Pan-Asian coal strategy

PRESENTATION TO THE ASSOCIATION OF MINING ANALYSTS

8th June 2005

The views expressed here contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by Banpu pcl. Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

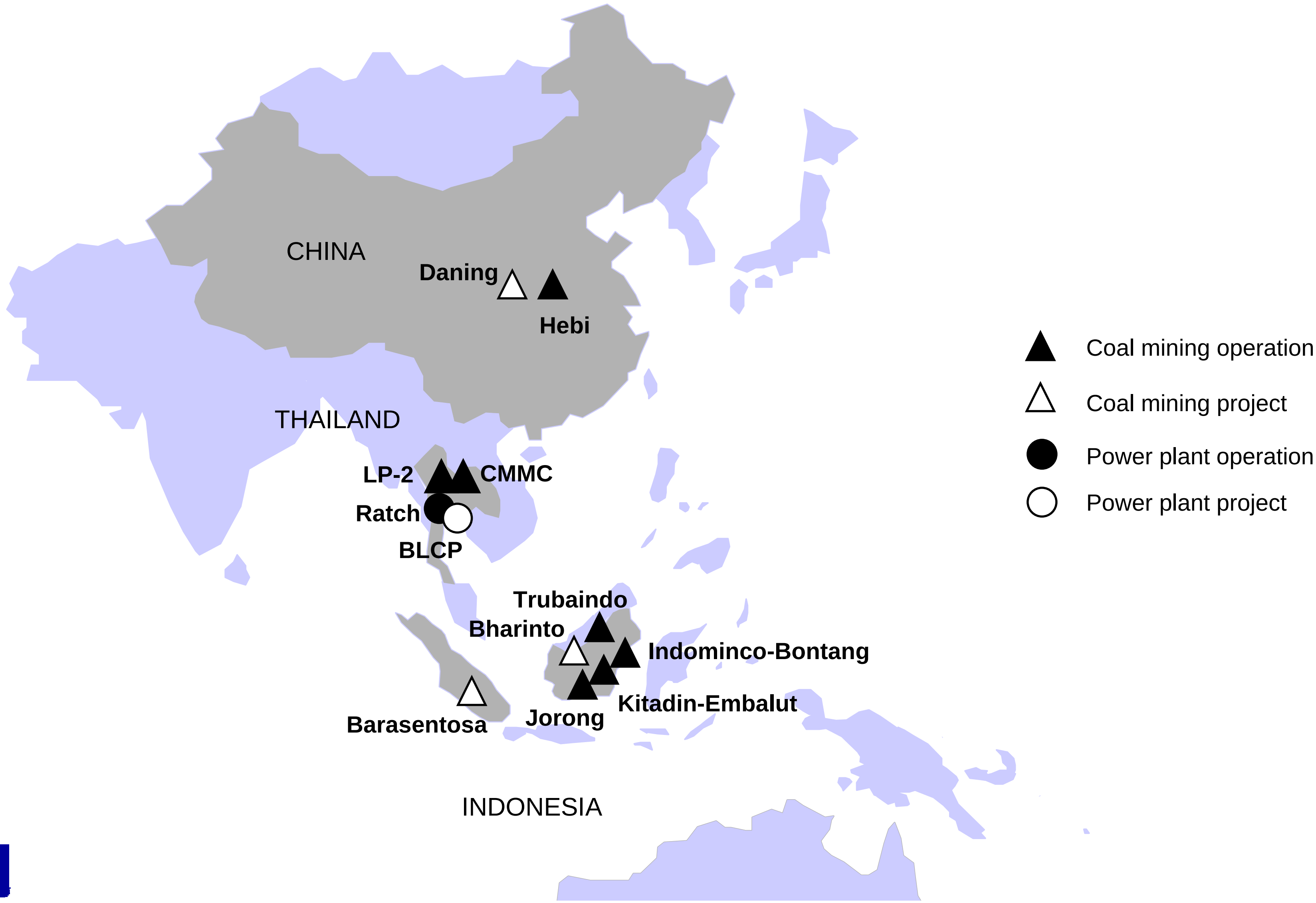
BANPU

Who is Banpu ?

- **One of Asia's leading independent coal producer (21mtpa from existing assets by 2006)**
  - **Indonesian mines (16mt by 2006) selling primarily to the thermal export markets in Asia**
  - **Thai and Chinese mines selling to domestic thermal and steel markets**
- **'Downstream' investment in coal-fired power: 1.4GW plant in Thailand under construction**
- **US$1bn market cap. on the Thai stock market**

