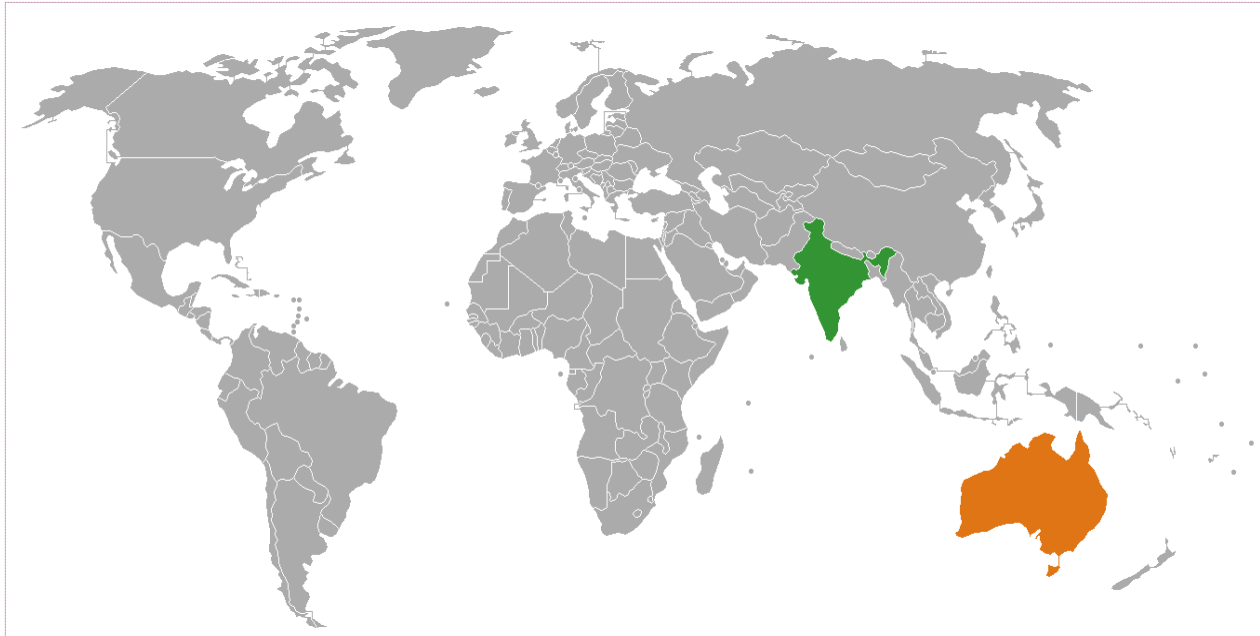


Australian Advantage



With no roadblocks or red tape, the ease of doing business in that country is the most attractive factor. Australia offers a wealth of opportunity for businesses to succeed. Businesses can expect a stable and efficient regulatory environment



Australia's minerals industry has successfully demonstrated its capacity to perform in international markets. Australia has established an enviable record as being one of the most stable and secure investment environments for the last 40 years. It has been successful in attracting investment.

Australia's saleable production will grow to 378Mt by 2011-12 and exports of coking and thermal coals are projected to rise to 156Mt and 148Mt respectively by 2011-12. Estimated investment in energy infrastructure required over the coming 20 years is substantial – \$US 26 trillion globally and about \$35 billion in Australia.

Australia holds 8 per cent of the world's black coal resources and accounts for 6 per cent of world production. The nation's brown coal resources represent 24 per cent of total world resources. Coal is Australia's biggest export industry (\$54 billion) and provides energy for 84 per cent of the electricity supply (56 per cent black coal and 28 per cent from brown coal).

