3 November 2010

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

MANAGEMENT BRIEFING ON CURRAGH COAL OPERATIONS

Following is a presentation that is to be given today at a management briefing on Wesfarmers’ Curragh coal operations.

The briefing will be held today at 3:30 (EST) / 4:30 pm (EDT) / 1:30 pm (WST).

This briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

L J KENYON
COMPANY SECRETARY

enc
## Agenda

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## Resources division management team

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<th>Role</th>
<th>Name</th>
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<tr>
<td>Managing Director</td>
<td>Stewart Butel</td>
</tr>
<tr>
<td>Director Marketing &amp; Development</td>
<td>Rob Brenchley</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Michael Ball</td>
</tr>
<tr>
<td>Executive General Manager Curragh</td>
<td>Rod Bridges</td>
</tr>
<tr>
<td>General Manager Sales &amp; Marketing Curragh</td>
<td>Matt Latimore</td>
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<tr>
<td>General Manager Business Development</td>
<td>Michael Dixon</td>
</tr>
<tr>
<td>General Manager Human Resources</td>
<td>Grant Harrison</td>
</tr>
<tr>
<td>General Manager Legal Affairs</td>
<td>Bill Ash</td>
</tr>
<tr>
<td>General Manager (Premier Coal)</td>
<td>Patrick Warrand</td>
</tr>
<tr>
<td>General Manager Marketing &amp; Development (Premier Coal)</td>
<td>Bill Moody</td>
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Curragh operational & marketing structure

**OPERATIONS**

- Executive General Manager
  - Rod Bridges

- Operations
  - Mining
  - Maintenance & Asset Management
  - Technical Services
  - CHPP

- Expansion / Support
  - CHPP Expansion Project
  - Commercial
  - HSE & Training
  - Human Resources
  - Expansion Delivery

**MARKETING**

- General Manager Sales & Marketing
  - Matt Latimore

- Marketing & Logistics
  - Coal Sales
  - Coal Technology
  - Shipping
  - Marketing Finance Rail & Port
  - Coal Quality & Planning
Wesfarmers Resources

- **Export metallurgical & domestic steaming coal**
  - **QLD**

- **Domestic steaming coal**
  - **WA**

- **Export & domestic steaming coal**
  - **NSW**
    - (40% ownership)
Overview of Curragh Mine
Rod Bridges
Executive General Manager Curragh
## Curragh – significant milestones

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine opened</td>
<td>1983</td>
</tr>
<tr>
<td>First export shipments</td>
<td>1984</td>
</tr>
<tr>
<td>Wesfarmers purchase of Curragh</td>
<td>June 2000</td>
</tr>
<tr>
<td>Curragh East development</td>
<td>2001</td>
</tr>
<tr>
<td>Coal preparation plant upgrade</td>
<td>2002 &amp; 2004</td>
</tr>
<tr>
<td>Curragh North development</td>
<td>2004 – 2006</td>
</tr>
<tr>
<td>Announced Curragh expansion to 8.0 – 8.5mtpa exports</td>
<td>November 2009</td>
</tr>
<tr>
<td>Commenced FS to expand Curragh to 10mtpa exports</td>
<td>August 2010</td>
</tr>
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FS: Feasibility Study
Curragh mine location

- Located in Central Queensland
  - Heart of the Bowen coal basin
- World prominence
  - Largest metallurgical coal reserve
- Close to major infrastructure
  - Electrified rail
  - 75mtpa port facility
  - Electricity grid
  - Dormitory town
  - Coastal proximity

Coal measures indicated in green
Curragh mine

- Open cut mine
- Large draglines & fleet of mobile equipment
- 500 experienced personnel
- 9.0 - 9.5mtpa capacity coal handling & blending facilities
- Multi product mine:
  - Low ash export metallurgical coal
    - 75%
  - Medium ash domestic steaming coal
    - 25%
Mining methods
Overburden removal dragline

• Fleet of five draglines
• Largest is a Marion M8750 ‘Super’ Dragline
• 6,500 tonnes, 114 bank cubic metres (bcm) bucket, 30mbcm/pa

