Usibelli Coal Mine, Inc.

New Frontiers, Expanding Opportunities
Interior Alaska

Resource Development Council

November 21, 2003

Recent Developments

- Resumption of Exports to Korea
- Move to Two Bull Ridge
- 60th Anniversary Celebration
- Completion of Northern Intertie, Healy to Fairbanks
- Rosalie Mine Permit

Korean Export Business

- 2 Year Contract
- 400,000 metric tons per year.
- October through April shipments.
- Alaska Railroad ownership of Seward Coal Terminal.
- Terminal preserved for bulk exports.

Move to Two Bull Ridge

- November 18, 2002
- 10,000 feet of cable
- In 10 different cable sections
- 2015 steps
- It took 29.3 hours of walking to complete the move.

The route


The beginning of a well planned and executed trip!

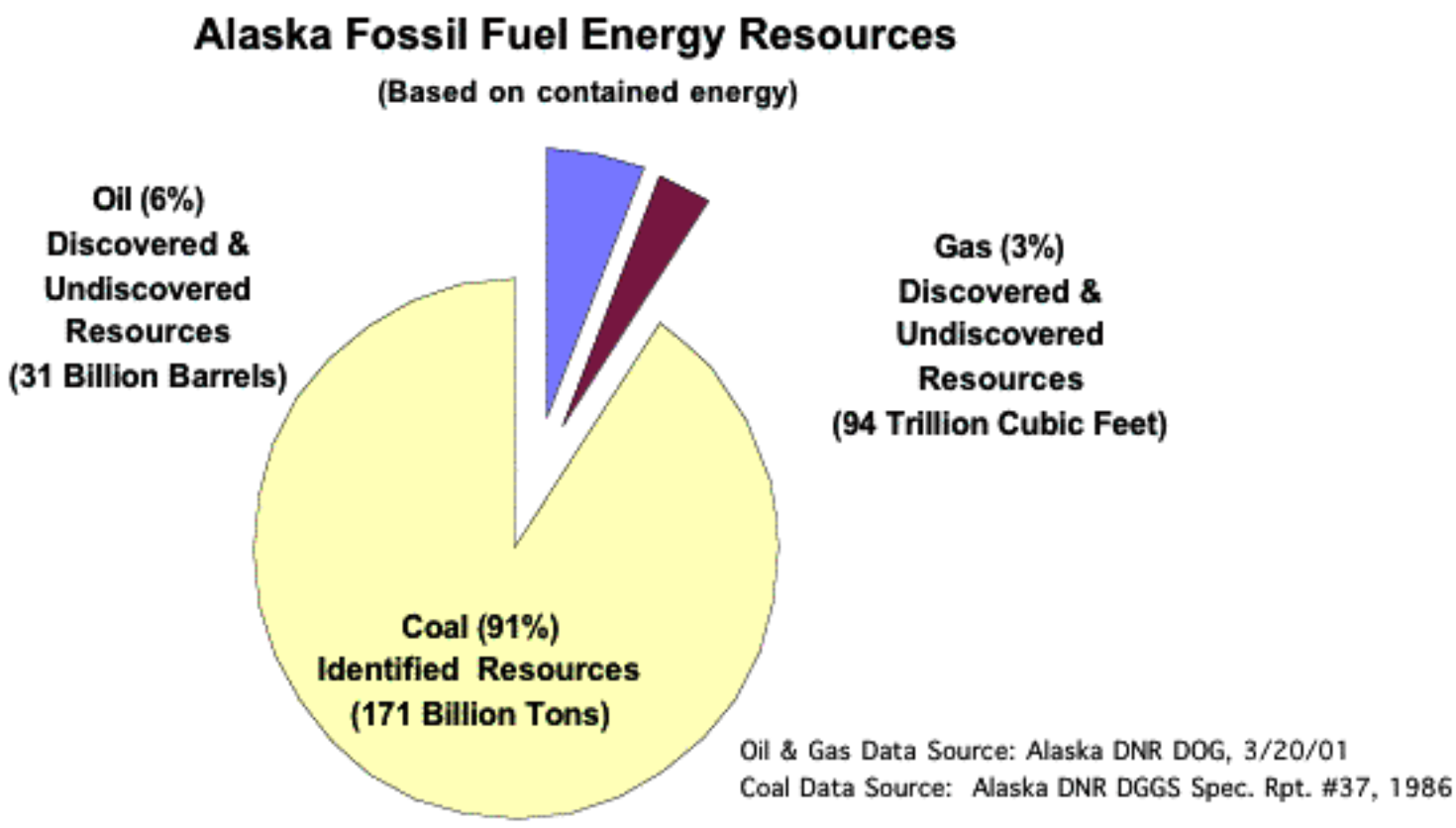

Wayne considers
the merits of our
plan to drop cable
as we get closer to
the pit!

