

Update : Coal Report

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15 July 2013

PLATTS ANALYSIS: Asian H1 met coal spot volumes jump on strong PCI, HCC demand – Metallurgical coal spot volumes in the Asia-Pacific market jumped in the first half of 2013 to around 15 million mt, up 39% from the second half of 2012, Platts data showed. When annualized, the volume would account for 11% of the 274 million mt global seaborne met coal market, based on Morgan Stanley's 2013 forecast published in December. Much of the growth in spot volumes was attributed to the second-tier coking coal and pulverized coal injection (PCI) segments, rather than prime-hard materials, which grew 0.8% in H1 from H2 2012, according to Platts data. The Asian hard coking coal (HCC) market grew by around 83% in H1, compared with H2 2012, and the PCI market expanded 69% over the same period. Rising demand for PCI and HCC could be explained by steelmakers' preference for relatively lower-cost materials as they try to shrink raw material costs amid a faltering and over-supplied steel sector, sources said. In the HCC and PCI sectors of the Asian market, China continued to dominate with its imports accounting for 87% and 90% respectively. India remained the second-largest player with approximately 12.5% and 6.8% respectively.

Indonesia's coal export to India up 40% at 77 MT in FY13 – Indonesia has maintained its position as number one exporter to India by exporting around 77 million tonnes of coal in 2012-13, registering a jump of 40 percent over the previous period. Most of the Indonesian coal imported by the thermal power plants in India is of lower calorific value. On the Indonesian government's proposal to restrict exports of certain grades of coal, he said the government is currently still evaluating the new regulation for the export of low-grade coal by 2014. Indonesia will have to import coal in the future to meet its domestic need as the country exports almost 80 percent of its annual coal output, the Ambassador said, adding that as a result, it becomes imperative for the nation to tighten its control on exports so as to secure long-term supply of coal. Indonesia also exports coal to countries like China, South Korea, Japan and Taiwan. India's coal import is likely to reach the level of 165- 180 MT during the current period from 135 MT in FY'13.

Abbot Point expansion decision delayed – The new Federal Environment Minister has delayed a decision on the Abbot Point coal expansion by more than four weeks, indicating more time is needed to properly assess the project. Former Federal Environment Minister Tony Burke was set to make a decision on the project on July 9, but that has now been extended by more than a month. In a statement, new minister Mark Butler said he needs more time to consider the project's potential impacts. Butler said a decision could be made before August 9 if he is satisfied with the information presented to him. The \$6.2 billion expansion of the coal port would see four additional coal terminals built; which would provide an extra annual capacity of 120 million tonnes and would support the developments in the Bowen, Surat, and Galilee Basins of Queensland. Combined with other port expansions, this latest development would make Abbot Point one of the world's largest coal ports, boasting seven termi-

Market Snapshot

Company Name	Code	Price (\$)	% Change Since Jan 2
ASX LISTED Producers			
Bathurst Resources Ltd	BTU	0.15	-59.5%
Blackgold Intl Holdings Ltd	BGG	0.18	-2.8%
Coal of Africa Ltd	CZA	0.18	-28.0%
Cockatoo Coal Ltd	COK	0.05	-56.7%
Continental Coal Ltd	CCC	0.04	-9.5%
Gujarat NRE Coking Coal Ltd	GNM	0.17	3.0%
Kangaroo Resources Ltd	KRL	0.02	-41.2%
New Hope Corp Ltd	NHC	3.66	-13.9%
Whitehaven Coal Ltd	WHC	2.18	-39.1%
ASX LISTED Explorers/Developers			
Acacia Coal Ltd	AJC	0.010	-44.4%
African Energy Resources Ltd	AFR	0.096	-20.0%
Aspire Mining Ltd	AKM	0.052	-22.4%
Atrum Coal	ATU	0.750	284.6%
Bandanna Energy Ltd	BND	0.125	-58.3%
Blackwood Corporation Ltd	BWD	0.045	-62.5%
Carabella Resources Ltd	CLR	0.155	-56.9%
Coalbank Ltd	CBQ	0.011	-26.7%
Coalspur Mines Ltd	CPL	0.280	-62.4%
Cokal Ltd	CKA	0.180	12.5%
County Coal Ltd	CCJ	0.085	-43.3%
Draig Resources Ltd	DRG	0.035	-62.8%
Endo Coal Ltd	EOC	0.375	8.7%
Firestone Energy Ltd	FSE	0.006	-25.0%
Guildford Coal Ltd	GUF	0.115	-79.6%
Hodges Resources Ltd	HDG	0.031	-69.0%
Ikwezi Mining Ltd	IKW	0.040	-20.0%
International Coal Ltd	ICX	0.110	-12.0%
Intra Energy Corp Ltd	IEC	0.110	-47.6%
Jameson Resources Ltd	JAL	0.220	-8.3%
Lemur Resources Ltd	LMR	0.041	-54.9%
NuCoal Resources NL	NCR	0.073	-68.9%
Prairie Downs Metals	PDZ	0.330	-49.2%
Resource Generation Ltd	RES	0.195	-35.0%
Rey Resources Ltd	REY	0.055	1.9%
Stanmore Coal Ltd	SMR	0.125	-37.5%
Tiaro Coal Ltd	TCM	0.100	-48.7%
Tigers Realm Coal Ltd	TIG	0.155	0.0%
Universal Coal Plc	UNV	0.087	-13.0%
Xanadu Mines Ltd	XAM	0.053	-33.8%
ZYL Ltd	ZYL	0.005	-72.2%
AVERAGE PERFORMANCE			-27.6%
ASX All Ordinaries		4,957.50	5.0%
TSX LISTED			
Cardero Resources Corp.	CDU	0.08	-80.7%
Coalspur Mines Ltd	CPT	0.28	-66.0%
Colonial Coal International	CAD	0.28	-65.6%
Corsa Coal Corp	CSO	0.14	-10.0%
EastCoal Inc	ECX	0.02	-91.3%
Forbes & Manhattan Coal	FMC	0.37	-42.1%
Pacific Coal Resources	PAK	0.27	58.8%
Prophecy Coal Corp	PCY	0.13	4.0%
South Gobi Energy	SGQ	1.20	-45.5%
Xinergy Ltd	XRG	0.42	-50.6%
AVERAGE PERFORMANCE			-38.9%
TSX COMPOSITE INDEX		12493.26	0.4%

Thermal Coal Spot Prices (US\$ per tonne)



Source: Bloomberg

Hard Coking Coal Spot Price¹ (US\$ per tonne)



Source: Bloomberg
Notes: 1) FOB Australia Mid Volatile