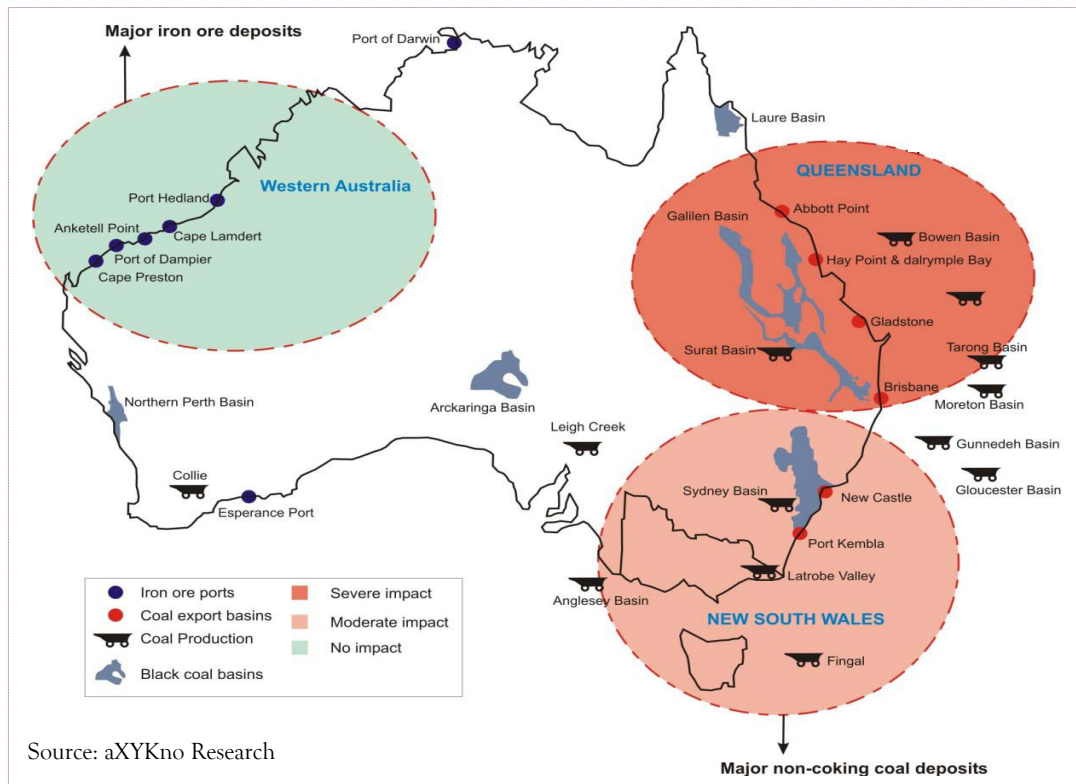
Global demand for energy is expected to continue to expand by up to 50 per cent over the next two decades. Australia's energy consumption is expected to increase 44 per cent by 2030. Global energy consumption is expected to grow 45 per cent during the same period with China and India to account for just over half that growth in demand.

Economic resources occur in most states of Australia but are particularly abundant in New South Wales (NSW) and Queensland. Queensland has around 53 per cent of this resource and NSW, 42 per cent. Minor resources of black coal are also located in Western Australia and Tasmania. Victoria has the world's largest reserves of brown coal, which are currently used almost exclusively for power generation. The brown coal deposits in Victoria's Latrobe Valley are a world-class resource. Its thick seams and low mining costs make it one of the world's cheapest sources of energy.

Australian Mining Landscape

Independent Australian coal producers are witnessing a significant degree of consolidation and acquisition from offshore corporate in the past several years (Adani, Lanco, CESC to name a few).

As the independent coal names disappear, coal markets continue to firm due to supply side constraints (Australia, Africa and Indonesia) as evolving import demand from China and India vies with the traditional markets for tonnage. Longer term demand looks robust as the emerging economies develop power networks as quickly and cheaply as possible which continues to see the power focus on thermal coal plants. The outlook for coking coal prices are also set to remain strong as global steel production increases, new markets such as China and India import coal and production levels remain restricted.



Currently, mining assets for sale in Australia typically exist in early-stage projects, most commonly by forming a joint venture with an exploration company, but this means a longer lead time for production for potential investors. New coal areas like the Galilee Basin in Queensland and the Gunnedah Basin in New South Wales provide opportunities for larger Indian companies willing to fund infrastructure developments as part of a partnership agreement.

Why Australia..?

Port Capacities:

The ability to import and export energy in Australia is heavily dependent on the capacity of major ports. Australia has nine major coal exporting terminals located in New South Wales and Queensland. These ports had a combined capacity of more than 330 million tonnes and loaded around 255 million tonnes of coal. Recent capacity addition together with more expansions planned over the short to medium term will help alleviate the capacity constrains.

