

International Coal Report

Issue 912 / March 23, 2009

BMA said to agree 2009 coking coal benchmark as high as \$129/mt in Japan

BHP Billiton – Mitsubishi Alliance is understood to have agreed benchmark coking coal term contracts for 2009 with Nippon Steel as high as \$129/mt, sources told Platts.

BMA, as the largest seaborne coking coal exporter is also known, closed the deal with Nippon Steel, said investment bank analysts and industry sources in London and Australia.

The price is a “clean” price and doesn’t include carry-over tonnage

from the 2008 fiscal year which will be priced at previous record levels of about \$300/mt, sources said. One bank analyst described the price achieved as “incredible” given the current state of low steel utilization rates amid a decrease in demand for products using the alloy.

A settlement price of \$128/mt was agreed for BMA’s Goonyella brand of hard coking coal which

(continued on page 11)

Physical upturn continues on FOB buying spree but traders still look to the downside

A small flurry of buying lifted Atlantic steam coal prices for the second consecutive week, with larger utility-traders heard filling short positions in negligible trading.

Meanwhile interest in prompt South African tonnage stepped up a notch, with prompt panamaxes trading up to \$61/mt. Sources said most cargoes were still travelling to India before the country’s monsoon season begins in May.

Platts assessed the 90-day CIF ARA price at \$60.75/mt, up \$0.75/mt on week. Despite a South African FOB cargo trading at the lowest level for

three years earlier in the week, the Richards Bay FOB price firmed to \$59.25/mt, up \$3.25/mt.

One source said that there had been a noticeable increase in European enquiries for coal last week. “I think some utilities perceive that the market has bottomed out and want to secure tonnage at rock-bottom prices,” he said.

The source added that he had seen Russian coal offered at \$69/mt on a CIF basis to ARA and North Sea ports. “The coal was offered into Poland but without success,” he said.

(continued on page 2)

Platts Weekly 90-day Forward Benchmark Coal Price Assessments

	20-Mar (\$/mt)	20-Mar (€/mt)
Atlantic		
CIF ARA (6,000 kcal/kg)	60.75	44.25
FOB Richards Bay (6,000 kcal/kg)	59.25	43.15
FOB Bolivar (6,300 kcal/kg)	55.00	40.06
FOB Bolivar (6,450 kcal/kg)	55.75	40.60
Poland Baltic (6,300 kcal/kg)	54.50	39.69
Russian Baltic (6,400 kcal/kg)	54.00	39.33
Pacific		
FOB Newcastle (6,300 kcal/kg)	57.00	41.51
FOB Gladstone (6,500 kcal/kg)	60.00	43.70
FOB Qinhuangdao (6,200 kcal/kg)	75.00	54.62
FOB Kalimantan (5,900 kcal/kg)	60.00	43.70
FOB Kalimantan (5,000 kcal/kg)	50.00	36.42
Russia Pacific (6,300 kcal/kg)	66.00	48.07
CIF Japan (basket price)	71.00	51.71
CIF Korea West (6,080 kcal/kg)	67.00	48.80

(For complete specifications, including sulfur & ash, consult methodology at www.platts.com)

Market News Summary

Atlantic

Atlantic physical prices have found support at around \$60/mt from a slight uptick in European buying interest and sustained Indian buying of Richards Bay prompt cargoes. Traders say more Colombian spot FOB tonnage has become available due to weaker delivered markets in Europe and the US. The extremely narrow implied freight remains a problem to traders looking to resell FOB cargoes on a DES ARA basis.

Pacific

Newcastle spot prices fell to the mid-\$50s level last week as Japanese thermal coal buyers said it is becoming more feasible to obtain FY 2009 contract prices lower than Chubu’s settled prices of \$69 to \$72/mt FOB. Tohoku Electric is expected to resume FY 2009 contract price negotiations with Australian suppliers this week. Citi Group said it believes FY 2009 coking coal prices have settled coking coal prices at \$115 to \$125/mt FOB in Japan, depending on coal quality.

Platts Coal Industry Markers

	kcal/kg	Max sulfur	Max ash	CIM	Change	High/Low Spread
CIF ARA	6,000 NAR	1.0%	16%	60.22	-0.13	2.25
Richards Bay FOB	6,000 NAR	1.0%	16%	59.05	2.08	1.50
Newcastle FOB	6,300 GAR	0.8%	13%	57.63	-2.80	8.50
Kalimantan FOB (K1)	5,900 GAR	1.0%	15%	60.73	1.73	10.40
Kalimantan FOB (K2)	5,000 GAR	0.8%	8%	49.00	0.00	10.00

CIM participants: —Andalan Tiga Berjaya, Banpu, Baramulti, Berau, BHP Billiton, Bintang Batubara, Britmar Asia, Bulk, Cargill, Electrabel, Ensham, Essent, Flame, Global Business Power, Hokuriku, Hoping, London Commodity Brokers, Nuon, RBS Sempra, RWE

Discards: CIF —CIF ARA, 0; Richards Bay, 2; Newcastle, 1; Kalimantan One, 2; Kalimantan Two, 3.

Note: Prices in \$/mt for 90-day forward delivery.

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STEAM COAL MARKET ROUND-UP

Physical upturn continues on FOB buying spree (continued from page one)

A utility trader said that "a little bit of fresh demand" was supporting prompt physical prices. However he added that buyers looking to pick up cheap tonnage were having trouble finding suppliers prepared to sell at such low levels.

Temporary hike?

Sources were keen to stress that the hike may only be temporary. One market source said that the price spike would most likely not be sustained. "You don't need a big jump to get to reasonable levels," he said, adding that suppliers would be keen to sell in volume at around the mid \$60s/mt DES ARA.

"I would be very wary about saying that the market has bottomed out," said one northwest European utility source, adding that the general trend was bearish and further downside could not be ruled out.

He described two trades of June generic origin material on the globalCOAL platform for \$61.50/mt and \$61/mt March 18 as "freakish."

At the time of the trades, they went through at about \$4/mt premiums to API2 paper prices. It is understood that both cargoes were bought by large European utility-traders.

Index-linked DES ARA cargoes have been trading at around \$1.25-2.75/mt premiums to API2 recently.

The utility source said that both utility-traders that bought the June cargoes had large trading books. "They probably have some volume committed but haven't covered it yet. It's a small short squeeze," he said.

He said that a rise in API2 paper prices March 19 "will probably deflate the physical premiums over the index."

Another coal buyer said some traders may have deliberately gone short in the market in an effort to buy back cheaper "and drum up a bit of demand."

Some traders said a general bearish trend still persisted and further downside in the physical coal market could not be ruled out with one trader saying he expected prices to be driven down toward marginal cost levels for South African producers estimated in the region of \$35-40/mt.

"When it comes to the crunch, I expect we'll see some people start to sell down to that level," said the trader.

However, a European trader said he believed sustained Indian buying of Richards Bay tonnage would continue to lend support to the South African FOB market.

ARA stockpiles depleting

Meanwhile sources said European utilities were delaying coal deliveries into the ARA (Amsterdam Rotterdam and Antwerp) region due to high stocks.

Sources said that European utilities currently prefer to buy coal straight from ARA stockpiles due to low delivered prices and in an effort to drive spot prices down even further.

"We've seen utilities reselling Richards Bay coal on a FOB basis and asking to delay shipments in the south of Europe, Spain in particular," said one Swiss-based trader.

European utilities continue to draw down coal stockpiles at ARA discharging ports, source said. One trader said coal stocks at Rotterdam's largest dry bulk terminal EMO had fallen to below 2.5 million mt from 2.6 million mt at the beginning of March. Coal inventory levels at Amsterdam's OBA terminal have also fallen to around 1.6 million, down from 1.8 million mt in early March.

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Market roundup

Richards Bay FOB physical spot prices dropped to their lowest level since June 2007 with the trade of a prompt April-loading 50,000 mt cargo at \$55/mt on the globalCOAL platform March 16.

Further out, a Richards Bay August capesize traded at \$55.50/mt through London Commodity Brokers.

On an index-linked basis, a DES May 50,000 mt cargo for delivery in Amsterdam traded at a \$2.75/mt premium to CIF ARA index, API2. Late in the session a Richards Bay May panamax was given at a \$2/mt premium to API4.

There were no reported trades in the Atlantic physical market March 17, with prompt cargoes slightly better bid. Offscreen a May DES AR generic origin cargo was bid at \$56.75/mt while a similar-sized April Richards Bay cargo was bid at \$55/mt.

Atlantic market prices travelled northward March 18 as buying interest stepped up in Europe.

Two June DES Amsterdam-Rotterdam 50,000 mt generic origin cargoes traded at higher prices on the globalCOAL platform. The first went through at \$61.50/mt while the second was done at \$61/mt. Both trades involved northwest European utility-traders on the buy and sell side.

On an index-linked basis, two 150,000 mt consignments of DES AR generic coal for delivery throughout Q3-09 and Q4-09 traded at respective premiums of \$1.50/mt and \$1.40/mt to the CIF ARA index, API2. Both deals were executed through LCB.

Prices gain on paper rise

Buying and selling interest dampened March 19, with the market still unsure of future direction.

Bids for DES ARA cargoes were slightly stronger with sources saying the physical market had been supported by a northward \$3/mt move in the API2 coal derivatives market and sellers were not keen to sell while paper prices were stronger. There were no reported prompt index-setting trades.

On the globalCOAL trading platform, a 600,000 mt consignment of Richards Bay FOB material for delivery throughout 2010 traded at \$69/mt. A 900,000 mt 2010 batch had traded at \$66/mt March 10.

Buyers came out in force for Richards Bay FOB tonnage early March 20, with six panamaxes trading in the \$60-62.75/mt range, all on globalCOAL. Three May panamaxes traded at \$60/mt while a similar-sized June cargo went through at \$61/mt. Outside the index-setting 90-day window, a July panamax was done at \$62/mt and September traded at \$62.75/mt.

—Gareth Carpenter, London

Newcastle buyers show preference for off-screen, OTC deals

Tohoku Electric Power was still holding out for a settlement with its Australian thermal coal suppliers on March 20, after a week in which spot Newcastle coal prices continued to slide to around the mid-\$50s/mt FOB.

