

## Update : Coal Report

NOT FOR REDISTRIBUTION

22 January 2014

**Sherritt to Divest of Coal Assets for C\$946 million and Focus on Core Businesses** – A group led by Altius Minerals of St. John's, will buy Sherritt's entire coal royalty portfolio as well as Saskatchewan development projects for a total of \$481 million cash. Westmoreland Coal Company ("Westmoreland") will acquire Sherritt's operating coal assets, currently described as the Prairie and Mountain Operations, for total consideration of \$465 million, comprised of \$312 million in cash and the assumption of capital leases presently valued at \$153 million, subject to closing adjustments. "This is an historic event for Westmoreland. The acquisition of Sherritt's coal operations represents a transformational opportunity to acquire seven producing coal mines, which are highly complementary to our existing operations and expertise", said Keith E. Alessi, Westmoreland's executive chairman. Brian Dalton, Altius chief executive said "We will now generate royalty revenue from a well-diversified portfolio of 12 major Canadian mining operations that can grow significantly through Altius' existing pipeline of pre-production stage royalties".

**Updates for Coal Terminal** – North America's busiest coal export facility at Roberts Bank is about to undergo a major upgrade. Originally opened on a much smaller footprint in 1970, Westshore Terminals will spend about C\$230 million over the next five years for a large-scale equipment upgrade as well as replacement of older buildings with a centralized office and equipment complex. Other upgrades include new stacker-reclaimer machines that move coal into stockpiles as well as loading onto ships. The electric powered machines will have a longer reach, reducing the need for bulldozers to move coal around, and will have built-in dust suppression equipment. The improvements also include a wider and quieter conveyer belt system, the replacement of the 30-year-old shiploader on Berth 1 with a system that will also have dust suppression capabilities as well as energy efficient lighting throughout the site. The next round of upgrades at the site will result in extra space available for coal storage of about 135,000 metric tonnes. The new stacker reclaimers and conveyer system, meanwhile, will operate more efficiently, thereby improving throughput capacity. The result will mean the terminal will be able to process an additional three million tonnes annually, increasing its annual capacity to 36 million tonnes.

**Colombian port authority verifies Drummond port stoppage, fines company** – Colombia's port authority Superintendencia de Puertos y Transporte said Tuesday it has verified that US-based thermal coal miner Drummond stopped loading coal barges Monday afternoon to comply with an environmental directive that all coal export terminals should use direct-loading systems from 2014 onward. The government agency said in a statement that the American Port Company, which oversees Drummond's export terminal and is part of the Drummond Group, continued to load coal barges until 4:10 pm local time Monday. This meant that the company breached the law by five days after the environment ministry called January 8 for the immediate suspension of coal barge loadings from Drummond, the agency said. Superintendencia said it will impose a Colombian pesos 1.540 billion (\$797,150), or peso 308 million/day, fine on American Port. "Neither the law or the directives of the Superintendencia will be unknown by any entity under our watch", Juan Miguel Duran Prieto, head of the agency, said in the statement. Drummond said earlier that its direct-loading operations will not be ready until the end of March. Market sources said between 4 million and 5 million tonnes of thermal coal will be shut in due to the Drummond export ban.