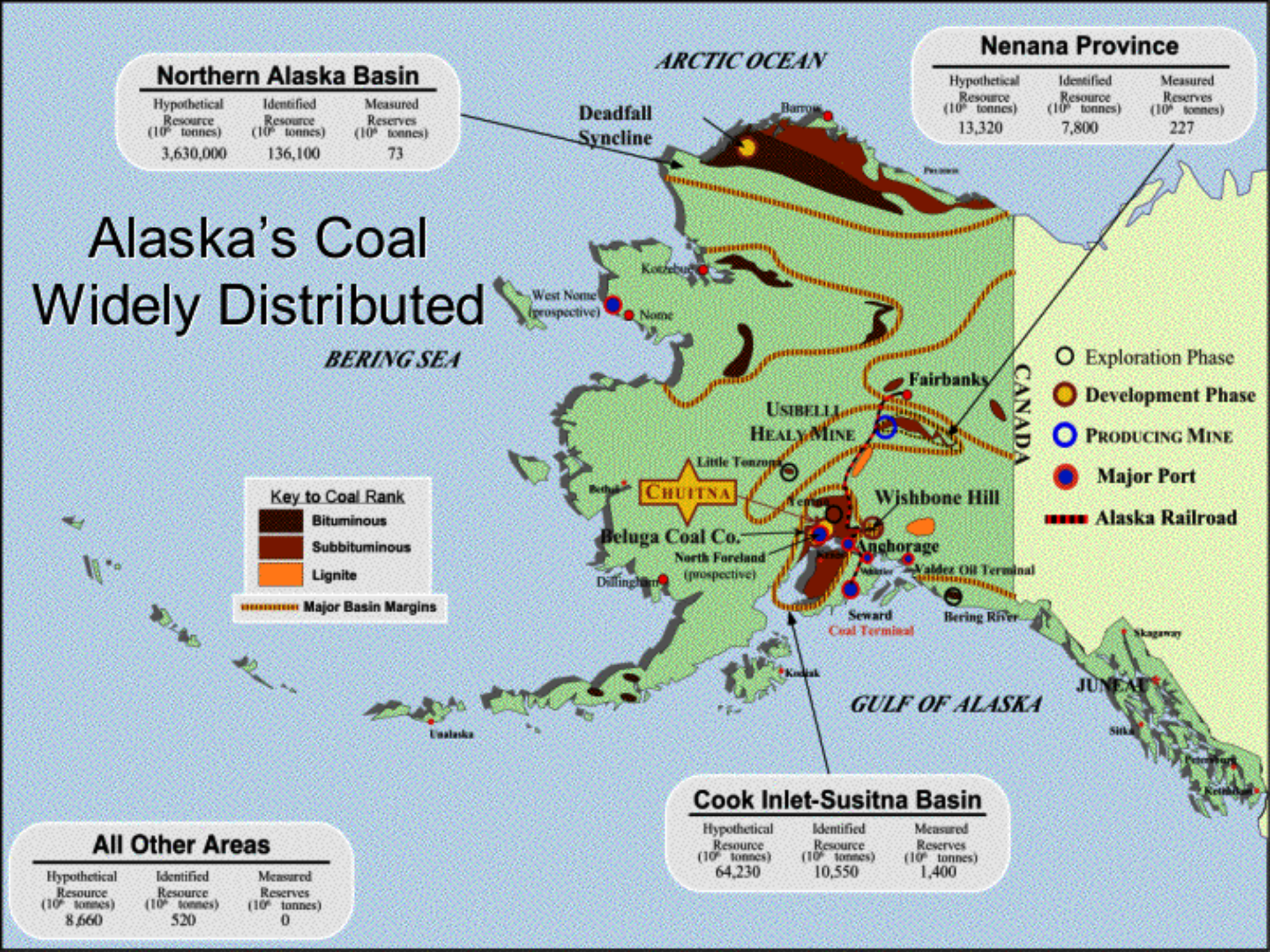

Setting Pretty in Two Bull Ridge!
Friday 11-22-02

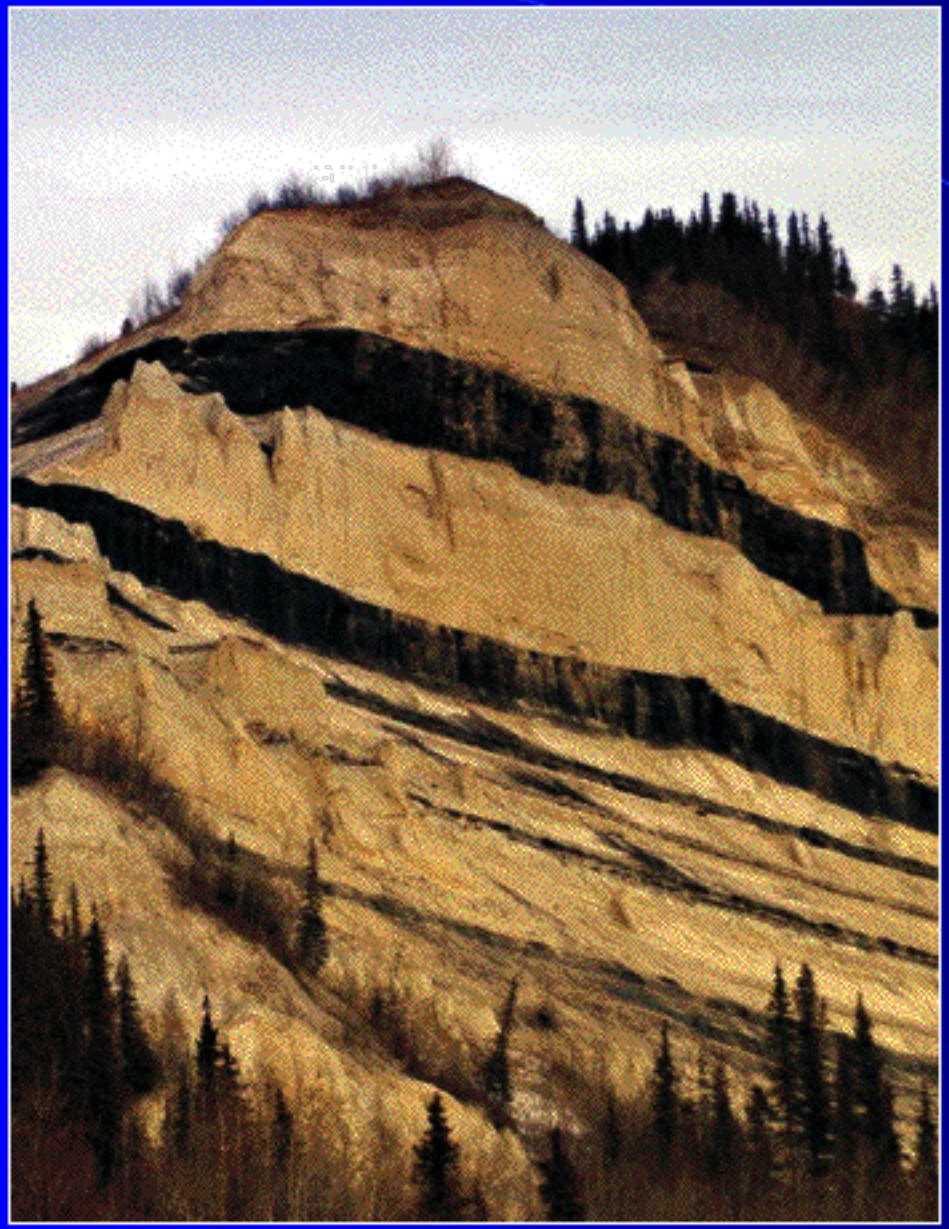
COAL

Alaska's Most Abundant Energy Resource

Alaska's Energy Resources

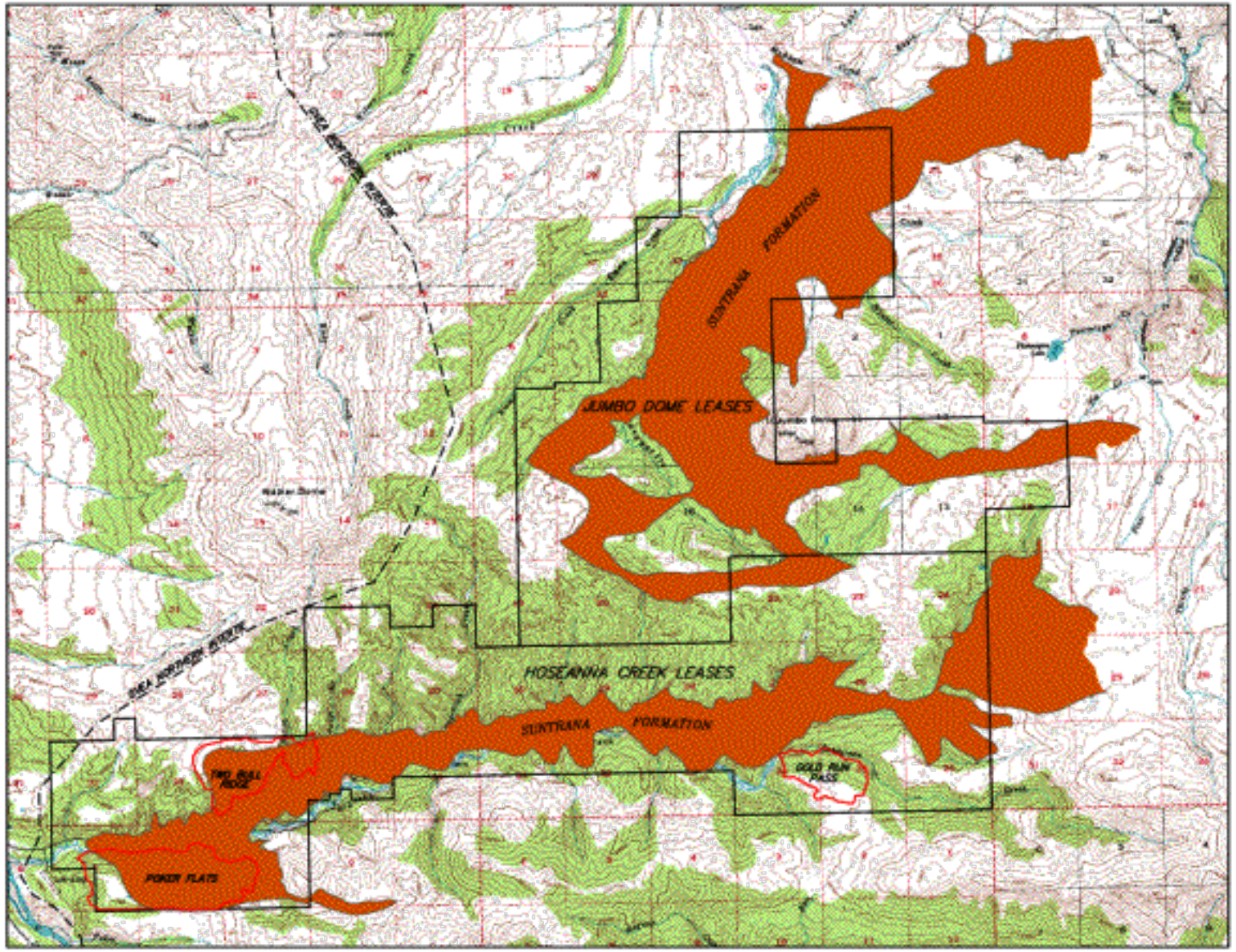



Alaska's Coal Widely Distributed
Northern Alaska Basin
Hypothetical Resource (10^6 tonnes) 3,630,000
Identified Resource (10^6 tonnes) 136,100
Measured Reserves (10^6 tonnes) 73
Nenana Province
Hypothetical Resource (10^6 tonnes) 13,320
Identified Resource (10^6 tonnes) 7,800
Measured Reserves (10^6 tonnes) 227
ARCTIC OCEAN
BERING SEA
GULF OF ALASKA
CANADA
Deadfall Syncline
Barrow
Kotzebue
West Nome (prospective)
Nome
Fairbanks
Usibelli
Healy Mine
Little Tonzona
Chuitna
Wishbone Hill
Beluga Coal Co.
North Foreland (prospective)
Anchorage
Valdez Oil Terminal
Dillingham
Seward Coal Terminal
Bering River
Kodiak
Unalaska
Skagway
JUNEAU
Sitka
Petersburg
Ketchikan
Key to Coal Rank
Bituminous
Subbituminous
Lignite
Major Basin Margins
Exploration Phase
Development Phase
Producing Mine
Major Port
Alaska Railroad
Cook Inlet-Susitna Basin
Hypothetical Resource (10^6 tonnes) 64,230
Identified Resource (10^6 tonnes) 10,550
Measured Reserves (10^6 tonnes) 1,400
All Other Areas
Hypothetical Resource (10^6 tonnes) 8,660
Identified Resource (10^6 tonnes) 520
Measured Reserves (10^6 tonnes) 0



