

Update : Coal Report

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7 August 2013

India hunts for coal in BC – India has announced that it is exploring options for sourcing coal from British Columbia, including equity participation in assets and acquisition of mines. A high powered delegation from India met with British Columbia Premier Christy Clark to scour for coal resources. The Indian delegation was led by Steel Minister Beni Prasad Verma who is looking to feed India's steel industry which is growing at a fast pace and needs additional quantities of coking coal. "The delegation held a series of discussions with the coal asset owners regarding various avenues for sourcing coking coal to India to meet its ever-growing requirement", an official statement said. Verma had detailed talks with Clark in Vancouver, according to the statement. B.C. Minister of International Trade Teresa Wat was also present and indicated that in recent years, Indo-Canadian ties were witnessing a new momentum in line with India's economic growth, it said. "The delegation had a series of meetings with the government of British Columbia, wherein both the Ministers identified a number of opportunities for mutual cooperation", it said.

Drummond's Colombia coal miners begin unlimited strike – Workers at the Colombian operations of U.S. coal miner Drummond went on strike at 6 pm on Tuesday, action that could cut coal output from the world's No. 4 exporter by about a third. Drummond, which has two mines and a port in Colombia, and the Sintramienergetica union, which represents about half of Drummond's roughly 10,000 workers, have been in negotiations for weeks over pay, and job cuts for port workers due to begin in early 2014. Drummond produced 26 million tonnes of coal, or almost one-third of the country's total output in 2012. Although the seaborne coal market is currently well supplied, a strike, if prolonged, combined with expected increased demand from purchasers ahead of winter, could puncture that surplus and push up coal prices in Europe, where much of Colombia's supply is consumed. Labor Minister Rafael Pardo Rueda joined last-ditch talks on Monday and Tuesday, underscoring the high stakes of a strike for the government. A month-long stoppage at rival miner Cerrejon in February was one factor behind slower growth so far this year.

Coal can be handled and transported safely in B.C. – People have express concern regarding the known health problems encountered in the past by underground coal miners after year's of direct exposure. However, that is the past and the exposure to coal dust from today's modern methods of mining and transport are in no way comparable to historical exposures. The reality is that the Canadian government, through Transport Canada, does not consider coal to be a dangerous good. In fact, both the International Agency for Research on Cancer (IARC) and the World Health Organization (WHO) determined in 1997 that there is inadequate scientific evidence in humans or animals for the carcinogenicity of coal dust. Locally, in 1998, the Environmental Health Officer for the South Fraser Health Region conducted an on-site review of Westshore Terminals to "investigate potential health impacts related to the coal port ..." at the request of the Corporation of Delta. The investigation noted that data related to asthma and respiratory diseases "do not indicate a significant problem in the South Fraser Valley or Delta and that it is "unlikely that there is any health risk to the residents of South Delta from the Westshore Terminals".

Market Snapshot

| Company Name | Code | Price (\$) | % Change |
|--|------|------------|---------------|
| ASX LISTED Producers | | | |
| Since Jan 2 | | | |
| Blackgold Intl Holdings Ltd | BGG | 0.19 | 11.1% |
| Coal of Africa Ltd | CZA | 0.16 | -36.0% |
| Cockatoo Coal Ltd | COK | 0.06 | -52.5% |
| Continental Coal Ltd | CCC | 0.04 | -14.3% |
| Gujarat NRE Coking Coal Ltd | GNM | 0.17 | 3.0% |
| Kangaroo Resources Ltd | KRL | 0.02 | -44.1% |
| New Hope Corp Ltd | NHC | 3.87 | -9.4% |
| Whitehaven Coal Ltd | WHC | 1.95 | -45.4% |
| ASX LISTED Explorers/Developers | | | |
| Acacia Coal Ltd | AJC | 0.013 | -27.8% |
| African Energy Resources Ltd | AFR | 0.095 | -19.2% |
| Aspire Mining Ltd | AKM | 0.058 | -11.9% |
| Atrum Coal | ATU | 0.930 | 361.5% |
| Bandanna Energy Ltd | BND | 0.160 | -50.0% |
| Blackwood Corporation Ltd | BWD | 0.043 | -63.3% |
| Carabella Resources Ltd | CLR | 0.185 | -52.8% |
| Coalbank Ltd | CBQ | 0.007 | -53.3% |
| Coalspur Mines Ltd | CPL | 0.285 | -61.1% |
| Cokal Ltd | CKA | 0.180 | 12.5% |
| County Coal Ltd | CCJ | 0.090 | -43.3% |
| Draig Resources Ltd | DRG | 0.034 | -63.8% |
| Firestone Energy Ltd | FSE | 0.006 | -25.0% |
| Guildford Coal Ltd | GUF | 0.145 | -83.9% |
| Hodges Resources Ltd | HDG | 0.030 | -70.0% |
| Ikwezi Mining Ltd | IKW | 0.033 | -30.0% |
| International Coal Ltd | ICX | 0.097 | -22.4% |
| Intra Energy Corp Ltd | IEC | 0.115 | -50.0% |
| Jameson Resources Ltd | JAL | 0.210 | -12.5% |
| Lemur Resources Ltd | LMR | 0.036 | -53.8% |
| NuCoal Resources NL | NCR | 0.071 | -68.1% |
| Prairie Downs Metals | PDZ | 0.325 | -50.0% |
| Resource Generation Ltd | RES | 0.240 | -26.7% |
| Rey Resources Ltd | REY | 0.048 | -11.1% |
| Stanmore Coal Ltd | SMR | 0.145 | -30.0% |
| Tiaro Coal Ltd | TCM | 0.092 | -52.8% |
| Tigers Realm Coal Ltd | TIG | 0.190 | 22.6% |
| Universal Coal Plc | UNV | 0.076 | -24.0% |
| Xanadu Mines Ltd | XAM | 0.075 | -6.3% |
| ZYL Ltd | ZYL | 0.008 | -44.4% |
| AVERAGE PERFORMANCE | | | -23.6% |
| ASX All Ordinaries | | 5,088.00 | 8.0% |
| TSX LISTED | | | |
| Cardero Resources Corp. | CDU | 0.07 | -83.1% |
| Coalspur Mines Ltd | CPT | 0.28 | -64.2% |
| Colonial Coal International | CAD | 0.26 | -65.0% |
| Corsa Coal Corp | CSO | 0.12 | -20.0% |
| EastCoal Inc | ECX | 0.02 | -93.5% |
| Forbes & Manhattan Coal | FMC | 0.33 | -46.0% |
| Pacific Coal Resources | PAK | 0.62 | 252.9% |
| Prophecy Coal Corp | PCY | 0.13 | 4.0% |
| South Gobi Energy | SGQ | 1.05 | -55.0% |
| Xinergy Ltd | XRG | 0.62 | -24.7% |
| AVERAGE PERFORMANCE | | | -19.5% |
| TSX COMPOSITE INDEX | | 12,603.25 | 1.2% |

Thermal Coal Spot Prices (US\$ per tonne)



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



Source: Bloomberg
Notes: 1) FOB Australia Mid Volatile