Monthly and Quarterly Averages for Platts 90-day Forward Benchmark Coal Price Assessments (\$/mt)

	Feb-09	Jan-09	Dec-08	Q4-08	Q3-08
CIF ARA (6,000 kcal/kg)	72.00	78.30	81.25	99.65	190.83
FOB Richards Bay (6,000 kcal/kg)	69.06	76.40	77.25	93.46	157.42
FOB Bolivar (6,300 kcal/kg)	69.38	77.10	77.69	94.37	158.69
FOB Bolivar (6,450 kcal/kg)	69.94	77.70	78.38	95.08	159.48
Poland Baltic (6,300 kcal/kg)	69.88	79.80	84.38	102.46	176.85
Russian Baltic (6,400 kcal/kg)	69.38	78.90	83.19	101.44	175.38
FOB Newcastle (6,300 kcal/kg)	75.38	79.40	78.65	94.12	162.46
FOB Gladstone (6,500 kcal/kg)	79.13	83.20	84.00	99.54	172.46
FOB Qinhuangdao (6,200 kcal/kg)	93.50	86.80	86.25	107.69	197.92
FOB Kalimantan (5,900 kcal/kg)	70.50	79.40	82.00	93.77	131.69
FOB Kalimantan (5,000 kcal/kg)	54.00	62.80	65.75	71.85	90.38
Russia Pacific (6,300 kcal/kg)	81.75	83.40	82.38	104.19	187.23
CIF Japan (basket price)	86.63	89.60	90.63	110.58	204.05
CIF Korea West (6,080 kcal/kg)	81.00	85.40	85.25	107.31	191.69

Platts Coal Industry Markers: Weekly CIM Inputs and Discards

	Input	Discard	CIM
CIF ARA			
Company 1	59.97		60.22
Company 2	60.80		
Company 3	61.18		
Company 4	60.50		
Company 5	59.00		
Company 6	59.00		
Company 7	59.00		
Company 8	61.25		
Company 9	61.25		
Richards Bay			
Company 1		56.98	59.05
Company 2	59.50		
Company 3	59.50		
Company 4	59.50		
Company 5	58.00		
Company 6	59.00		
Company 7	58.79		
Company 8	59.07		
Company 9		57.00	

Note: To protect confidentiality, company numbers are random and shuffled weekly and some companies contribute to both CIF ARA and FOB Richards Bay, so numbers can not be associated with any of the individual participants listed at the bottom of the table on page 1. The "input" is the market value assigned by each company at the close of business Fridays and the "Discards" represent those contributions determined to be too high or too low by Platts.

See full methodology at www.platts.com.

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Xstrata Coal executives were believed to have arranged talks with Tohoku's coal buyers this week. The utility was understood to be insisting on a lower settlement price of \$65/mt FOB Newcastle for its Japan financial year contracts that start April 1. "Only Tohoku insists on a lower settlement ie \$65/mt," said one market source.

Chubu Electric, another Japanese power utility settled its JFY09 term contracts with Australian suppliers Rio Tinto and Xstrata almost two weeks ago at prices ranging from \$69.95/mt-\$72/mt FOB Newcastle.

"Some are still struggling. Chubu is done or is almost there," said a second market participant. He went on to warn that if term contract prices were settled too low, it could lead to a tightening market that would force prices back up later.

But a third market participant said: "If the market keeps dropping like it has, utilities that settle later may be able to get a better deal."

Off-screen deals

A number of deals for spot Australian thermal coal were apparently concluded off-screen in the over-the-counter Newcastle market last week at prices in the mid-\$50s/mt FOB, according to market participants.

A 50,000 mt cargo for May delivery was said to have traded at \$55/mt FOB mid-week and other over-the-counter Newcastle deals were understood to have been transacted at similar levels. Some of this tonnage had been overhanging stock that sellers wanted to move in a way that would not depress the market. A few sources in the market suggested that some Newcastle market players might prefer Australian thermal coal index prices to stay above \$60/mt FOB until JFY09 term contract negotiations in Japan are completed.

There had been no on-screen deals for physical Newcastle contract coal on electronic trading platform globalCOAL by the end of Asian market trading on March 20 last week.

"We haven't seen much Newcastle coal trading on-screen, most buying has been off-screen for the past two to three weeks. The FOB Newcastle market is trading around the mid-\$50s/mt level," said the third market participant. "There is very little demand and we are likely to see prices at this level and lower," said a fourth market participant of the spot market. "Spot prices are coming down despite the odd rebound. We are not seeing any signs of strength in the market," said a fifth market participant.

There was only light buying and selling interest during late Asian trading hours on March 20. "Newcastle is very quiet, panamax are bid on screen at \$3/mt to \$6/mt below yesterday's market close," said the fifth market participant. At that time March 20, globalCOAL's FOB Newcastle contract was bid at \$53.50/mt for May delivery and at \$55/mt for June and there was only one on-screen offer for prompt cargoes in the next 90 days at \$68.50/mt.

The last on-screen Newcastle deal on globalCOAL was at \$61.50/mt for an April cargo on March 12.

—Mike Cooper, Perth

FINANCIAL COAL MARKET ROUND-UP

Swaps gain on energy market strength as 'bear run' may be over

European-delivered coal swaps gained last week as some strength across German power and other related energy markets and an upturn in benchmark oil futures lifted the market, leading players to exit positions to take advantage of further declines in coal prices amid higher physical coal bids.

At the end of trading March 19, Platts assessed the front-quarter API2 (CIF ARA) Q2-09 contract at \$59.50/mt, \$5/mt higher on the previous week, while Cal-10 API2 closed at \$74.60/mt, \$2.60/mt up week-on-week. API4 (Richards Bay FOB) Q2-09 was assessed at \$57.50/mt, \$3.50/mt higher, while API4 Cal-10 rose to \$67.30/mt, gaining \$2.65 on March 12 closing levels.

Sources said the downward move on the dollar, based on plans by the Federal Reserve to buy US treasuries, helped lift coal and oil prices as most commodities are traded in contracts denominated in the US currency which becomes cheaper for overseas buyers.

"Two of the reasons for the move up in coal are essentially the same; the dollar weakening and oil is firmer," a utility trader said March 19 after swaps made their biggest gains all week.

Another source said traders may have been adjusting their positions to cover shorts to take into account the recent decline in coal prices may have bottomed, and oil rising above \$50/barrel may have been just the trigger.

"People are using that [higher oil price] to buy, maybe thinking the bear run is over and adjusting positions," a utility trader said.

Other sources said the steep contango profile, where there was over \$25/mt difference in front-month and Cal-11 contracts for API2 at the start of last week, may be unsustainable. Despite larger increases for prices in the front of the curve last week narrowing the difference to \$22.50/mt on Platts' assessments for March 19, a further move to flatten the forward curve may be inevitable, implying added pressure on contracts for settlement in 2010 and 2011.

In early March 20 trading, API2 swaps values were heard up about \$1.50 across the curve on overnight levels. The API2 Cal-10 swap, traded at \$76.25/mt, \$1.65/mt higher on the previous day's close, while API4 values were heard also stronger by a similar degree based on implied levels, although no outright trades were heard done.

Market roundup

Swaps lost around \$1.50/mt in a choppy session March 16 as the derivatives market came under pressure from early falls in related commodity markets. Traders cited a 5% fall in the price of Brent crude oil futures in early trading as a key driver for softer coal swaps on the open.

"People were expecting a production cut from OPEC and it didn't happen so I suspect that affected sentiment," said a market source.

API2 contracts traded in a tight range, recovering from intraday lows on the back of support from higher UK gas prices and profit taking, said sources only to drift back down before close.

"I still think we're in a down trend," said a paper trader at a European utility. "It all depends on how much of the bearish news has been priced in. If it has we could go sideways for most of this year."

Strength in API2s coming from API4 buying

One trader said that in his opinion, "a lot of the strength in the API2s right now is coming from buying in the API4s. There are Indian buyers for Richards Bay coal in the pre-monsoon period and China is replenishing its stockpiles."

He added that he did not foresee any significant increase in European steam coal demand throughout the remainder of 2009.

The API2 Cal-10 contract opened \$1.30 lower at \$70.50/mt and pushed up to an intraday high of \$71.25/mt. It then went through at \$71/mt before falling back down to \$70.50/mt, down \$1.30/mt on day.

Swaps were range-bound in March 17 trading, ending the day up around \$0.75/mt. Sources said intraday price fluctuations were influenced by general energy complex movements.

"The range for the Cal-10 seems to have changed from \$72-75/mt to \$70-72/mt," said a UK utility trader.

The API2 Cal-10 opened flat to the previous day's close at \$70.50/mt and dipped to a daily low of \$70.25/mt before retracing up to a high of \$71.50/mt before being offered on.

Swaps see front-end lift on physical support

Swaps saw an active session March 18 with values seesawing amid the publication of US oil statistics while front-end contracts gained on higher physical trades.

European delivered API2 (CIF ARA) swaps for April settlement made gains of about \$1.50/mt while further out the day-on-day increases were only about \$0.50/mt to \$0.25/mt at best. Implied freight levels with API4 (Richards Bay FOB) swaps were more or less flat, though April widened to as much as \$1/mt from \$0.65/mt Tuesday.

A financial commodity trader said the front got lifted on the back of June DES physical cargoes trading at \$61.50/mt and \$61/mt, much higher than paper values, with the trades eligible to go towards the index on which the derivatives settle. The back was "pretty flat" as participants viewed the current contango structure as excessive and needing to flatten and "the fundamentals are still bearish," the source added.

Coal opened firmer and was then sold off as US oil statistics showed another large inventory build before rising back to close near overnight levels, sources said. While coal wasn't exactly tracking oil "it was looking at its direction," a utility-trader source said.

The API2 Cal-10 contract was heard trading early on at \$72/mt, up \$0.75/mt on overnight levels, and then dropping to \$71/mt after the release of US oil stockpile

data, before recovering to trade at \$71.70/mt. API2 Q2-09 went through as high as \$56.5/mt, \$1/mt up on the previous close, and then sold down to the \$56/mt level. API2 April-09 went through at a high of \$55.25/mt, \$1.50/mt up, and was last heard trading at \$55/mt, \$1.25/mt firmer on Tuesday.

Swaps boost higher in active session on oil, dollar support

Swaps shot up about \$3/mt across the curve March 19 as higher oil futures amid an overnight decline in the dollar, stronger power prices and rampant volumes on year-ahead contracts.

European-delivered API2 (CIF ARA) swaps and API4 (Richards Bay FOB) swaps saw similar large gains across the quarterly and 2010 year-ahead contracts, sources said.

The dollar's downward move after plans by the Federal Reserve to buy US treasuries made commodities cheaper in other currencies, helping push up oil futures to over \$50/barrel. A large trading house was also heard active hedging physical positions in the paper market, purchasing Cal-10 swaps, a source said.

"There's huge volumes in the Cal-10 today," a utility trader said, adding the numbers going through were probably the most ever for the individual contract.

