment reliability)

Aerial overview of Daning coal seam thickness

Coal seam analysis utilises:

- 2D and 3D seismic analysis
- Borehole data
- Planning software which measures
 - Seam thickness
 - Seam quality
 - Gas content
 - Structure



Daning health and safety

- Compulsory safety education and training centre
- Industrial disease control centre and full-time rescue team
- Team and crew management
- Strict safety targets and evaluations
- Severe punishment for safety infringements



KEY SAFETY METRICS	RESULTS (2007)
Fatalities	0
Injury causing accidents	3 (no severe accidents)
Non injury causing accidents	20
Lost production time from accidents	<5%

Gaohe introduction

Administration building



Finished coal silos



Total capacity 4x8,000 tonnes

GAOHE PRODUCTION PLAN

2010e **3.0 Mt**

2013e **6.0 Mt**

COMMENTS

- 6Mtpa ROM capacity mine, selling to Chinese utilities and steel mills
- First output 2010 – full capacity output by 2013
- Total project investment RMB 3.15bn* (\$455m). Approx. 1/3 incurred to date
- Target 65:35 debt to equity

* Exclude mining license

Gaohe site photos

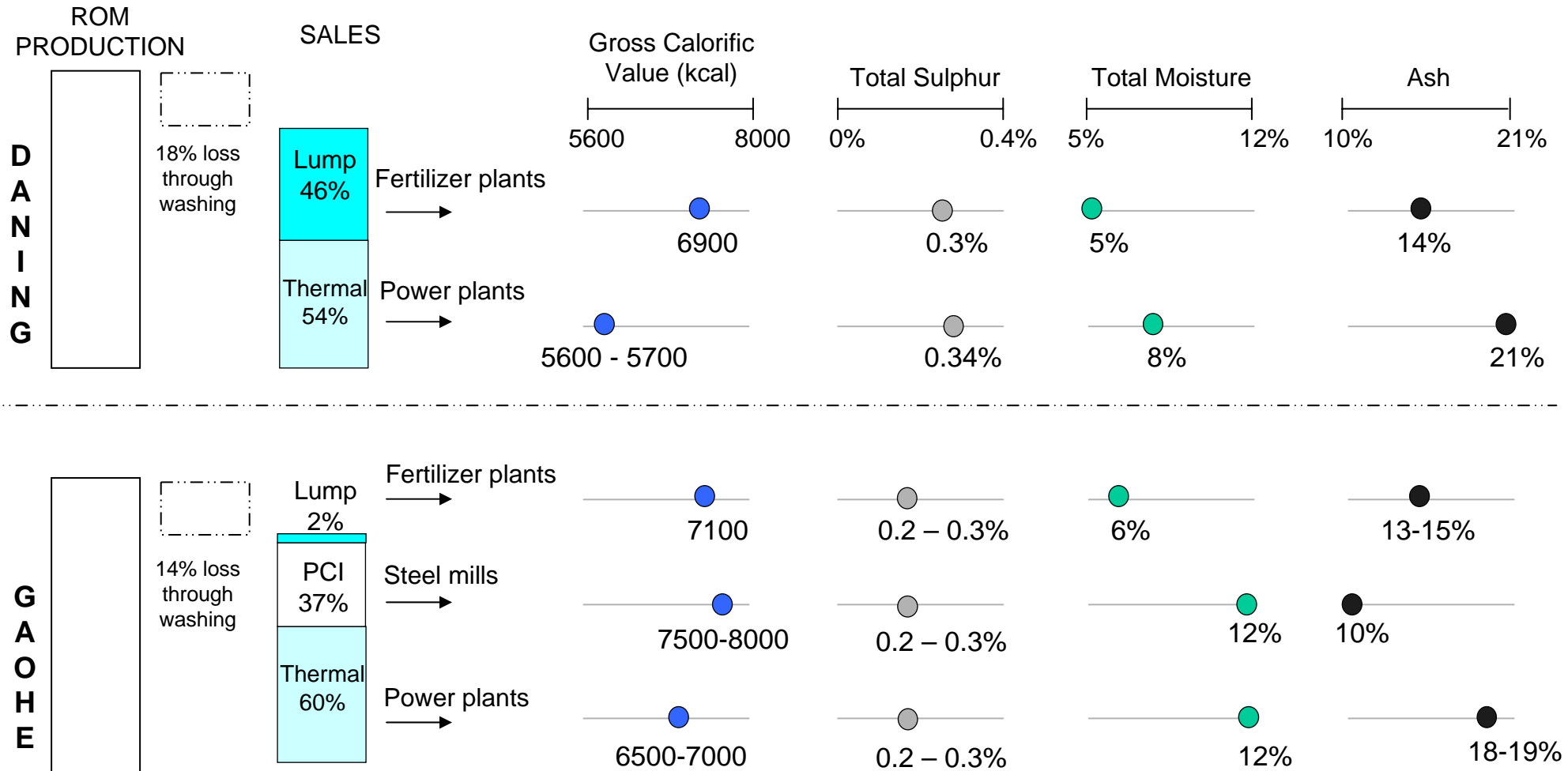


Total capacity 6x10,000 tonnes

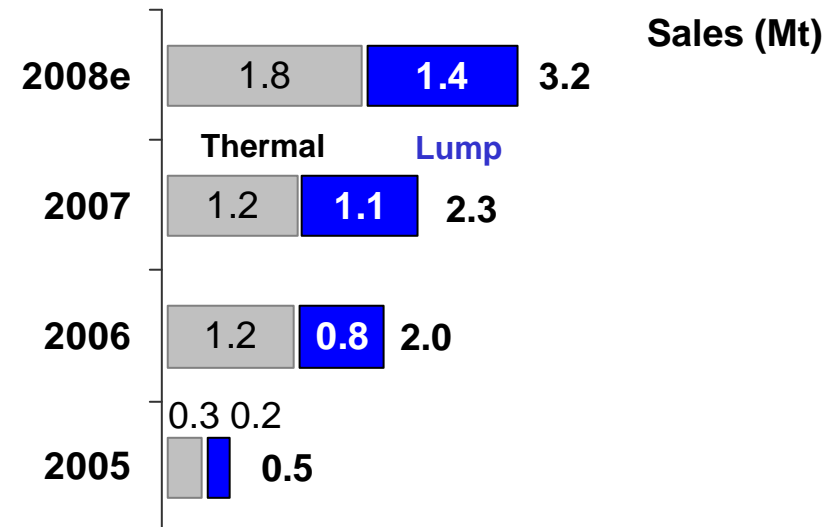
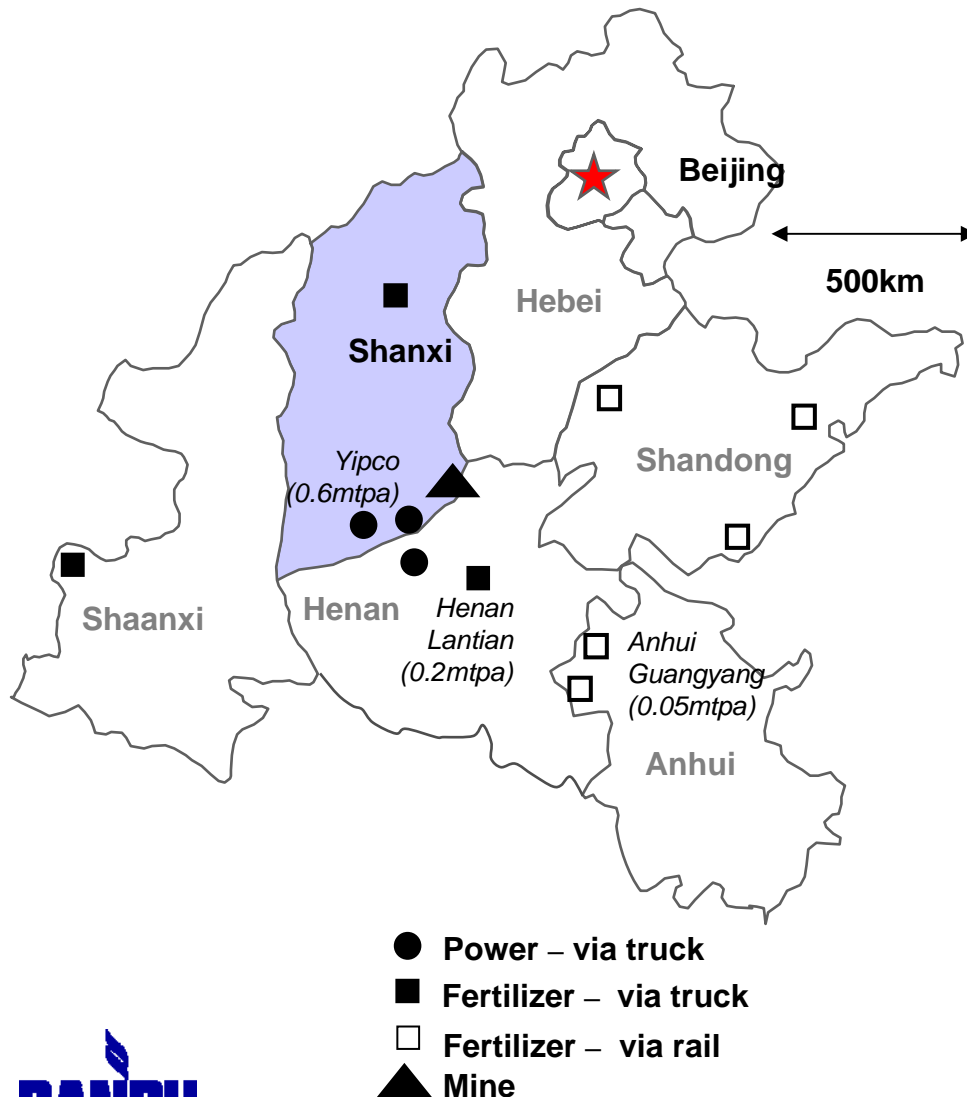
3. Sales and marketing

