INTRODUCTION TO COAL BUSINESS

SPECIAL ANALYST MEETING
April 22, 2009
Coals are fossil fuels formed through the oxidation and biodegradation of plant remains preserved by water and mud.

**COAL TYPES AND ITS CHARACTERISTICS**

- **High moisture content of coal**
  - Low Rank Coals: 47%
  - High coal: 53%

- **Carbon/energy content of coal**
  - Lignite: 17%
  - Sub-bituminous: 30%
  - Bituminous: 52%
  - Anthracite: 1%

**USES**

- Largely power generation
- **THERMAL COAL**
  - Power generation
  - Cement manufacture
  - Industrial uses
- **THERMAL & METALLURGICAL COAL**
  - Power generation
  - Cement Manufacture
  - Industrial uses
  - Manufacture of iron and steel
- Domestic/Industrial including smokeless fuel

<table>
<thead>
<tr>
<th>CV(GAR) (kcal/kg)</th>
<th>4,000-5,000</th>
<th>5,000-6,000</th>
<th>6,000-6,700</th>
<th>6,800-7,000</th>
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<tr>
<td>CV: Calorific Values</td>
<td>GAR: Gross As Received</td>
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### COAL VALUE CHAIN AND ITS APPLICATIONS

<table>
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<tr>
<th>Upstream</th>
<th>Intermediate</th>
<th>Downstream</th>
<th>End Use</th>
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<tr>
<td><strong>Coal Mine</strong></td>
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<td><strong>End Use</strong></td>
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<td>Coal</td>
<td>Coalbed Methane</td>
<td>CH4</td>
<td><strong>Steel and Cement</strong></td>
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<td><strong>Cooking</strong></td>
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<td><strong>Power Plants</strong></td>
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<td><strong>SynGas</strong></td>
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<td><strong>Gasification</strong></td>
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<td><strong>Coal Liquefaction</strong></td>
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<td><strong>Pipeline</strong></td>
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<td><strong>CCS</strong></td>
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</table>

Remark: IGCC = Integrated Gas Combined Cycle
RESOURCE AND RESERVE CLASSIFICATION

Exploration Results

MINERAL RESOURCES

Inferred

ORE RESERVES

Indicated  
Probable

Measured  
Proved

Increasing level of geological knowledge and confidence

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the “Modifying Factors”).
Total global seaborne thermal coal trade accounts for more than 600 mtpa
Pacific Trade is the largest market for seaborne thermal coal
ASIA MARKET CONTINUES TO GROW

Asian thermal coal import demand (excl Central Asia) to 2020 (Mt)

Source: Barlow Junker

- 233Mt of growth 2006 to 2020.
- China, India, South Korea, Taiwan and Vietnam to account for 76% of the growth.

Coal demand growth is the highest among other fuels.
## THERMAL COAL SALES AND MARKET OPTIONS

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Details</th>
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</thead>
</table>
| Term Contract       | - Currently producers offer **mid-term contract**, lasting **2 or max 3 years**, due to volatility in production cost and market price  
                      - Pricing in the Pacific market is based on the Newcastle Thermal Coal benchmark at reference energy 6322 kcal / kg GAR |
| One-year contract   | - Fixed terms, price is based on Newcastle Thermal Coal benchmark  
                      - Adjustments are in line with those in long term contract on energy, ash, sulphur and moisture sub bituminous coals) |
| Tender              | - Commonly used by power utilities for a certain tonnage or cargoes if a shortage in stocks appears  
                      - One off contract, some on a delivered basis (C&F) |
| Spot market         | - Pricing reflects supply and demand balance  
                      - Actual / physical settlements on the spot market is ~10 % of sales due to the volatility in pricing |
| Derivatives         | - Popular in Europe where coal is commoditised  
                      - Regulations on credit and risk limit entry by Asian coal producers  
                      - Reluctance by Asian buyers to move away from physical trade due to reliance on energy imports |
MINING TECHNIQUES

- Two types of mining techniques – Open Cut mining and Underground mining.
- Depending on the location and depth of cover of the deposit, the mine will be developed as either an open-cut or underground operation, or a combination of both.