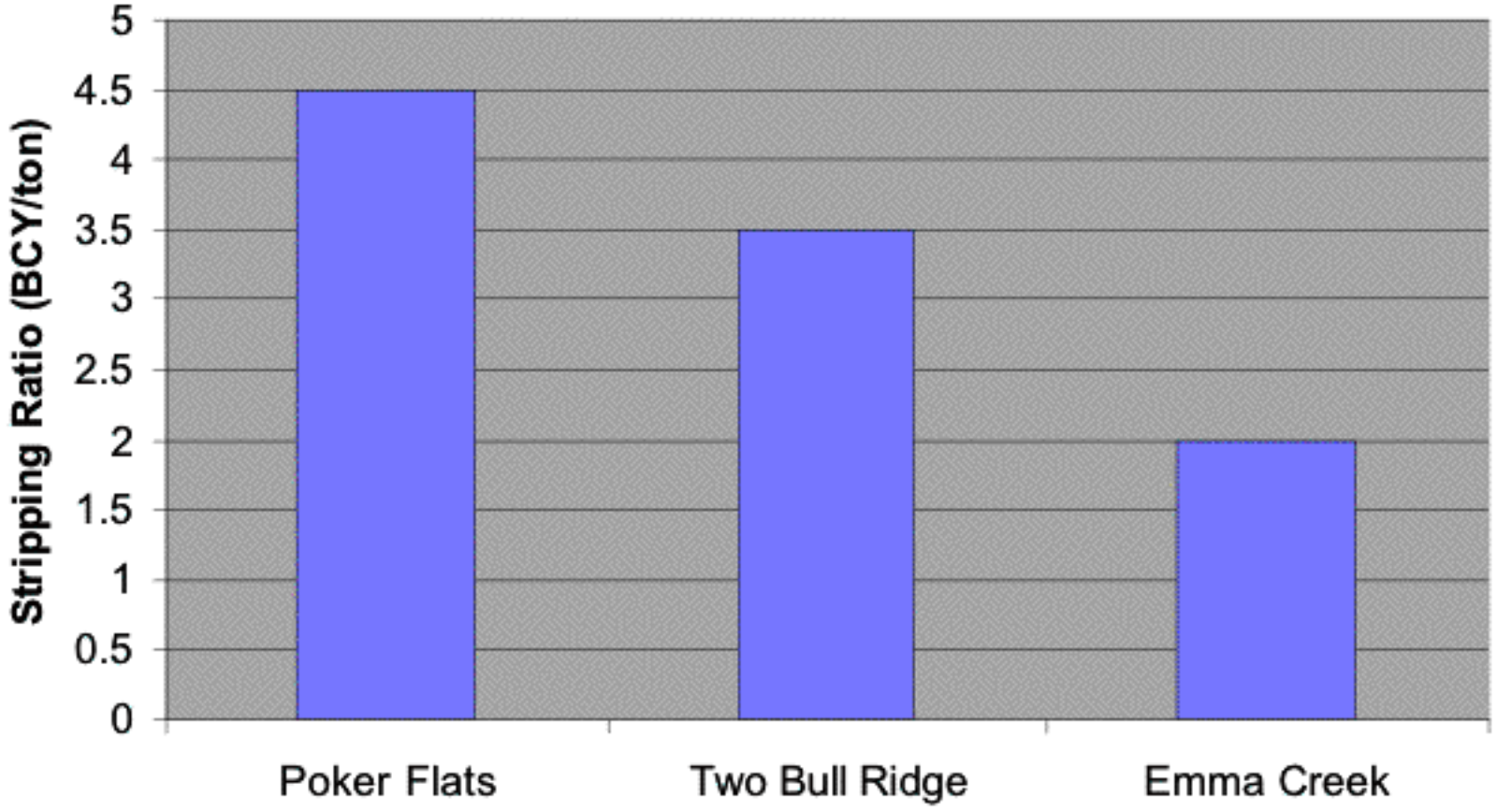
Emma Creek Energy Project

JUMBO DOME LEASES



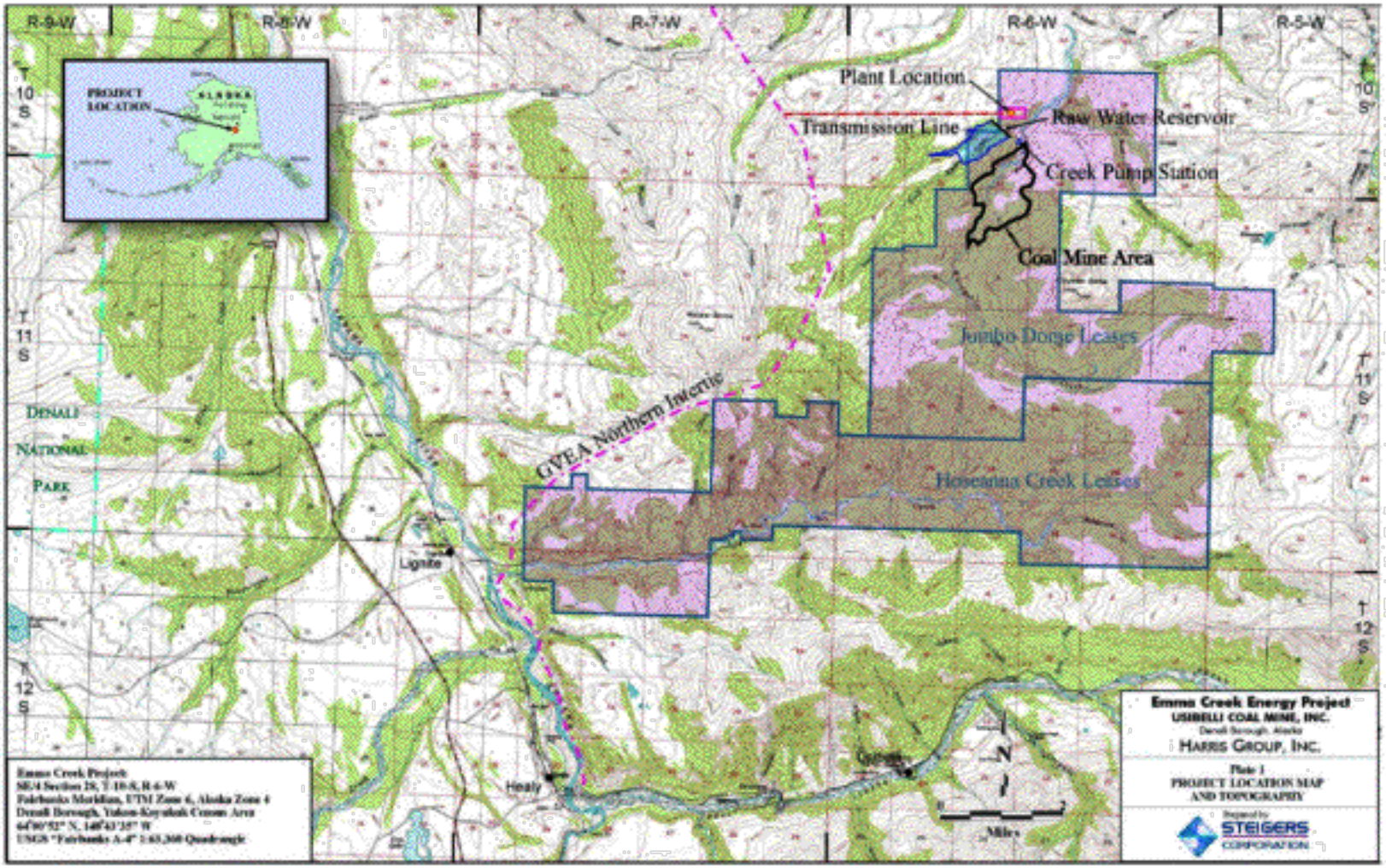
UCM Leases and Suntrana Formation Exposure

Usibelli Coal Mine, Inc.
Comparative Stripping Ratios



Suntrana Formation Typical As Received Coal Quality

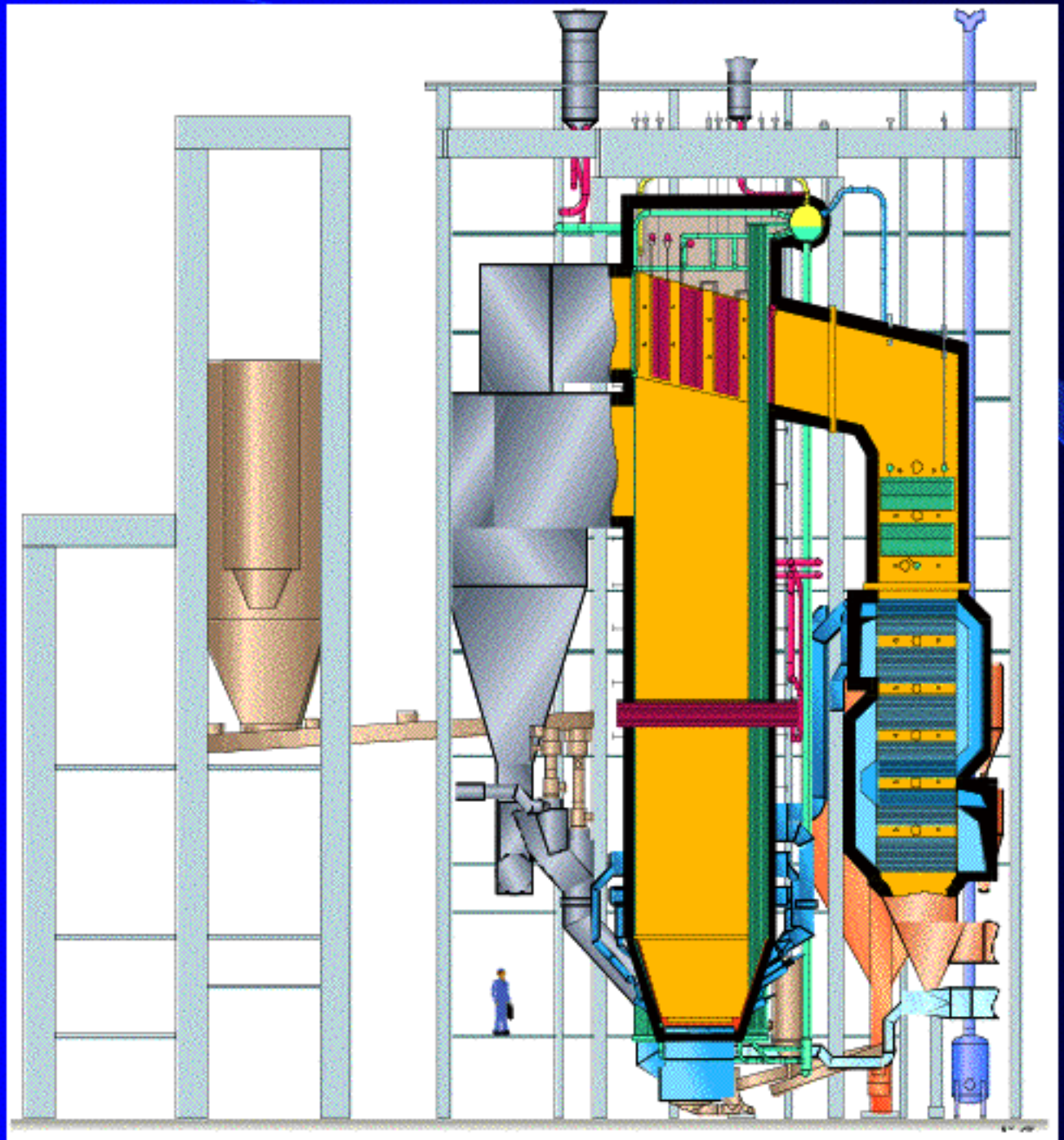
- Moisture 26 %
- Ash 9 %
- Volatile matter 36 %
- Fixed carbon 29 %
- Sulfur 0.17 %
- Heat Value 7,800 Btu/lb