Nipon Amorntheparaksa
Head of China Coal

Main product specifications

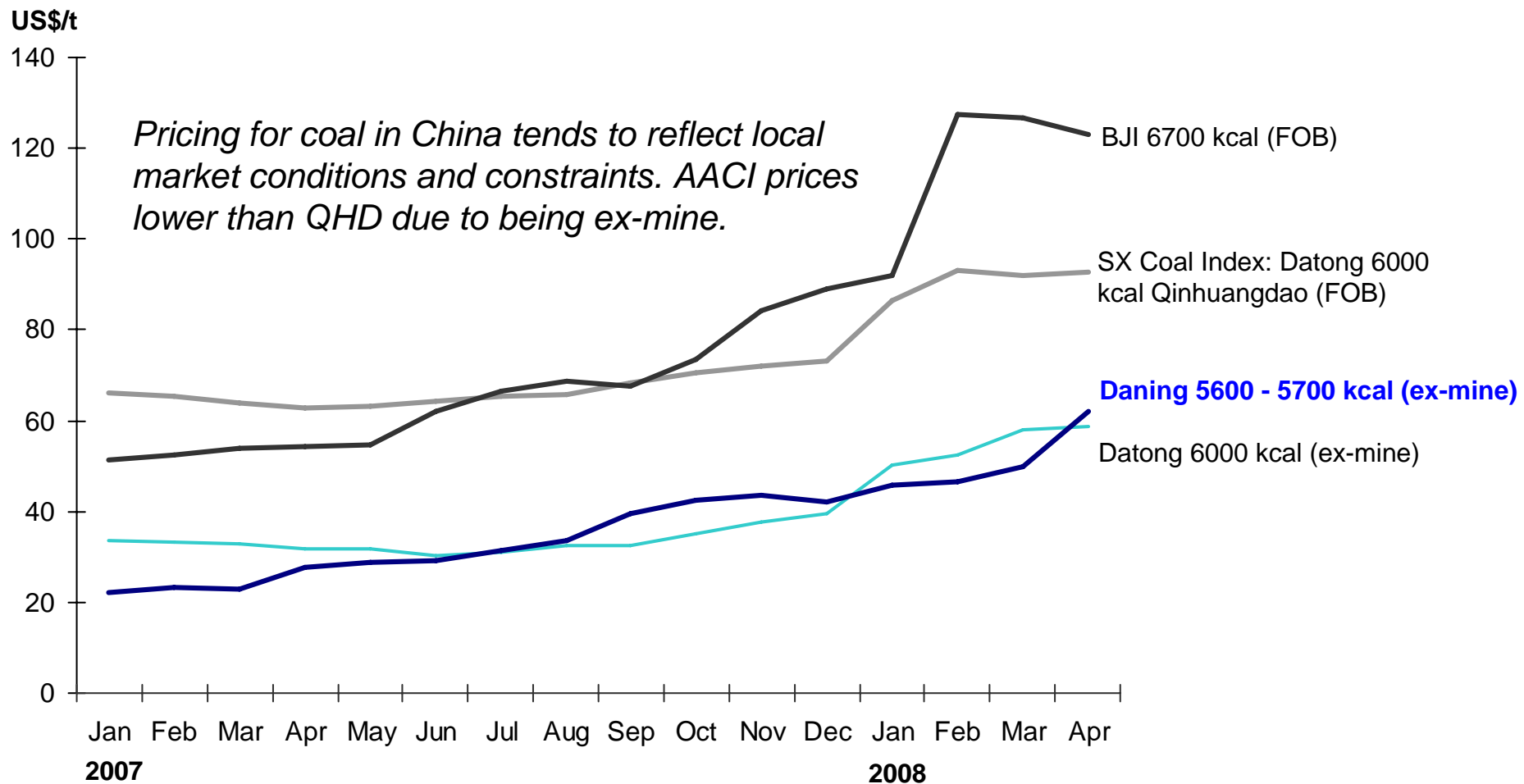


Daning sales

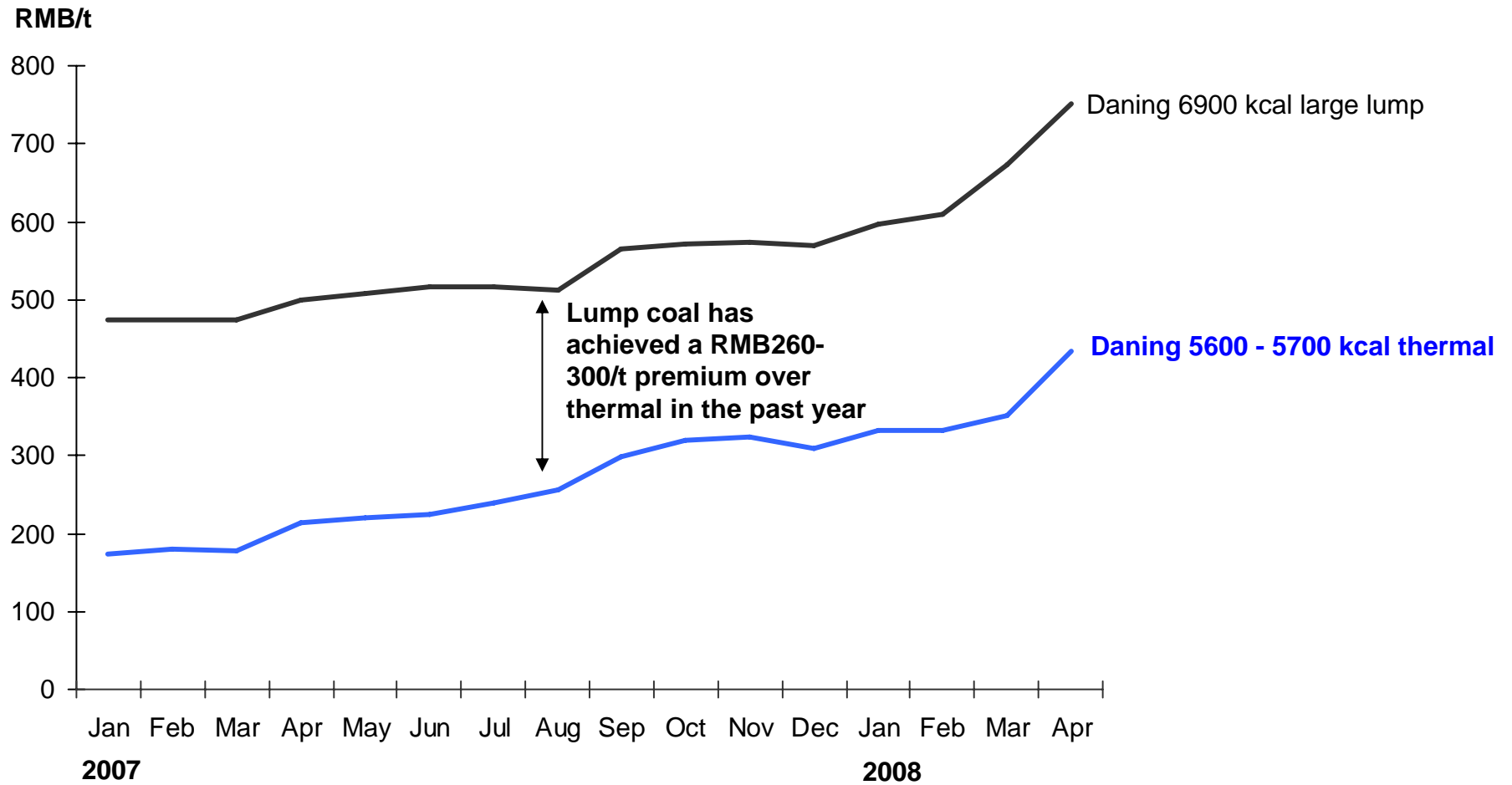


- Buyers include power plants, steel mills and fertilizer producers
- The top three power customers purchase 65% of total thermal production
- Fertilizer purchases of lump coal are more fragmented
- All sales are made ex-mine
- Completion of rail spur will allow loading of coal onto rail at the mine

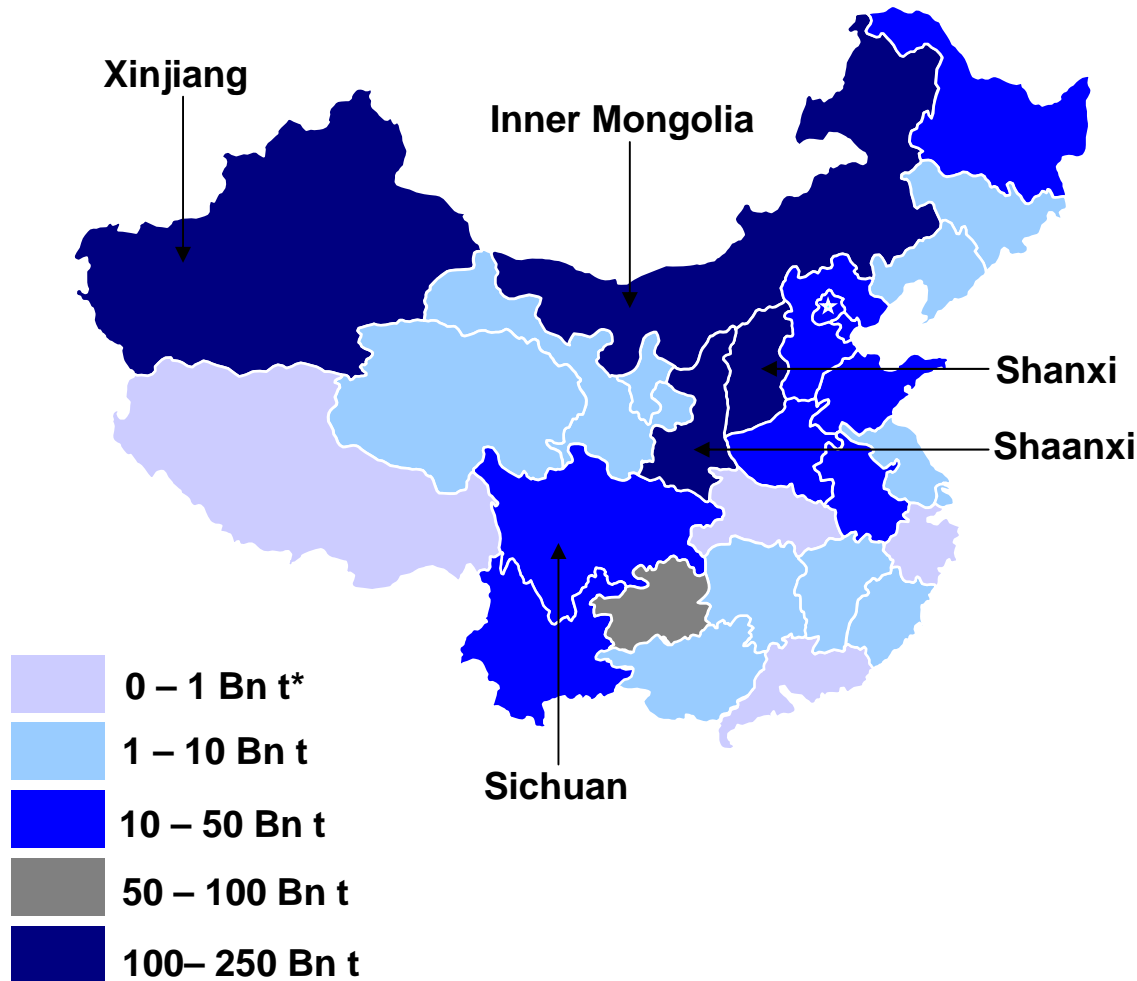
Pricing environment (1)