BANPU

Banpu regional asset snapshot



BANPU

1. Introduction

2. **Strategy**

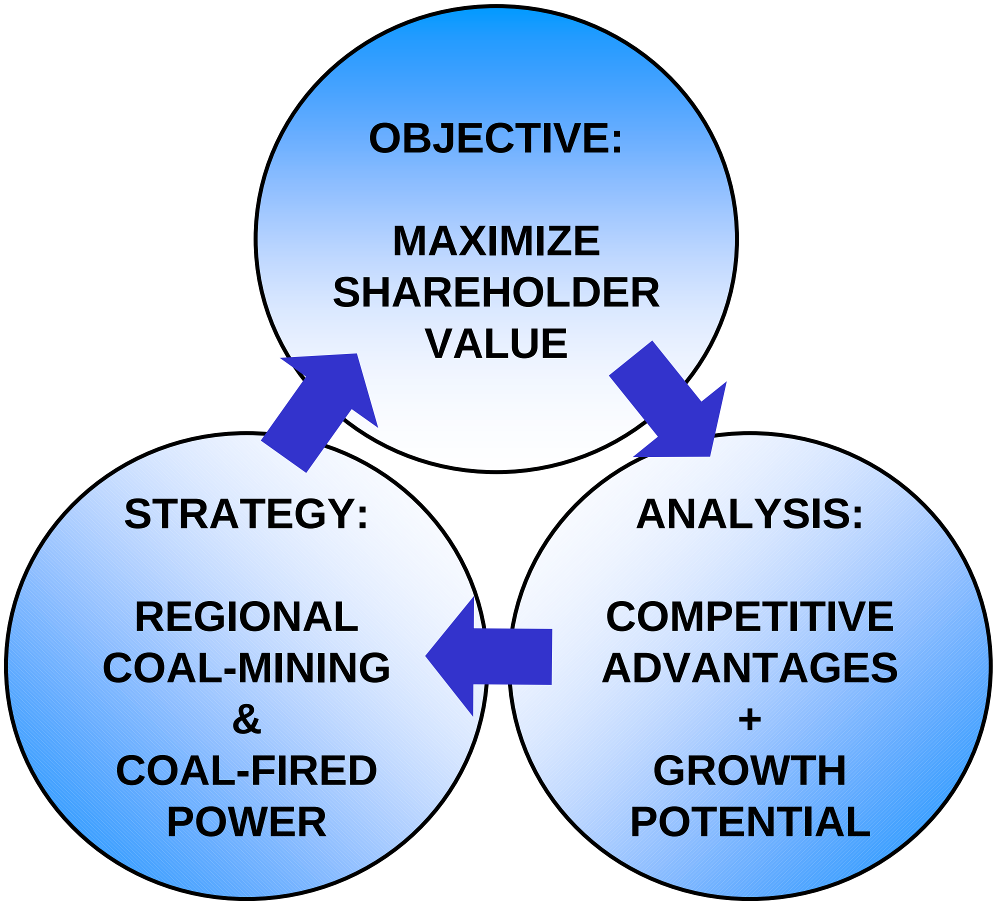
3. Coal focus

4. Power focus

5. Financial review

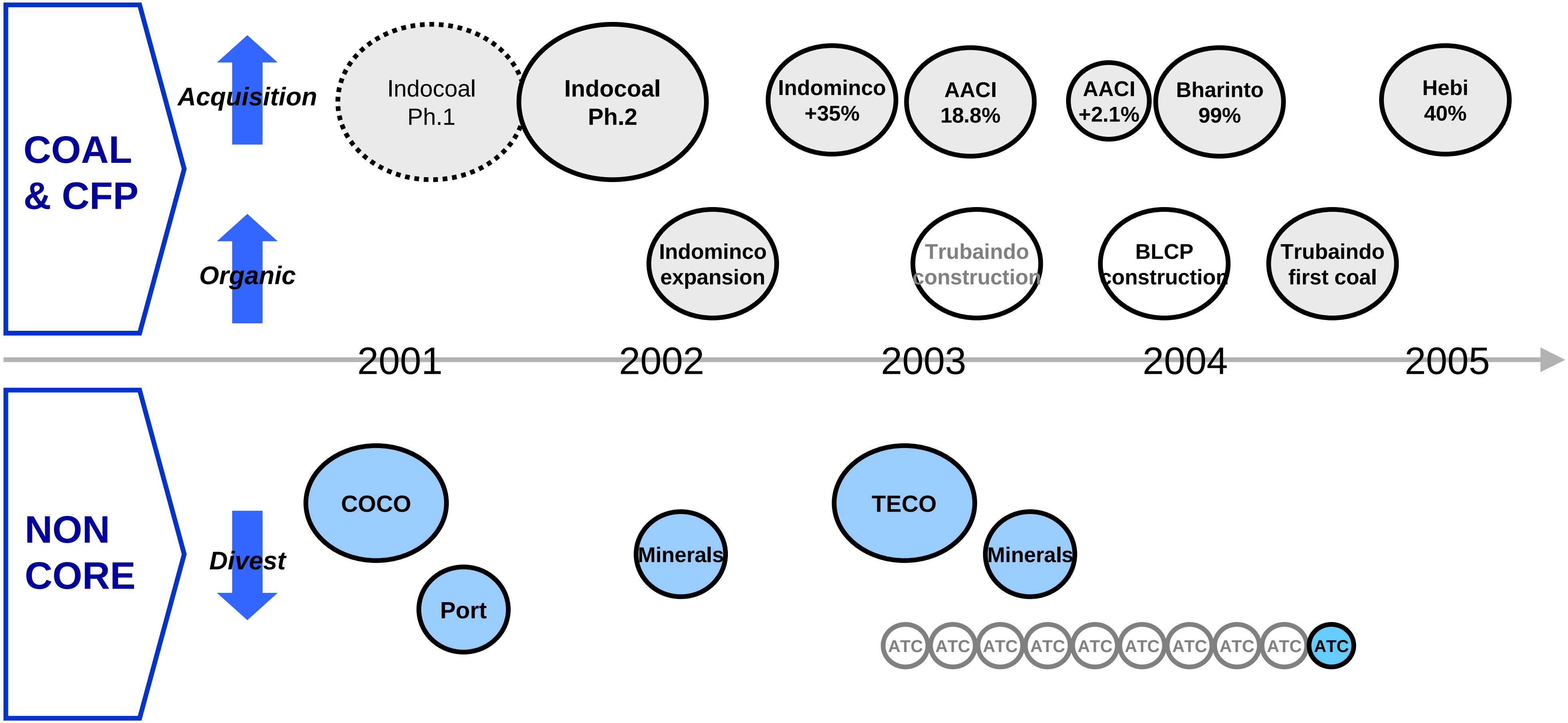
BANPU

In 2001 Banpu decided to focus on coal

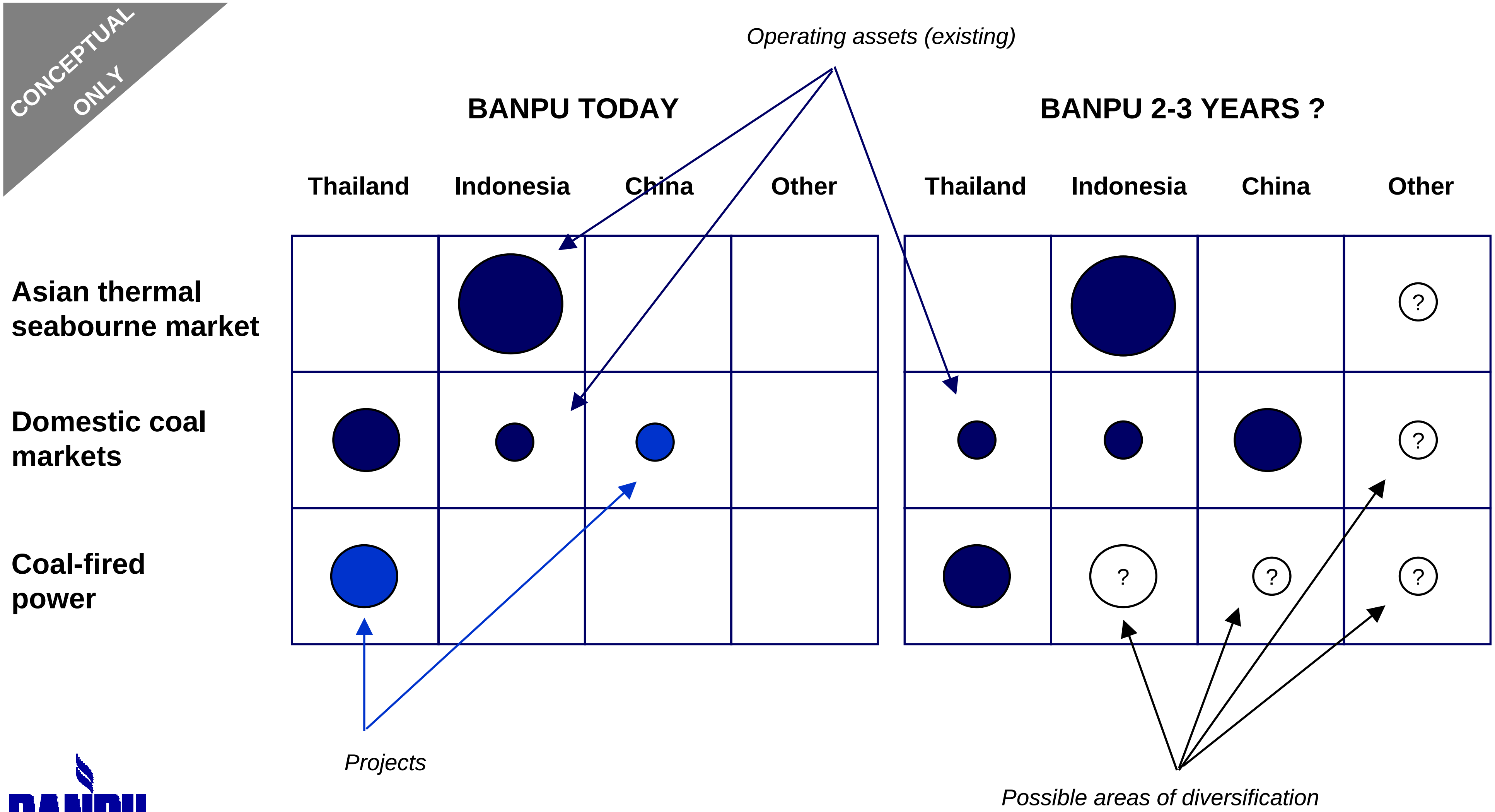


BANPU

Banpu has since expanded in coal and coal-fired power and has divested non-core assets



Banpu's strategy is diversified by market and asset location

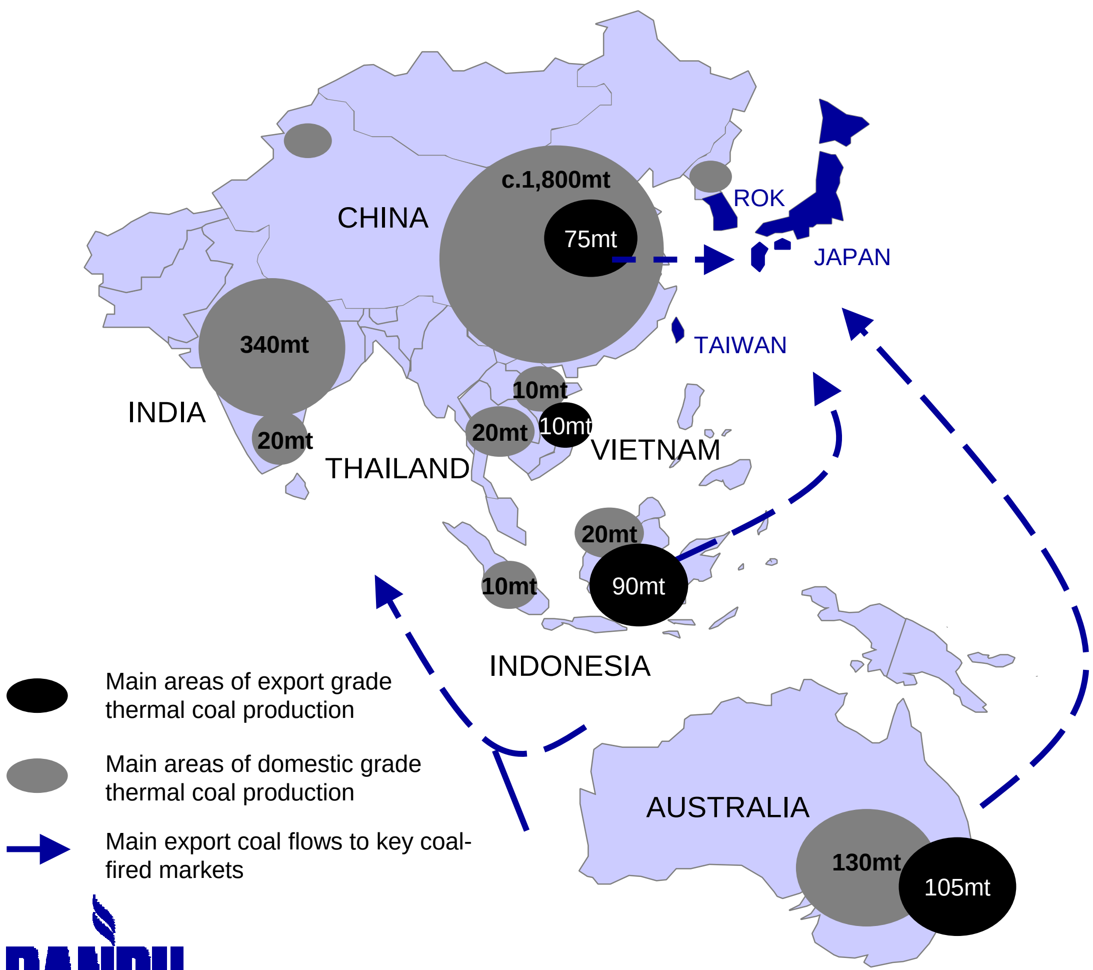


BANPU

Plenty of room for Banpu to grow in the region

ASIA-PACIFIC THERMAL COAL INDUSTRY (2004e TONNES)

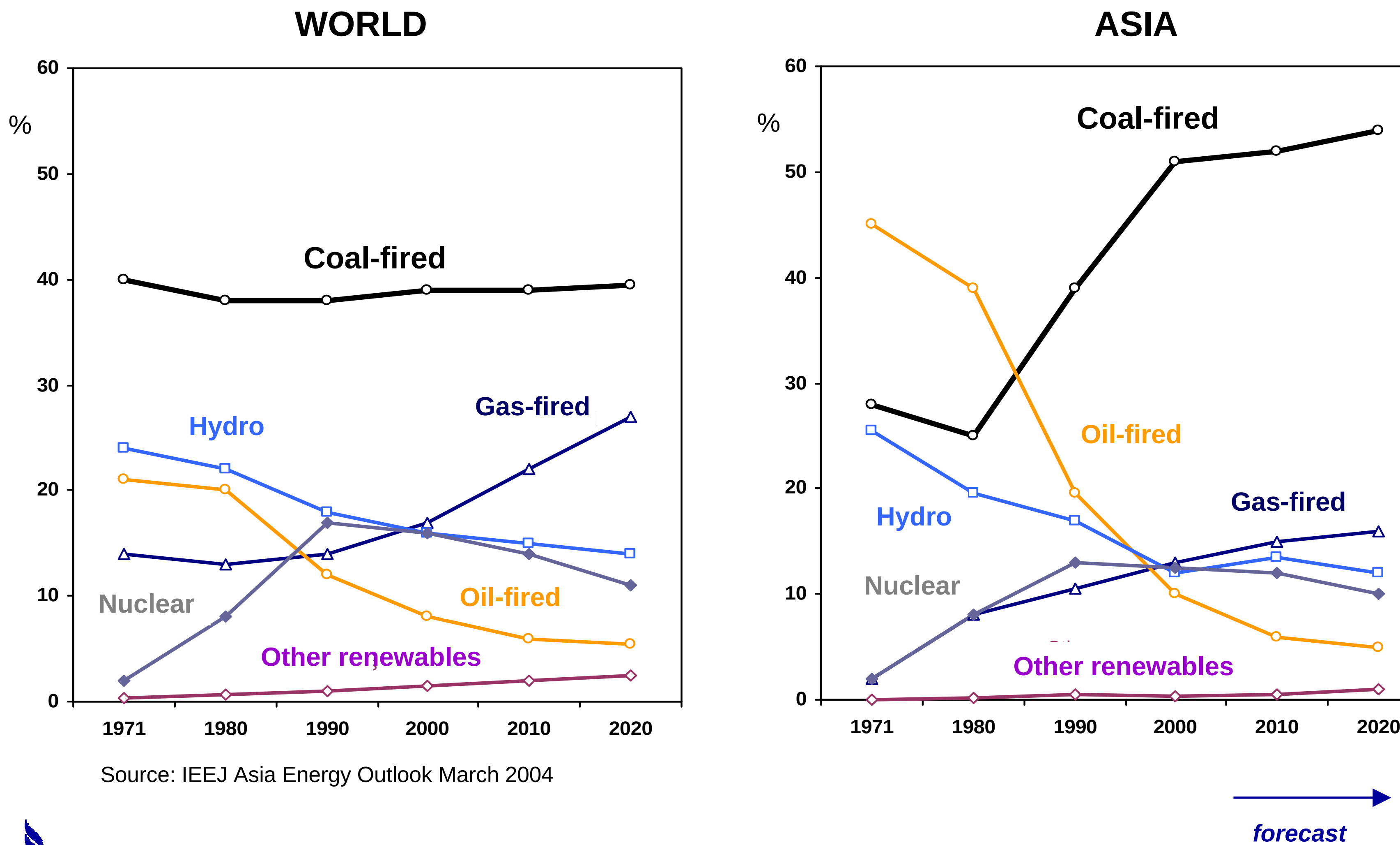
Numbers are rounded and illustrative only



- Region accounts for approximately half world coal production and consumption
- Export grade coal from region of c.275mtpa (2004)
- Around 50% of all power supply in region is coal-fired
- China and India first and third largest coal producers in the world; will also account for 75% of all growth in thermal coal demand to 2020