The API2 Cal-10 contract hit an intraday high of \$75/mt, up \$3.50/mt on overnight levels in steady succession of trades starting at the \$72.50/mt level. API2 Q2-09 went through as high as \$60.25/mt, \$4.25/mt higher on the previous close, before been heard a touch softer at \$59.25/mt, \$3.25/mt up on Wednesday.

—Hector Forster, London

STEAM COAL

Indonesian producers under pressure to lower FOB prices

Coal producers are under pressure to markedly lower their FOB prices as buyers increasingly show preference for high heating value coal from Australia and South Africa on current low bulk freight rates, an Asian buyer told Platts.

North Asian thermal coal buyers have recently been awarding more spot coal contracts for Australian coal while buyers from west India have shown a preference for South African coal to the detriment of Indonesian coal producers, the Asian coal buyer said.

He said Indonesian coal with relatively high calorific value of 5,900 kcal/kg GAR or above can still fetch spot prices on par with Newcastle spot prices, with the heating value equalized at the typical Australian coal heating value of 6,300 kcal/kg GAR.

The Asian buyer said buyers should obtain at least a \$5/mt FOB discount for spot Indonesian cargo with a heating value of 5,500 kcal/kg GAR or less.

—Cecilia Quiambao, Manila

Indonesia orders temporary halt for Banyan unit on concession dispute

The Indonesian government has ordered PT Teguh Sinar Abadi, a subsidiary of Indonesian coal company PT Bayan Resources, to halt operations temporarily as the company failed to comply with agreements, a senior government official said March 20.

"It's a temporarily stop. We have ordered PT Teguh Sinar Abadi to stop their operations, as they have been operating outside the concession which we had approved previously," said MS Marpaung, the environment director at the directorate general of minerals, coal and geothermal.

The stoppage was ordered pending the approval of a revised feasibility study in relation to the block. Bayan said that the study is currently being finalized.

"TSA has accordingly complied with the directive and have, in the meanwhile, moved its operations to other blocks within the same concession that have previously received government approval," Bayan said.

The government will allow Teguh Sinar Abadi to resume operations once the company proposes a feasibility study to explore a new block, Marpaung said.

Separately, Bayan's corporate secretary Jenny Quantero said that the company had stopped its operations in one block, but work in other blocks were continuing.

"It will not affect our production," she said. Bayan targets to increase its production by 56% to 9.5 million mt of coal this year and says it was the eighth-largest coal producing group in Indonesia by volume in 2007, with integrated coal mining, processing and logistics operations.

—Anita Nugraha, Jakarta, and Cecilia Quiambao, Manila

Korean utilities eye \$60/mt for 2009 contracts, lower than Chubu price

South Korea's thermal power utilities are demanding a 2009 Australian steam coal contract price close to \$60/mt FOB as they prepare for protracted talks with their term contract shippers, a Korean genco source told Platts.

Australian coal suppliers have started 2009 price negotiations in Korea, for term contracts normally starting in January, but have so far not shipped cargoes under those contracts because no price agreement has been finalized, the genco source said.

Most Australian term contracts in Korea are on a calendar year basis, he said.

Industry sources said most Australian suppliers are not willing to ship term contract cargoes on a provisional price basis. In the meantime, Korean utilities have been more active in the spot market.

The genco source said most Korean utilities are expecting a 2009 contract considerably lower than the initial fiscal 2009 contract price settlements in Japan.

Sources in Japan said on March 16 that Chubu settled FY 2009 contract prices with major Australian steam coal suppliers Xstrata and Rio Tinto at a range of "slightly under \$70" to \$72/mt FOB.

However, several other Japanese power utilities told Platts they will negotiate for FY 2009 term contract prices lower than the price settled with Chubu.

The Korean gencos settled 2008 Australian term contract prices ahead of Japan, having negotiated prices as early as September 2007. They obtained 2008 prices of \$65 to \$68/mt FOB. Japan finalized FY 2008 Australian thermal contract prices at \$125/mt FOB.

Korea flexible on spec

The Korean source noted that Japanese power utilities usually procure coal with an ash content of 12% or better, but the Koreans are "more flexible" in regard to their required coal specifications and can accept coal with an ash content of 17% or even up to 20% maximum.

"I believe the Korean gencos want a price the same as the spot price or just slightly higher," the Korean genco source said.

In recent tenders, several Korean gencos finalized spot deals for Australian coal at between \$60/mt to \$63/mt FOB, the genco source said.

This genco source said his company received spot offers for Australian coal at price below \$60/mt FOB, although such cargoes were a blend of thermal, semi-soft and PCI coal.

He said his company's policy is to finalize 2009 contract price negotiations with its suppliers if feasible, although they are prepared for protracted talks if the price gap could not immediately be narrowed.

"If this is the case, we have to resort to buying more coal from the spot market. But of course, we want to first negotiate contract prices with our term contract suppliers," the genco source said.

The gencos are also believed to be conducting negotiations with their term contract suppliers from Indonesia, he added.

—Cecilia Quiambao, Manila

Tohoku to hold thermal talks with Aussie suppliers

Japan's Tohoku Electric is expected to hold fiscal 2009 contract price talks with its major Australian thermal coal suppliers this week, and is widely expected to demand a price lower than those obtained by Chubu Electric, a Japanese coal buyer said.

The possibility of being able to obtain an FY 2009 contract price lower than Chubu's settled price is increasingly becoming feasible as spot Newcastle spot prices dropped to the \$55/mt FOB level, the Japanese source said.

Sources in Japan said March 16 that Chubu settled FY 2009 contract prices with major Australian steam coal

suppliers Xstrata and Rio Tinto at a range of 'slightly under \$70' to \$72/mt FOB.

The Japanese coal buyer said he is unsure how many Japanese utilities already settled their FY 2009 contracts at the Chubu price settlement levels, noting though that several more utilities are holding out for lower prices.

"Most JPUs want a price below \$70," the Japanese coal buyer said, without specifying his company's exact price expectation. "We are hoping that Tohoku can make a deal below \$70," he added.

A Tohoku source contacted by Platts March 16 refused to make any statement about his company's "coal procurement business."

Industry sources noted it would not be the first time for Chubu to make the first settlement for steam coal contract prices, only to be subsequently trumped by other utilities which settled later.

'Less pressure to follow Chubu this year'

Chubu settled a "reference price" of \$31.85/mt FOB in FY 2002, while Tohoku subsequently obtained an "actual price" of \$28.75/mt FOB for the same fiscal year.

In negotiations for annual contracts commencing delivery October 2008, the first price settlements between Xstrata and Tokyo Electric were at about \$155/mt FOB, the first Japanese coal buyer said. Other JPUs settled so-called October 2008 to September 2009 at lower levels of \$135/mt FOB to \$140/mt FOB, he added.

A second Japanese coal buyer said he believes only Chubu has so far settled FY 2009 contract prices at the levels already reported, adding that other Japanese utilities are still negotiating for lower prices.

"There is less pressure this year for Japanese utilities to follow the Chubu settlement because the market is very weak," the first Japanese source said.

FY 2008 Australian contract prices in Japan were settled at a uniform \$125/mt FOB.

The first Japanese source noted that Newcastle spot prices even softened slightly last week even after news already leaked out that Chubu settled FY 2009 contract prices at \$10 or so higher than spot prices which prevailed last week.

"I don't believe that all Japanese utilities already shook hands with their Australian suppliers," the first Japanese source said.

This source said the ideal price for his company is "in the high \$60s" or as low as \$67/mt FOB.

However, this first Japanese source said a few other utilities have already followed the Chubu settlement, but negotiations are still ongoing, mostly by email, between the JPU holdouts and their Australian suppliers.

'Delayed talks may see lower prices'

The second Japanese source who said he believes only Chubu has so far settled FY 2009 contract prices with their Australian suppliers noted that Japanese coal buyers will have to accept Chubu's settled prices if the other utilities start to settle at the same levels.

Platts could not independently confirm if other JPUs already settled with Xstrata and/or Rio Tinto.

When asked about the possibility of obtaining FY 2009 prices lower than the Chubu settlements, both Japanese coal buyers said this will be difficult to achieve if the settlement is done in the two weeks running up to FY 2009 which begins on April 1, 2009. A third Japanese coal buyer interviewed by Platts on March 18 concurred.

They said that delaying negotiations may mean lower FY 2009 prices, but added that they are also aware that doing this may be risky because of the possibility of a rebound in coal prices.

However, the second Japanese source said he believes that weak coal market prices will "continue for at least three to six months."

The first Japanese source said his company will try to negotiate for lower prices, but they have as yet not made a firm decision on whether to prolong negotiations past April 1.

The second Japanese source said his company wants to settle FY 2009 contract prices before April 1, although he described a \$70 contract price settlement as "a bit high."

Both Japanese coal buyers are hesitant in stating whether they will settle before the new fiscal year begins or whether they will wait for Newcastle prices to drop further before finalizing FY 2009 prices for their Australian steam coal contracts.

—Cecilia Quiambao, Manila

Slowing demand in Europe, US freeing up spot Colombian: sources

Slackening coal demand in Europe and the US is freeing up tonnage available for spot FOB sale from Colombian producers, according to market sources.

One source said that with the notable exception of US producer Drummond, which pre-sold a substantial amount of its output before European prices plunged to their current sub-\$60/mt three-year lows, Colombian producers "have a lot of coal to sell for the remainder of this year."

Another European trading source said that "offers of Colombian coal have become more noticeable recently" while a third source said that major producers Cerrejon and Glencore had been "selling aggressively."

Sources said that traders who buy Colombian coal on an FOB basis at Colombian ports and then ship it into Europe to sell it on a DES ARA basis were particularly feeling the strain due to a narrowing of the virtual implied freight.

One source valued Colombian coal in the low- to mid-\$50s/mt FOB while shipbrokers Simpson Spence & Young assessed Bolivar-Rotterdam capesize route at \$9.70/mt and panamax route at \$14.90/mt March 13. Meanwhile prompt DES ARA cargoes traded in the \$61-61.50/mt range last week.

"To make it work these traders need very cheap freight, even cheaper than it is at the moment," said a European utility-trader.

The third source said that smaller Colombian producers were suffering due to crippling costs of transporting their coal to the loading ports, as many had to rely on trucks rather than rail.

A European coal buyer said Colombian suppliers are "keen to peg the price of their coals to API4 when selling on an FOB basis", but he argued that despite some Colombian branded coals being lower in sulfur and higher in calorific value to South African material, Colombian suppliers "have to accept lower prices than the South Africans."

He said that while South Africa was an important swing supplier and its FOB market was affected by seasonal Indian buying, the Colombian FOB market does not have such a dynamic.