Pricing environment (2)

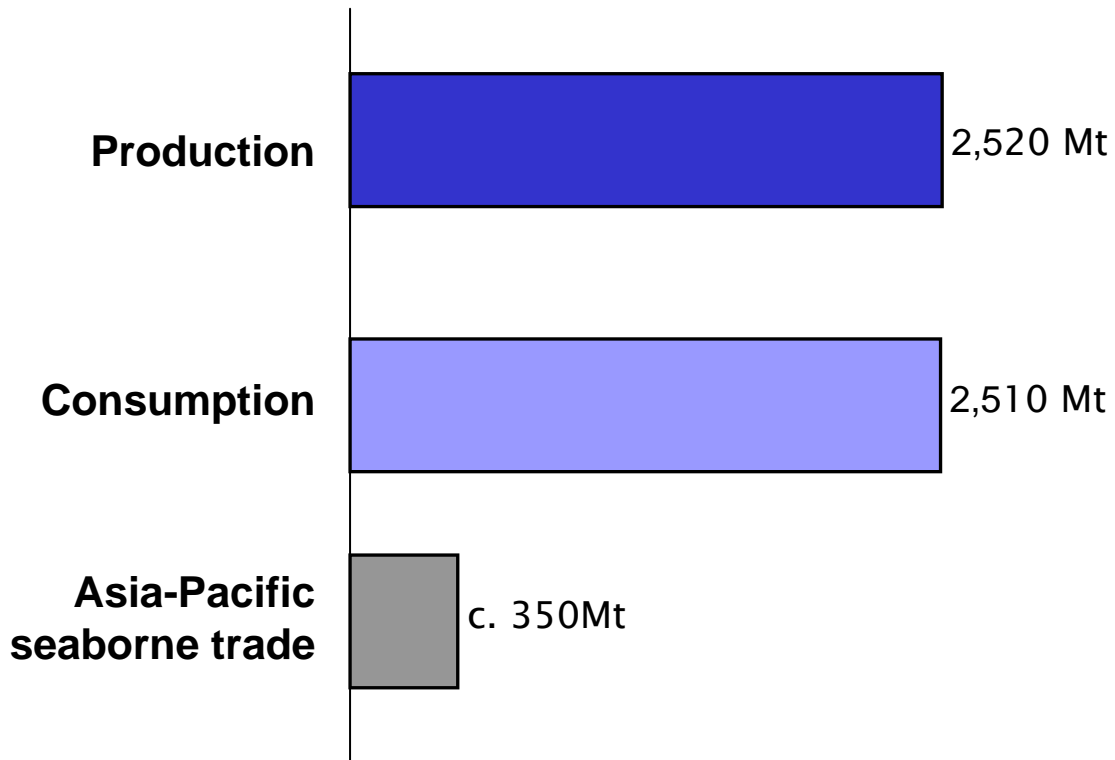


Distribution of coal resources in China



- China's coal deposits are concentrated in the northern and northwestern parts of the country.
- China has 1.03 trillion tonnes of coal resources, third largest in the world after USA and Russia
- Shanxi, the largest producing province, contributes 25% of the nation's total production
- Both Daning and Gaohe mines are located in the south-east corner of Shanxi province

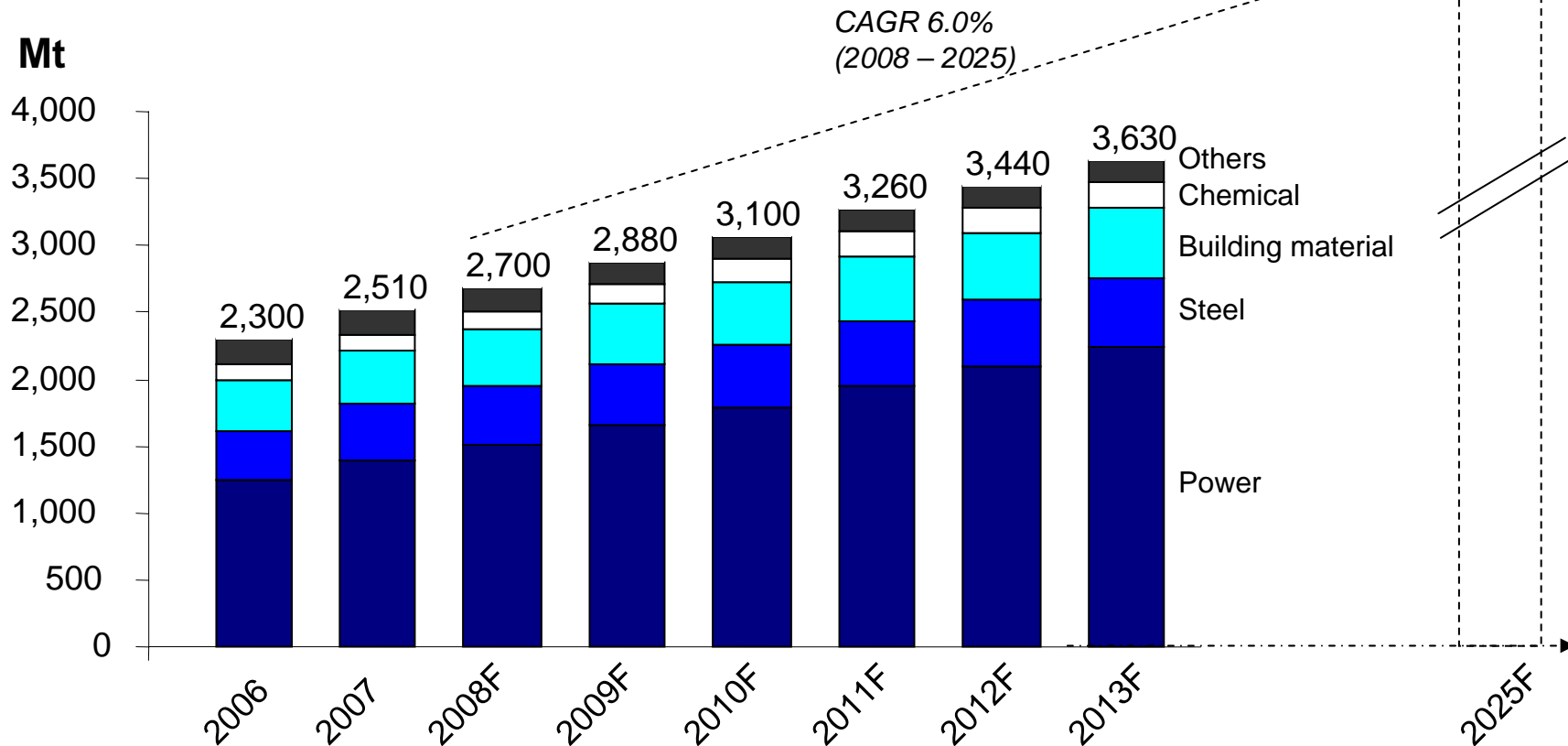
China coal industry (2007)



