

# **Drummond Colombia Coal Asset Investment Outline**

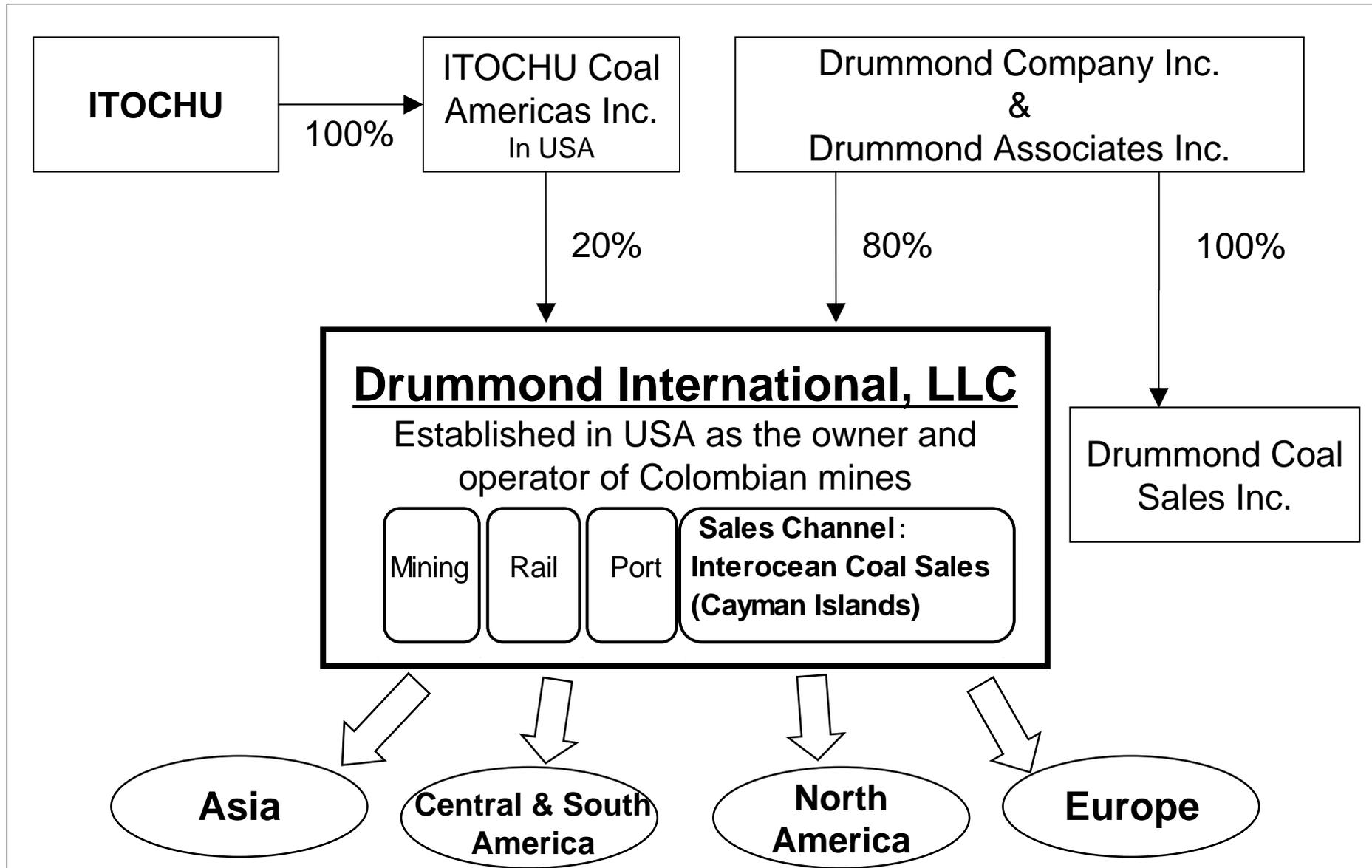
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**ITOCHU Corporation**

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- ✓ **Investment Scheme and Intent**
- ✓ **Drummond Company & Mine Outline**
- ✓ **Mine Production & ITOCHU's Equity Share Projections**

# Investment Scheme and Intent (1)



## Investment Intent

- ✓ **Operating Mine**
  - Immediate revenue realization, limited operation risk.
  - Necessary infrastructure already in place.
  - Planned mine and port expansion.
- ✓ **Portfolio Expansion**
  - Increased equity tonnage, supply source diversification.
- ✓ **Others**
  - Equity in one of the world's largest thermal coal export projects.
  - Stable long term coal customers
  - Strengthening of relationship with Drummond Company.

## ITOCHU Functions in the Joint Venture

- ✓ **Management**
  - Appointment of Drummond International, LLC directors, staff assignment
- ✓ **Coordination**
  - Leveraging of ITOCHU's short and long term logistic know how.
- ✓ **Buyer's Agent**
  - Exclusive sales rights for Japan, development of Asian markets.
- ✓ **Strategic Alliance**
  - Strategic tie up for Asian and Pacific markets.

# Drummond Colombian Mine Outline (1)



## Outline

Drummond Company owns 2 operating open pit mines and 3 concessions to be developed in the Department of Cesar, Colombia. In addition it owns 40.96% of the rail company and a port for its exclusive use, as below.

Start of Operations	1995
Type of Coal	High quality thermal coal
Proven & Probable Reserves	1.9 billion metric tons
Production	FY2011: 25 million metric ton
Key Points	<p>(1) Large Scale Operating Coal Mine 4<sup>th</sup> largest export volume among all coal mines in the world.</p> <p>(2) In Place Logistic Infrastructure</p> <ul style="list-style-type: none"><li>•Rail : Drummond owns 40.96% of Fenoco, the rail management company. Rail capacity is planned to increase to 110 MMTPA from the current 56 MMTPA. The rail line runs approximately 193 km from the mines to the port.</li><li>•Port: Drummond owns, Puerto Drummond, its exclusive port which has a capacity of 30 MMTPA loading via barges. → Ships will be directly loaded and capacity will increase to 35 MMTPA.</li></ul>

# Drummond Colombian Mine Outline (2)



## Project Location



# Mine Production and ITOCHU's Equity Share Projections

## Drummond Colombian Production Forecast

(FY)	2010	2011	2012	2013	2014	2016
Total Production	24 MMT	25 MMT	26 MMT	31 MMT	35 MMT	35 MMT
ITOCHU's equity share	-	-	5.2 MMT (full year base)	6.2 MMT	7.0 MMT	7.0 MMT

## ITOCHU's Equity Share Projections

(FY)	2010	2011	2012	2013	2014	2016
Total	8.0 MMT	8.0 MMT	12.6 MMT	14.2 MMT	17.7 MMT	20.5 MMT
Existing	8.0 MMT	8.0 MMT	7.4 MMT	8.0 MMT	8.2 MMT	8.2 MMT
Colombia	-	-	5.2 MMT	6.2 MMT	7.0 MMT	7.0 MMT
Project A in Aus.	-	-	-	-	1.0 MMT	1.0 MMT
Project B in Aus.	-	-	-	-	1.5 MMT	1.5 MMT
Other Projects	-	-	-	-	-	2.8 MMT