

Fortnightly Update : Coal Report

NOT FOR REDISTRIBUTION

23 March 2012

Corporate

JX Nippon Oil & Energy invests US\$435m in Xstrata's Canadian Coal assets - Following Xstrata Coal British Columbia's (XCBC) C\$500m acquisition of the Sukunka coal project to add to its metallurgical coal asset base in the Peace River Coalfields, Nippon Oil & Energy Pty Ltd, a subsidiary of JX, has paid US\$435m to acquire a 25% share in XCBC. Xstrata Coal has retained a 75% interest in XCBC and will develop, operate and manage the assets on behalf of the joint venture. Technical studies indicate that the two most advanced projects, Sukunka and Suska, have the potential to produce up to 9.5mtpa.

Infrastructure

Canadian Government considering sale of Ridley Coal Terminal - The Canadian government is considering a sale of its Ridley Coal Terminal in Prince Rupert, British Columbia. Current annual export coal capacity at Ridley is 12mt. Shipments from Ridley reach China a day quicker than other West Canadian terminals and the deep water draft allows Ridley to handle capesize vessels. Strong demand prompted Ridley to expand annual capacity from 12mt to 24mt by 2015. If Ridley chooses to utilize an additional 100 acres at the facility, it could potentially expand export capacity to 60mtpa. This ease of expansion compares favourably with the troubled plans, due to environmental and regulatory approvals, of north-western US and Queensland ports.

Markets

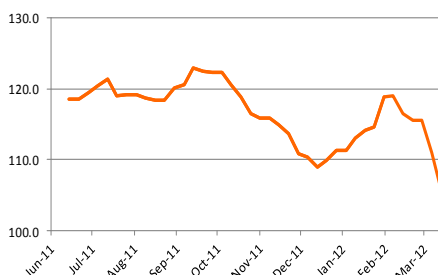
Xstrata Coal yet to settle thermal coal contract talks with Japan's Tohoku - Xstrata has yet to settle contract negotiations with Japanese utility Tohoku Electric to supply thermal coal for the Japanese financial year. Annual negotiations started on March 13 with Xstrata offering more than US\$120 per tonne FOB Newcastle whilst Tohoku are counteroffering below US\$110 per tonne.

Government

Australia approves 30% tax on iron ore and coal profits - Australia passed legislation that will reap approximately A\$11bn in taxes within three years from BHP Billiton, Rio Tinto and other bulk commodity miners as the government seeks to turn its budget into a surplus. Prime Minister Julia Gillard's Minerals Resource Rent Tax was passed in the upper house on 19 March and will become applicable from 1 July 2012.

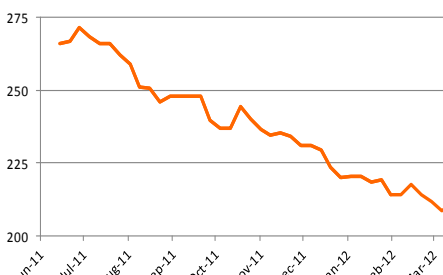
Source: London Commodity News

Thermal Coal Spot Prices¹ (US\$ per tonne)



Source: Bloomberg
Notes: 1) FOB Newcastle

Hard Coking Coal Spot Price² (US\$ per tonne)



Source: Bloomberg
Notes: 2) FOB Australia Mid Volatile

Market Snapshot

Company Name	Code	Price (\$)	Year-to-date Change (%)
ASX LISTED Producers			
Bathurst Resources Ltd	BTU	0.73	16.0%
Coal of Africa Ltd	CZA	0.95	8.6%
Cockatoo Coal Ltd	COK	0.39	2.6%
Continental Coal Ltd	CCC	0.22	26.5%
Gloucester Coal Ltd	GCL	8.17	-6.0%
Gujarat NRE Coking Coal Ltd	GNM	0.15	-16.7%
Kangaroo Resources Ltd	KRL	0.14	-6.7%
New Hope Corp Ltd	NHC	5.45	-1.1%
Whitehaven Coal Ltd	WHC	5.31	-3.1%
ASX LISTED Explorers/Developers (cents)			
Acacia Coal Ltd	AJC	5.1	2.0%
African Energy Resources Ltd	AFR	29.5	11.3%
Aspire Mining Ltd	AKM	34.0	-6.8%
Aston Resources Ltd	AZT	921.0	0.9%
Bandanna Energy Ltd	BND	77.5	24.0%
Blackgold Intl Holdings Ltd	BGG	23.0	24.3%
Blackwood Corporation Ltd	BWD	20.5	-10.9%
Carabella Resources Ltd	CLR	124.5	14.7%
Coalbank Ltd	CBQ	6.0	-14.3%
Coalspur Mines Ltd	CPL	151.0	-3.2%
Coalworks Ltd	CWK	80.5	34.2%
Cokal Ltd	CKA	48.0	2.1%
County Coal Ltd	CCJ	70.0	0.0%
Draig Resources Ltd	DRG	47.0	-44.0%
Endo Coal Ltd	EOC	42.0	-6.7%
Firestone Energy Ltd	FSE	0.7	-30.0%
Guildford Coal Ltd	GUF	72.0	-1.4%
Hodges Resources Ltd	HDG	29.0	7.4%
Ikwezi Mining Ltd	IKW	24.0	50.0%
International Coal Ltd	ICX	38.0	33.3%
Intra Energy Corp Ltd	IEC	29.0	-6.5%
Jameson Resources Ltd	JAL	39.5	64.6%
Lemur Resources Ltd	LMR	16.5	0.0%
NuCoal Resources NL	NCR	33.5	19.6%
Rocklands Richfield Ltd	RCI	29.5	-7.8%
Resource Generation Ltd	RES	40.0	8.1%
Rey Resources Ltd	REY	14.5	11.5%
Stanmore Coal Ltd	SMR	82.0	9.3%
Tiaro Coal Ltd	TCM	31.0	24.0%
Tigers Realm Coal Ltd	TIG	30.0	0.0%
Universal Coal Plc	UNV	20.5	-2.4%
Xanadu Mines Ltd	XAM	34.5	3.0%
ZYL Ltd	ZYL	21.0	31.3%

AVERAGE PERFORMANCE 6.2%

TSX LISTED	Price (\$)	Year-to-date Change (%)	
Cardero Resources Corp.	CDU	1.17	13.6%
Cline Mining Corporation	CMK	1.50	-13.3%
Coalspur Mines Ltd	CPT	1.53	-8.9%
Colonial Coal International	CAD	1.57	-3.7%
Corsa Coal Corp	CSO	0.37	-35.1%
EastCoal Inc	ECX	0.39	-9.4%
Forbes & Manhattan Coal	FMC	1.85	5.7%
Homeland Energy Group Ltd	HEG	0.04	-42.9%
Pacific Coal Resources	PAK	0.36	-15.5%
Prophecy Coal Corp	PCY	0.43	-3.4%
South Gobi Energy	SGQ	6.35	-0.2%
Xinergy Ltd	XRG	2.68	-23.4%

AVERAGE PERFORMANCE -11.4%

ASX ALL ORDINARIES 4,365 5.0%

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