BANPU

Asia needs coal for over half its power generation



Source: IEEJ Asia Energy Outlook March 2004

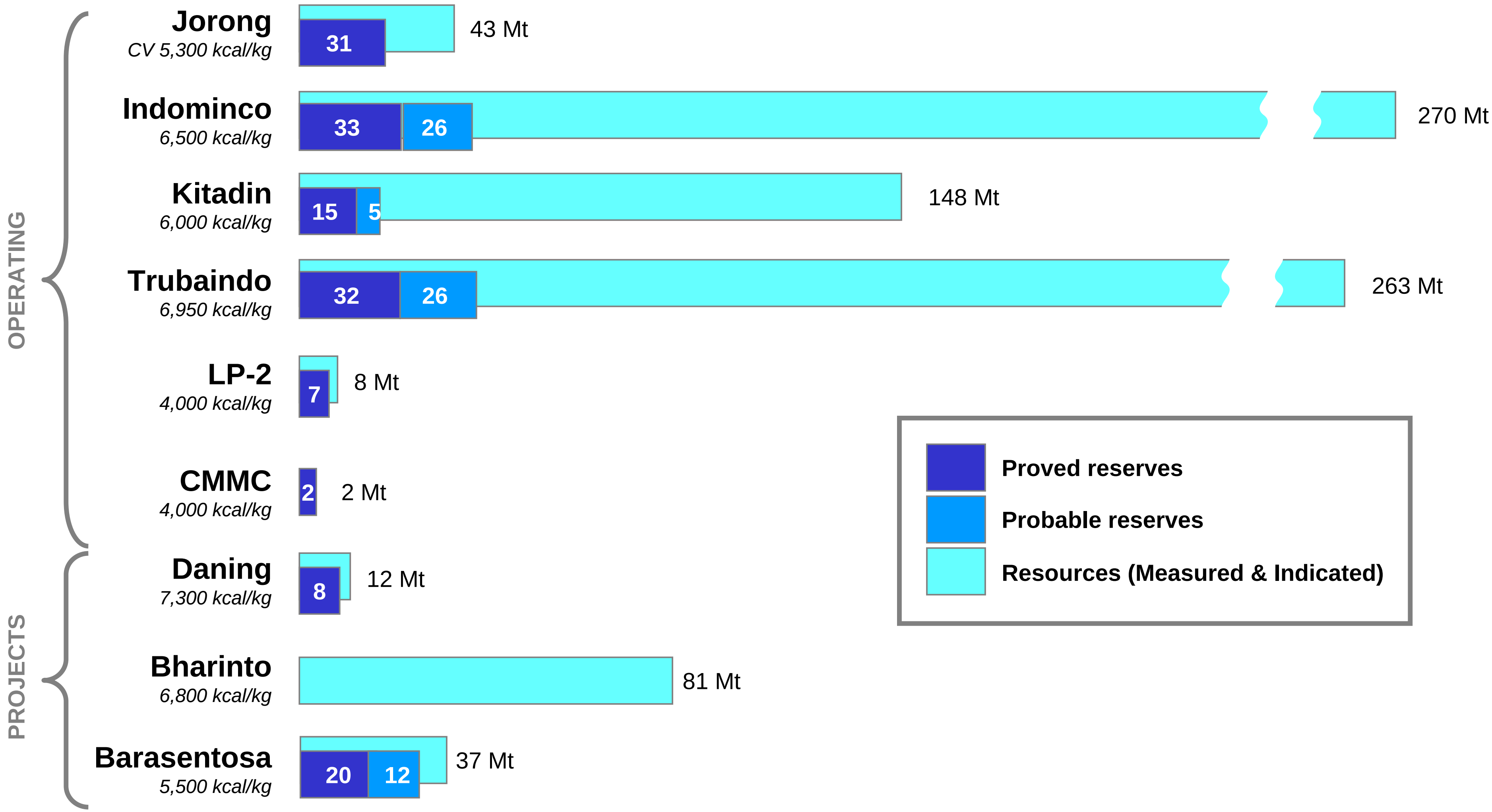
BANPU

Banpu is well positioned to benefit from the long term Asian growth story

Asian economic growth ▶ Electricity demand ▶ Coal ▶ Banpu

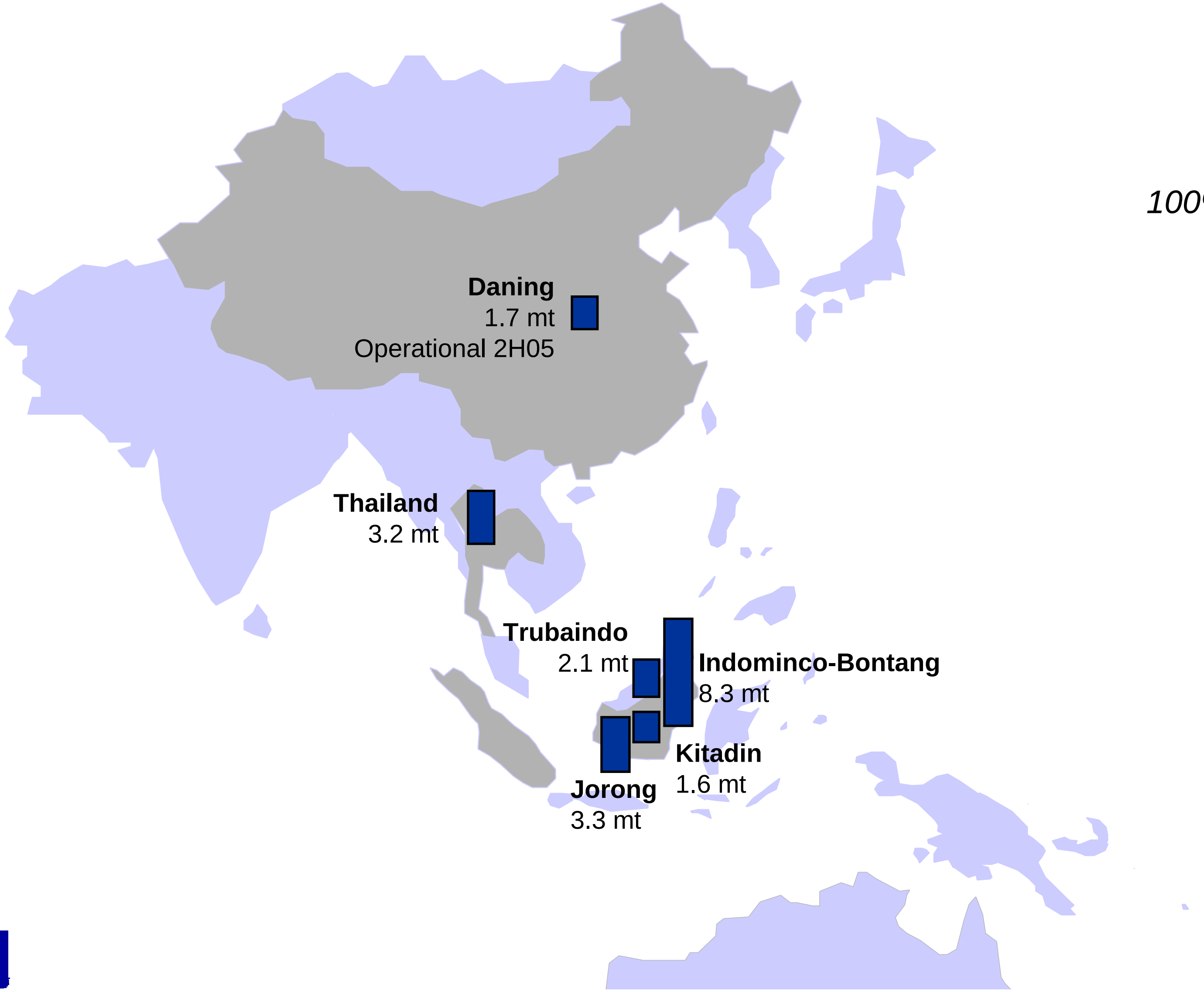
1. Introduction
2. Strategy
3. **Coal focus**
4. Power focus
5. Financial review

Total coal reserves are 217Mt (equity tonnage)



