CERREJÓN COAL
- Steady Growth, Market Flexibility

A presentation to the NCCI – Fall Meeting

October 2005
Location of Cerrejón mines
The history of Cerrejón

- 1976 Cerrejón reserves were divided in North, Central and South zones. CARBOCOL and INTERCOR signed the Association Contract for the development of the North Zone.

Company History

- **2000**  Anglo Coal, BHPBilliton and Glencore acquired the CARBOCOL 50% stake in Cerrejón Norte.
- **2002**  Consortium acquired Intercor (ExxonMobil share of Cerrejón).
- **Late 2002**  Integration of all Cerrejón mining operations completed.
- **Jan 2003**  Coal Marketing Company Ltd (CMC Dublin) took on exclusive marketing and sales of Cerrejón Coal.
- **July 2005**  Coal Marketing Company (USA) Inc. began commercial operation.
Communities & Support Services

- **Community and Business Services**
  - Houses (Family, Bachelor) 694
  - School (Bilingual) 680 Students
  - Recreational Facilities

- **Air and Land Transportation Business**
  - Aircrafts 2 (54 Passengers)
  - Airports 2
  - Air Transport (Passenger/Month) 7K
  - Land Transport (Passenger/Month) 82K
Geology and Quality of Reserves

Location

- Narrow basin bounded by Sierra Nevada and Perijá Mountains
- Coal bearing formation
  - 900m thick, 40 minable seams ranging from 0.7m to 7.0m
- Structure
  - Average dip 16°
  - Reverse and normal faults
- Reserves
  - Proven reserves of about 3 billion tons to a depth of 300 m
  - Stripping ratio 6.4:1
- Quality
  - Sub-bituminous thermal coal
  - Average ROM calorific value of about 11,400 BTU/lb GAR
  - Total moisture of 12%
  - Total ash of 8%
  - Total sulfur 0.6%
# Mining Equipment Fleet

<table>
<thead>
<tr>
<th>Units</th>
<th>Number</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;H 2800 Electric Shovels</td>
<td>12</td>
<td>27.5 M³</td>
</tr>
<tr>
<td>Komatsu PC8000 Electric Shovels</td>
<td>3</td>
<td>42 M³</td>
</tr>
<tr>
<td>Hitachi EX 3500 Hydraulic Shovels</td>
<td>7</td>
<td>20.5 M³</td>
</tr>
<tr>
<td>Demag 285 Hydraulic Shovels</td>
<td>5</td>
<td>19 M³</td>
</tr>
<tr>
<td>Liebherr Hydraulic Shovels</td>
<td>7</td>
<td>12 M³ &amp; 14 M³</td>
</tr>
<tr>
<td>O&amp;K RH340 Hydraulic Shovel</td>
<td>1</td>
<td>34 M³</td>
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<tr>
<td>Marathon Le Tourneau Front End Loaders</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Coal Buckets</td>
<td>4</td>
<td>25 M³</td>
</tr>
<tr>
<td>Combi Buckets</td>
<td>5</td>
<td>17 M³</td>
</tr>
<tr>
<td>Hitachi-Euclid EH 5000 Haulage Trucks</td>
<td>33</td>
<td>291 Tonne / 320 ST</td>
</tr>
<tr>
<td>CAT 793 Haulage Trucks</td>
<td>103</td>
<td>219 Tonne / 240 ST</td>
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<tr>
<td>Euclid-Wabco R170/170D Haulage Trucks</td>
<td>70</td>
<td>154 Tonne / 170 ST</td>
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<tr>
<td>CAT 789 Coal Trucks</td>
<td>9</td>
<td>172 Tonne / 190 ST</td>
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<tr>
<td>Ingersoll Rand Drills</td>
<td>14</td>
<td>9&quot; Hole</td>
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<tr>
<td>CAT Track Dozers</td>
<td>55</td>
<td>646 HP – 935 HP</td>
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<tr>
<td>CAT Wheel Dozers</td>
<td>25</td>
<td>554 HP – 880 HP</td>
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<tr>
<td>CAT 777 Tank Water</td>
<td>17</td>
<td>18K Gallons Capacity</td>
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<tr>
<td>CAT 16 G/H Motor Graders</td>
<td>26</td>
<td>265 HP / 16ft blade width</td>
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</table>
Mining and Handling Process

- **Waste Removal**
  - Overburden Drill
  - D-11N Dozer
  - Electric Shovel
  - Hydraulic Shovel
  - Waste Trucks

- **Coal Mining**
  - D-9L Dozer
  - L-1100 Loader
  - Coal Trucks

- **Coal Handling**
  - Truck Dump Hoppers
  - Vibrating Feeders
  - Crushers
  - Belt Conveyor
  - Coal Carts
  - Vibrating Feeder System
  - Samplers
  - Rethread System
  - Train Unloading Station 4 Hoppers

- **Coal Plant**
  - Coal Cars
  - Silos

- **Rail Road**
  - Stackers
  - Reclaimers
  - Linear Shiploader

- **Port**
  - Wash Plant, ~5%

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Coal Marketing Company (USA) Inc.
Coal Crushing Plant:

No. 1                  No. 2
Nominal Capacity: 3200 TPH 2200 TPH
Surge Hopper: 3 x 500 T 400 T
Main Conveyor: 3450 TPH Design 2300 TPH
Silo Capacity: 2 @ 13 KT Each
Train Loading: 9,500 TPH
Train Loading: 72 Minutes

Wash Plant (~6% of Coal Production):
Process: Heavy Media
Spirals & Cyclones
Quality: 8500 Btu Feed;
11350 Btu Clean
Feed Capacity: 350 TPH; 1.8 MT/Yr @73% recovery