- Coal accounts for nearly 70% of China's energy mix
- Largest coal producers are:
 - Shenhua (149 Mtpa)
 - China coal (72 Mtpa)
 - Shanxi coking coal (61 Mtpa)
 - Datong coal (57 Mtpa)
 - Heilongjiang Longmei (48Mtpa)
 - Yanzhou (40Mtpa)
- China is now a net importer of coal. Net export 2007 was 2Mt, mainly to Japan and Korea
- Vietnam and Indonesia provide 76% of imports to China

Chinese coal demand by key industries

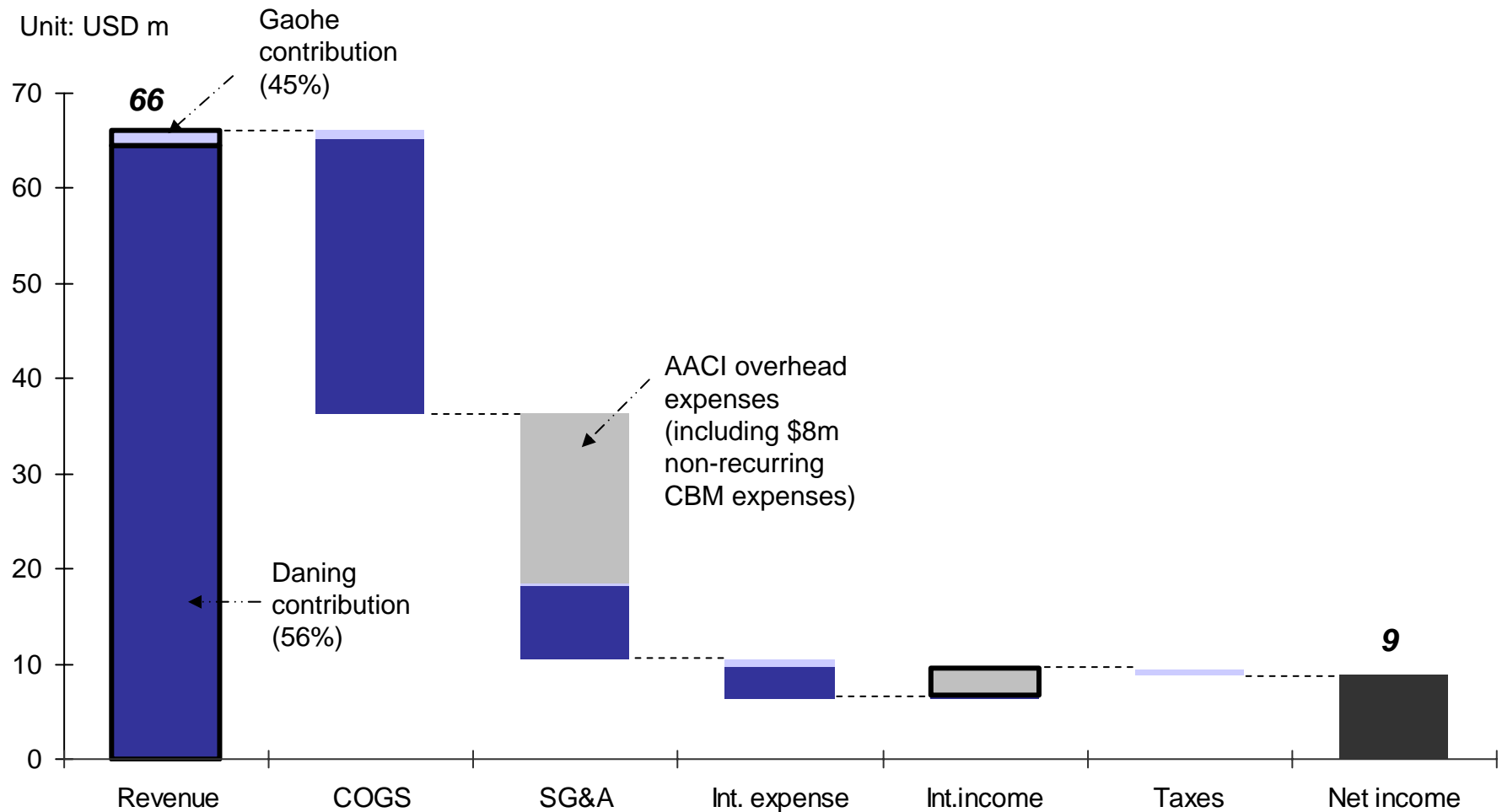
Demand is expected to triple between 2008 to 2025