Estimated 2005 coal production

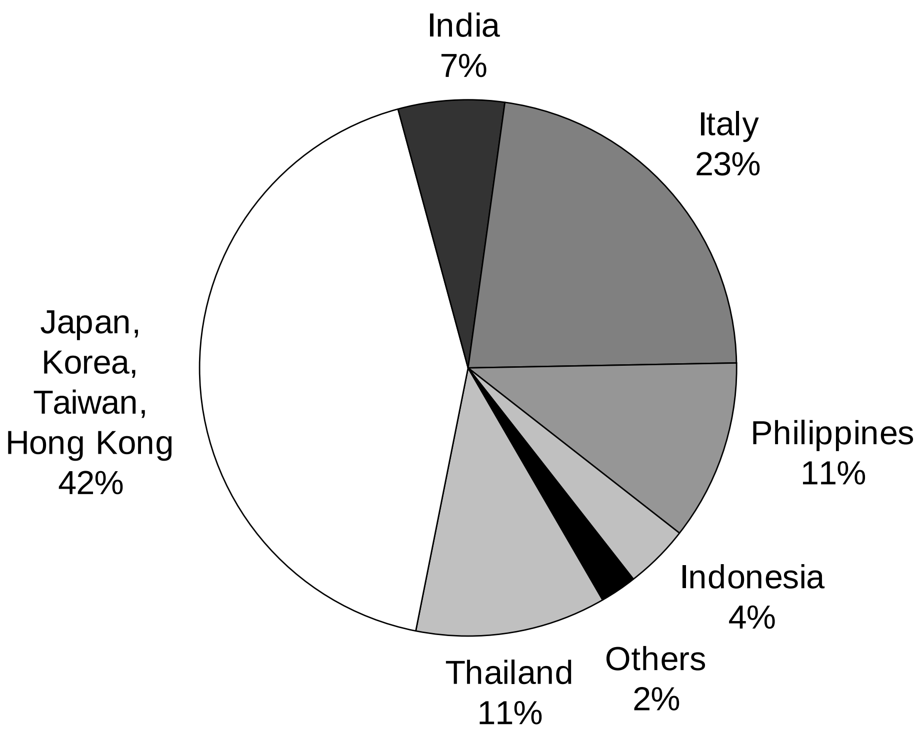
100% basis



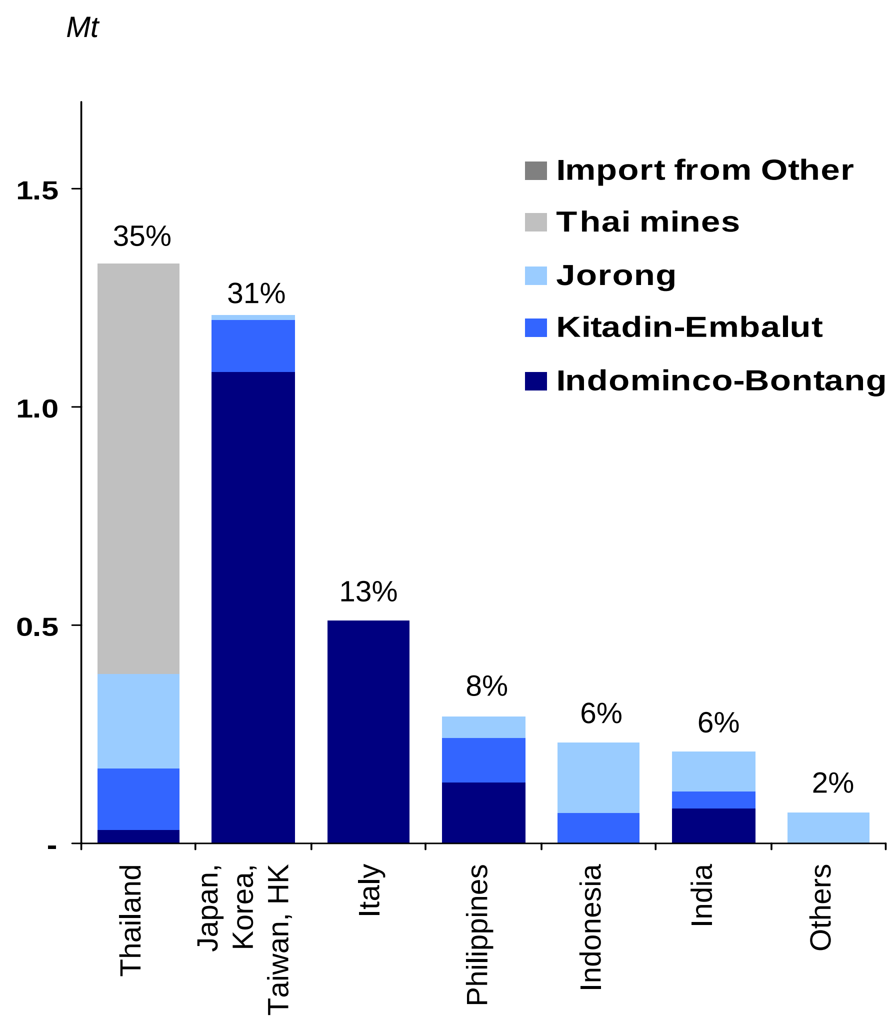
BANPU

Customer distribution

Coal sales by value: Bt 5,021 m in 1Q05



Coal sales by volume: 3.86 Mt in 1Q05

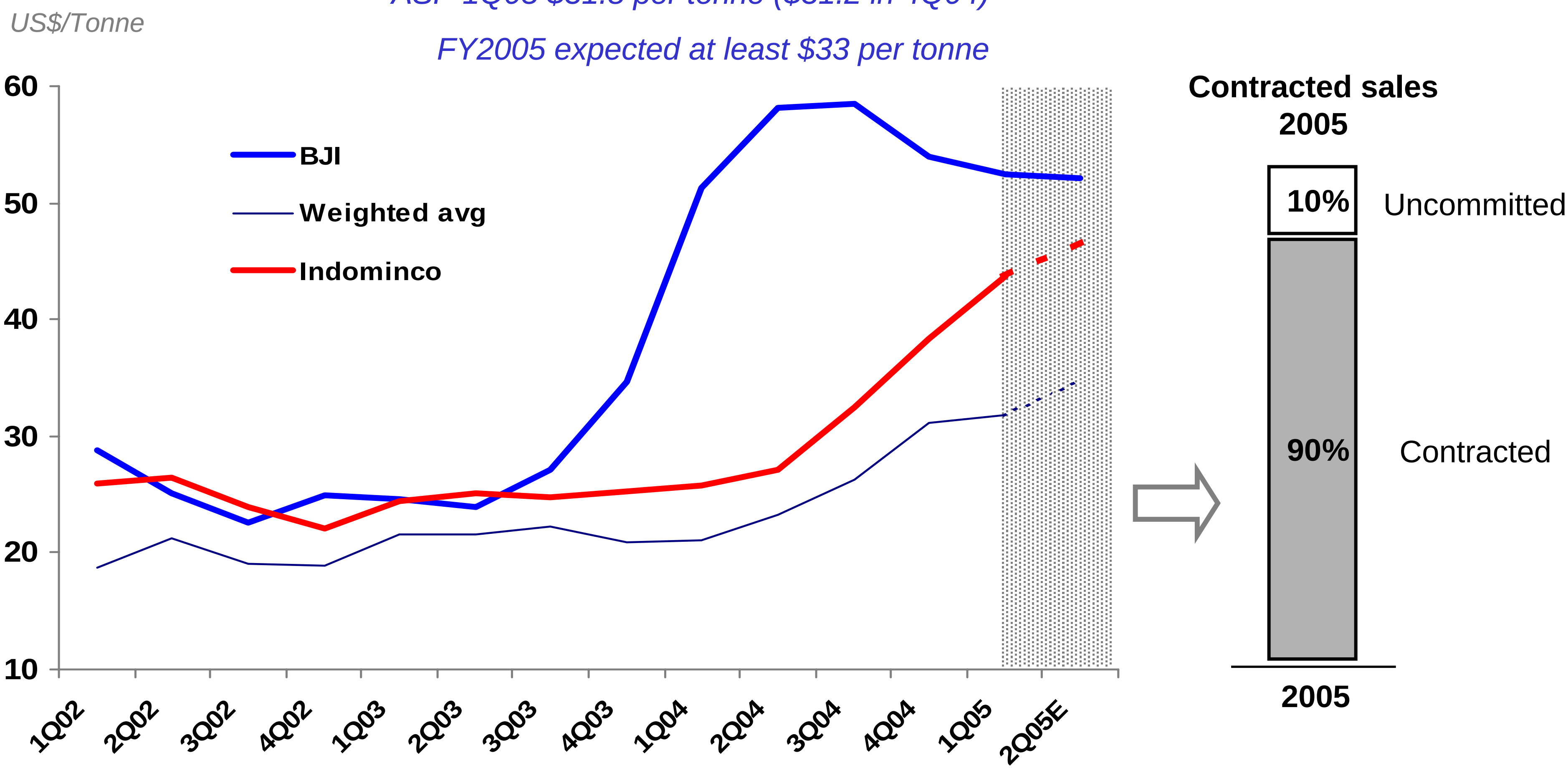


BANPU

Average Selling Prices (ASP)

ASP 1Q05 $31.8 per tonne ($31.2 in 4Q04)

FY2005 expected at least $33 per tonne



BANPU

Asian coal market: recent price developments

Recent development

Spot market becomes less active as buyers have secured their contract purchase for most of 2005

Short-term outlook

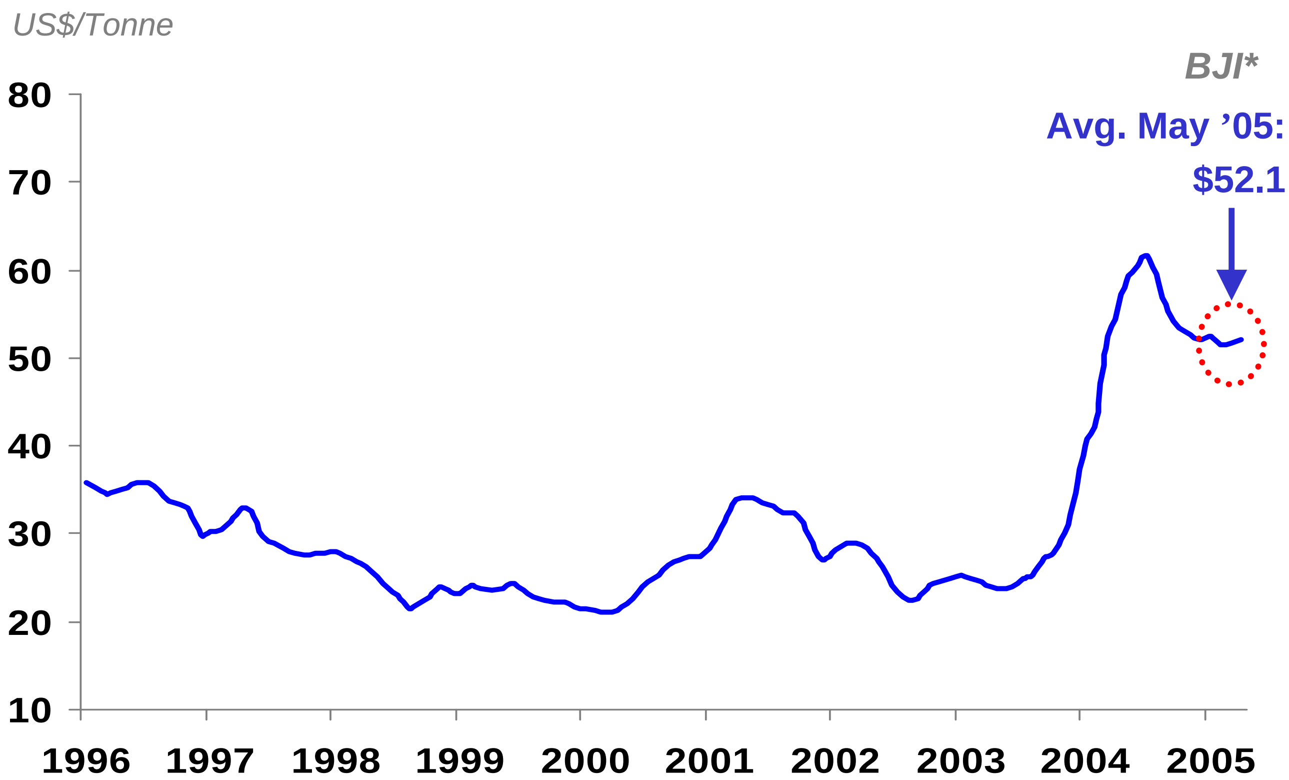
Prices in 2005 are likely to stay high relative to historical trend

Main drivers

Australian infrastructure constraints

Strong economic growth in Asia

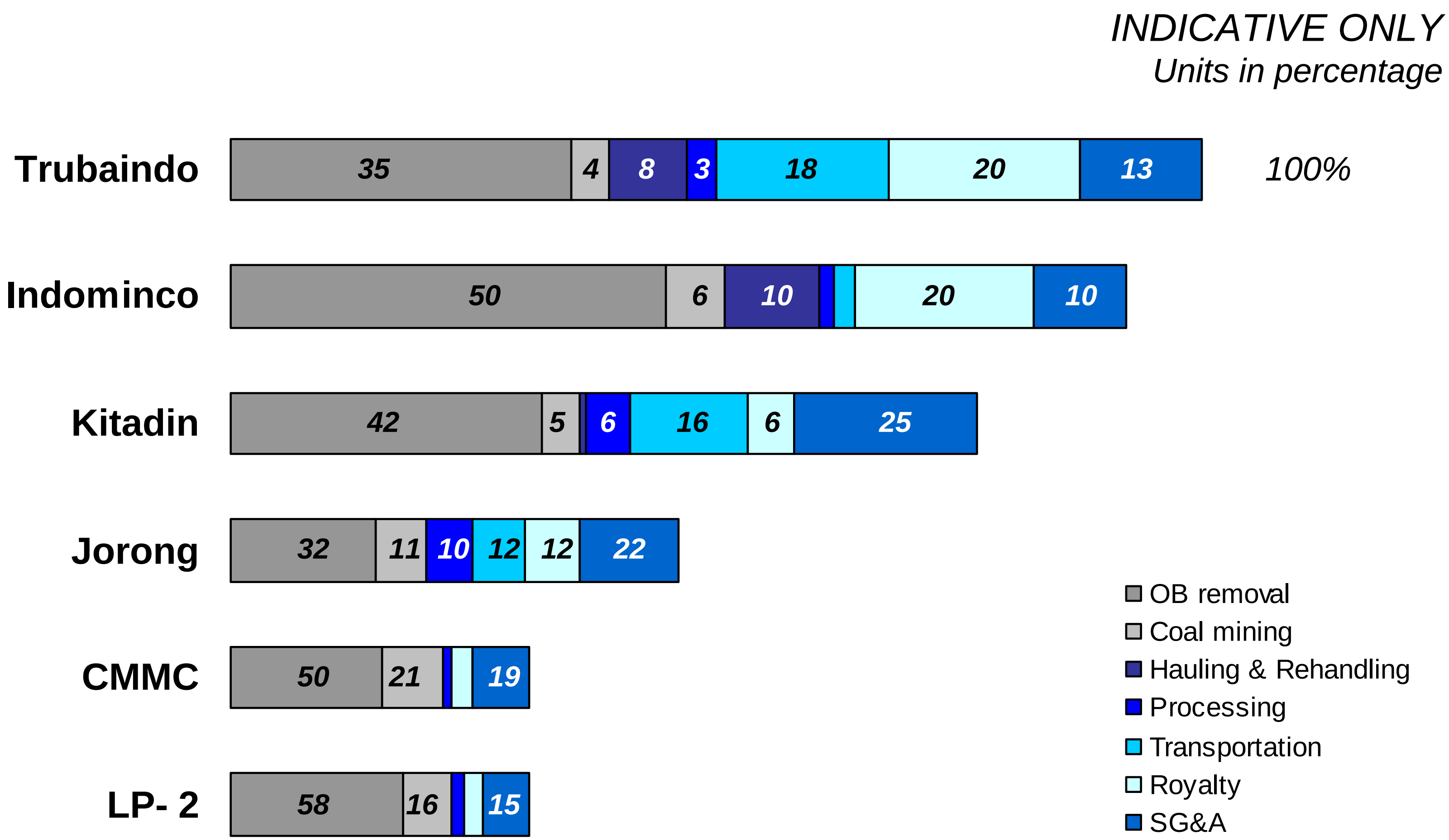
High oil prices



Note: *Barlow Jonker Index (BJI) based on CV 6,700 kcal/kg GAD from Australia to Japan
Source: Barlow Jonker

BANPU

Banpu Indonesia coal : cash cost of production



* The cash costs implied by the above chart are indicative only and are not forecast. Cost structure can vary depending on several assumptions such as stripping ratio, thermal coal prices etc.