Overburden removal truck & shovel

• Pre-strip ahead of dragline fleet
• Combination of contractor & owner operator
• Upgrading fleet to ‘ultra class’ in mid 2011
Coal mining

- Selective mining
- Coal sourced from:
  - Curragh
  - Curragh East
  - Curragh North

Curragh North ROM

- 21km in length
- Largest single flight conveyer
- 2,500tph capacity
### Crushed plant feed stockpiles & overland conveyor (‘OLC’)  
- 2 x 60,000 tonne crushed coal stockpiles  
- Ability to direct feed from OLC, Curragh ROM’s  

### Coal handling & preparation plant  
- 1,600tph capacity  
- Two stage washing  
- Primary circuit – metallurgical coal  
- Secondary circuit – steaming coal
### Train loadout

- 7,000 – 8,000 tonnes capacity trains
- 305km to the Port of Gladstone

### Port of Gladstone RGTCT

- Two export terminals at Gladstone
- RGTCT & Barney Point

‘RGTCT’ refers to the R G Tanna Coal Terminal
Curragh export market update
Rob Brenchley
Director Marketing & Development
Curragh export market update

• Established Curragh brand & quality
• Diversified product range
• Positioned as ‘independent’ supplier
• World leading steel makers as key customers
• Positioned for future growth
Coking coal utilisation

Coking Coal \(\xrightarrow{\text{Blended by Consumer}}\) Coke Oven \(\xrightarrow{\text{PCI Coal}}\) Blast Furnace \(\xrightarrow{\text{Iron Ore Limestone}}\) Pig Iron

‘PCI’ means Pulverised Coal Injection

18
Queensland hard coking coal indicative quality comparison

Australian Hard Coking Coals
Ash% vs VM% Air Dried Basis (adb)

Source: Wood Mackenzie, March 2009
Curragh export metallurgical sales

2009/10 Actual
6.6 million tonnes

2010/11 Forecast
6.2 – 6.7 million tonnes
Curragh medium sized metallurgical coal player

- BHP Billiton, 29
- Mitsubishi, 23
- Teck, 21
- Anglo, 14
- Xstrata, 11
- Evraz, 10
- Rio Tinto, 7
- Mechel, 7
- Wesfarmers, 7
- Peabody, 6

Source: AME

Million tonne (mt) traded seaborne metallurgical coal
Curragh metallurgical customer mix 2010

- Japan: 45%
- South Asia: 24%
- Other North Asia: 18%
- Europe: 10%
- Americas: 3%
Australian coal market prices

Source: Energy Publishing, Tex Report, Macquarie Research, CRU
Curragh export sales pricing

- **Quarterly priced contracts**: 75%
- **Annual priced contracts**: 25%
Metallurgical demand growth will largely stem from Asia. Australia will continue to be the main export supplier.

**Global Metallurgical Coal – Export Projections**

**Asian Metallurgical Coal - Import Projections**

*Source: Wood Mackenzie Coal Market Service*
Curragh metallurgical sales growth

Year Ending June

Committed expansion
Study expansion

10% CAGR


tonnes (mtpa)

Wesfarmers Resources
Curragh expansion update
Stewart Butel
Managing Director
Curragh mine expansion
Curragh mine expansion (continued)

- Expand metallurgical coal exports to 8.0mtpa - 8.5mtpa
- Approved capital expenditure of $286 million
- Export rail & port capacity contracted
- Expansion tonnage sales contracts in place
- Construction underway
- Two week shutdown of existing Coal Handling Preparation Plant to tie in new plant early 2011
- Expansion completion Q4 CY11
New coal preparation plant

- Design & construct contract awarded via competitive tender
- 1,200tph nominal capacity
- Located adjacent to existing CPP
- Existing CPP (25 years old) to be de-rated
- Ample capacity to produce 8.0mtpa to 8.5mtpa metallurgical coal
- Product sales mix unchanged
- Construction underway
New CHPP construction – 25 October 2010
Blackwater Creek diversion

- Access to additional metallurgical coal
- Civil works completed September 2009
- Practical completion achieved December 2009
- Capital expenditure $120 million
- Project completed ahead of budget & timeline
Curragh expansion study to 10mtpa exports