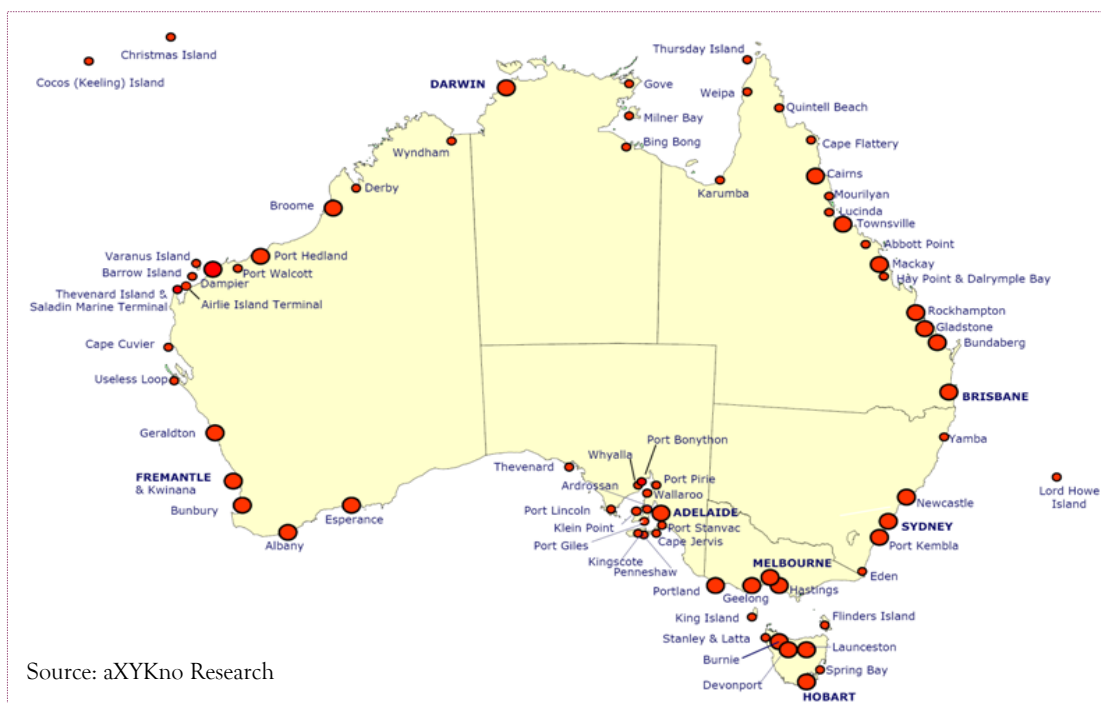
There are seven coal infrastructure projects at an advanced stage of development with a combined capital cost of around USD 2.9 Billion. The four advanced port infrastructure projects will add a combined 103 million tonnes to annual capacity.

	loadings 2008-09 Mt	capacity 2008-09 Mtpa	capacity at end 2010 Mtpa	capacity at end 2015 Mtpa
New South Wales				
Newcastle a	84	102	143	143
Port Kembla	13	16	16	16
Queensland				
Abbot Point	14	21	25	110
Brisbane	6	6	7	7
Dalrymple Bay	47	68	85	85
Gladstone b	56	75	75	100
Hay Point	35	44	44	55
Balaclava Island c	-	-	-	35

More than three-quarters of Australian black coal production is destined for exports. Majority of metallurgical coal exports are destined for Asia and Europe. Largest importers of Australian Coal are India, China, Japan and European Union

Australia accounts for around one-third of world black coal trade—54% of world metallurgical trade and 18% of thermal coal trade.

Export loading and capacity for major coal ports



Source: aXYKno Research

Australian Regulatory framework

Australia provides a stable and transparent political, economic and legal system in addition to sound macroeconomic fundamentals and a global approach to business.

Australia's mineral industry favors a framework that provides:

- A legal right for investments from each party to receive treatment no less favorable to that given to national investors.
- No conditions to investments such as local content provisions, trade balancing requirements or environmental, or other trade considerations
- A comprehensive and transparent legal investment framework providing predictability and legal certainty to investment decisions.

Roles of Government for Resource Exploration and Development:

The Australian Government:

- Sets national policy, including fiscal, monetary and taxation policy, foreign investment guidelines, immigration, competition policy, trade and customs, company laws, international agreements and native title.
- Does not allocate mineral rights.

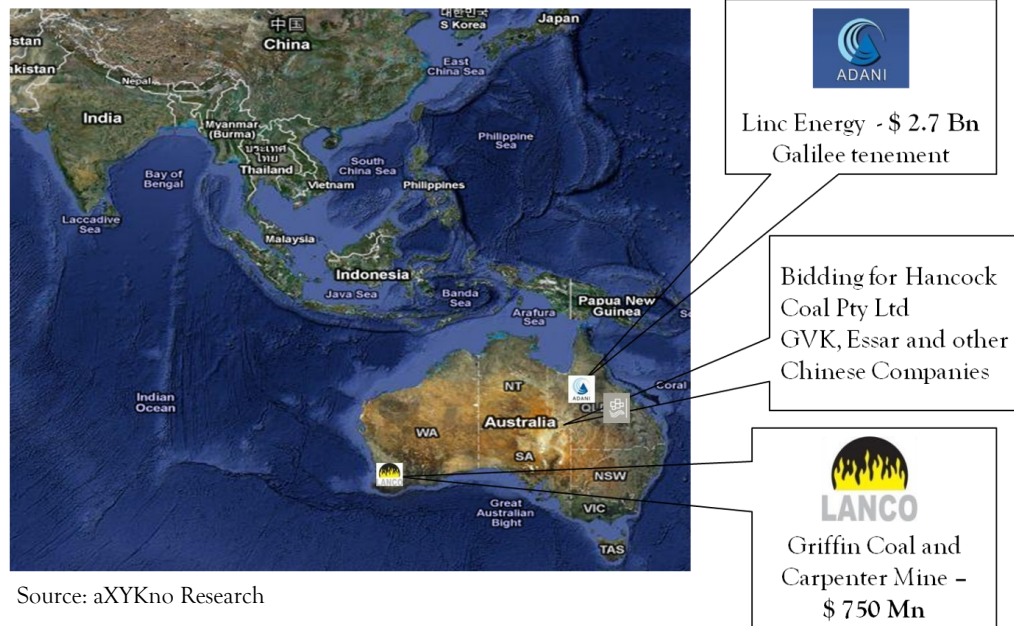
The States / Territories:

- Manage and allocate mineral property rights.
- Have primary responsibility for land administration.
- Regulate operations (including environmental and occupational health and safety).
- Collect mining royalties.

Comparison of Royalty Systems

Mineral	New South Wales	Victoria	Queensland	Western Australia	South Australia	Northern Territory	Tasmania	Comments
Coal (all types)	Open cut coal 8.2 percent of the ex mine value, underground coal 7.2% of the ex mine value and deep underground coal (coal greater than 400m), 6.2% of the ex mine value.	From the Minerals Resources Development Act 1990, as of 1 January 2006, derived by multiplying \$0.0588 per gigajoule of energy by [A ÷ B]: where A is consumer price index number for the quarter ending on 30 June immediately preceding the F/Y for which the determined amount is being calculated; and B is consumer price index number for the F/Y ending on 30 June 2005	A two tier coal royalty system applies. Coal companies pay 7 percent of the value up to A\$100 per tonne and 10% of the value thereafter. The royalty rate is the higher of the following: » 7% of the value of the coal; » The rate for each tonne of coal using the following formula: $RR = 7\% + \{[(AP-100) / AP] \times 3 \text{ percent}\}$ Where RR is the royalty rate AP is the average price per tonne of the coal, sold, disposed of or used. For example, a price of A\$100 per tonne attracts a rate of 7 percent of coal value, A\$200 per tonne attracts 8.5 percent and A\$300 attracts 9 percent. The royalty rate must be worked out separately for coal sold, disposed of or used inside the State of Queensland and coal sold, disposed of, or used outside of the State.	Exported – 7.50% value Not exported – \$1 per tonne, to be adjusted each year at 30 June in accordance with the percentage increase in the average ex mine value of Collie coal for the year ending on that date when compared with the corresponding value of Collie coal for the year ending on 30 June 1981.	3.5%. Reduced to 1.5% for 5 years for a new mine.	Coal is classed as a mineral and royalty on all minerals is subject to the Mineral Royalty Act (MRA). The Act sets a profit based royalty at 18 percent of the “Net Royalty Value” (if Net Royalty Value exceeds \$50,000) under the MRA	Profits-based royalty. (mine gate) ⁽¹⁾ 1.6% on net sales plus profit component (1.6 percent only where net sales less than \$100,000 p.a.) Maximum royalty limited to 5% of net sales.	(1) as per Regulations 8–11 of the ‘Mineral Resources Regulations 1995’

Recent transaction by Indian Corporate:



The Australia is focused on providing an investment environment that is internationally competitive and provides a high degree of investor certainty. Australia's fiscal arrangements are among the more competitive resources taxation regimes applied worldwide. With no roadblocks or red tape, the ease of doing business in that country is the most attractive factor.

Adani Enterprise Ltd acquisition of 100% interest of Linc Energy in Galilee Coal Tenement (EPC 1690) in a cash and royalty deal worth A\$ 2.9 Billion (Rs. 12,220.6 crores).

Lanco Infratech acquired 100% interest in Australia's Griffin Coal Mining and Carpenter Mine Management to fuel its growing power generation base for almost A\$ 825 million (Rs. 3,695 crore).

GVK, Essar, JSW and other Chinese company are bidding for Kevin Corner mine in Queensland State owned by Hancock Coal Pty Ltd having reserves more than 4.3 Bn tones.

Our Value Proposition for Global Acquisitions:

- Showcasing opportunities for Global acquisition in Natural Resources and Energy Sector.
- Identifying & passing on leads for expansion, diversification and **gaining First Mover Advantage** for various overseas opportunities.
- Sharing key strategic information.
- Technical, Financial and Legal due-diligence.
- Showcasing for Global Acquisitions opportunities in the Natural Resource and Energy sector on an ongoing basis.



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