4. Financial review

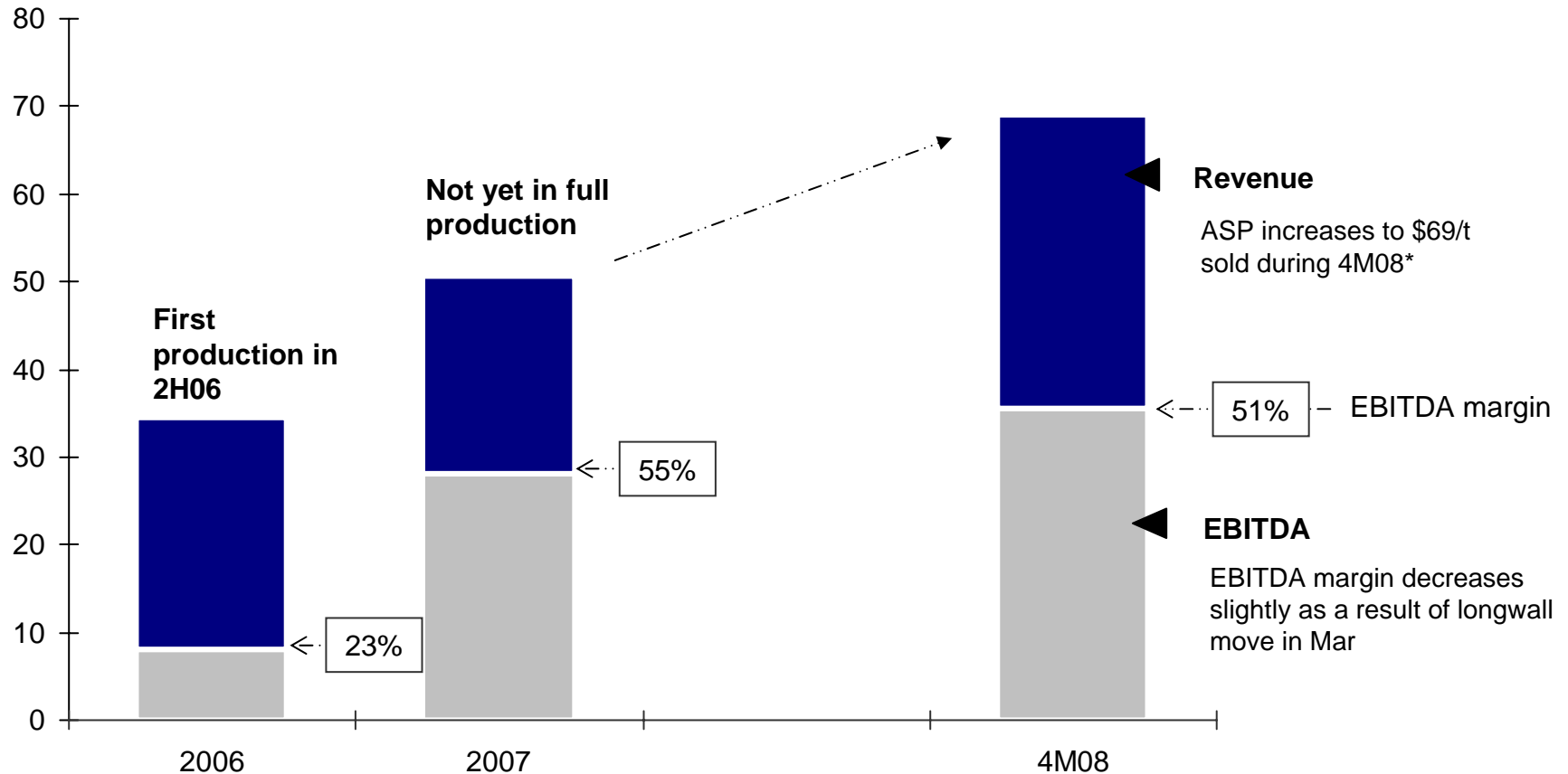
Somruedee Somphong
Chief Financial Officer