Coal Stockpiles (Mine Only):
Number of Piles (North Zone): 21
Range of Quality: 9,500 Btu/lb to 12,000 Btu/lb
3% Ash to 25% Ash
Stockpile Capacity: 2.4MT
**Railroad & Port Facilities**

**Mine**
- **Locomotives:** 13 GE / B36-7; 3600 HP
- **Railcars:** 448
- **Payload:** Each - 100T (Old); 110T (New)
- **Annual Capacity:** 29MT
- **Supply Cars:** 71 Total; 19 Water, 25 Fuel, 14 Flatbed, 10 ballast cars, 3 Side dumpers
- **Track:** 145 KM
- **Sidings:** 3
- **Total Cycle Time:** 11.5 Hrs

**Port**
- **Unloader:** 5600 TPH (2.2 Hrs/Train)
- **Conveyor Length:** 11.5 KM
- **Inventory Cap’y:** 500 KT
- **Stacker-Reclaimer:** 2 Stephen-Adamson 1 Mann
- **SR Capacity:** 6600 TPH Stacking, 5500 TPH Reclaiming (Each)
- **Shiploader Cap’y:** 5,400 TPH Avg; 10,000 TPH Peak
- **Shiploading Time:** 15-17 Hours For 80-90 Kt Vessel
- **Tugs:** 3 Damen; 3600 HP
- 1 Zpeller; 2800 HP
Quality Control at Puerto Bolívar

- Port independent inspector (INSPECTORATE)
- Sampling System:
  - J. B. Long Co. Clean sweep sampling system
  - Cross belt sampler with two crushing stages
  - Installed downstream of the surge silo on the shiploader conveyor
  - Fully commissioned and put into permanent service in November 2000
- Collection and preparation of samples as per ASTM-Standard D-2234 and ISO 1988 / 9411
Exports of Cerrejón coal
1998 – 2004

* Europe includes Mediterranean countries
Colombian Coal Exports 1994-2004

<table>
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<tr>
<th>Year</th>
<th>Series1</th>
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<td>1994</td>
<td>16,366</td>
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<td>1995</td>
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<td>1997</td>
<td>26,509</td>
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<td>1998</td>
<td>29,006</td>
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<td>1999</td>
<td>28,659</td>
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<td>2000</td>
<td>34,284</td>
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<td>2001</td>
<td>37,100</td>
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<td>2002</td>
<td>35,404</td>
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<td>2003</td>
<td>44,116</td>
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<td>Dec-04</td>
<td>50,693</td>
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The graph shows the increase in Colombian coal exports from 1994 to 2004, with a significant rise in the final year.
## Statistics 2004

<table>
<thead>
<tr>
<th>EXPORTERS</th>
<th>CCC (Santa Marta)</th>
<th>CDC (Baq-Clp-Tolu Sml)</th>
<th>CERREION COAL COMPANY (Puerto Bolivar)</th>
<th>DRUMMOND (Puerto Drummond)</th>
<th>PRODECO (Puerto Prodeco)</th>
<th>Others (B/ura - Baq - Clq)</th>
<th>TOTAL</th>
<th>%</th>
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<td>CARIBBEAN</td>
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<td>EUROPE &amp; AFRICA</td>
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<td>TOTAL</td>
<td>590,307</td>
<td>1,758,364</td>
<td>24,703,374</td>
<td>20,842,165</td>
<td>2,444,879</td>
<td>354,074</td>
<td>50,693,162</td>
<td>100%</td>
</tr>
</tbody>
</table>

**TTL SHARE**: 1% 3% 49% 41% 5% 1% 100%

CMC
Coal Marketing Company (USA) Inc.
CMC – Coal Marketing Company

- CMC is the exclusive supplier of coal produced in the Cerrejón mining complex.
- CMC – like Cerrejón – is owned in equal parts (33% each) by Anglo Coal, BHP Billiton and Glencore.
- CMC is an independent marketing company, operating in the term and spot markets and competing in many cases with shareholders.
CMC – Coal Marketing Company

Anglo American plc

Glencore International A.G.

BHP Billiton plc

Cerrejon

Coal Marketing Company Ltd

End User

Exclusive Sales Agreement

Coal Sale
Objectives of CMC

- Profitable and optimal marketing of Cerrejón coal to end-users of high repute.
- Feasibility study for further expansion under way.
CMC’s Position in North America

- Main products supplied into this market:
  - B product basis 11,800 Btu/lb GAR.
  - C product basis 11,600 Btu/lb GAR.
  - D product basis 11,300 Btu/lb GAR.
  - Compliance & Super Compliance SO$_2$.  
- Flexibility of sales basis: FOB Bolivar, CIF, DES, FOB Railcar or barge or delivered.
What we offer: Security of Supply

- Cerrejón began operations in 1983: we have exported over 300 million mt of coal and have never declared force majeure.
- Guerrilla activity in Colombia has had minimal impact on the ability of Cerrejón to mine, transport and export coal.
- Responsible business practices, prosperity in La Guajira, community programs and good security combine to make Cerrejón a robust operation.
What we offer: Flexibility

- Cerrejón is an integrated operation (mine, own railway and port). This provides flexibility to react immediately to customers’ needs and changing schedules.
- In our business portfolio we have incorporated different contractual schemes ranging from spot to multi-year contracts, implementing diverse pricing schemes (fixed, formula and index linked).
What we offer: Reliable Performer

- Customers have chosen Cerrejón as supplier precisely because of our ability to meet our commitments professionally and in full.
- We have long-lasting relationship with the many North America customers, in some cases dating from the late 80’s.
- Customers know that we will continue to be there for them in the long term.