All operations in Indonesia are open-cut mining.
Production rates vary significantly across mines depending on geological and operating conditions.

- Production ➔ 8-10% of reserves per annum
- 40-50% of reserves produced by end of plateau period
- Mining method is location-specific

(Mining Cost Components)

- Overburden Removal (46%)
  - Digging soil & rock above coal seams

- Coal Removal (5%)
  - Digging coal in coal seam

- ROM Haul (9%)
  - Transfer coal to process area

- Processing (3%)
  - Grinding and sieving

- Product Haul (8%) & Barging (9%)
  - Transfer process coal to barge

Royalty (20%)
COAL MINING DEVELOPMENT PROCESSES

General Survey

Exploration
- By products (e.g. Coal Bed Methane)
  - Mining method
- Coal quality (product)
  - Geological environment

Feasibility & Environmental Assessment

Development

Production

Beneficiation / Processing

Coal Trading & Marketing

Transportation

Combustion
- Power Generation
- Steel Production
- Others
  - Cement production
  - Aluminium production
  - Paper production

Conversion
- Coal to Gas
- Coal to Liquids

Coal Mining and Combustion Environmental By-Products
- Methane
- Carbon Dioxide
- Water
- Slag
- Ash
INVESTMENT STRUCTURE

(Invest through “Lints Limited” a fully-owned subsidiary of PTT International)

PTT

SRL

(Australian based)

60%

40%

SBI
(Coal Assets Holding Company)

Straits Salt
(Australian based)

35%

Brunei
(Coal Greenfield Project)

47.1%

SAR
(Singapore Based)

33.5%

Madagascar
(Coal Greenfield Project)

Indonesia Based

100%

Sebuku
(Coal Mine Operation)

100%

Jembayan
(Coal Mine Operation)

80%

Laung
(Coal Exploration Project)
SPECIAL ANALYST MEETING
April 22, 2009
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Vision:

- SBI established as an energy coal platform, with the financial, technical and operational capability to actively pursue and develop opportunities in the global coal sector.

- Consolidate and expand existing operations and progress development of SBI portfolio of high quality projects.

- Form a regionally significant, diversified and reliable supplier of energy coal to global markets.

- Contribute and participate in providing energy security, economic growth and environmental solutions to the emerging nations of Asia.
Transaction Drivers

Rationale:

• Transaction provides both stakeholders with a strong strategic platform from which to grow an international coal business.

• Coal represents an important long term diversification strategy and international growth opportunity for PTT.

• Coal now widely recognised as the world’s fastest growing and most enduring energy source.

• Application of PTT’s regional expertise and relationships in the energy sector to capture new coal opportunities.

• The acquisition of 60% of SBI will enable PTT to diversify its resource base, operational footprint and income streams.

• Straits Resources will contribute:
  ➢ Low cost operations generating high demand thermal coal products with substantial long-term growth potential.
  ➢ High quality and diversified customer base.
  ➢ Extensive expertise in the mining resource sector.
  ➢ Diversified growth platform with two major coal project opportunities in the pipeline.
Key Assets of SBI

- **Sebuku**
  - One of the world’s lowest cost export coal operations.
  - Top quality power station brand.
  - Total production capacity target of 8Mtpa
  - 3.5Mt of sales in 2008
  - 381Mt J ORC Resources

- **Jembayan**
  - Total production capacity increased to 11Mtpa
  - Jembayan and Prangat recognised ‘enviro coals’
  - Production target for 2009 of 7.0-7.5Mt
  - 254Mt J ORC Resources & 112Mt J ORC Reserves
  - Exploration target of 600-700 Mt.