AACI 2007 financial breakdown



Daning historical revenue and EBITDA margin

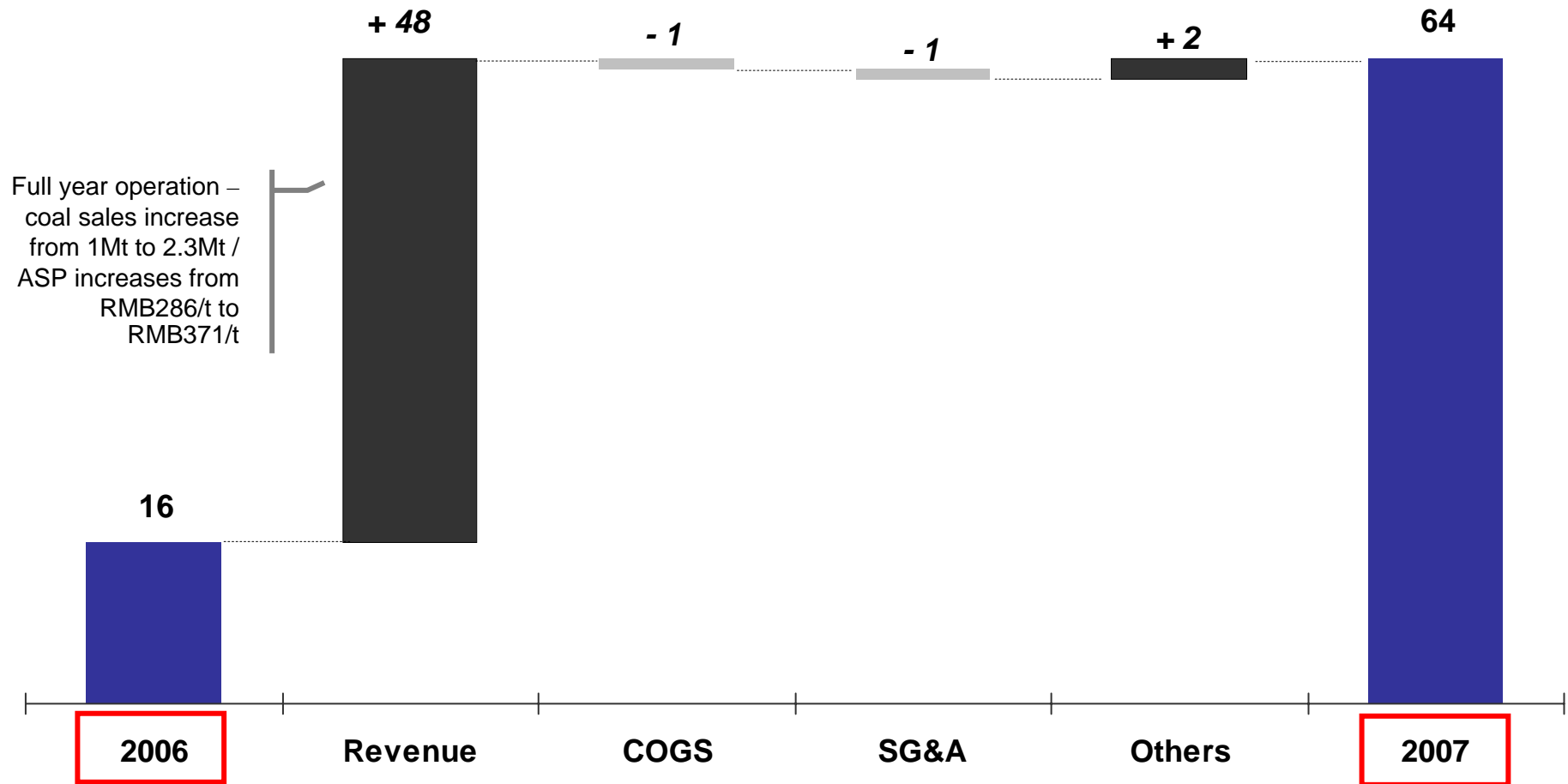
Unit: USD / t sold



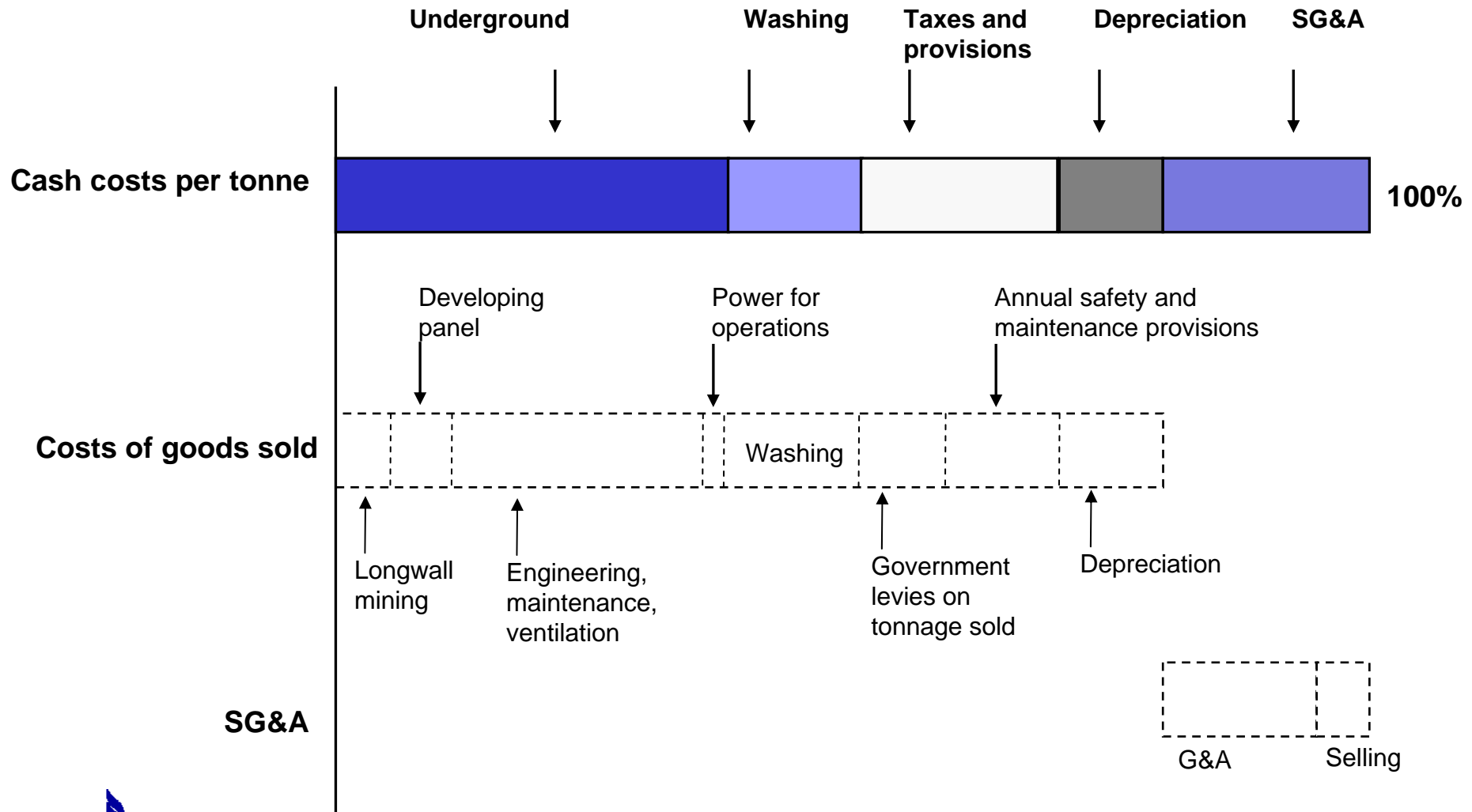