"The US buys Colombian coal in quantity but it doesn't provide such a sudden push to the market in the way that Indian buying does to Richards Bay," he said.

—Gareth Carpenter, London

China's coal imports in February jumped 73% year-on-year

China imported 4.88 million mt of coal in February, 63.2% higher than imports in January and up 73% year-on-year, according to preliminary customs statistics.

China exported 1.44 million mt of coal in February, down from overseas shipments of 3.66 million mt in January. As such, China was a net coal importer by 3.44 million mt in February and by 2.76 million mt in the first two months of 2009.

The relatively lower prices of overseas coal have encouraged Chinese coal consumers to increase coal imports, according to a Beijing-based analyst.

In January, 55 coke makers in Shandong Province signed supply agreements with Switzerland's Glencore International and International Metallurgical Resources for 20 million mt of quality coking coal.

In February, several thermal coal-consuming companies in Guangdong Province signed their first batch of coal supply contracts with Vietnam Coal Corp. (Vinacol) for over 7 million mt of 5,200-5,500 kcal/kg steam coal at prices of \$38-40/mt.

—Reggie Le, Huaihua, Hunan Province

Chile January imports down 51% to 225,286 mt

Chile imported 225,286 mt of steam coal in January, down 51% from 462,302 mt in the same month last year, according to the country's customs service.

The value of imports fell 36% to \$28.354 million.

Almost four-fifths of the coal came from Colombia with the US accounting for the rest. Coal's participation in Chile's power markets has risen over the last two years to replace diminished supplies of natural gas from

neighboring Argentina and limited hydropower availability following low rainfalls in 2007-2008.

As a result, Chile's coal imports rose 40% to 5.187 million mt last year.

However, the use of the fuel has slipped back recently as reservoir levels have recovered. Coal-fired power plants generated 503 GWh of electricity in February, down 9% from a year ago, consultants Systep said in a recent report.

—Tom Azzopardi, Santiago

Indian end users scouting for spot Richards Bay coal

Trading companies have been heard making enquiries on the spot market for attractively-priced Richards Bay steam coal on behalf of Indian end users including cement companies.

"There has been some interest in April and May spot cargoes. Traders have been getting business from end users in India such as cement producers," said a coal market source with customers in India.

Also in the spot market is India's National Aluminium Company Ltd which issued a tender March 16 seeking 150,000 mt of imported non-coking coal for its 960-MW captive power plant. The plant supplies Nalco's 3.4 million mt/year aluminum smelter at Angul in Orissa state in eastern India. The tender closes to offers on April 2. It was thought likely by trading sources that the tender would be filled by Indonesian coal due to its proximity to Orissa.

Indian coal buyers are thought to have been encouraged to enter the spot Richards Bay market by lower prices and good availability compared with Indonesian steam coal. "People are talking of Richards Bay in the range of \$58/mt FOB. There are not many offers from Indonesia and they are not attractively priced," stated the market source.

He indicated that higher grade 6,000 kcal/kg GAR Indonesian coal was priced at between \$68/mt-\$70/mt FOB. "Prices are not coming down," he said.

Indian coal buyers may also have been enticed into the spot Richards Bay market by the gently rising contango in the paper market which slopes up from the mid-\$50s/mt in Q2-09 to mid-\$60s/mt in Q1-10. "People have been watching the paper market closely," the market source added.

A large Indian coal customer, state-owned company Minerals and Metals Trading Corp. (MMTC) has no immediate plans to enter the spot market, said a senior source at the company. MMTC has previously bought Indonesian and South African steam coal for end users in India including power stations. It filled a tender for 5 million mt last year.

Spot buying by Indian coal consumers traditionally tails off the closer it gets to the start of the monsoon season in May.

—Mike Cooper, Perth

Napocor tender for Naga fails

A March 18 tender for locally-produced coal for the Naga power station called by Philippines' state-run National Power Corp. failed, industry sources said.

Only state-owned Philippine National Oil Co – Exploration Corp. submitted an offer in the tender for 100,000 mt of coal.

PNOC-EC is expected to submit a motion to Napocor for the utility to reconsider opening its price bid, one source said.

Napocor did not open PNOC-EC's price bid because of "typographical errors" on its bank certification required to participate in the tender.

Napocor has sought coal with the following specifications: 3,889 to 6,000 kcal/kg GAD, total moisture of 24% as received maximum, total sulfur of 1% air dried basis maximum and ash content of 18% air dried basis maximum.

It set a delivered price ceiling of price of 3,537 pesos/mt (\$73/mt) for this Naga tender.

—Cecilia Quiambao, Manila

Shenhua February exports off 25%

China's Shenhua exported 1.2 million mt of coal in February 2009, down 25% compared to the same month last year.

Total coal sales in February for both the domestic and export markets stood at 15 million mt, a 20.6% reduction year-on-year.

Total commercial coal output in February increased year-on-year 1.4% to 15 million mt.

Shenhua said the volume of coal transported in February by self-owned railways totaled 10.5 million mt, up 1% on-year.

Coal transported by sea vessels totaled 11.4 million mt in February, of which 6 million mt was handled at its fully-owned Huanghua port and 2.6 million mt at the Shenhua Tianjin coal dock.

—Cecilia Quiambao, Manila

AES takes Colombian, Russian tonnage in tender: sources

Global power developer AES is understood to have awarded tonnage in its recent international coal tender to supply its power stations in Central and South America, and Asia.

AES was seeking 1.5 million mt for delivery in 2009, 1.5 million mt for 2010 and 1 million mt for 2011 on an FOB basis.

One source said that Russia's largest coal producer SUEK had been awarded "significant" tonnage in the tender, but could not provide any more details on volume or price. The source added that Coal Marketing Co., which markets Colombian producer Cerrejon's coal, had also

been awarded a contract in the AES tender.

One Swiss-based trading house said it had been awarded part of the tender, supplying Colombian coal to AES's power plants in South America. A source at the company said it would sell 200,000 mt for delivery in 2009 at a fixed price "at a small premium to API4 levels" and 400,000 mt for delivery in 2010 on a floating price basis. No further price details were disclosed.

On March 16, the mean average of Platts assessed midpoints for the API4 forward curve for Q2, Q3 and Q4 was \$55/mt.

One market source said that AES had taken the opportunity to close business for Colombian tonnage with some major bidders at a recent industry conference in Cartagena.

—Gareth Carpenter, London

Indika says Kideco will produce 24 million mt this year

Indonesia's Kideco Jaya Agung is expected to produce 24 million mt of coal this year, of which 80% will be sold on a term contract basis and the rest in the spot market, its 46% shareholder Indika Energy said.

In a statement posted on its website, Indika said Kideco has declared a dividends payment of \$210 million as decided in an annual shareholders meeting in Jakarta on March 16.

The approved dividends represent 91.5% of Kideco's 2008 net profit, Indika said. Kideco's 2008 net revenue stood at \$1.08 billion, Indika said.

Indika said that as a 46% shareholder of Kideco it will receive \$96.6 million in dividends, which will be paid this month and in June.

"This additional cash will definitely continue to strengthen our cash position," Indika president director Arsjad Rasjid said. "We are very pleased with Kideco's better-than-expected performance" in 2008, he said.

Indika said Kideco's 2008 sales volume totaled 21.7 million mt with an average selling price of \$49.9/mt, up 46.3% from the average in 2007.

Kideco's 2008 production totaled 22 million mt, up from 20.5 million mt in 2007, Indika said.

—Cecilia Quiambao, Manila

Current prices still high by historic standards: Hongkong Electric

Hongkong Electric said it suffered from high coal costs in 2008 as it noted that prices have moderated this year but remain high by historic standards.

"High coal prices continued to put pressure on fuel costs in 2008. Coal costs moderated somewhat toward the end of 2008 and into 2009 though they still remain high by historic standards," the utility said in a statement submitted March 17 to the Hong Kong bourse.

The last physical Newcastle trade at the globalCOAL Internet portal was done at \$61.50/mt FOB March 12, involving 40,000 mt.

It said it mitigated high coal costs in 2008 by importing “a variety of coal during the year.”

Hongkong Electric said it implemented an emission reduction program at its Lamma power station.

It said construction work “is progressing on schedule” for a flue gas desulfurization plant at Lamma.

Hongkong Electric also said that it is conducting “low nitrogen oxide system retrofit works” for units 4 and 5 of the Lamma station.

Engineering design has been “substantially completed” and construction work commenced for the FGD retrofit work for unit 2.

“By the end of 2010, it is expected that over 95% of the electricity generated at the Lamma Power Station will be generated by gas and by coal-fired units fitted with FGDs and low nitrogen oxide burners resulting in lower emission levels,” Hongkong Electric said.

—Cecilia Quiambao, Manila

Weakening rupee may hit India's imports, power projects

At a time when it looks like India is to experience a surge in coal imports, a hefty and continuing depreciation in the value of its currency, the Indian Rupee, coming on top of the global economic slowdown, might yet see this policy reviewed.

A 33% depreciation in the rupee value in the last nine months has made the import of power equipment more expensive. This has had a major impact in power projects, with cost estimates spiralling meaning delayed orders and project implementation.

The Indian government has discussed ramping up domestic power equipment manufacturing capacity to cut down dependence on imports. However, the timescale is a stumbling block with capacity not expected to increase until 2012 at best.

The additional capacity will be created primarily at the government company, Bharat Heavy Electricals Ltd (BHEL). It has lined up an impressive list of foreign technical collaborators, with particular emphasis on developing super critical boiler manufacturing facilities.

The Power Ministry and the Coal Ministry have taken a decision that, wherever possible, the additional capacity will use the super critical boiler technology as it lowers coal demand and keeps generation cost down.

However, there has been teething problems with this technology – the 1980 (3x660) MW Sipat plant is running the technology but its operation has still not quite ‘stabilised’, a Power Ministry source said.

To add to these difficulties, the Chhattisgarh Environment Conservation Board decided in February to force Coal India Ltd to close two mines on pollution grounds. Sipat was a major consumer of that coal.

Meanwhile, the pressure to increase imports is expected to weaken with several projects running well behind schedule. A senior Tata Group official has been quoted as saying that Tata group will divest a part of their shareholding in the Mundra UMPP. If that happens, the project, which would take 15-20 million mt of imported coal a year, will go back to the drawing board.

—Jayanta Sarkar, New Delhi

NTPC eyes expansion in Kazakhstan

India's largest power generation company, NTPC Ltd, plans to set up a power plant in Kazakhstan and also seek facilities to own a coal mine there and import coal. This forms part of a package discussed at a high-level ministerial meeting earlier this month in Astana.