R-9-W
R-8-W
R-7-W
R-6-W
R-5-W
T 10 S
T 11 S
T 12 S
PROJECT LOCATION
ALASKA
Plant Location
Transmission Line
Raw Water Reservoir
Creek Pump Station
Coal Mine Area
Jumbo Dome Leases
Hoseanna Creek Leases
GVEA Northern Intertie
DENALI NATIONAL PARK
Lignite
Healy
Miles
N
Emma Creek Project
SE/4 Section 28, T.10-S, R.6-W
Fairbanks Meridian, UTM Zone 6, Alaska Zone 4
Denali Borough, Yukon-Koyukuk Census Area
64°00'52" N, 148°43'35" W
USGS "Fairbanks A-4" 1:63,360 Quadrangle
Emma Creek Energy Project
USIBELLI COAL MINE, INC.
Denali Borough, Alaska
HARRIS GROUP, INC.
Plate 1
PROJECT LOCATION MAP AND TOPOGRAPHY
Prepared by
STEIGERS CORPORATION

Emma Creek Energy Project Key Attributes

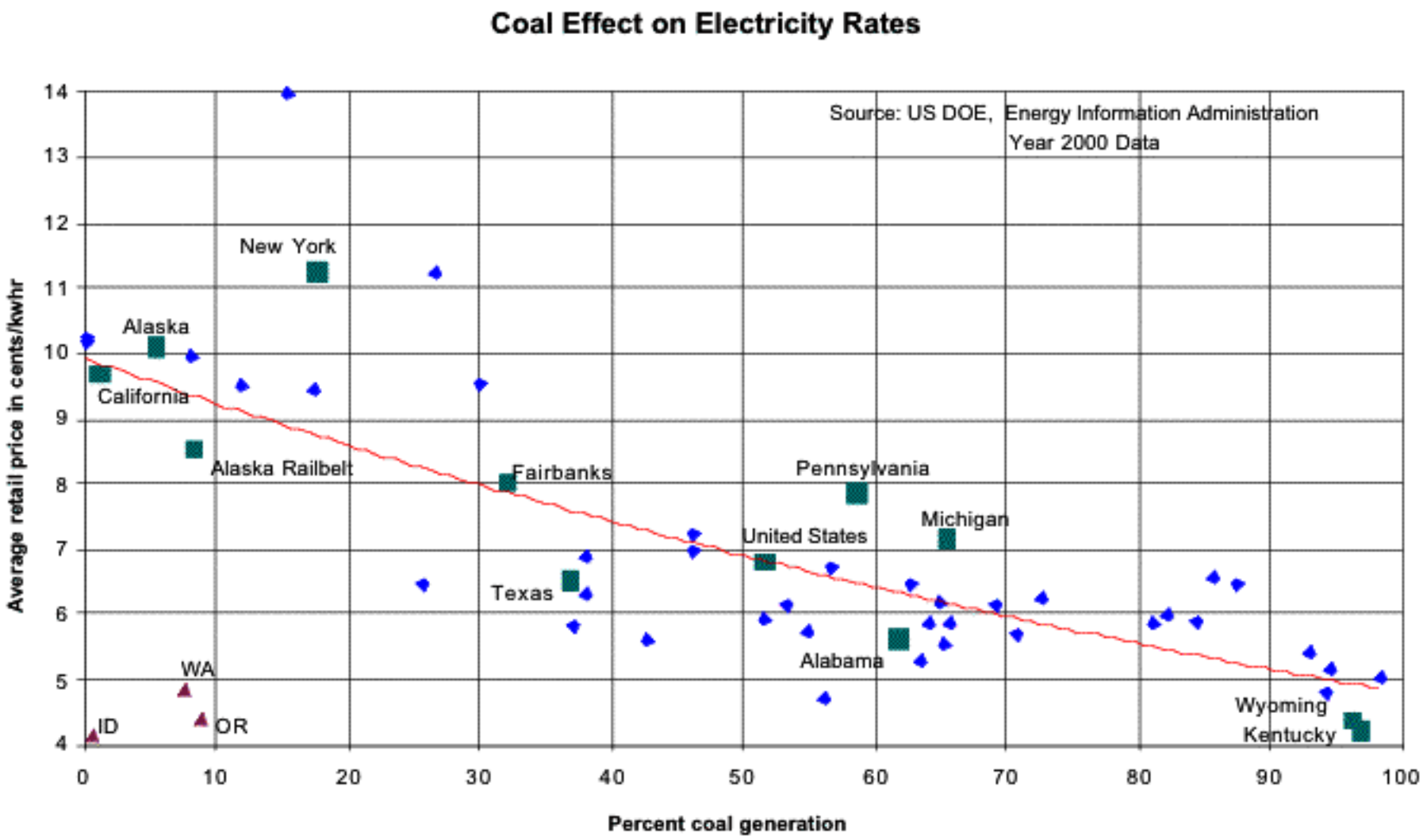
- 200 megawatt net output.
- Circulating Fluid Bed (CFB) technology.
- Capital cost $421 million.
- Electricity cost $41 per megawatt-hour (mWh)
  - $20.5 per mWh debt service
  - $20.5 per mWh operating cost
- 7.5 years to permit, design and construct.
- 1.5 million tons per year coal consumption.