* For the 4 month period during Jan – Apr 08

Daning EBITDA

Unit: USD m

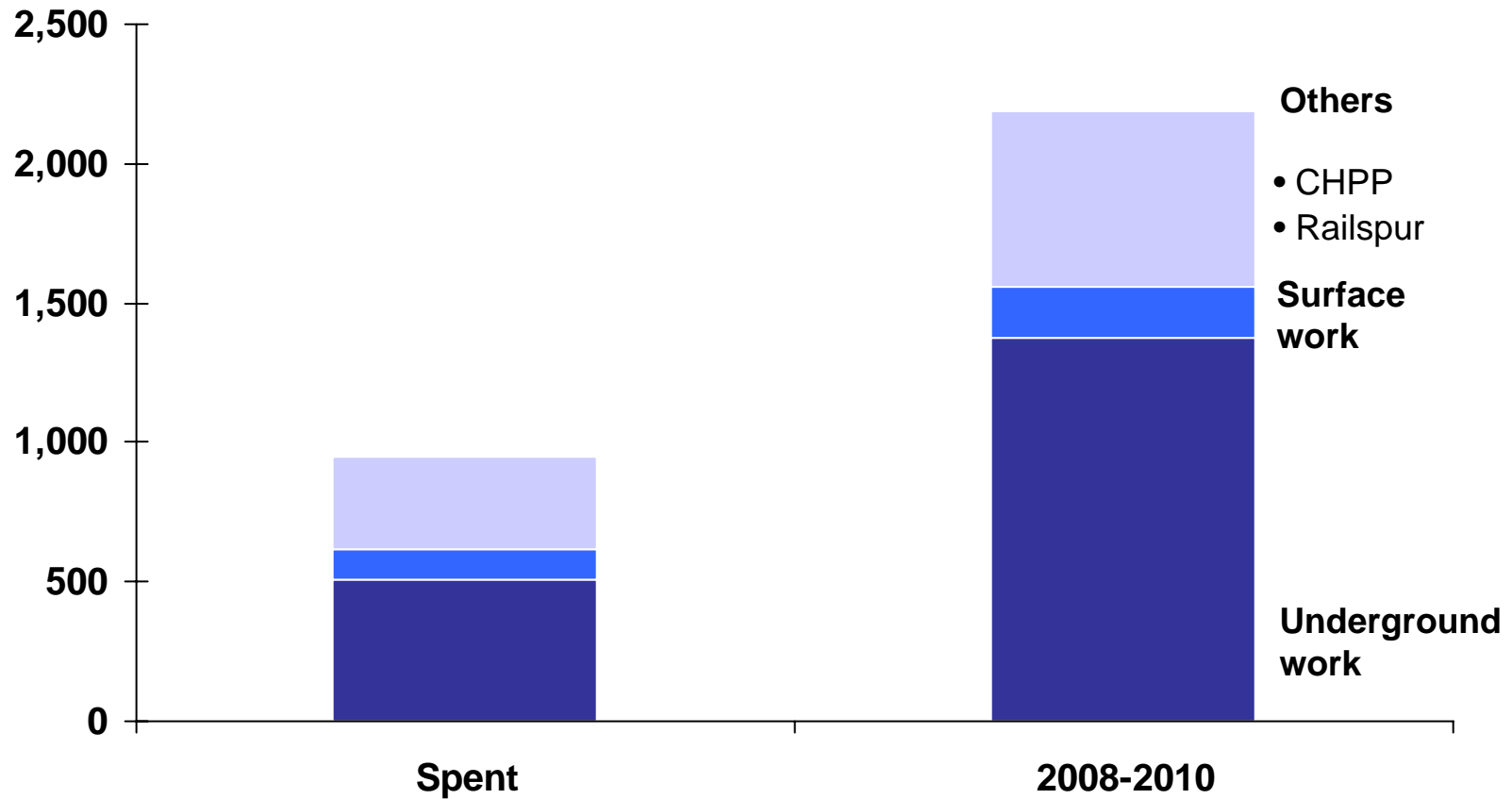


Danang cost structure (2007)



