

## Update : Coal Report

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2 September 2013

**Despite Weak Coal Markets, Business Is Booming for Westshore** – Canada's largest coal export terminal seems to be on a roll. Westshore Terminals Investment Corp. operates the coal export terminal located at Roberts Bank, Delta, British Columbia — and business is booming. The company continues to set records for tonnes shipped. In 2010, it shipped a record 24.7 million tonnes (mt), which then increased to 27.3 mt in 2011. Unfortunately, the streak ended last year, when in addition to two planned multiple-week-upgrade shutdowns, a vessel ran through a trestle at Berth 1, shutting it down. Shipments fell to 26.1 mt. Fortunes have changed in 2013. Even with Berth 1 shut down for nearly half of the first quarter, shipments were down only 0.3 mt from 2012 levels. With Berth 1 back up and running, the second quarter easily blew past last year's results, shipping 8.2 mt compared to only 7.0 mt in 2012. The company expects to ship a record 28–30 mt in 2013. To support this growth, Westshore completed a five-year, \$100 million upgrade plan at the end of 2012, which raised nominal capacity from 23.5 mt to 33mt.

**Anglo American expands B.C. coal mine with eye on Asia** – Anglo American PLC is expanding its northeastern B.C. mine, betting that the quality of the coal and the ease of transport to Asia will help the company win more contracts from steel makers in Japan, China and others in the region. London-based Anglo American, one of the world's largest mining companies, will make the expansion announcement Thursday at its operations near Tumbler Ridge, B.C., about 700 kilometres northeast of Vancouver. The company has budgeted \$50-million for the first phase of a \$200-million, multiyear project to boost output of coking (or metallurgical) coal, a key ingredient in the production of steel. Seamus French, head of Anglo American's metallurgical coal division, said in an interview that its Tumbler Ridge coal is high quality, and that the rail line transporting it to the port of Prince Rupert for export is underutilized. Mr. French and Mark Cutifani, an Australian who was appointed Anglo American's CEO in April, will be at the Roman mine site to unveil details of their company's decision to ramp up production.

**Colombia lowers coal target for 2013** – The Colombian government is expected to lower its coal production target to less than 90mt for 2013 in light of the Drummond strike, which just entered its fifth week. This would be the second revision the government has made this year. Earlier, the government scaled back its target to 93mt from 97mt after a series of interruptions cut production in the first quarter. Best estimates suggest between 4.5 and 5.5mt of coal production was lost in the first half of the year due to the 32-day strike at Cerrejon's operations, combined with the halt of coal loadings at Drummond's port. The situation was further complicated by the restricted night operations imposed on the Fenoco railway plus the closure of Goldman Sachs' La Francia mine starting the third week of January. For the remainder of 2013, the government estimates an additional 5–6mt of production could be lost if the Drummond strike is not resolved or other labour disputes arise. The lost production during the first half and estimated upcoming losses for 2H 2013, indicate between 9.5 and 11.5mt of coal could be removed from 2013's production total.

### Market Snapshot

Company Name	Code	Price (\$)	% Change Since Jan 2
<b>ASX LISTED Producers</b>			
Blackgold Intl Holdings Ltd	BGG	0.17	11.1%
Coal of Africa Ltd	CZA	0.14	-36.0%
Cockatoo Coal Ltd	COK	0.07	-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	4.30	-9.4%
Whitehaven Coal Ltd	WHC	1.99	-45.4%
<b>ASX LISTED Explorers/Developers</b>			
Acacia Coal Ltd	AJC	0.011	-27.8%
African Energy Resources Ltd	AFR	0.080	-19.2%
Aspire Mining Ltd	AKM	0.052	-11.9%
Atrum Coal	ATU	1.105	361.5%
Bandanna Energy Ltd	BND	0.265	-50.0%
Blackwood Corporation Ltd	BWD	0.075	-63.3%
Carabella Resources Ltd	CLR	0.250	-52.8%
Coalbank Ltd	CBQ	0.007	-53.3%
Coalspur Mines Ltd	CPL	0.295	-61.1%
Cokal Ltd	CKA	0.190	12.5%
County Coal Ltd	CCJ	0.071	-43.3%
Draig Resources Ltd	DRG	0.025	-63.8%
Firestone Energy Ltd	FSE	0.006	-25.0%
Guildford Coal Ltd	GUF	0.135	-83.9%
Hodges Resources Ltd	HDG	0.038	-70.0%
Ikwezi Mining Ltd	IKW	0.032	-30.0%
International Coal Ltd	ICX	0.100	-22.4%
Intra Energy Corp Ltd	IEC	0.110	-50.0%
Jameson Resources Ltd	JAL	0.265	-12.5%
Lemur Resources Ltd	LMR	0.050	-53.8%
NuCoal Resources NL	NCR	0.090	-68.1%
Prairie Downs Metals	PDZ	0.310	-50.0%
Resource Generation Ltd	RES	0.210	-26.7%
Rey Resources Ltd	REY	0.066	-11.1%
Stanmore Coal Ltd	SMR	0.180	-30.0%
Tiaro Coal Ltd	TCM	0.088	-52.8%
Tigers Realm Coal Ltd	TIG	0.190	22.6%
Universal Coal Plc	UNV	0.078	-24.0%
Xanadu Mines Ltd	XAM	0.085	-6.3%
ZYL Ltd	ZYL	0.007	-44.4%
<b>AVERAGE PERFORMANCE</b>			<b>-23.6%</b>
<b>ASX All Ordinaries</b>		5,125.30	8.0%
<b>TSX LISTED</b>			
Cardero Resources Corp.	CDU	0.17	-83.1%
Coalspur Mines Ltd	CPT	0.28	-64.2%
Colonial Coal International	CAD	0.44	-65.0%
Corsa Coal Corp	CSO	0.12	-20.0%
EastCoal Inc	ECX	0.13	-93.5%
Forbes & Manhattan Coal	FMC	0.25	-46.0%
Pacific Coal Resources	PAK	0.50	252.9%
Prophecy Coal Corp	PCY	0.13	4.0%
South Gobi Energy	SGQ	1.19	-55.0%
Xinergy Ltd	XRG	0.55	-24.7%
<b>AVERAGE PERFORMANCE</b>			<b>-19.5%</b>
<b>TSX COMPOSITE INDEX</b>		12,704.73	1.2%

### Thermal Coal Spot Prices (US\$ per tonne)



Source: Bloomberg  
Notes: 1) FOB Newcastle

### Hard Coking Coal Spot Price<sup>1</sup> (US\$ per tonne)



Source: Bloomberg  
Notes: 1) FOB Australia Mid Volatile

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