An NTPC official told Platts that one of the proposals discussed was the renovation of a 200 MW unit at an existing 1,320 MW utility. Extending the area of cooperation to other and newer power projects was also discussed, he said. This would include the possibility of involvement in helping to develop Kazakhstan's coal reserves, estimated at around 35 billion mt and also import it at market prices that would prove mutually beneficial, the sources explained.

NTPC is in the middle of an expansion move and is looking for coal imports to supplement what it can raise domestically. In the current year it has set its sight at importing around 8 million mt. This import requirement is expected to rise to 15 million mt in the short term.

NTPC has already had experience of working in power projects in Nigeria, Yemen and Sri Lanka.

—Jayanta Sarkar, New Delhi

Ratchaburi signs MoU on 270 MW Indonesia project

Thailand's Ratchaburi Electricity Generating Holding Public Co. Ltd. has said it signed a memorandum of understanding with PT Truba Alam Manunggal Engineering Tbk to study investment in a 270 MW coal-fired power plant project in Kuala Tanjung, Indonesia.

The 270 MW plant is expected to cost about \$274.3 million.

A long-term power purchase agreement with Indonesian state utility PT PLN has been awarded in relation to the project whose commercial operation date was scheduled for 2010.

Ratchaburi said it entered into the MOU with the objective of conducting due diligence prior to making a decision in the investment.

Ratchaburi will put in an equity investment of up to 40% if it finds the project feasible.

—Cecilia Quiambao, Manila

Israeli minister calls for coal use in power to drop below 50%

Israel's outgoing National Infrastructure Minister Benjamin Ben-Eliezer says that Israel should aim to reduce coal use in electricity to lower than the current 50% target for 2020.

Speaking at an energy conference in Jerusalem March 16, the minister said that he hoped future governments would be able to reduce coal's share of power generation by source to 40% of the total and at the same time raise the use of natural gas to 50%.

The current targeted composition of power generation by fuel type for 2020 is 50% coal, 40% natural gas and 10% renewable energies. The minister said that the recent discovery of large gas reserves off of Israel's northern Mediterranean coast could help contribute to a further reduction of coal use.

Speaking at the same conference, Israel Electric Corp. CEO Amos Lasker said that the only way that the company could eliminate the need for building two new coal power plants is by building additional gas plants as well as a nuclear power plant.

Last June, Israel's National Planning Council gave its final approval for the construction of a fifth coal power plant. The country's leading environmental groups and the city of Ashkelon are still appealing the decision.

The commission gave the green light for the 1,300 MW power plant which will be located at Zikim, to the south of Ashkelon and alongside two existing coal power plants. According to the plan approved, the power plant will begin operations by 2015 at the latest.

—Neal Sandler, Jerusalem

COKING COAL/COKE/STEEL

2009 coking coal as high as \$129/mt in Japan (continued from page one)

has traditionally been considered the benchmark grade for Japanese price settlements and \$129/mt was agreed for its Peak Downs premium hard coking coal. Prices for other grades of coking coal in the settlement cascaded down to as low as \$115/mt for Gregory product.

A source at Nippon Steel in the US said March 19 he hadn't heard of any settlement with BMA or other suppliers for 2009 fiscal year coking coal and no such information had yet been released by its Tokyo headquarters. BHP Billiton's Australia-based spokesman Peter Ogden said the company declined to comment on the price negotiations.

"Goonyella has traditionally been considered the benchmark specification, so \$128/mt is the benchmark figure. There is so much power on the buying side that

they can differentiate between different grades," said Andrew Harrington, coal market analyst at Sydney-based stockbroker Patersons Securities.

57% price drop softened by carry-over and currency

Analysts said the apparent \$128/mt FOB benchmark settlement was a good deal for Australian coal producers in the context of a forecast 19% drop in Japan's steel output to 98 million mt this year.

BHP's Australian share price at one stage rallied 5% on March 20 despite the settlement price being about 57% lower than last year's benchmark hard coking coal price of \$300/mt. Market sources said a softer Australian dollar and generous carry-over terms would cushion Australian producers against the effect of the 57% price drop.

Harrington at Patersons stressed that while the settlement price of \$128/mt was a "dramatic fall" in US dollar terms "the Australian currency is so soft that it cushions the effect."

A coking coal market source agreed that the \$128/mt price for Goonyella product was "definitely a benchmark" adding, "Other producers such as Peabody and Xstrata will all go for this." But he went on to state that, "this kind of price is unrealistic in today's environment," given that steel mills in Europe have cut back their production by up to 40%.

Carry-over

Nippon Steel and other Japanese steel mills are understood to have agreed to carry-over all of their undelivered tonnage from the current contract year into the new contract year starting April 1, at last year's average prices of \$300/mt. According to one market source, some Japanese steel mills will carry-over 25% of their current contract year tonnage to next year, and others up to 30%. However, a second market source said he thought the amount of carry-over tonnage was nearer to 10-15%. BMA is believed to have given its steel mill customers up to 2 years to accept any outstanding tonnage.

Lachlan Shaw, coal market analyst at Commonwealth Securities in Australia, said the price settlement was "a reasonable outcome, given that the carry-over tons are going to be completed and it's a higher settlement than the 2007 JFY hard coking coal price of \$98/mt." Shaw said that the 2009 JFY price settlement could lead to some higher cost producers outside Australia being "blown out of the market." But said that the settlement price was good enough for lower cost producers in Queensland to "enjoy robust margins, not as big as 2008 but, higher than 2007."

Australian dollar price

There was some debate on the exact compensatory effect the weaker Australian dollar has had on US dollar based coking coal prices. At current exchange rates a settlement price of \$128/mt FOB is equal to A\$186/mt based on an exchange rate of A\$1.452 to the US currency.

Last year, when hard coking coal prices were struck at an average of \$300/mt, the Australian and US dollars were trading close to parity, giving an Australian dollar equivalent price of about A\$296/mt, according to an analyst.

"It is an excellent deal for Australian coal producers, particularly those that haven't got [currency] hedging. It is the second highest price on record in US dollar terms," said Glyn Lawcock, head of Australian mining and energy research at UBS bank in Australia. BHP and Rio Tinto are understood not to hedge their currency risk partly because to do so would be a very complicated task.

Lawcock said it would be advisable for smaller Australian coal producers to take advantage of a falling US dollar to Australian dollar exchange rate and lock in favorable currency rates. "Junior coal miners will be happy [with the settlement]. They were facing a double whammy of falling coal prices and a falling dollar," he said.

"Australian producers have done a pretty good deal when spot markets have been falling," said Australia and New Zealand Bank's head of commodity research, Mark Pervan.

He said the "big unknown" in the deal was the amount of volume contracted and whether this would be lower than the last contract year and also what would happen to last year's carry-over tonnage.

"I suspect this could surprise on the downside, with Japan's steel output on its knees in January – down 38% year-on-year. In fact, we forecast Japan's steel output to fall 19% in 2009 [to 98 million mt], which will reduce coking coal demand by 12 million mt to 52 million mt, most of which comes from Australia and BMA," stated Pervan in a March 20 research note.

Pervan suggested that semi-soft prices could settle between \$80-\$90/mt, taking Korean steelmaker Posco's \$90/mt settlement for PCI with Macarthur Coal as a guide. "JSMs don't have quite the same carry-over issues as Posco and use a higher quality of coking coal for their mills," he said.

—Mike Cooper, Perth and Hector Forster, London

BMA agrees two-year carry-over deal at 2008 prices with JSMs: sources

BHP Billiton-Mitsubishi Alliance is understood to have agreed to allow its Japanese steel mill customers between 1 to 2 years to carry-over tonnage from 2008 Japan financial year contracts after striking a similar deal with its Indian customers, market sources said.

"They have agreed to a time of 1 to 2 years for the performance of that contract in line with an agreement with SAIL," said one market source. BMA is said to have negotiated a deal with India's largest steel producer, Steel Authority of India Ltd, that allows it to accept any coking coal tonnage left over from the current contract year in the next and following contract years. It is understood pricing on the carry-over tonnages will be at FY 2008 benchmark levels of \$300/mt.

"BMA is not averse to this. As long as a contract is performed, they are fine," the source said. He suggested that coking coal customers could accept more carry-over tonnage as the steel market recovered.

"In India it would not surprise me given their contracts run to June," commented a second market source. But, he was skeptical that such a deal had been done for Japanese customers. "I would have thought mills would be in a reasonably difficult situation, it may come down to individual mills' preferences," he said.

The second market source was also skeptical of market rumors that some Japanese coking coal customers are still to take delivery of as much as 25% or even 30% of their JFY08 coking coal contract tonnage. "It depends on the brand, but 30% surprises me," said the source who believed the amount of carry-over tonnage in Japan was nearer to 15% to 20%.

"BMA has pushed very hard for 100% performance of its contracts. It is up to the customer how to structure their JFY 2009 contracts. If a customer has some left over tonnage they have to take it, even if it is over a longer time," said a third market source.

BHP Billiton, which operates the BMA coking coal joint venture in Queensland with Mitsubishi Corp. of Japan, declined to comment on the detail of its coking coal contracts.

—Mike Cooper, Perth

CSN in 'secret' tender for 130,000 mt of coke, may just seek info: source

Brazilian steel maker Companhia Siderurgica Nacional is understood to have tapped suppliers in a "secret tender" for offers to supply up to 130,000 mt of 12% ash coke in three vessels, a source familiar with the market said.

Rio de Janeiro-based CSN is seeking offers by March 23 from suppliers it contacted confidentially by phone but may use those prices to gauge whether it is cheaper to buy coking coal and make its own coke, or even procure coke domestically, the source told Platts.

"They are checking everything, now may be better to buy coal instead," the trader said. Usiminas's Cosipa unit at Cubatão, near Sao Paulo, currently has a 500,000 mt stockpile of coke and they may be able to use railcars or 25 metric tons trucks to move the material to CSN's Rio base, he added.

CSN has also been reported to consider buying coke from Bulgaria's Kremikovtzi integrated steel works as well as taking over the bankrupt company. One report said CSN may finance the purchase and shipping of coking coal to Kremikovtzi and then get it processed into coke, paying only the differential between procurement costs and market price for coke.

Platts made repeated attempts to contact CSN's press department but a spokeswoman declined to answer calls or respond to an e-mail seeking comment on the Bulgarian report.

Bulgaria, ex-works export prices

"Coke in Bulgaria can be a solution, they may also look at Ukraine, Russia" as well as check ex-works coke prices for exports from China and India, the source said.