Gaohe development capital expenditure*

Unit: RMB m



* Exclude mining license fee

5. Strategic considerations

Somruedee Somphon
Chief Financial Officer

Key risk factors

1. Daning

- High gas mine
- Further geological exploration required for western section of mine
- Delays in rail spur completion

2. Gaohe

- General project delays and cost over runs
- High gas mine

3. External

- Coal prices
- Regulatory risks
 - Price controls
 - Taxes
 - Licenses
- Safety compliance

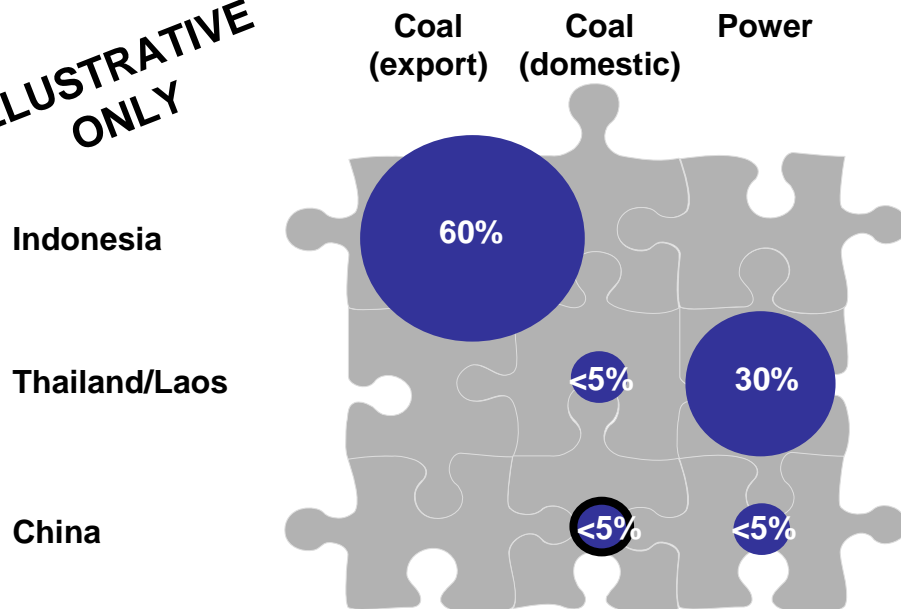
Funding for acquisition

- The total consideration approximately \$420m, equivalent to approx. Bt 13.8 billion
- Sources of fund for acquisition will be from bank loans
- Further capital expenditure for Gaohe development will be mostly from project financing
- Banpu net D/E following acquisition will be approximately 0.42

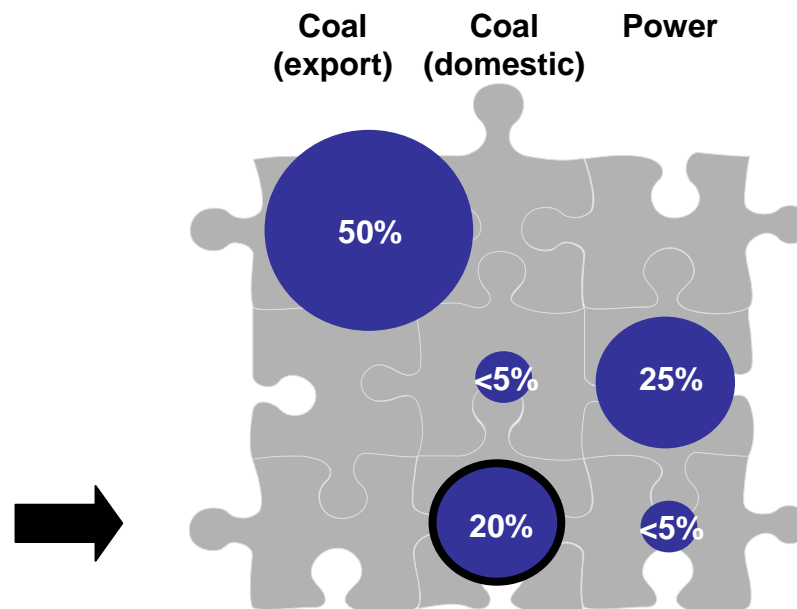
Transaction impact on Banpu value structure

ILLUSTRATIVE
ONLY

ENTERPRISE VALUE (PRE-ACQUISITION)



ENTERPRISE VALUE (POST ACQUISITION)



BANPU EQUITY
COAL RESERVES*

Danling: 10 Mt
Gaohe: 18 Mt
Hebi: 13 Mt
ITM: 233 Mt
TOTAL: 274 Mt



49 Mt
86 Mt
13 Mt
233 Mt
381 Mt

} **107 Mt increase in China**



*Equity reserves are approximate values taking into account 2008 production to date. Does not include Thai mines which account for less than 0.5mt and are scheduled to be closed

APPENDICES

AACI financial summary

<i>Unit: USD million</i>	2005¹	2006²	2007²
Revenue	-	37.8	66.1
EBITDA	(13.8)	(8.7)	18.6
Net profit (loss)	(13.9)	(14.3)	8.9
Total assets	130.1	209.6	264.5
Net debt	(68.9)	16.0	55.7
Total debt	2.1	86.3	127.1
Total equity	128	123.3	137.3

Note: 1 Under US GAAP

2 Under IFRS

Daning financial summary

<i>Unit: USD million</i>	2005	2006	2007
Revenue	n.a.	67.6	115.2
EBITDA	n.a.	15.7	64.5
Net profit (loss)	n.a.	(2.0)	41.8
Total assets	n.a.	204.5	276.8
Net debt	n.a.	131.3	111.5
Total debt	n.a.	169.4	196.1
Total equity	n.a.	35.1	80.7

Note: All financial is based on IFRS

Gaohe financial summary

<i>Unit: USD million</i>	2005	2006*	2007*
Revenue	n.a.	-	3.5
EBITDA	n.a.	1.8	0.1
Net profit (loss)	n.a.	(0.3)	(0.8)
Total assets	n.a.	65.2	138.8
Net debt	n.a.	(20.3)	37.6
Total debt	n.a.	35.1	78.8
Total equity	n.a.	30.1	60.0

Note: All financial is based on IFRS