BANPU

New project focus 1: Trubaindo mine (process flow)

Overburden removal

- SR ratio 4-8 bcm/t
- Local contractors

Coal mining → **ROM**

- Local contractors
- 3 mining areas
- Hauling distance to plant: 4 -36 km

Coal processing

- Crushing
- No washing

Saleable coal (ex-mine)

- 6950 kcal/kg
- 0.9% sulphur
- 3.8 % Ash
- 10% moisture

Saleable coal (ex-mine)

- Hauling by truck
- 37 km to barge port

Barge loader

- 2,000 t/hr
- Max barge 12,000t

560 km → **Bontang port**

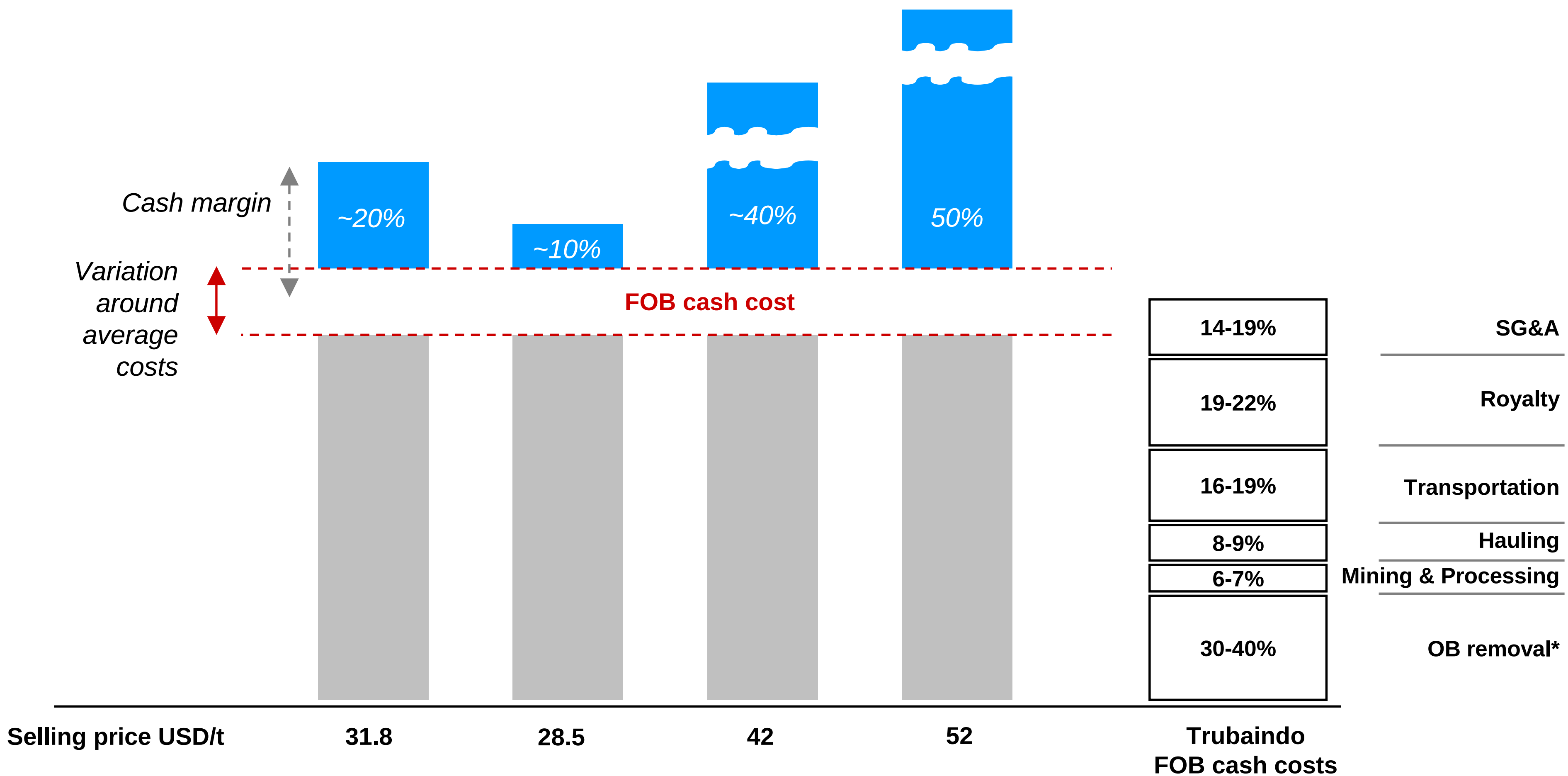
OR

348 km → **Balikpapan port** (alternative port)

Export customer

BANPU

New project focus 1 (cont'd): Trubaindo,cost structure



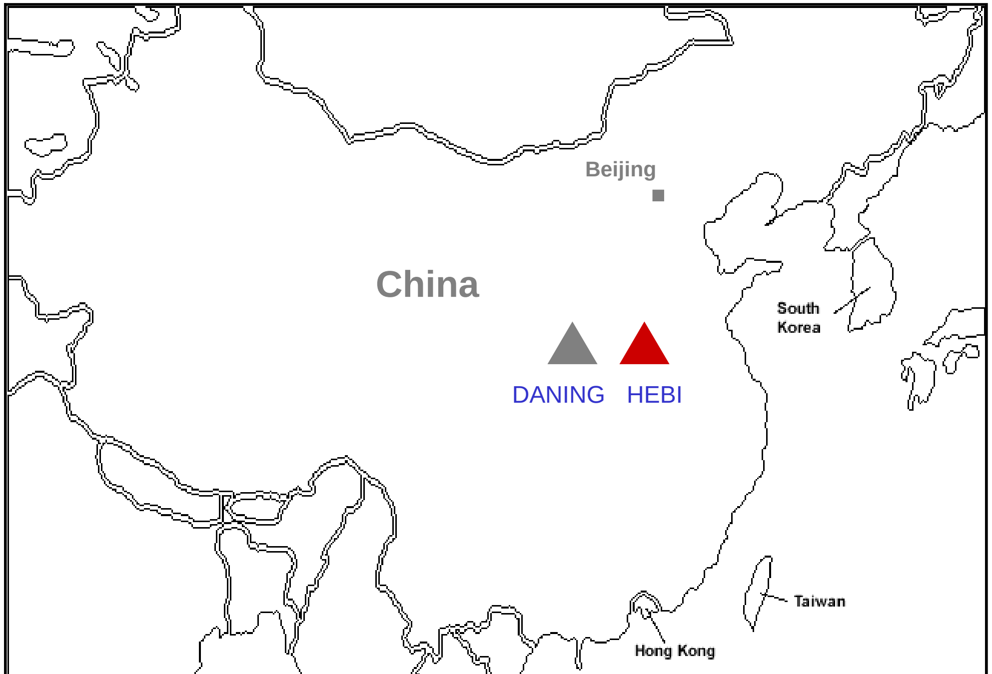
* OB removal costs/ t sold will vary with overburden stripping ratio which are expected to be range between 4.5:1 to 8:1 depending on the thermal coal price outlook.

The cash costs implied by the above chart are indicative only and are not forecast.

New project focus 2: Daning mine, China

- Location : Shanxi province, China
- Banpu % : 22.3% x 56% = 12.49%
- Reserves : 75 Mt. Anthracite
- Method : Underground longwall
- Capacity : 5.5 Mtpa
- Market : Domestic power plants
- Logistics: Short – distance rail and truck
- COD : 2H05
- Status : Under construction (On schedule)

New project focus 3: Hebi, China



Hebi underground coal mine

Location : Henan province, China

Banpu interest : 40% with joint management

Partner: Hebi Coal and Electricity Company

- Investment: USD 38M (40% interest)
- JV name: Hebi Zhong Tai Mining Co., Ltd. (HZTM)
- Reserves: 85 Mt.*
- Production: 0.9 Mtpa (current)
- Expansion: to 1.5 Mtpa by 2008
- Method : Underground longwall
- Product : PCI and thermal (semi-anthracite)
- Market : Domestic steel mills, power, and fertilizer plants in Henan and nearby

* "Coal reserves have been estimated by Zhong Tian Hua Asset Appraisal Co (China) as at March04, and do not comply with international reserve reporting standard e.g. JORC"

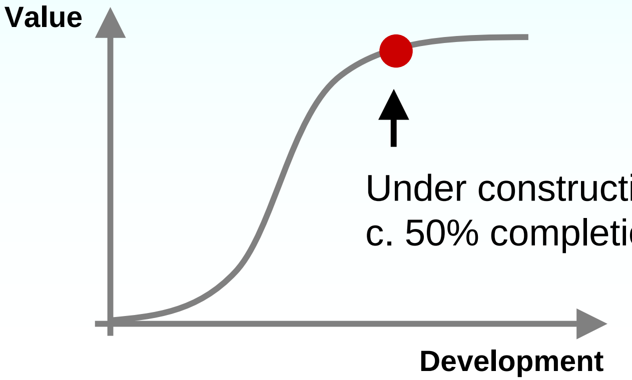
BANPU

1. Introduction
2. Strategy
3. Coal focus
4. **Power focus**
5. Financial review

BANPU

Coal-fired power project: BLCP

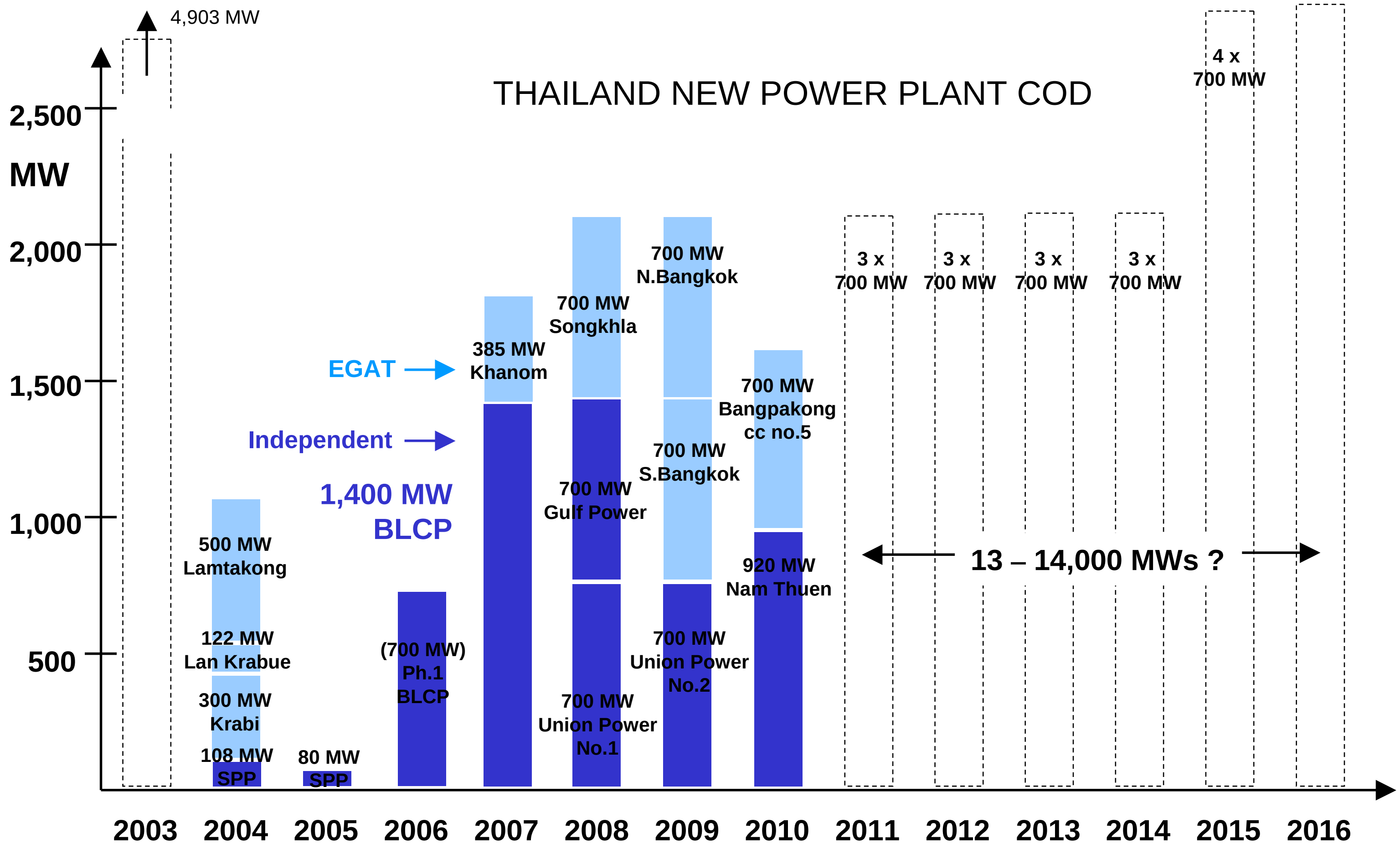
- Location : Map Ta Put
  Industrial Estate
- Banpu % : 50%
- Capacity : 1,434 MW
- Fuel : Coal (approximately 3 mtpa)
- COD : Oct06 and Feb07
  (c. 700MW each unit)