Chinese first-grade coke for export as of March 17 was heard offered at around \$440-450/mt FOB, but almost no deals were said to have been done. In the first two months of 2009, China exported around 10,000 mt of coke, down 93.9% year-on-year.

Brazilian mills are understood to be procuring some small cargoes of coking coals from US suppliers such as Alpha Natural Resources, Massey Energy and Jim Walter Resources, who have been supplying them on a "50% discount" to benchmark 2008 term price levels through similar "secret tenders." While panamax shipments of up to 75,000 mt were usual, now they are chartering smaller handymax vessels, the source said, who is currently involved in a 25,000 mt shipment to Brazil of low-vol Colombian coking coal from Barranquilla and a larger cargo from Baltimore to clients.

Steel activity in Latin America's biggest economy had been worse than anticipated, leading mills to cancel some coking coal shipments for delivery in April and May, the source said.

—Hector Forster, London

JSMs expected to settle low-vol PCI prices at levels set by POSCO

Japanese steel mills are this week expected to settle fiscal 2009 contracts for Australian low-volatile PCI material at \$90/mt FOB – the price which South Korean steelmaker POSCO settled at in early March, a Japanese source told Platts.

"There will be no surprises in the low-volatile PCI negotiations," the Japanese source said.

POSCO settled the first ever 2009 low-volatile PCI coal term contract price, finalizing deals with several Australian suppliers at \$90/mt FOB, sources in Japan previously said.

These low-vol PCI suppliers also agreed to cancel POSCO's outstanding 2008 tonnages, which have been priced at an average \$240-\$245/mt FOB, and which were supposed to be carried over starting April this year, sources in Japan said.

From April 2009, POSCO will not load any low-vol PCI cargo priced at 2008 prices, a source in Japan previously said.

—Cecilia Quiambao, Manila

Met coal likely to go down, then bounce back; US miners

Metallurgical coal prices are down to an expected \$120/metric ton for the coming coal year, but by the end of the current economic downturn, when the steel market

"finds its legs again," the price may return to something like in 2008, when met coal prices were around \$300/mt, industry executives predicted Thursday.

Kevin Crutchfield, president of Alpha Natural Resources, said that right now, freight rates and the currency exchange rate, are keeping prices unsure. The industry is facing a "potentially arduous looking 2009" as both thermal and met coals face pricing declines and inventory builds, he said at Platts Coal Properties and Investments Conference in Palm Springs Gardens, Florida.

Michael Sutherland, president and CEO of Joy Global, said he expected the \$120/mt to be the benchmark price for 2009, while he expected thermal coal benchmark to be \$70/mt globally.

To help keep the market in balance, he predicted production reductions of about 15 million mt of met coal in 2009, along with another 34 million mt of cuts for thermal coal.

In the long term, met coal will be in short supply, said Kevin McQuilkin, managing director and head of metals and mining – Americas for Deutsche Bank Securities. For the steel industry, the first step is fixing its own business. Then the industry will move back into the met coal market. There is not a lot of the coal around, and when they have capital, miners like met coal, he said.

—Charlotte Wright, Palm Springs

Shanxi Coking Industry cuts March coke prices; urges production cuts

Shanxi Coking Industry Association (SXCIA) will cut reference coke prices by around Yuan 130/mt (\$19/mt) month-on-month for March deliveries, SXCIA said March 13.

According to the announcement, the March reference ex-works price for first-grade coke is Yuan 1,700/mt for consumers in the region of Beijing, Tianjin, and Tangshan City. For consumers in Handan and Xingtai of Hebei Province, and Jinan and Zibo of Shandong Province, the reference price is Yuan 1,750/mt. For consumers in Qingdao and Rizhao of Shandong Province, the price is Yuan 1,780/mt.

SXCIA had hiked February reference prices for first-grade coke to Yuan 1,830/mt (\$267/mt, ex-works, including 17% VAT), up by Yuan 80/mt (\$12/mt) month-on-month, but high steel inventories had cut demand for raw materials used to make the alloy.

In the announcement, SXCIA also called on member coke makers to continue their production cuts of 60-70% in light of the continued low demand for coke. Back in November 2008, the association called its members to cut their production by 60-70% until June 2009.

In a March 9 announcement, the Hebei Coking Industry Association also called its members to cut production by 30-40%.

Chinese first-grade coke for export is currently offered at \$440-450/mt FOB, but almost no deals have been done.

In the first two months of 2009, China exported around 10,000 mt of coke, down by 93.9% year-on-year.

In the domestic market, first-grade Chinese coke is offered at Yuan 1,650-1,700/mt (\$241-248/mt, ex-works, including 17% VAT) in northern China, according to a release by the Hebei Coking Industry Association on March 16.

—Reggie Le, Huaihua, Hunan Province

Rio shareholder expresses 'deep concern' over Chinalco deal

There have been further rumblings of discontent from shareholders in Rio Tinto Group about its \$19.5 billion investment deal with Aluminum Corp. of China (Chinalco) just as the Australian government extends a review into the transaction.

This time the expressions of concern come from the Australian Foundation Investment Co., a A\$4.9 billion investment fund listed on the Australian Stock Exchange, which has BHP Billiton chairman Don Argus on its board as a non-executive director.

AFIC said in a March 16 presentation to its shareholders, that it was "deeply concerned about Chinalco becoming involved with the running of the business [Rio Tinto]" and had told the company its views. It went on to detail its concerns with the Rio Tinto-Chinalco deal from the standpoint of a "long term investor." Among its concerns was Chinalco's close links with the Chinese government and position as a customer of Rio; the proposal to give Chinalco two seats on Rio's board of directors; Chinalco's subsequent integration into Rio's decision making processes and information flows and potential conflicts of interest over investment decisions.

Shareholding, mining ventures

In return for its \$19.5 billion cash injection into Rio, Chinalco is to boost its shareholding to 18% in the dual-listed miner and take significant stakes in some of Rio's aluminum, iron ore and copper mining ventures. Chinalco announced last month that it was buying \$7.2 billion in Rio convertible bonds and spending a further \$12.3 billion on its mines.

AFIC also criticized the deal for giving preference to Chinalco over other Rio shareholders in terms of capital raising and pre-emption rights. "Significant influence has been given to Chinalco with no premium paid," said AFIC in its presentation.

AFIC has sold A\$3.5 million worth of shares in Rio between January 1 and February 28 this year. BHP Billiton is AFIC's largest investment holding by value at A\$414 million while Rio is its eighth largest at A\$112 million. The UK-based Association of British Insurers which represents UK investment companies said last month that it was uneasy about the Chinalco-Rio deal as it "seemed to favor the Chinese shareholder."

Meanwhile, the Foreign Investment Review Board which advises the Australian Treasurer on the suitability of

foreign investment proposals has extended a review in the Chinalco-Rio deal for 90 days.

The extension is warranted for "enabling due consideration" in the transaction, according to a statement on the government's web site.

The deal still needs at least 50% approval by Rio's shareholders. But Rio has said it will wait for the FIRB to rule on the proposal before putting the matter to its shareholders.

China EXIM accord

Rio has received a letter of intent from the China Export Import Bank to provide funding for projects involving Chinalco and other Chinese companies, a London-based company spokesman told Platts. There is no specific total loan figure specified in the accord, according to the spokesman. This was because details would not be firmed up for at least several months in future discussions while the Chinalco transaction is approved and goes through, he added. News reports at the weekend reported the credit line may total as much as \$20 billion, but the spokesman said that was just the size of the Chinalco transaction and the loan figure said to be discussed was much lower. He said joint projects in iron ore and bauxite were being considered for the Chinese funding.

—Mike Cooper, Perth and Hector Forster, London

Indian cokemaker sticks to investment plans despite downturn

Gujarat NRE Coke is undaunted by the current economic slowdown and is committed to spending A\$554 million (\$374 million) on expanding its two Australian coking coal mines to a production capacity of 6 million to 7 million mt/year by 2013/14.

India's economy has so far been relatively unaffected by the global economic downturn, Gujarat NRE Coke director Subodh Agrawal told a business gathering in Fremantle, Western Australia, March 19. "The economic downturn can't stop us investing. In 2008-09 we are investing A\$56 million [in Wongawilli]," Agrawal told his audience. Over the next five years, the company plans to spend a total of A\$217.8 million on its Wongawilli mine and A\$336.5 million on its NRE No 1 mine.

In his presentation, Agrawal compared India's current economic predicament to being like a car stuck in a traffic jam. "We are at a crossroads. The cars, the fuel, the drivers are all there – the fundamentals are in place. Only, no one wants to be the first mover due to a severe lack of confidence on one hand as well as the desire to profit from the downturn," he said.

Agrawal went on to stress that the moment this bottleneck eases, "cars will zoom past in the uncongested road ahead." He expected it would take five to eight months for the bottleneck in the Indian economy to clear.

The Indian coke producer's 85%-owned Australian subsidiary, Gujarat NRE Minerals, operates the No 1 and

Wongawilli coking coal mines in New South Wales which are set to produce just under 1 million mt in the year ending June 30, 2009. Coking coal production from the company's two mines is set to grow to 2.5 million mt/year next year, and to 7 million mt/year in 2013.

The mines' production is exported to Gujarat NRE Coke's coke facilities in India where it is turned into metallurgical coke for use in the steel industry. The company is expanding its met coke capacity from 1.25 million mt/year currently to 2.25 million mt/year with the opening of a new plant in southern India in the near future.

"India's requirement for coke is more than 100 million mt/year, but India has only 40 million mt/year of hard coking coal capacity. We have to export better quality coking coal from Australia," he said.

Mike Carter, an Australian Trade Commissioner for India said, the current value of Australia's exports to India was in the region of A\$11.8 billion of which approximately 80% was mining and resource related.

He told the gathering, which was organized by the Australian Trade Commission (Austrade), that India's banking system was relatively "robust" and its economy had been largely insulated from world economic woes because it was less trade exposed.

—Mike Cooper, Perth

Shandong Province merges local coke makers

Shandong Province has consolidated 45 small local coke producers into a large group effective March 18 in a push to boost efficiency amid weaker demand and to help reduce procurement costs, a source at Shandong Coking Industry Association (SDCIA) told Platts.

The local coking companies involved include Shandong Tiexiong Energy Group, Shandong Weifang Coking Co., Shandong Jinneng Coal Gas Co., and Zibo Fushan Coking Co. Each has a coke making capacity of over 600,000 mt/year.

The merged coke group, by the name of Shandong Coking Group, will have a combined coking capacity of 30 million mt/year and registered capital of Yuan 1.09 billion (\$159.3 million), the source said.

Shandong Coking Group was formed to cope with the continued low demand for coke.

