

# Update : Coal Report

**Japan may only be able to restart one-third of its nuclear reactors** - Three years after the Fukushima disaster prompted the closure of all Japan's nuclear reactors, Prime Minister Shinzo Abe is moving to revive nuclear power as a core part of the energy mix, but many of those idled reactors will never come back online. Fewer than a third, and at most about two-thirds, of the reactors will pass today's more stringent safety checks and clear the other seismological, economic, logistical and political hurdles needed to restart, a Reuters analysis shows. This means Japan is likely to remain heavily reliant on imported fuel to power the world's third-largest economy, straining a trade balance that has been in the red for nearly two years. Japan had 54 nuclear reactors supplying about 30 percent of the nation's electricity before an earthquake and tsunami destroyed the Fukushima Daiichi nuclear power station in 2011. The six reactors at that plant are shut forever, slated for decades-long decommissioning. Of Japan's remaining 48 reactors, 14 will probably restart at some point, a further 17 are uncertain and 17 will probably never be switched back on. As a result, nuclear energy will eventually make up less than 10 percent of Japan's power supply.

**Rail deals force major miners to operate at a loss** - Some of the world's biggest miners are running Australian mines at a loss because the fixed costs of their rail contracts mean it would cost more to close them. This additional supply floods the market causing a further negative impact on prices. The reason for this oversupply is because various coal mines in Queensland are understood to be operating on long-term "take-or-pay" rail access contracts that miners struck when commodity prices were high. Several coking coal mines run by global miner Anglo American are understood to be affected in this way. Australia's coal sector is already facing multi-year lows for both thermal coal and coking coal prices, and the fixed-rail contracts highlight the multitude of challenges facing the local industry. "Unfortunately in the industry there is still a lot of sticky production with take-or-pay contracts on the rail lines in both the US and Australia. Some of that capacity is shaking out, but it might be more than a year before we see the sorts of numbers that are going to be needed to improve the pricing focus", said Anglo chief executive Mark Cutifani.

**Glencore to close Ravensworth coal mine in NSW** - Glencore's Ravensworth underground operation will be the first coal mine suspended by the Switzerland based resources titan, saying it would stop producing semisoft coking coal at the Ravensworth underground mine in September. Falling prices have forced mining companies to review their operations, resulting in staff cutbacks, shelved expansion plans and asset sales. BHP, which through its partnership with Mitsubishi is the world's largest coking-coal exporter, has already closed mines including its Norwich Park and Gregory operations in eastern Australia. Glencore said it had laid off 17 workers at the Ravensworth underground site, with a further 113 at risk of redundancy as the mine approaches closure later in the year. The company, which has already cut more than 80 staff members from the site in the past 12 months, said it was looking at whether it could re-deploy any of those workers to its other mines in the country's east. "Continued operations [are] no longer financially viable due to a combination of lower prices, high production costs at the mine, a strong Australian dollar and geological constraints in future mining areas", a spokesman for the company said. Two nearby open-cut mines won't be affected, the spokesman said.

## Market Snapshot

Company Name	Code	Price (\$)	% Change
<b>ASX LISTED Producers</b>			
<b>Since Jan 2</b>			
Blackgold Intl Holdings Ltd	BGG	0.15	-3.2%
Coal of Africa Ltd	CZA	0.08	-23.8%
Cockatoo Coal Ltd	COK	0.03	-17.1%
Continental Coal Ltd	CCC	0.02	0.0%
Kangaroo Resources Ltd	KRL	0.01	-14.3%
New Hope Corp Ltd	NHC	3.02	-10.7%
Whitehaven Coal Ltd	WHC	1.59	-18.9%
<b>ASX LISTED Explorers/Developers</b>			
Acacia Coal Ltd	AJC	0.011	0.0%
African Energy Resources Ltd	AFR	0.088	-23.5%
Aspire Mining Ltd	AKM	0.034	-45.2%
Atrum Coal	ATU	1.880	35.3%
Bandanna Energy Ltd	BND	0.105	-38.2%
Blackwood Corporation Ltd	BWD	0.080	12.7%
Coalbank Ltd	CBQ	0.004	-55.6%
Coalspur Mines Ltd	CPL	0.192	-20.0%
Cokal Ltd	CKA	0.175	-12.5%
County Coal Ltd	CCJ	0.070	-13.6%
Draig Resources Ltd	DRG	0.025	-28.6%
Firestone Energy Ltd	FSE	0.007	-12.5%
Guildford Coal Ltd	GUF	0.080	-19.2%
Hodges Resources Ltd	HDG	0.014	-53.3%
Ikwezi Mining Ltd	IKW	0.015	-25.0%
International Coal Ltd	ICX	0.090	-10.0%
Intra Energy Corp Ltd	IEC	0.065	-32.3%
Jameson Resources Ltd	JAL	0.200	-9.1%
Lemur Resources Ltd	LMR	0.040	60.0%
NuCoal Resources NL	NCR	0.019	35.7%
Prairie Downs Metals	PDZ	0.435	38.1%
Resource Generation Ltd	RES	0.185	-2.6%
Rey Resources Ltd	REY	0.096	-4.0%
Stanmore Coal Ltd	SMR	0.150	-21.1%
Tiaro Coal Ltd	TCM	0.125	66.7%
Tigers Realm Coal Ltd	TIG	0.165	0.0%
Universal Coal Plc	UNV	0.125	13.6%
Xanadu Mines Ltd	XAM	0.055	-21.4%
ZYL Ltd	ZYL	0.007	0.0%

AVERAGE PERFORMANCE		-7.6%
ASX All Ordinaries	5,409.90	0.7%

<b>TSX LISTED</b>			
Cardero Resources Corp.	CDU	0.12	-45.5%
Coalspur Mines Ltd	CPT	0.20	-16.7%
Colonial Coal International	CAD	0.23	-17.9%
Corsa Coal Corp	CSO	0.17	-2.9%
Forbes & Manhattan Coal	FMC	0.12	-17.2%
Pacific Coal Resources	PAK	0.36	-13.3%
Prophecy Coal Corp	PCY	0.07	-18.8%
South Gobi Energy	SGQ	0.65	-22.6%
Xinery Ltd	XRG	0.58	103.5%

AVERAGE PERFORMANCE		-5.7%
TSX COMPOSITE INDEX	14,459.11	1.2%

Kasey Nelson

+61 8 9421 2111 | kasey@cipartners.com.au

**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