BANPU

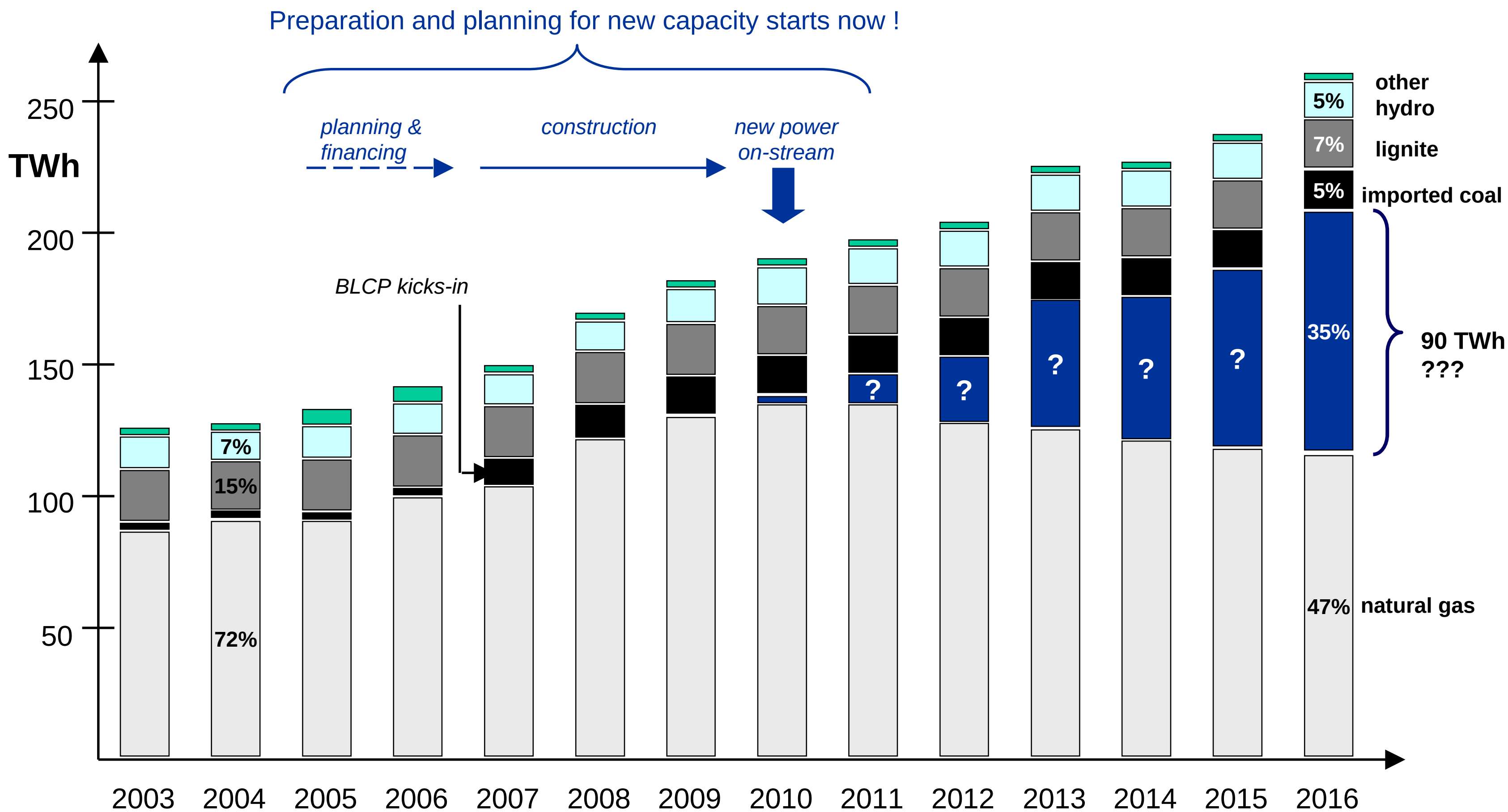
Coal-fired power project: BLCP (aerial view)