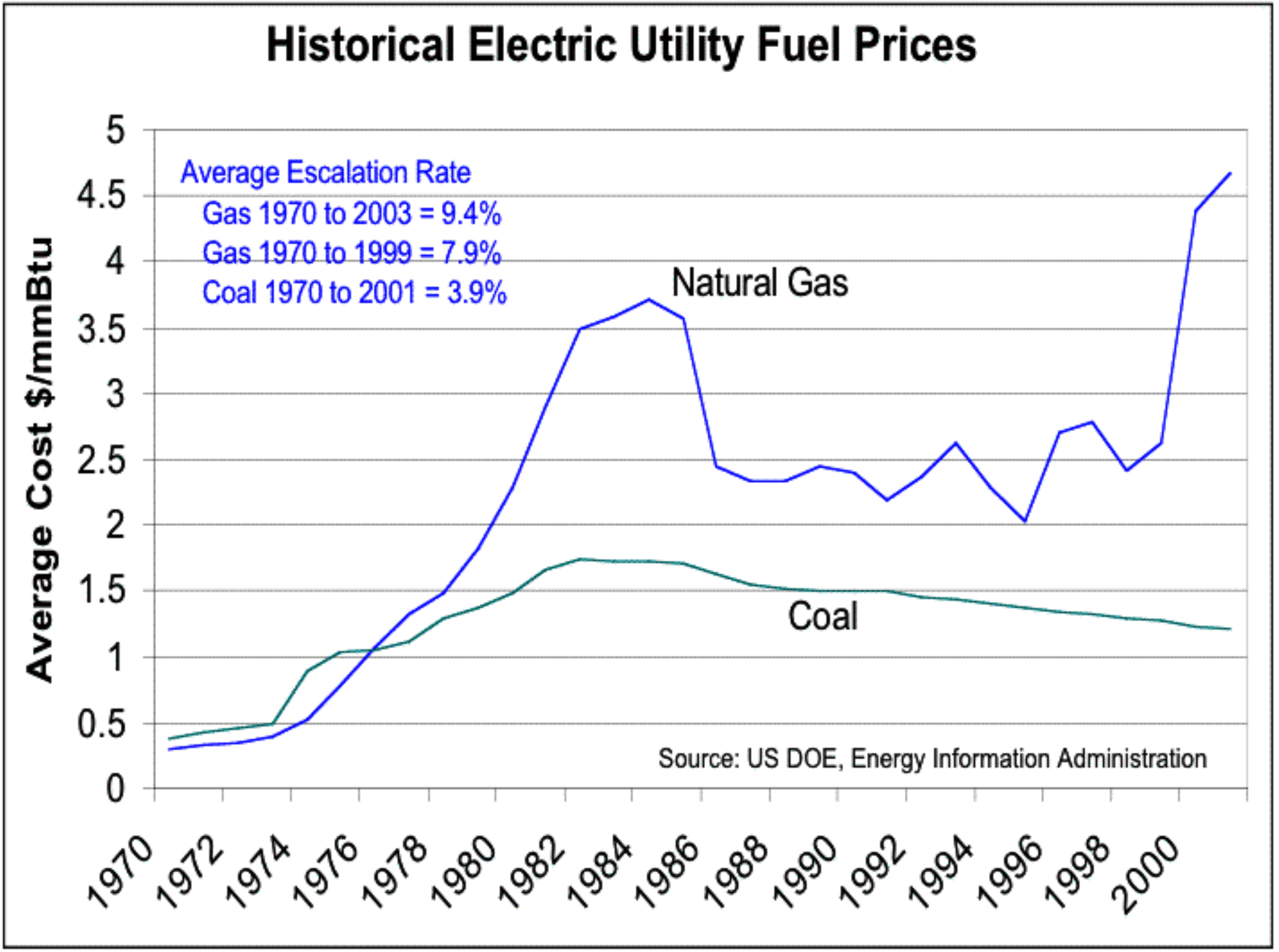
Circulating Fluidized Bed Boiler



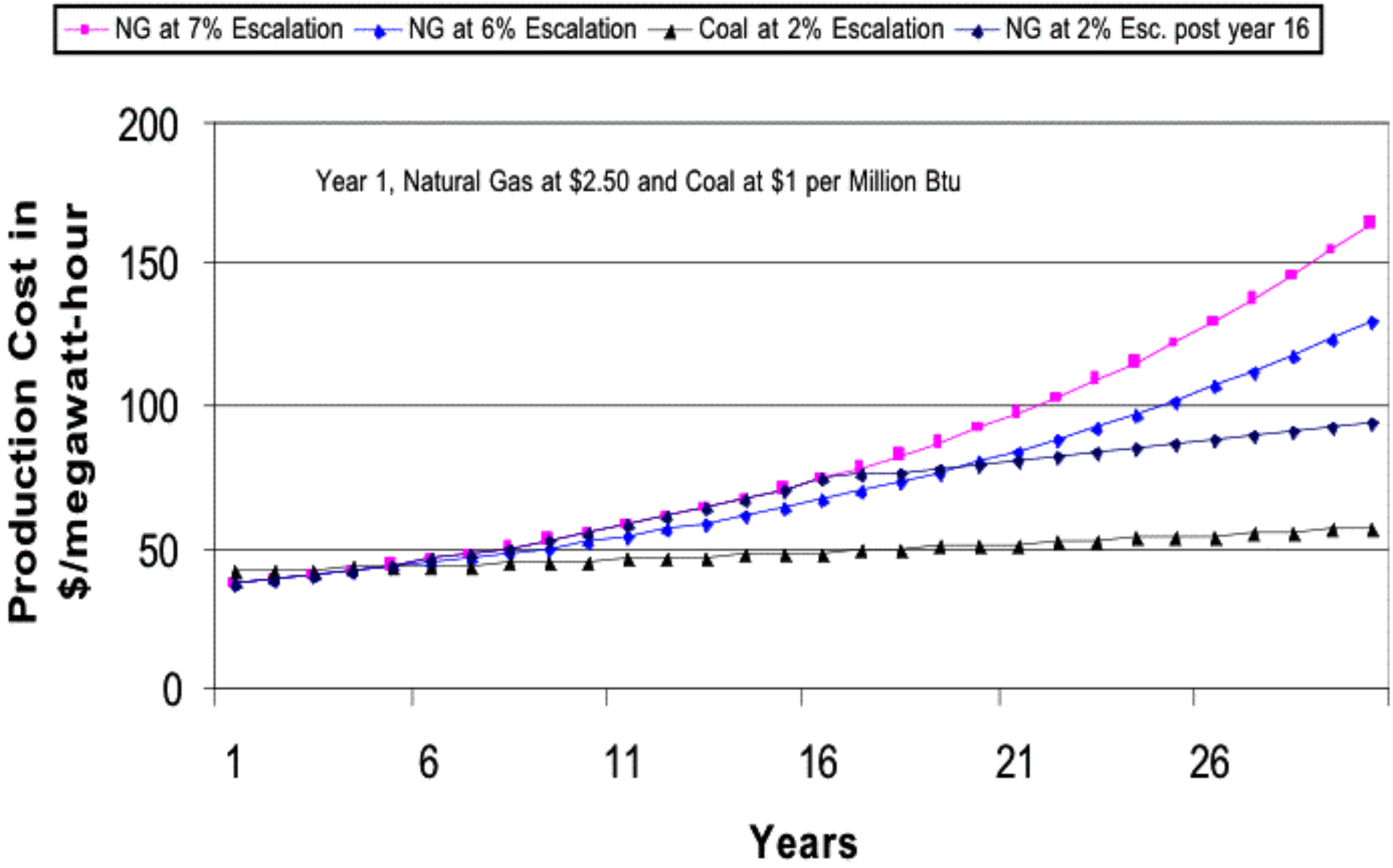
Emma Creek Energy Project Challenges

- Permitting, within 15 miles of Denali Park.
- Financing, large capital requirement.
- Size, would be largest single unit on system.
- Market share, would produce about 25% of Railbelt electricity needs.
- Transmission capability.
- Cooperation and buy-in of Railbelt utilities.