- **Sakoa (Madagascar) Coal**
  - Coal inventory (non-J ORC) estimated at greater than 100Mt. Exploration target could exceed 500Mt.
  - Feasibility study in 2009, targeting production of 3 to 5 million tonnes of export thermal coal within 3 to 4 years

- **Brunei Coal**
  - Joint Venture with Far East Energy (FEE) to explore entire country for coal projects.
  - PL’s currently under application.
  - Exploration and drilling in 2009 (under EL’s)
Operating Coal Mines

Location Map

West Kalimantan

Laung Coal Project

Central Kalimantan

Jembayan Mine

East Kalimantan

SAMARINDA

BALIKPAPAN

Indonesia

Kalimantan

PALANGKARAYA

Indonesia

Kalimantan

BANJARMASIN

Sebuku Mine

NORTH
Coal’s Position in the Global Energy Equation

Source: IEA
The global seaborne traded thermal coal market has grown steadily since its establishment.

Global seaborne traded thermal coal market (Mt)

1978 - 2008 CAGR = 7%

Source: Australian Mineral Economics

The increased dependence on coal-fired power generation and declining domestic availability of coal continue to drive the growth in seaborne traded thermal coal market.
Global end uses of the primary sources of energy - coal, oil, and natural gas

2010E global end uses of COAL

- Commercial: 0.6%
- Residential: 2.4%
- Industrial: 32.8%
- Power generation: 64.1%

Total consumption = 140.2 quadrillion Btu

- Essential commodity for base load power generation, accounting for almost two-thirds of its end usage

2010E global end uses of OIL

- Power generation: 5.1%
- Commercial: 2.7%
- Residential: 5.7%
- Industrial: 32.3%
- Transport on: 64.2%

Total consumption = 181.1 quadrillion Btu

- Predominantly used in transportation, accounting for more than half of its demand

2010E global end uses of NATURAL GAS

- Commercial: 0.9%
- Residential: 6.3%
- Industrial: 42.8%
- Power generation: 32.9%

Total consumption = 120.3 quadrillion Btu

- Predominantly used in industrial and power generation (peaking capacity)


Note: Btu stands for British Thermal Unit
Coal is the most cost competitive fuel source globally

**Long Run Marginal Cost for new build base-load power stations**

- Thermal coal is the essential commodity for base load power generation
- Substantial long run cost advantage over other energy sources

Source: WoodMackenzie
1 ST: Steam Turbine; CCGT: Combine Cycle Gas Turbine; Long term fuel price outlook (2008-2025); 2008 prices
Coal is the most sustainable energy source globally

<table>
<thead>
<tr>
<th>Proved reserves (Bnt)</th>
<th>World proved reserve life1 (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coal</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>847</td>
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<tr>
<td>Gas</td>
<td>142</td>
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<tr>
<td>Oil</td>
<td>169</td>
</tr>
<tr>
<td><strong>Coal</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>133</td>
</tr>
<tr>
<td>Gas</td>
<td>60</td>
</tr>
<tr>
<td>Oil</td>
<td>42</td>
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</table>

Significantly longer reserve life

Source: BP Statistical review

Note: Conversion rates used — 1 million tonne of oil equivalent = 7.33 million barrels of oil equivalent

1 Based on proved reserves as of 31 Dec 2007 and 2007A production
2 Coal includes Anthracite, bituminous, sub-bituminous and lignite quality coaloma
Oil and gas continue to face rising finding and development costs.

Global finding and development costs—actual for selected reporting companies ($/boe)

Source: Independent Oil & Gas Consultant

Rapidly increasing F&D costs for oil & gas further establishes the long term cost competitiveness of thermal coal as a fuel source.
Global energy demand is expected to grow steadily, with higher growth contributed by China / India

Coal is forecast to continue increasing its share within global energy consumption
Supply – Demand Fundamentals: The Price Equation

**Newcastle coal benchmark prices (US$/ton)**

- **Coal price average c. US$ 50/t**
- **Coal price increased c. 270%**
- **Coal price fell c. 68% from historical high of US$192/t to US$62/t**

**Comment**

- **2004 —2006**, average thermal coal price was around US$50/t

- Market tightened significantly in 2007 and first half of 2008, where spot thermal coal prices rose by 270% to a peak of US$192/t in July 2008