BLCP is a significant contribution to Thai power capacity



Source: Ministry of Energy

There is potential for more coal-fired IPPs longer term

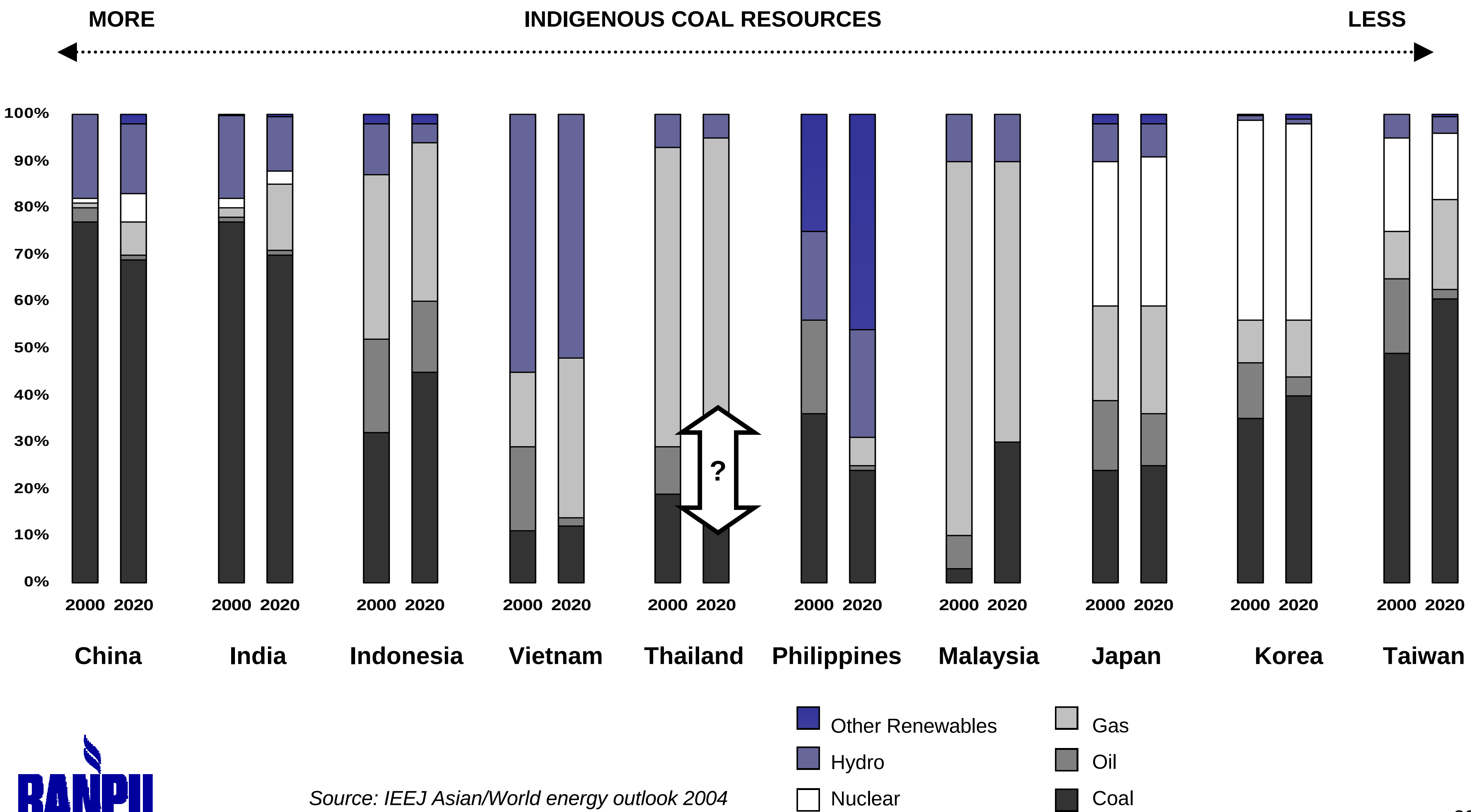


Source: Ministry of Energy

THAILAND POWER SUPPLY BY FUEL TYPE

BANPU

Thailand's reliance on coal-fired power is low

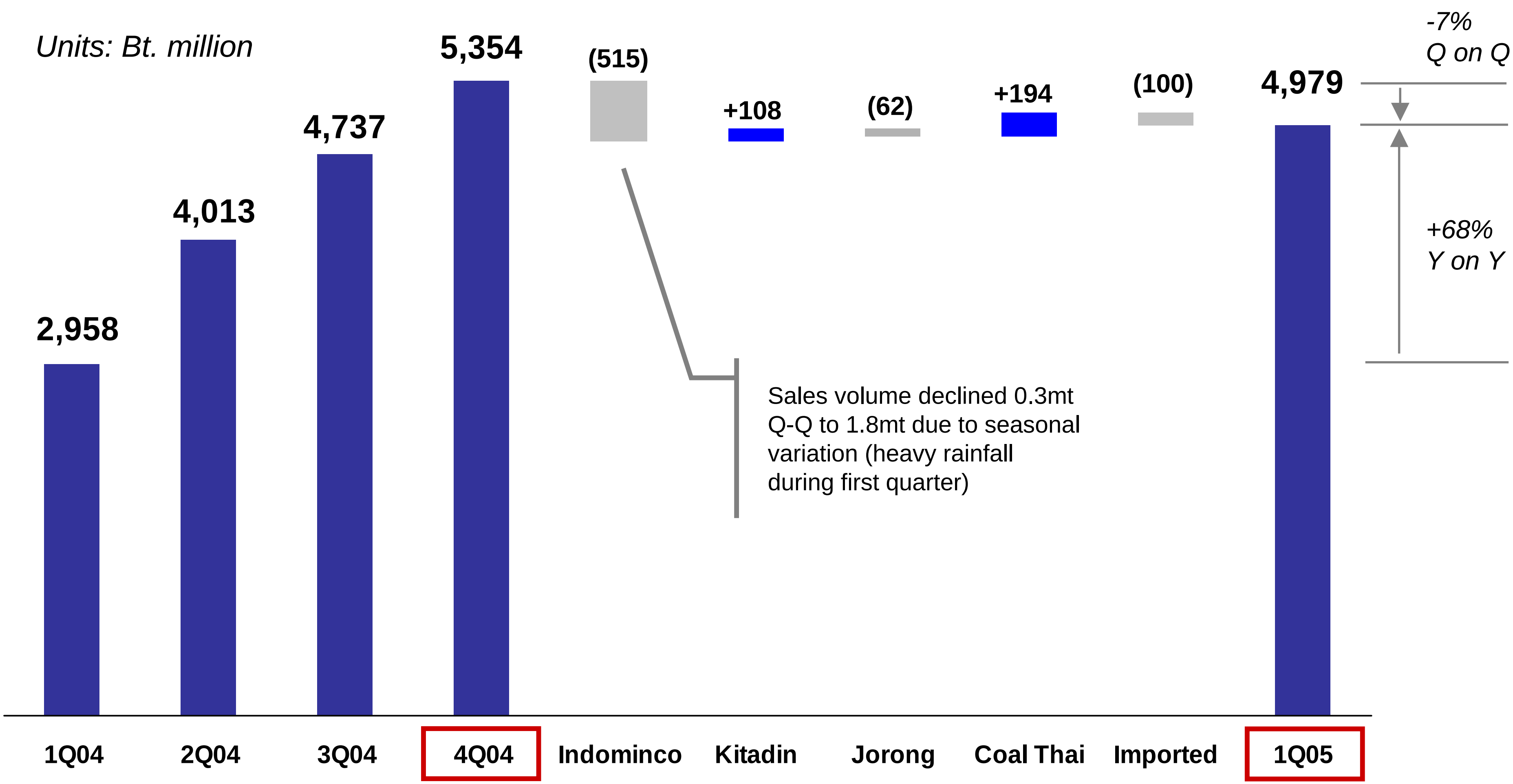


Source: IEEJ Asian/World energy outlook 2004

1. Introduction
2. Strategy
3. Coal focus
4. Power focus
5. **Financial review**

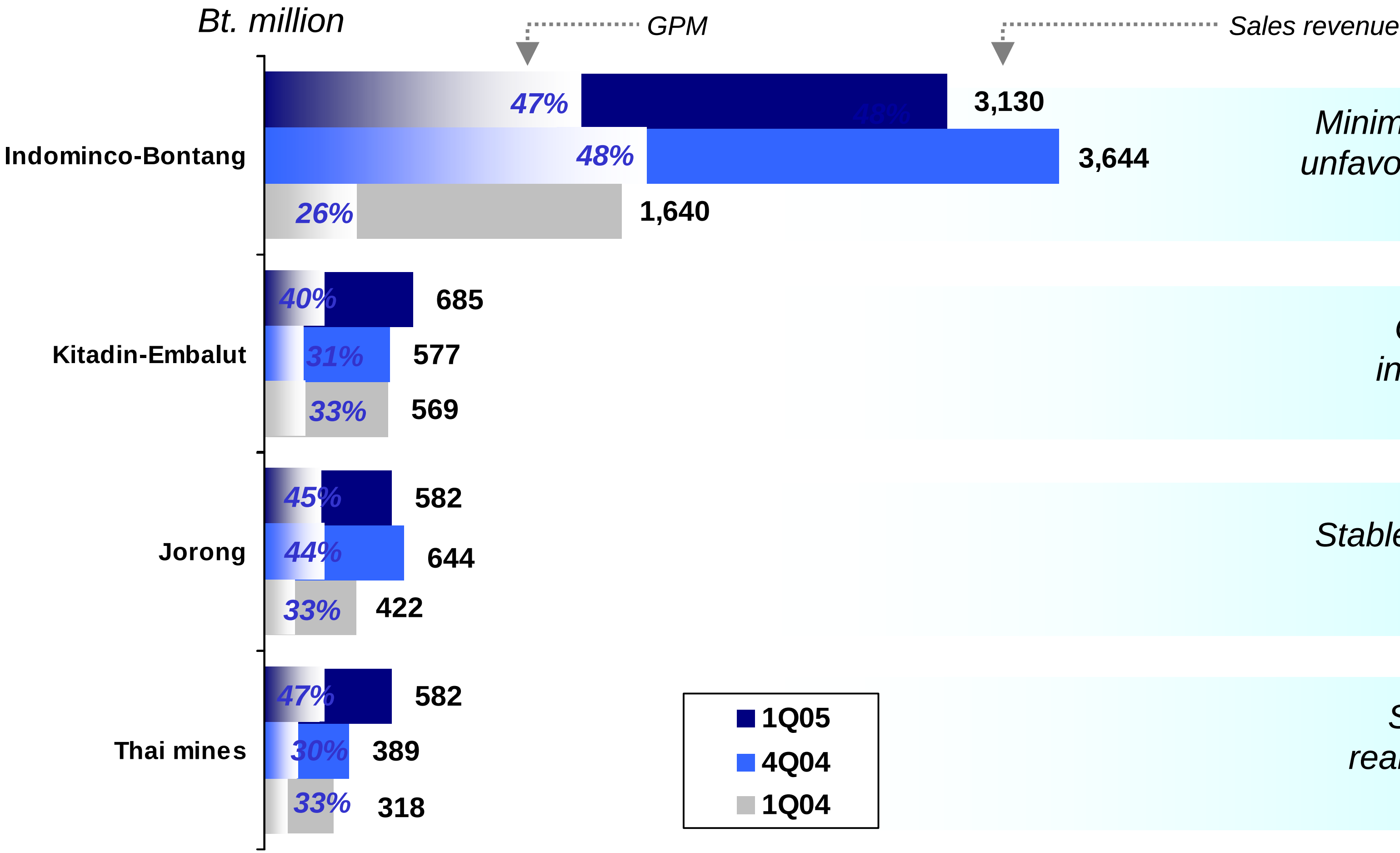
BANPU

Sales revenues: coal business



Note : Revenues from other businesses (e.g. industrial minerals) are not included

Average gross profit margin increased to 45%



Minimal impact on GPM from unfavorable weather condition

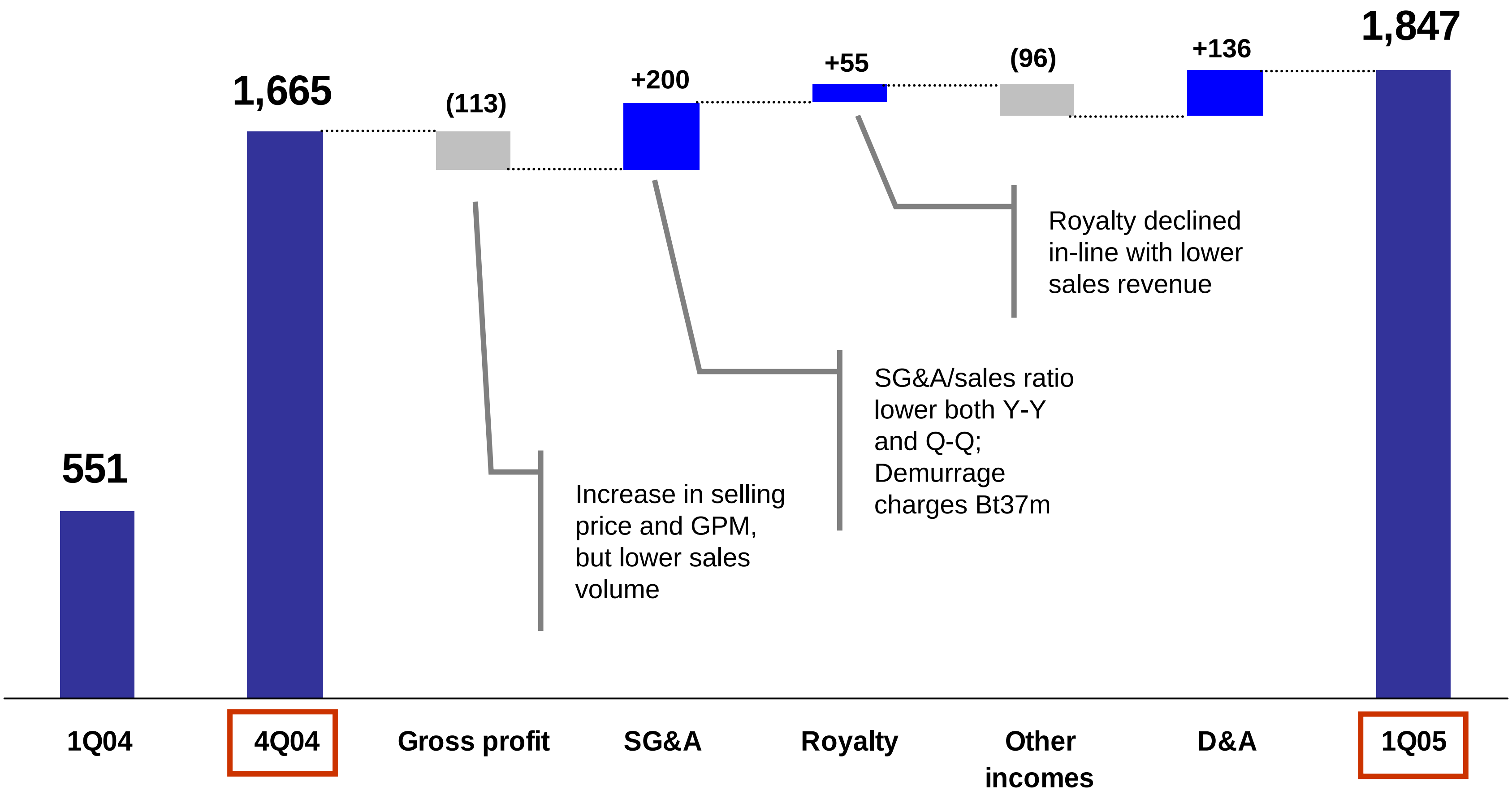
Cost stayed flat despite increase in sales volume

Stable from previous quarter

Sharp rise in GPM from realization of new contract prices

BANPU

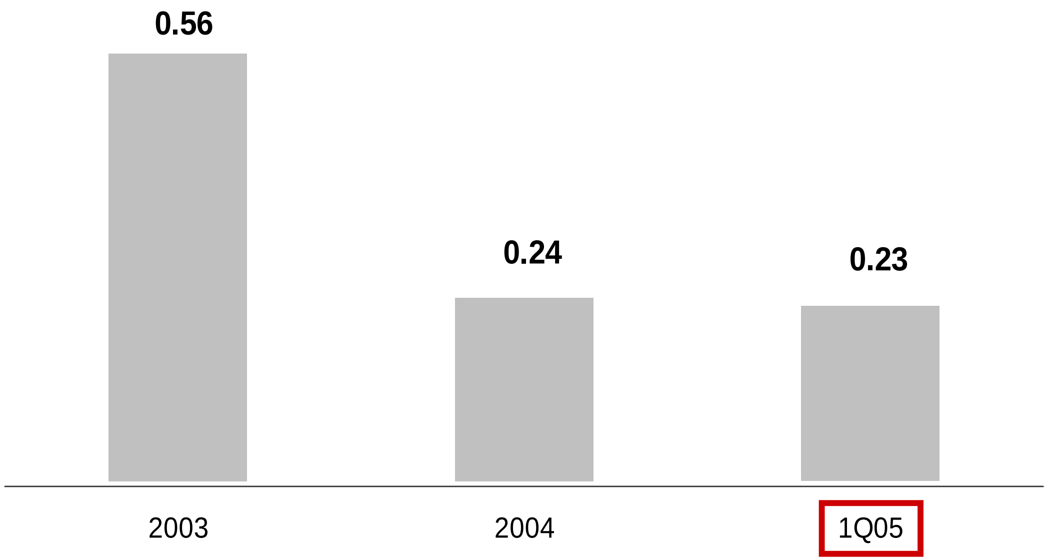
EBITDA



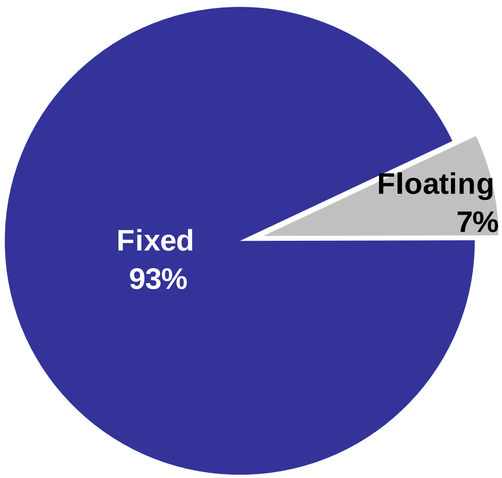
BANPU

Balance sheet remains strong

Net D/E (Times)