"The newly formed Shandong Coking Group, together with Shandong Coking Industry Association, will be in a better position to sell coke products and to purchase coking coal supplies than the coking companies could previously on an individual basis," the SDCIA noted.

Back in January 2009, SDCIA on behalf of 55 local coke makers signed supply agreements with Switzerland's Glencore International and International Metallurgical Resources to buy 20 million mt of imported coking coal.

Shandong Province has a combined coking capacity of around 45 million mt/year and a coking coal demand of around 60 million mt/year.

—Reggie Le, Huaihua, Hunan Province

FREIGHT / RAIL/ PORTS

Newcastle exports down 10%

Shipments from Newcastle port in New South Wales declined 9.9% to 1.55 million mt in the week ended March 16 compared with 1.72 million mt exported in the week up to March 9.

Coal vessels waited an extra day before being admitted to the port, at 5.45 days last week, against an average waiting time for each vessel of 4.5 days a week earlier. A total of 19 vessels entered Newcastle last week compared with 17 vessels the previous week, according to Newcastle Port Corp. on its website March 17.

"Ship loading for the week was 15,000 mt below plan and 31,000 mt above the minimum throughput estimate. Coal availability and demand profile issues aligned with additional maintenance and continued to lead to the under-utilization of the available track and train fleet," said the Hunter Valley Coal Chain Logistics Team in a March 15 performance report. Exports through Newcastle are running at an annualized rate of 88.1 million mt/year for the month of March, which is 214,000 mt behind forecasts.

Newcastle's vessel queue appears to have stabilized in the past few weeks and is hovering around 15 vessels. "There are 16 vessels in the offshore queue today. Three of these vessels continue to have coal availability issues," said the HVCCLT in its performance report.

But the vessel queue is expected by coal chain managers to rise by the end of March on the back of more vessel arrivals. "March's nominated vessel arrivals are 7.7 million mt and the vessel queue is expected to be 19 at the end of the month based on these nominations," said HVCCLT in its report.

Newcastle port had just over 1 million mt of coal on stockpile at its two terminals of Carrington (157,529 mt) and Kooragang (851,826 mt).

—Mike Cooper, Perth

Qinhuangdao plans to build Shanhaiguan port, inland terminals

Qinhuangdao Port, China's largest coal port, plans to build a sea port nearby at Shanhaiguan, part of Qinhuangdao City in Hebei Province, according to a March 17 release from Qinhuangdao Port Group.

Designed to connect North China and Northeast China, Shanhaiguan port will be developed over three phases. The first phase, consisting of two berths, each capable of unloading 35,000 dwt vessels, will be launched in 2009. Larger berths, capable of unloading 50,000-100,000 dwt vessels, will also be built over the next two phases.

Apart from the Shanhaiguan project, Qinhuangdao Port also plans to build a number of inland storage terminals in such places as Chengde and Zhangjiakou

in Hebei Province and Manzhouli in Inner Mongolia, the release said.

With a total of 45 berths, Qinhuangdao Port has a design annual throughput of 223 million mt, of which annual coal throughput is set at 193 million mt, although this can vary based on different factors and coal throughput last year exceeded the level by 25 million mt.

—Reggie Le, Huaihua, Hunan Province

Colombian shipments resume after weather disruption

Coal exports have resumed from loading ports on Colombia's Caribbean coast after bad weather suspended some shipments for up to six days, local sources said March 19.

During the delays Colombian coal exports declined by more than 45% as the country's most productive province, Cesar bore the brunt of the disruption.

Shipments were suspended earlier this month after strong winds rattled the Colombian city of Santa Marta jeopardizing the loading of coal on to vessels. Santa Marta hosts four different ports, all of which export coal.

"It was a question of safety," said one industry source, saying strong winds in Santa Marta had rocked ships and cranes during the coal-loading process as well as damaged equipment such as mooring lines.

Sources said that shipments from the Santa Marta ports had been operating normally since March 13.

Some of Colombia's largest coal exporters, Xstrata and Drummond Coal, use the seas off Santa Marta to ship out coal.

Drummond's coal leaves from its own deep-water ocean port next to Santa Marta, Puerto Drummond. One source said that rough seas suspended operations there for four days.

According to a report released by the Colombian consulting group LOL Logistics International Services, Puerto Drummond exported 1.3 million tons of coal in January. Puerto Drummond is reported to have a stockpile capacity of between 300,000-500,000 mt.

Shipments from the Rio Cordoba port were suspended because of the strong winds for six days. This port has an average loading rate of between 12,000-14,000 mt/day and a stockpile capacity of around 60,000 mt.

Operations at Puerto Prodeco, the exit point for Glencore's coal, were also temporarily suspended, said a source, adding that he had no further details on the length of the delay.

According to the latest available figures, Puerto Prodeco shipped 417,000 mt of coal in January. It has a stockpile capacity of between 200,000 mt and 300,000 mt.

Requests for information from Drummond's offices in the US and Colombia were unanswered. No one from Glencore was available to discuss the delays.

Problems were also reported in getting coal to ports. Some trucking companies are refusing to deliver coal to

the port, because they are unable to fill their trucks with cargo for the return journey, said a person who works closely with the ports. However, this source said that delays were unlikely to cause much disruption given that the majority of the coal that arrives at Santa Marta's ports is delivered by train.

Coal shipped from Santa Marta takes around five days to reach the US, Colombia's largest trading partner and the recipient of most of Colombia's fuel exports.

The delays in exporting coal come on the back of reports of heavy rains across the province of Cesar earlier this month that saw coal production temporarily suspended.

—Toby Muse, Bogota

Krishnapatnam sets 2012 target for 37 million mt east coast port

India's Krishnapatnam Port Company Ltd. (KPCL) is to build a 37 million mt/year coal cargo handling capacity by January 2012 when the second phase of the port comes up on the eastern coast of India in Nellore district of Andhra Pradesh state.

India's Krishnapatnam Port Company Ltd. (KPCL) announced last week the completion of funding arrangements for the estimated Rupee 40 billion (\$784 million) second phase. The company plans to build a 37 million mt/year coal cargo handling capacity by January 2012 on the eastern coast of India in Nellore district of Andhra Pradesh state.

Total cargo capacity is slated as 50 million mt/year with much of it dedicated to coal.

The newest port in the country under the 50-year 'build, operate, share and transfer' concession from Andhra Pradesh state administration kicked off commercial operations in June 2008 with about 25 million mt/year cargo capacity at five berths, two of them with combined 7 million mt/year capacity dedicated to coal.

May aim for 100 million mt by 2025

Navayuga industrial group, main port developer, is expecting around 10,000 MW of coal-fuelled generation capacity to come up by 2013 around Krishnapatnam. Power plants to be fed with imported coal include Reliance Power's 4,000 MW Krishnapatnam Ultra Mega Power Project, Andhra Pradesh Power Development Company's 1,600 MW Sri Damodaram Sanjeevaiah Thermal Power Station and Krishnapatnam Power Corporation Ltd.'s 1,980 MW power plant which is also promoted by the Navayuga group.

The developers are looking to expand to an even bigger capacity with the third phase going up to 100 million mt/year by 2025. At 37 million mt/year coal capacity by early 2012, the Krishnapatnam port is expected to be the biggest coal handling port in the country.

The port with the biggest coal processing capacity is Paradip, Orissa on the eastern coast which handled

18.16 million mt coal including 5.36 million mt coking coal in the first 11 months of the current fiscal year closing March 31.

Coal cargo totaled 64.47 million mt including 25.43 million mt coking coal in these 11 months till February at the 12 ports in the country classified as 'major' ports run by central government. Among the non-major ports, either owned by the state governments or privately-run, Mundra on the western coast is expected to up its coal carrying capacity as it will import coal for Tata Power's 4,000 MW UMPP.

—Sunil Saraf, Kolkata

Australian rail carrier considers offers for coal haulage business

Asciano Group, owner of Australian rail freight operator Pacific National said it had received "multiple expressions of interest" for its coal haulage business from a range of industry and financial parties.

China's Shenhua Energy Co. denied a report published elsewhere that it was interested in acquiring Asciano's Australian coal haulage business. A Shenhua spokeswoman told Platts the coal miner had no plans at this stage to purchase the business.

In a March 16 update to shareholders following its 2008 second half year results, the company said the expressions of interest and other business proposals would be assessed on the basis of delivering the maximum return to its security holders. Asciano has appointed ABN Amro and Lazard Carnegie Wylie as its advisors for the sale.

"Asciano's objective remains to announce a transaction by the end of the current financial year [in July]," said Asciano Company Secretary, Fiona Mead, in the update.

Pacific National delivers coal from Hunter Valley mines to the port of Newcastle in New South Wales and is set to challenge Queensland Rail's coal haulage monopoly in Queensland, when it starts transporting coal for Rio Tinto and Xstrata next year. The initial 10-year contracts involve raiing around 14 million mt/year on the Goonyella and Blackwater rail systems in Queensland and Asciano committed was to investing A\$380 million on new rolling stock to service the contract.

Pacific National's coal haulage business increased its pre-tax earnings by 7.4% to A\$66.7 million (\$43.7 million) on revenue of A\$262.7 million and its net ton kilometers by 11% to 6.8 million for the six month period ended December 31, 2008 compared with the corresponding 2007 period. Asciano had revenue of A\$1.6 billion for the financial year ended June 2008 and transports 95 million mt/year of coal within Australia.

Asciano's share price climbed as high as 40% on news of interest in its Pacific National coal business sale on March 16. Its share price later closed at A\$0.74/share on March 20, down 5% from the previous day.

—Mike Cooper, Perth

EXPLORATION

Polo signs option with Peabody on Mongolia assets

Polo Resources Ltd. has said it signed an agreement with Peabody Energy of the United States in relation to the latter's option to acquire up to a 50% interest in a joint venture formed to hold all of Polo's coal and mineral interests in Mongolia.

Both parties to the Option Deed have entered into a supplementary agreement March 17, Polo said a statement.

—Cecilia Quiambao, Manila

Indian coal consumers close to buying Australian mines

Several Indian companies are in advanced talks to buy a number of coal mines in Australia and acquisitions could occur in the next few months, according to press reports circulating from India.

This development has been expected by some coal industry analysts who said Australian coal mines are now attractively priced after commodity and share markets have softened.

"Assets are comparatively cheap and share prices have come off a long way, in some cases by up to 90% from a year ago," said one coal market analyst. He pointed to Macarthur Coal, as an example, whose share price was trading at A\$3.16/share on March 17 down from a peak of almost A\$22/share last year. However, the analyst said it would be difficult for any party to take-over Macarthur as more than 50% of its shares are owned by three companies, namely China's Citic Australia, ArcelorMittal and Posco.