- Spot coal price has come down by approx 68% since its peak to around US$62/t currently

Source: Bloomberg (as at April 10, 2009), AME
Consensus thermal coal price forecast

Benchmark thermal coal prices (December YE)

<table>
<thead>
<tr>
<th>Year</th>
<th>Historical spot prices</th>
<th>Historical contract prices</th>
<th>Current consensus forecast</th>
<th>Consensus forecast (July 2008)</th>
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<tbody>
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<td>2004</td>
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<td>2016</td>
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Comment

- Near to medium term of broker consensus forecasts have come down significantly as a result of the recent economic slowdown.

- However, the near term weakness does not deflect from an increasingly bullish long-term view — reflected in increase in long term price forecasts.

Source: Bloomberg (as at April 10, 2009), CoalPortal, broker reports
Cost Competitive Producer

2007 Seaborne Thermal FOB Cash Cost Curve

Energy Adjusted to 6,350 Kcal/kg GAR

Jembayan

Sebuku

Source: Barlow Jonker 2007
The Sebuku brand name is well known and well regarded in both Asia and Europe where power generators and other users have been relying on delivery of the high quality Sebuku Coal for over ten years.

## Quality Specifications

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Sebuku</th>
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<tbody>
<tr>
<td>Ash % (adb)</td>
<td>9.3</td>
</tr>
<tr>
<td>Sulphur % (adb)</td>
<td>0.68 - 0.91</td>
</tr>
<tr>
<td>CV Kcal/kg (GAR)</td>
<td>6,000</td>
</tr>
<tr>
<td>Total Moisture % (GAR)</td>
<td>15.0</td>
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<tr>
<td>Ash Fusion Temperature °C</td>
<td>&gt;1,600</td>
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</table>
# Jembayan Coal Products

## Quality Specifications

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Jembayan</th>
<th>Prangat</th>
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<tbody>
<tr>
<td>Ash % (adb)</td>
<td>4.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Sulphur % (adb)</td>
<td>0.2</td>
<td>0.6</td>
</tr>
<tr>
<td>CV Kcal/kg (GAR)</td>
<td>5,414</td>
<td>5,700</td>
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<tr>
<td>Total Moisture % (GAR)</td>
<td>22.0</td>
<td>18.5</td>
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<tr>
<td>Ash Fusion Temperature</td>
<td>1,200</td>
<td>1,230</td>
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</tbody>
</table>
Indonesian Coal Comparison

Source: Company data, Barlow Jonker Nov 2008
High Quality, Diversified Customer Base

- 32% of Total Sales to Japanese Power Companies (2008)
- 80-90% of sales concluded under long-term contracts
- Outstanding reputation for reliable product delivery and quality control

Key Customers of SAR (by country, by rating)

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Credit rating (S&amp;P / Moody’s)</th>
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<tbody>
<tr>
<td>Chubu Electric Power Co Inc.</td>
<td>Japan</td>
<td>AA / Aa2</td>
</tr>
<tr>
<td>Tosoh Corporation</td>
<td>Japan</td>
<td>NR / Baa3</td>
</tr>
<tr>
<td>Kansai Electric Power Co Inc</td>
<td>Japan</td>
<td>AA / Aa2</td>
</tr>
<tr>
<td>ENEL SpA</td>
<td>Italy</td>
<td>A / A1</td>
</tr>
<tr>
<td>Korea East-West Power Co Ltd.</td>
<td>South Korea</td>
<td>A- / A1</td>
</tr>
<tr>
<td>Tenaga Nasional Berhad</td>
<td>Malaysia</td>
<td>BBB / Baa1</td>
</tr>
<tr>
<td>J Power</td>
<td>Japan</td>
<td>AA / Aa2</td>
</tr>
<tr>
<td>Korea South-East Power Co Ltd.</td>
<td>South Korea</td>
<td>A- / A1</td>
</tr>
<tr>
<td>Glencore International AG</td>
<td>Switzerland</td>
<td>BBB- / Baa3</td>
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<tr>
<td>Taipower</td>
<td>Taiwan</td>
<td>NR / 1</td>
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</table>
2008 Financial Performance Summary