Cost of debt

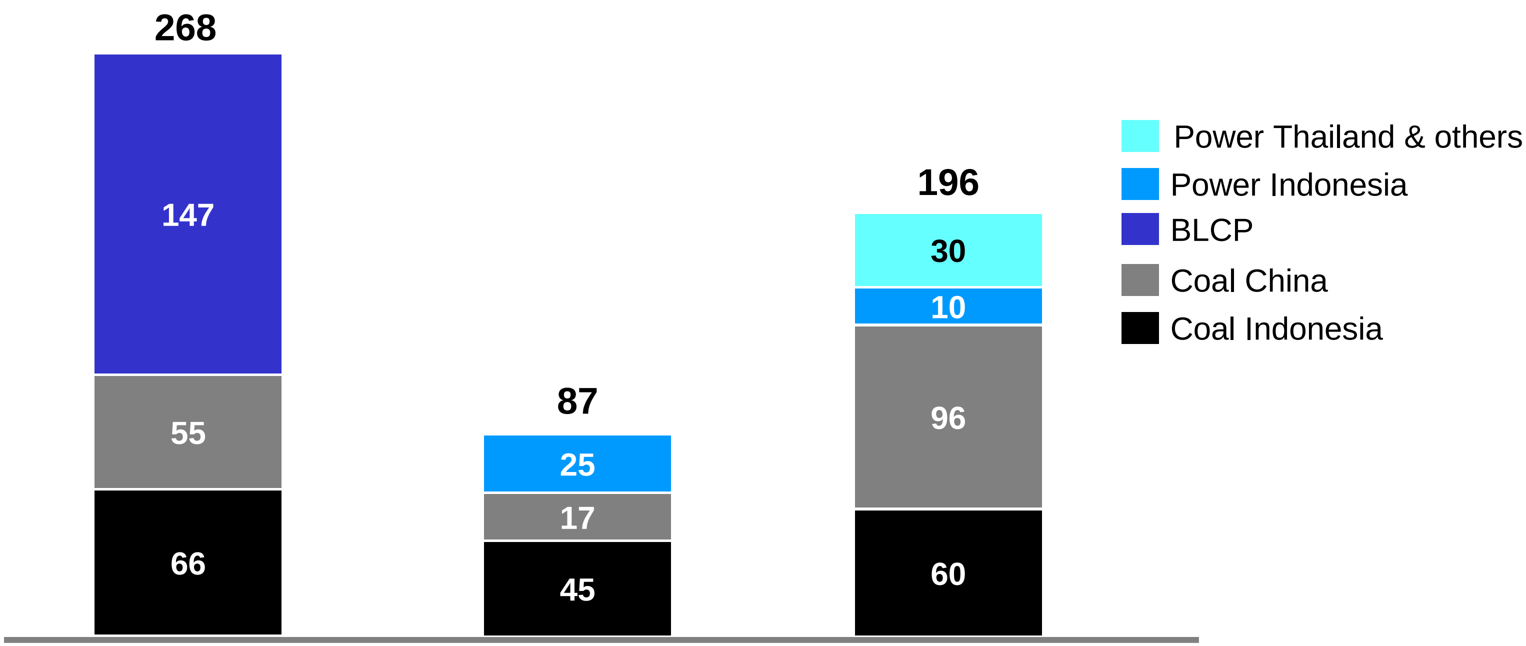


As end of March 2005

BANPU

Capital expenditure plan (2005 – 2008)

Units: USD million



Status	**Committed**		**Pre-feasibility**		**Conceptual**	
Coal projects	Indominco	19	Bharinto	45	China	96
	Trubaindo	47	AACI	17	Indonesia	60
	AACI	17				
	Hebi	**38**				
Power projects	BLCP	147	Indonesia	25	Indonesia	10
					Thailand& others	30

The capital expenditure figures shown above are indicative only and do not include estimates for maintenance or sustaining capital expenditure. The figures shown in the 'Conceptual' column should be treated with extra caution and are likely to change as new projects are conceived, some are cancelled and as pre-feasibility analyses generate modified estimates of capital expenditure requirements.

APPENDICES

Objectives for the year ahead, 2005

ACTIVITY	THAILAND	INDONESIA	CHINA
Organic growth projects	➢ BLCP: keep on track	➢ Trubaindo: complete ➢ Indominco: complete E Block + UG studies ➢ Bontang port: upgrade (throughput, blending) ➢ Bharinto: accelerate	➢ AACI: initiate 2nd project
Acquisitions / New BD	➢ Power prospects	➢ Power prospects	➢ Secure at least 1 new asset ➢ 2 new prospects (coal, power)
Other...			

BANPU

Banpu’s Resources & Reserves statement (100% basis)

Mine operation and project	Interest (%)	As at 31 December 2004						As at 31 December 2003	
		Measured Resources	Indicated Resources	Total Resources	Proved Reserves	Probable Reserves	Total Reserves	Total Resources	Total Reserves
Mine operation									
Jorong	*95.00*	**45.0**	**-**	**45.0**	**32.3**	**0.8**	**33.1**	**7.6**	**33.5**
Indominco	*99.99*	**212.5**	**71.5**	**283.9**	**35.2**	**27.2**	**62.4**		**39.9**
Kitadin	*99.99*	**104.9**	**51.0**	**155.9**	**15.9**	**5.1**	**21.0**	**71.7**	**29.2**
Trubaindo	*90.00*	**172.7**	**134.7**	**307.4**	**37.2**	**30.0**	**67.2**	**20.9**	**51.6**
Lampang	*100.00*	**7.9**	**-**	**7.9**	**7.2**	**-**	**7.2**	**-**	**10.0**
Payao	*100.00*	**2.4**	**-**	**2.4**	**2.2**	**-**	**2.2**	**-**	**2.0**
Daning No. 1	*11.00*	**75.0**	**35.0**	**110.0**	**75.0**	**-**	**75.0**	**-**	**-**
Project									
Bharinto	*99.99*	**21.8**	**64.1**	**85.9**	**-**	**-**	**-**	**-**	**-**
Barasentosa	*100.00*	**38.1**	**0.7**	**38.8**	**20.5**	**12.3**	**32.8**	**24.7**	**-**
Mampum Pandan	*100.00*							**14.1**	**-**
Total		**680.3**	**357.0**	**1,037.2**	**225.4**	**75.4**	**300.8**	**139.0**	**166.4**

Coal production review and outlook

Seasonal heavy rainfall resulted in production constraint; Stripping ratio increased to capture favorable price outlook

Indominco-Bontang
CV 6,500 kcal/kg

3Q04	Q404	**1Q05**	2Q05F
2.2	2.2	1.9	**2.0**
SR 9.7:1	*9.2:1*	***10.6:1***	

Production proceeded smoothly

Kitadin-Embalut
CV 6,000 kcal/kg

3Q	4Q	**1Q**	2Q05F
.5	.5	.5	**.4**
SR 8.8	*9.5*	***7.2***	

Output recovery is expected in 2H05

Jorong
CV 5,300 kcal/kg

3Q	4Q	**1Q**	2Q05F
.7	.7	.5	**.7**
SR 5.5	*5.5*	***6.2***	

Strong production outlook due to high domestic demand

LP-2 / CMMC
CV 4,000 kcal/kg

3Q	4Q	**1Q**	2Q05F
.6	.5	.8	**.8**
SR 4.5	*4.4*	***3.7***	

Mining proceeded as planned; Debut shipment is in 2Q05

Trubaindo
CV 6,950 kcal/kg

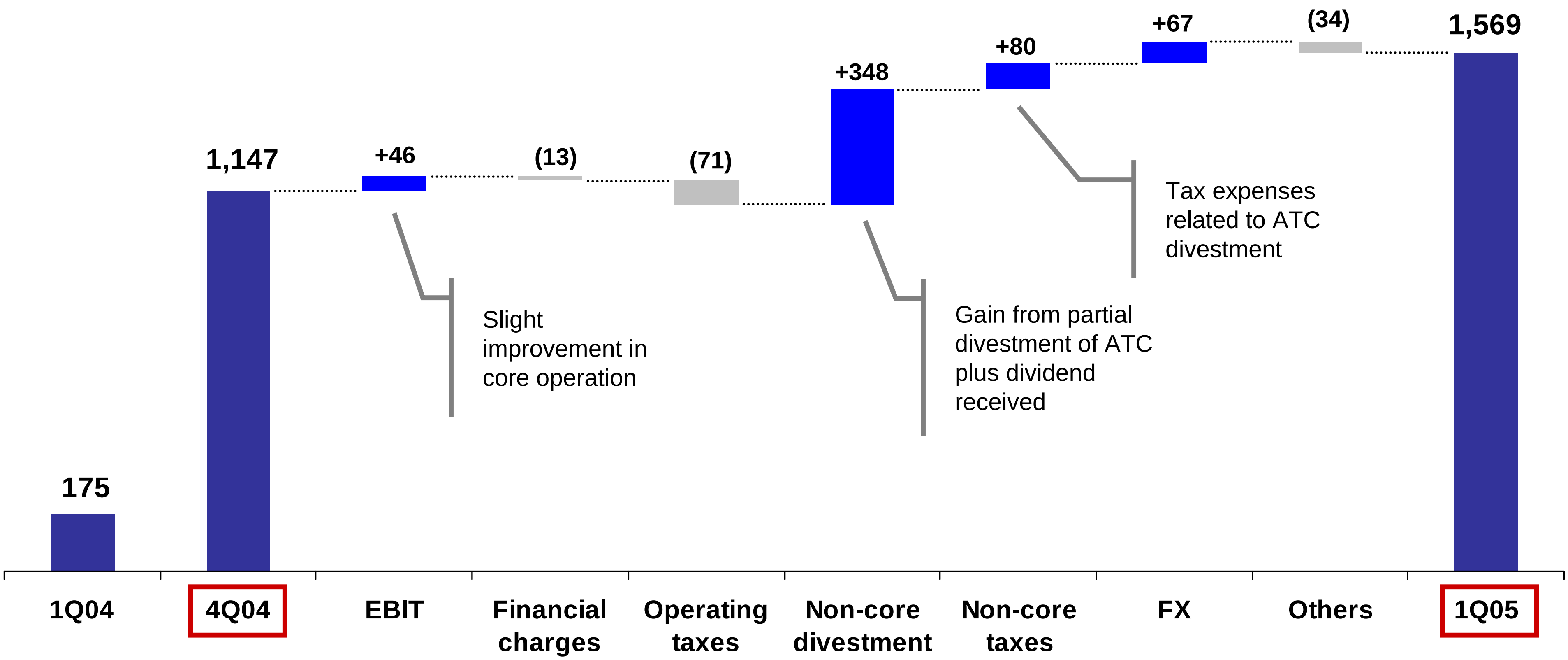
4Q	**1Q**	2Q05F
*	*	**.1**

BANPU

Notes: * Only ROM production from Trubaindo in 4Q04 and 1Q05

Net profit variance

Units: Bt. million



BANPU

Operating profits

Units: Bt. million	1Q05	4Q04	1Q04	QoQ %	YoY %
Sales revenues	**5,021**	**5,400**	**2,989**	-7%	68%
Cost of sales	(2,739)	(3,004)	(2,122)		
Gross profit	**2,283**	**2,396**	**867**	-5%	163%
GPM	***45%***	***44%***	***29%***		
SG&A	(482)	(682)	(409)		
Royalty	(490)	(545)	(287)		
Equity income - Power	(10)	59	(6)		
Dividend income - Power	-	-	-		
Other income	56	83	71		
EBIT	**1,357**	**1,311**	**236**	4%	476%
EBITDA	**1,847**	**1,665**	**551**	11%	235%

BANPU

Units: Bt. million	1Q05	4Q04	1Q04	QoQ %	YoY %
EBIT	**1,357**	**1,311**	**236**	4%	476%
Interest expenses	(96)	(93)	(102)		
Financial expenses	(46)	(36)	(36)		
Income tax (core business)	(321)	(250)	(76)		
Minorities	(38)	(27)	(4)		
Net profit before extra items	**856**	**906**	**18**	-6%	
Non-recurring items*	918	571	155		
Income tax (non-core business)	(178)	(258)	-		
Unrealized gain on coal swap contract	0	24	-		
Bond redemption premium	-	-	-		
Mining property expense	(14)	(15)	(14)		
Net profit	**1,582**	**1,227**	**159**	29%	893%
FX translations	(13)	(80)	15		
Net profit	**1,569**	**1,148**	**175**	37%	798%
EPS (Bt/share)	*5.78*	*4.22*	*0.66*		

Note: * Income from non-core assets and other non-operating expenses

BANPU

Current debt maturity profile