- Feasibility study (‘FS’) commenced
  - Mining & Coal Handling Preparation Plant studies
- Potential to expand Curragh to 10mtpa metallurgical exports from FY14
  - Wiggins Island commissioning
  - Additional rail capacity required
  - Potential for additional dragline
- Re-evaluation of remaining reserves at Curragh/Curragh East
- Evaluate Curragh West deposit
- Target exploration completion in Q2 CY11
- FS completion Q4 CY11
Wiggins Island coal export terminal

- Stage 1 – 27mtpa
- Financial close first half CY2011
- First shipment 2014
- Curragh is a Stage 1 participant
- Cumulative capacity with Stage 2 & 3 – 80mtpa
Outlook
Stewart Butel
Managing Director
September rainfall – impact on production

• Record September rainfall in Central Queensland
• Southern Bowen Basin mines affected
• Impact on Curragh’s Q1 FY11 production
• Cost per tonne affected by lost production in H1 FY11
• Forecast Curragh metallurgical sales 6.2 – 6.7mt for FY11
• Financial impact on H1 FY11 results approximately negative $80 - $100 million EBIT
• Risk of further wet weather over summer period

Bowen Basin highest September rainfall on record
Continued focus on cost control

- Re-emergence of tight labour market & industry cost pressures
  - Higher staff turnover
  - Contractors, parts, consumables, utilities
  - State royalty
- Impact of wet weather on Q1 coal production & costs
  - Lost production due to wet weather & extended Dragline 304 shutdown
  - Limited ability to catch up due to present CHPP capacity ahead of expansion
  - Additional truck & shovel required to meet revised forecast
  - Increased coal rehandle at ROM stockpile
  - Weather proof haul roads & ramps
- Ramp up of coal exposure ahead of expansion
- Cost reduction programs in place
## Current hedging profile – as at 1 Nov 2010

<table>
<thead>
<tr>
<th>Year end 30 Jun</th>
<th>Current US$ sold forward (US$m)</th>
<th>Average A$ / US$ hedge rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011**</td>
<td>497</td>
<td>0.85</td>
</tr>
<tr>
<td>2012</td>
<td>546</td>
<td>0.83</td>
</tr>
<tr>
<td>2013</td>
<td>407</td>
<td>0.80</td>
</tr>
<tr>
<td>2014</td>
<td>200</td>
<td>0.77</td>
</tr>
<tr>
<td>2015</td>
<td>96</td>
<td>0.74</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Year end 30 Jun</th>
<th>Current US$ sold forward (US$m)</th>
<th>Average A$ / US$ hedge rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011**</td>
<td>76</td>
<td>0.82</td>
</tr>
<tr>
<td>2012</td>
<td>82</td>
<td>0.80</td>
</tr>
<tr>
<td>2013</td>
<td>61</td>
<td>0.79</td>
</tr>
<tr>
<td>2014</td>
<td>39</td>
<td>0.76</td>
</tr>
<tr>
<td>2015</td>
<td>24</td>
<td>0.73</td>
</tr>
</tbody>
</table>

* US$295.3m of contracts at average hedge rate of 0.82 delivered for the period 1 July 2010 – 31 October 2010
* outstanding contracts for remainder of year only ie: 1 Nov 2010 – 30 June 2011
* US$41.6m of contracts at average hedge rate of 0.82 delivered for the period 1 July 2010 – 31 October 2010
* outstanding contracts for remainder of year only ie: 1 Nov 2010 – 30 June 2011
Resources outlook

- Q2FY11 pricing negotiations completed – 11% decrease on Q1FY11
- Strong shipping performance from our traditional customers
- Continuing focus on cost control
- Strong Australian dollar
- Impact of wet weather on H1 FY11 results approximately negative $80 - $100 million EBIT
- Stanwell royalty estimate A$135 - $145 million for FY11 assuming A$:US$ of $0.93
- Premier sole supplier to Verve Energy from 1 July 2010
  - Lower deliveries over last four months (-370kt) due to Verve stock reduction
- Bengalla expansion study nearing completion
For further information

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