### Market Snapshot

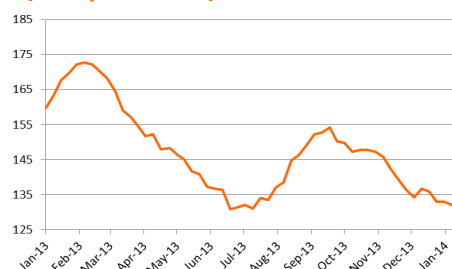
| Company Name                           | Code | Price (\$) | % Change    |
|--|------|------------|-------------|
| <b>ASX LISTED Producers</b>            |      |            |             |
|  |      |            | Since Jan 2 |
| Blackgold Intl Holdings Ltd            | BGG  | 0.16       | 3.2%        |
| Coal of Africa Ltd                     | CZA  | 0.12       | 9.5%        |
| Cockatoo Coal Ltd                      | COK  | 0.04       | -12.2%      |
| Continental Coal Ltd                   | CCC  | 0.02       | 0.0%        |
| Gujarat NRE Coking Coal Ltd            | GNM  | 0.08       | 5.4%        |
| Kangaroo Resources Ltd                 | KRL  | 0.02       | 7.1%        |
| New Hope Corp Ltd                      | NHC  | 3.59       | 6.2%        |
| Whitehaven Coal Ltd                    | WHC  | 1.88       | -4.1%       |
| <b>ASX LISTED Explorers/Developers</b> |      |            |             |
| Acacia Coal Ltd                        | AIC  | 0.010      | -9.1%       |
| African Energy Resources Ltd           | AFR  | 0.110      | -4.3%       |
| Aspire Mining Ltd                      | AKM  | 0.053      | -14.5%      |
| Atrium Coal                            | ATU  | 1.300      | -6.5%       |
| Bandanna Energy Ltd                    | BND  | 0.165      | -2.9%       |
| Blackwood Corporation Ltd              | BWD  | 0.067      | -5.6%       |
| Carabella Resources Ltd                | CLR  | 0.450      | 2.3%        |
| Coalbank Ltd                           | CBQ  | 0.008      | -11.1%      |
| Coalspur Mines Ltd                     | CPL  | 0.345      | 43.8%       |
| Cokal Ltd                              | CKA  | 0.205      | 2.5%        |
| County Coal Ltd                        | CCJ  | 0.075      | -7.4%       |
| Draig Resources Ltd                    | DRG  | 0.025      | -28.6%      |
| Firestone Energy Ltd                   | FSE  | 0.007      | -12.5%      |
| Guildford Coal Ltd                     | GUF  | 0.090      | -9.1%       |
| Hodges Resources Ltd                   | HDG  | 0.024      | -20.0%      |
| Ikwezi Mining Ltd                      | IKW  | 0.020      | 0.0%        |
| International Coal Ltd                 | ICX  | 0.080      | -20.0%      |
| Intra Energy Corp Ltd                  | IEC  | 0.090      | -6.3%       |
| Jameson Resources Ltd                  | JAL  | 0.220      | 0.0%        |
| Lemur Resources Ltd                    | LMR  | 0.026      | 4.0%        |
| NuCoal Resources NL                    | NCR  | 0.034      | 142.9%      |
| Prairie Downs Metals                   | PDZ  | 0.290      | -7.9%       |
| Resource Generation Ltd                | RES  | 0.195      | 2.6%        |
| Rey Resources Ltd                      | REY  | 0.093      | -7.0%       |
| Stanmore Coal Ltd                      | SMR  | 0.185      | -2.6%       |
| Tiaro Coal Ltd                         | TCM  | 0.080      | 6.7%        |
| Tigers Realm Coal Ltd                  | TIG  | 0.165      | 0.0%        |
| Universal Coal Plc                     | UNV  | 0.115      | 4.5%        |
| Xanadu Mines Ltd                       | XAM  | 0.065      | -7.1%       |
| ZYL Ltd                                | ZYL  | 0.007      | 0.0%        |
| <b>AVERAGE PERFORMANCE</b>             |      |            | 1.1%        |
| <b>ASX All Ordinaries</b>              |      | 5,342.00   | -0.5%       |
| <b>TSX LISTED</b>                      |      |            |             |
| Cardero Resources Corp.                | CDU  | 0.23       | 2.3%        |
| Coalspur Mines Ltd                     | CPT  | 0.35       | 43.8%       |
| Colonial Coal International            | CAD  | 0.28       | 0.0%        |
| Corsa Coal Corp                        | CSO  | 0.18       | 5.9%        |
| EastCoal Inc                           | ECX  | 0.01       | 0.0%        |
| Forbes & Manhattan Coal                | FMC  | 0.13       | -13.8%      |
| Pacific Coal Resources                 | PAK  | 0.32       | -22.9%      |
| Prophecy Coal Corp                     | PCY  | 0.10       | 25.0%       |
| South Gobi Energy                      | SGQ  | 0.80       | -4.8%       |
| Xinergy Ltd                            | XRG  | 0.25       | -14.0%      |
| <b>AVERAGE PERFORMANCE</b>             |      |            | 2.1%        |
| <b>TSX COMPOSITE INDEX</b>             |      | 13,990.29  | 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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