Coal Effect on Electricity Rates
Source: US DOE, Energy Information Administration
Year 2000 Data
Average retail price in cents/kwhr
Percent coal generation
New York
Alaska
California
Alaska Railbelt
Fairbanks
Pennsylvania
Michigan
United States
Texas
Alabama
Wyoming
Kentucky
WA
ID
OR
14
13
12
11
10
9
8
7
6
5
4
0
10
20
30
40
50
60
70
80
90
100


Historical Electric Utility Fuel Prices
Average Cost $/mmBtu
5
4.5
4
3.5
3
2.5
2
1.5
1
0.5
0
Average Escalation Rate
Gas 1970 to 2003 = 9.4%
Gas 1970 to 1999 = 7.9%
Coal 1970 to 2001 = 3.9%
Natural Gas
Coal
Source: US DOE, Energy Information Administration
1970
1972
1974
1976
1978
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000

Comparative Electricity Production Cost

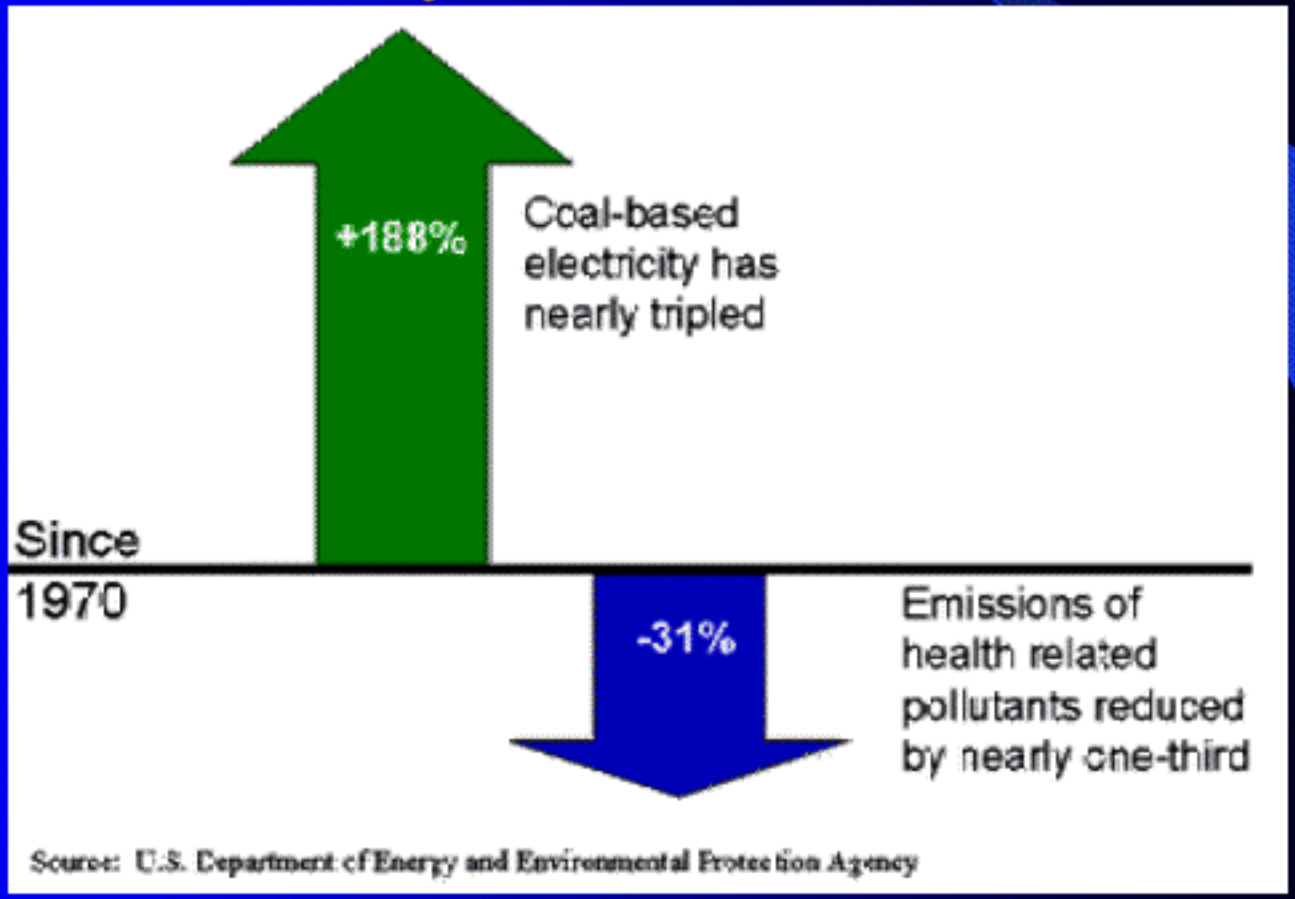


Emma Creek Energy Project
A Key Component of Alaska's Economic Well Being

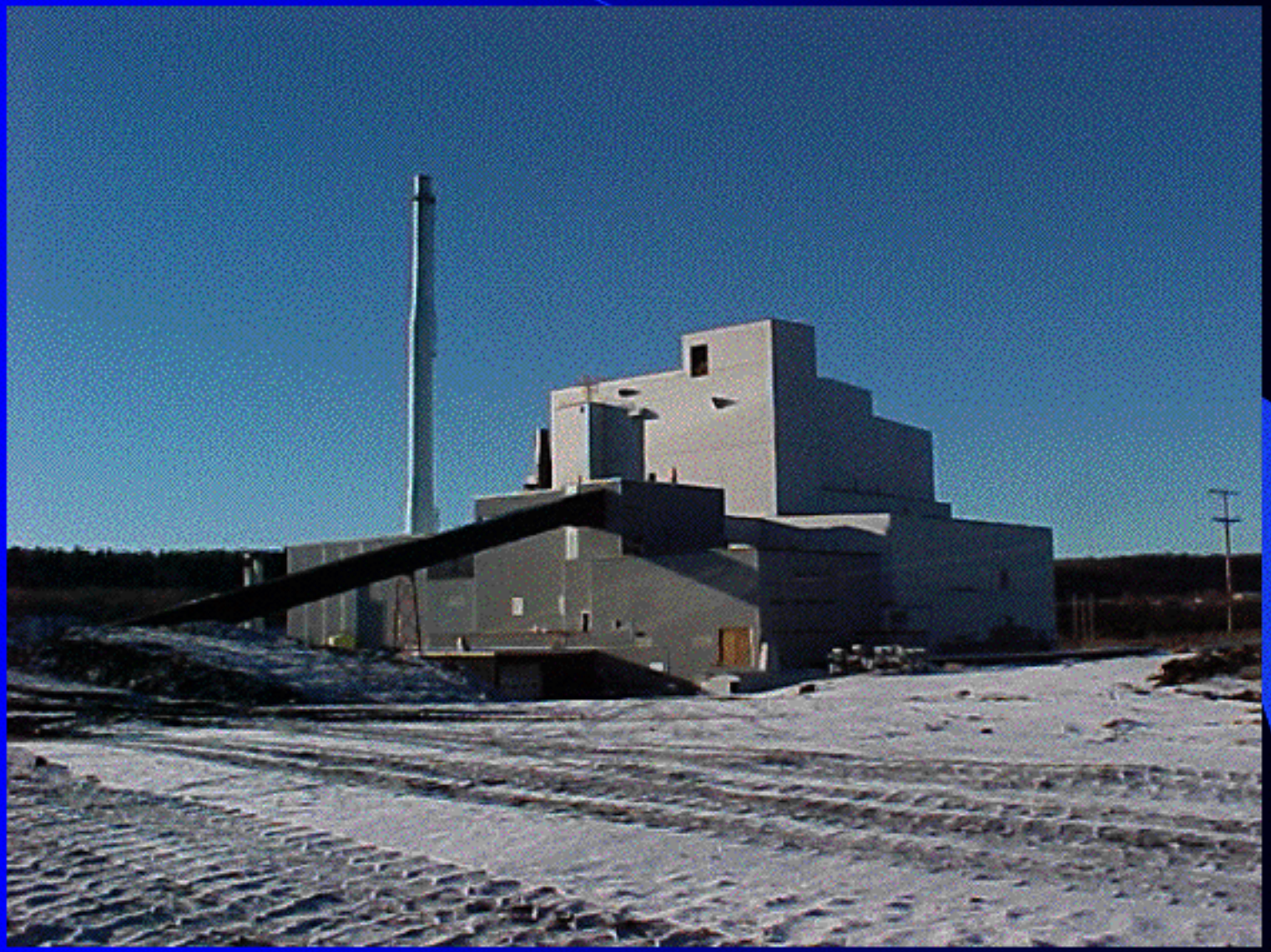
- Long term stability for electricity rates.
- Attract new industrial development.
- Present value savings over natural gas option of $300 to $500 million.
- Proven fuel resources for life of the project.
- Approx. 100 new high paying jobs.
- Save oil and gas resources for value added industry and export.
- Basis for expansion of Railbelt power grid.