- Sales of 8.6 million tonnes
- Revenue of US$ 585.2 million
- Profit after tax of US$ 124.4 million
- Cash flow from operations US$ 191.5 million
- Average Sales Price USD 70.50/t
Coal is the Centre of Rapidly Developing Markets

Clean Coal Technology

Carbon Capture and Storage

Combustion Technology

Emissions Control

Carbon Trading

Coal Futures

Coal Derivatives & Swaps

Coal Trading: Physical & Financial

Coal Pricing

Risk Management

Coal to Liquids

Hydrogen Generation

Coal Seam Gas

Biofuels
Global COAL

PHYSICAL PRODUCTS
-- fixed price --
  Phys NEWC
  Phys RB
  Phys ARA (DES)
  Phys ARA (FOB Barge)
  Phys INDO A / A2 / B
-- index-linked --
  Phys NEWC Index
  Phys API #4 Index
  Phys API #2 Index (DES)
  Phys API #2 Index (FOB Barge)

FINANCIAL PRODUCTS
-- OTC --
  Swap NEWC Index
  Swap API #2 (ARA)
  Swap API #4 (RB)
-- cleared --
  ICE Rotterdam Futures
  ICE Richards Bay Futures
  gC ICE Newcastle Futures
-- spreads (OTC or cleared) --
  Time spreads
  FOB spreads
  Implied Freight
Transaction volume growth on global COAL

![Graph showing transaction volume growth on global COAL, with categories for Physical and Financial. The graph plots million tonnes on the y-axis and quarters from Q2001 to Q4Q08 on the x-axis.](image-url)
Clean Coal Technologies

Coal's technical response to the environmental challenge is ongoing.....

............ with three core elements ..................

• Reducing carbon dioxide emissions with the development of carbon capture and storage

• Improving combustion technologies to increase efficiency and to reduce carbon dioxide and other emissions

• Eliminating emissions of pollutants such as particulates, oxides of sulphur and nitrogen
The Carbon Capture and Storage Process
Injection and Storage

Geological Storage Options for CO₂
1. Depleted oil and gas reservoirs
2. Use of CO₂ in enhanced oil recovery
3. Deep unused saline water-saturated reservoir rocks
4. Deep unmineable coal seams
5. Use of CO₂ in enhanced coal bed methane recovery
6. Other suggested options (basalts, oil shales, cavities)
Latest Developments:
~ Global Carbon Capture and Storage Institute ~

- **Officially launched last week in Australia to:**
  - Drive global cooperation on CCS projects and technologies.
  - Accelerate the deployment of carbon capture and storage CCS technology globally.
  - Assist in achieving the G8 group's goal of 20 large scale CCS demonstration projects globally by 2020.

- **Widespread international support with 85 bodies, including 16 national Governments and more than 40 major companies, signing on as foundation members and collaborating participants.**

- **Annual funding of up to $100 million.**
Global Response - Global Solutions

~ Existing and Planned CCS Projects ~

[Map showing existing and planned CCS projects worldwide]
A Multi-step Process to near Zero Emissions

Building New, Efficient Supercritical & IGCC Coal Plants
15% Lower CO₂ Emissions

Demonstrating Clean Coal Technologies & Carbon Capture & Sequestration
Up to 90% Lower CO₂ Emissions

Retrofitting Existing Coal-Based Generation with Carbon Capture/Sequestration
Up to 90% Lower CO₂ Emissions

The Goal: Near-Zero Emissions

0 ——— 20 Years
Conclusions and Outlook for SBI

• Attractive coal industry fundamentals.

• Energy security and economic growth to underpin thermal coal as a dominant fuel for decades.

• Environmental solutions gathering global momentum and support.

• SBI ideally positioned to grow an international and diversified coal business with strong economic credentials.
ขอบคุณครับ
THANK YOU