Electricity from Coal is Increasingly Clean Across America Due to Better Technology

Coal Currently Generates Half of All the Electricity in the United States



Healy Clean Coal Project



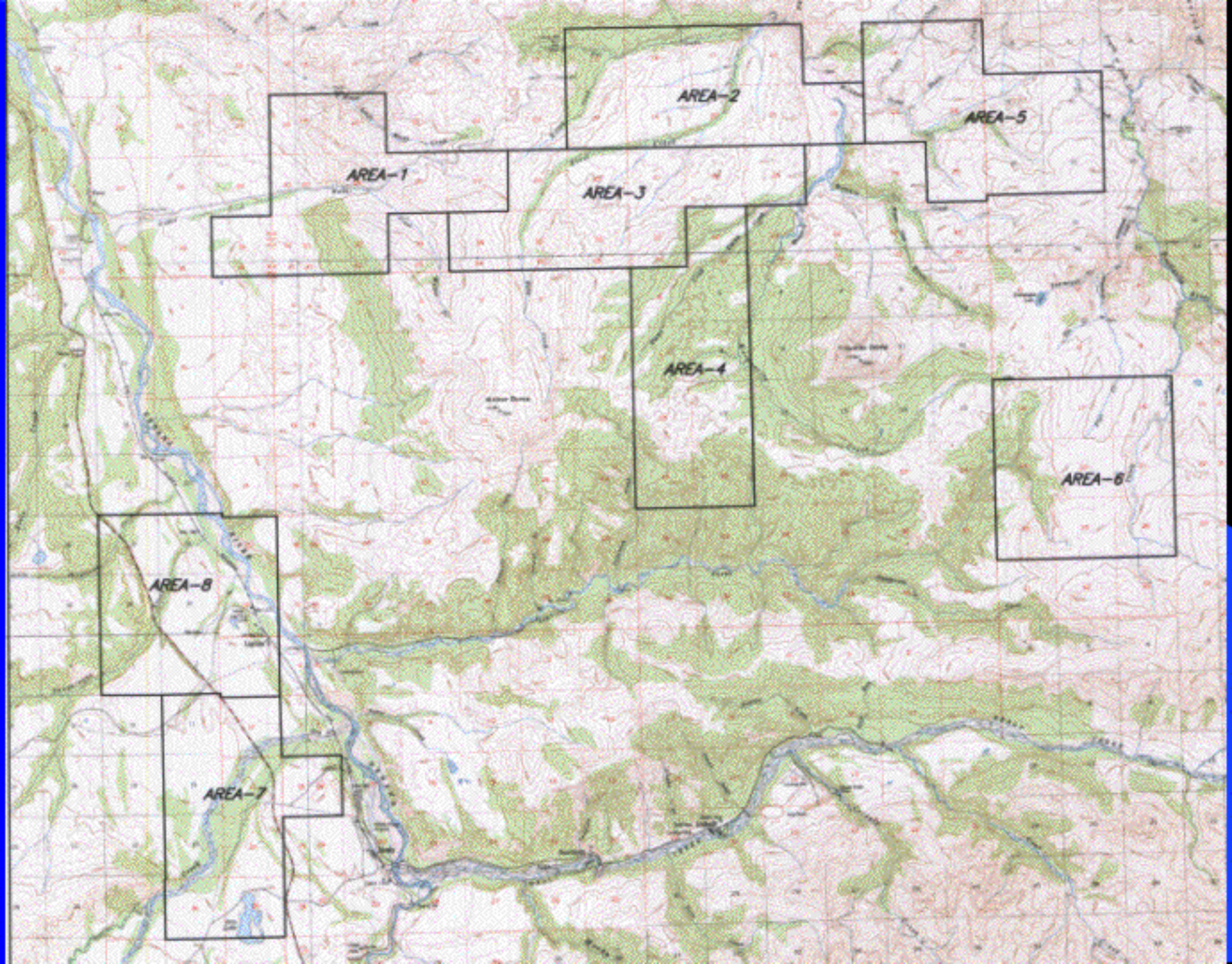
Healy Clean Coal Project

- Completed demonstration testing Dec. 1999
- Currently idle due to disagreement over results of testing program.
- CCPI proposal rejected by DOE
- AIDEA and GVEA form joint committee to develop start-up plan.
- Funding for full retrofit not likely.
- Start-up probably based on use of new technology.

Coal Bed Methane
a.k.a. Shallow Gas
a.k.a. Natural Gas
Potential

Shallow Gas Status

- State of Alaska shallow gas lease program currently under suspension.
- Usibelli has approx. 45,000 acres of pending leases in Healy Area
- No Alaska production to date.
- Resource, costs and production potential unknown at this time.


AREA-1
AREA-2
AREA-3
AREA-4
AREA-5
AREA-6
AREA-7
AREA-8

Development Scenarios

- Low Volume Case, internal UCM use.
  - About 0.4 BCF /year required.
  - 5 Megawatt cogeneration plant.
- High Volume Case, supply gas to Fairbanks
  - 10 BCF/year required.
  - Pipeline or LNG/truck transport.
  - Heating and diesel generation market.

Gold
A Rebirth of the Soul of Interior Alaska

- Fort Knox Mine, Fairbanks
- Pogo Project near Delta
- Denali Highway Area
- Forty Mile Country
- Ester Dome, Fairbanks
- Donlin Creek, Western Alaska