"It wouldn't be surprising if Indian companies were casting their eye over Australian coal assets. They have lots of capital and have got to find raw materials for their long term growth. Now is a perfect time to swoop," said James Wilson, resources analyst at Perth, Australia-based stockbroker DJ Carmichael.

JSW Steel, iron ore supplier National Mineral Development Corp. and Coal Ventures International, an acquisition vehicle set up by five Indian steel and coal companies, are Indian companies that have announced plans to purchase Australian coal assets.

NMDC's chairman, Rana Som was quoted in the Indian press this week as saying: "We are in talks to acquire a mine in Australia. This coking coal mine is expected to cost us about \$15 million to \$20 million." The state-owned Indian company is building a 5 million mt/year steel plant at Jagdalpur which will require coking coal as feedstock.

Coal Ventures International which has been formed by Steel Authority of India Ltd, Coal India Ltd, Rashtriya Ispat Nigam Ltd, NMDC and National Thermal Power Corp. has been studying potential coal mine acquisitions

in Australia and Africa. CVI has a budget of \$1 billion and has access to another \$1.8 billion in loans. PK Rastogi, India's steel secretary, reportedly told journalists March 17 that CVI was talking to coal companies in Australia, Mozambique and Canada and was likely to firm up some deals in the near future.

—Mike Cooper, Perth

Mozambique Benga coking coals on par with Bowen Basin

Riversdale Mining has started pilot scale tests at its Benga coking coal project in Mozambique and said preliminary results indicated the Benga coals will be premium hard coking coal.

The Australian Stock Exchange-listed miner said that tests on its Benga coke showed it had a coke strength after reaction (CSR) of 71, which is typical of premium hard coking coals which have a CSR of greater than 65. The CSR test is a key quality parameter used to assess the quality of coke in the steel industry.

"Coking results continue to confirm that the quality of the Benga coking coals will be equal to the best coking coals sold in the market today. This reaffirms our belief that Mozambique will become a key coking coal supplier to steel mills globally," said Riversdale managing director, Steve Mallyon, in a March 18 statement. A separate presentation from the company dated the same day, said the quality of the Benga hard coking coal was "equal to [the] best in [the] Bowen Basin" of Queensland, Australia,

The pilot testing program is scheduled to be completed by the second quarter of this year.

Tata Steel of India is Riversdale's 35% joint venture partner in the Benga exploration license in Mozambique's Moatize coal basin which contains a 2.1 billion mt coal resource of which 1 billion mt is measured and indicated and 1.1 billion mt is inferred. Riversdale expects to begin exporting 1.5 million mt/year of coking coal and 500,000 mt/year of thermal coal from 2010.

—Mike Cooper, Perth

MSE Earthstone acquires coal tenement in Indonesia

MSE Earthstone Resources FZC, part of Earthstone Group, has said it had acquired a 100% interest in coal tenement in Melabouh, Aceh, located in Indonesia's North Sumatra.

The prospective thermal coal tenement covers about 2,560 hectares.

MSE said the Indonesian mines and energy ministry has granted a three-year mining license or a Kuasa Pertambangan to PT Bara Bina Perkasa in early March.

MSE said it has acquired 100% economic rights from PT Bara Bina Perkasa and has agreed to invest in exploration and exploitation.

In continuation of a previously signed memorandum of understanding, Indian firm Integrated Coal Mining entered into an agreement with MSE to jointly explore this tenement.

RPG Group, the parent firm of MSE, has an option to acquire up to a 51% economic interest of the mine subject to satisfactory exploration of the tenement.

"This acquisition is in line with our growth strategy of identifying and exploring high quality natural resources in order to meet the industry demand," Earthstone Group chairman and chief executive Pankaj Shah said.

MSE said it conducted initial reconnaissance studies to identify outcrops, determine characteristics of the coal seam, collect samples and determine logistics.

"Initial results show immense potential for prospecting of high quality thermal coal. The proposed site has good road infrastructure with minimal effort required to expand," the company said.

Earthstone jointly with RPG Group plans to initiate detailed systematic surveys including geophysical studies, drilling and geological logging on the site by April 2009.

—Cecilia Quiambao, Manila

Indonesia's Mitra Rajasa to buy coal concessions for \$40 million

Indonesia's publicly traded transport company Mitra Rajasa will acquire two coal companies at a cost of \$40 million. The parties signed a memorandum of understanding on March 18, 2009, Mitra Rajasa said in a statement.

PT Realita Jaya Mandiri has a concession area of 1,598 hectare, while PT Masindo Artha Resources has two concession areas of 10,000 hectares. Both are located in Musi Banyuasin, South Sumatra with coal reserves of more than 100 million mt.

"Mitra Rajasa will hold an extraordinary shareholder meeting to secure approval over this acquisition," the company said.

—Anita Nugraha, Jakarta

Aquila upgrades Eagle Downs hard coking coal resource

Australian exploration company Aquila Resources said the measured and indicated resources at its 50%-owned Eagle Downs hard coking coal project in Queensland's Bowen Basin coalfield had increased 84% to 350 million mt following detailed exploration work.

A feasibility study for the project, located 25km south-east of Moranbah and adjacent to BHP Billiton Mitsubishi Alliance's Peak Downs mine producing 9 million mt/year of hard coking coal, was on target for completion by June 30, 2009, the company said. Aquila's joint venture partner in the Eagle Downs project is Vale with a 50% stake.

A pre-feasibility study demonstrated the viability of a “two longwall mine producing 7 million mt/year of predominantly hard coking coal at a free on rail cost of A\$40.65/mt (\$27.50/mt) (excluding rail, port and royalties) of product,” said Aquila in a March 18 statement.

Aquila had commissioned JB Mining Services Pty to complete a resource statement for the Eagle Downs project as part of its feasibility study. “The measured, indicated and inferred resource for the Eagle Downs northern resource area is now 878 million mt of in situ coal resources [an increase of 100 million mt]. There is some potential to further increase the resources with exploration potential in the southern part of the exploration permit area,” said the company statement. The updated resource estimate does not include the southern resource area which has still to be investigated.

—Mike Cooper, Perth

Gleneagle Gold wades into Waterberg for coal project

Australian miner Gleneagle Gold has received shareholder approval to acquire a coal project in South Africa’s Waterberg coal producing region in what it said was its first step to establish a “multi-billion tonne African coal portfolio.”

The Australian Stock Exchange-listed Gleneagle said in a March 18 statement it wanted to eventually acquire a 70% interest in a coal portfolio with an indicated coal resource of 1.3 billion mt that is located near Exarro’s 19 million mt/year Grootegeluk coal mine.

“Approximately 75% of the product from the Waterberg project will be thermal coal, with the balance expected to be export-quality coking coal,” said Gleneagle director, Lee Boyd, in his company’s statement. “This means that the company’s growth strategy will encompass both thermal coal mining feeding an independent power producer strategy, and coking coal production for export via the world-class Richards Bay Coal Terminal,” he added. The company expects it will begin exporting in Q4 2011.

The Waterberg coalfield in South Africa’s Limpopo Province contains approximately half of South Africa’s known coal reserves and is close to the Matimba and Medupi coal-fired power stations. Gleneagle’s prospecting rights in the Waterberg are located 70 km south of the border with Botswana in northern South Africa. “Given the quality of the resource base and strategic location, the newly acquired ground holdings are ideally positioned to meet the rapidly widening shortfall between power supply and demand in South Africa,” said Gleneagle in its statement.

Major investment required: Eskom

South Africa’s power utility Eskom has estimated that between Rand 90 billion and Rand 110 billion will need to be invested in coal mines by 2020 – equivalent to 40 new mines being opened and this would require a large number of mining rights to be awarded, said Gleneagle.

“The Waterberg region is considered to have the potential to support eight to 10 additional power stations, positioning it to assist in meeting South Africa’s well-publicised shortfall in electricity supply,” said Gleneagle.

Gleneagle is to pay A\$2.3 million to Namane Resources, a wholly-owned subsidiary of black economic empowerment company Community Investment Holdings, to acquire an initial 35% stake in Temo Coal Mining and Manupont 243 Pty Ltd, current owners of the prospecting rights to the Waterberg project and subsidiaries of Namane Resources. Gleneagle will also issue 100 million of its shares and 50 million share options to Namane at an issue price of A\$0.075/share and a strike price of A\$0.15/share. Gleneagle will have the option of acquiring a further 35% stake in the project by spending A\$15.4 million within a two-year period to advance the project to a bankable feasibility study.

CIH directors and founders Dr Anna Mokgokong and Joe Madungandaba are to join the board of Gleneagle as non-executive directors. Another new non-executive director is Roy Adair, president and chief executive of Senoko Power a power generator in Singapore.

Gleneagle’s share price rose 15.4% to A\$0.15/share March 18.

—Mike Cooper, Perth

CLEAN COAL/NEW TECHNOLOGY

E.ON calls for UK government incentives on CCS

European power utility E.ON has called on the UK government to ramp up its financial support for carbon capture and storage (CCS) technology.

Much of the focus on increasing coal-burn efficiency and reducing emissions has centered on the development of still unproven CCS technology, the process of storing CO₂ in deep geological formations or deep oceans.

The UK government set up a competition among utilities to build and operate the country’s first CCS demonstration project by 2014, but critics have criticized it for a lack of progress.

Speaking at the Adam Smith Institute’s Future of Utilities conference, E.ON UK’s chief executive Paul Golby said the government’s forthcoming coal consultation needed to identify sufficient incentives for companies developing CCS technology.

“We hope that this consultation will lead to an effective fossil fuel policy that removes the existing financial penalty for deploying CCS,” he said. “So, while we at E.ON will continue to invest tens of millions in vigorously pursuing our ambitious CCS development program, we need to see a similarly vigorous approach to developing the financial incentives that need to be in place if we want to invest faster than the carbon market will dictate.”

E.ON plans to build two new 800-MW coal-fired units at its Kingsnorth site in Kent and will fit a 300-400-MW portion with CCS if it wins the government competition. The current Kingsnorth plant opted out of the Large Combustion Plant Directive and can only run for 20,000 hours between 2008-2015.

The utility said it had started field work to identify potential pipeline routes to carry captured CO₂ from the proposed cleaner coal units at Kingsnorth to North Sea gas fields for storage.

Golby said that progress to date on the demonstration competition had been "too slow... which is why we've decided to push forward with developing options for our own project."

The company is also considering the option of transporting the CO₂ by ship, as an alternative to a pipeline.

—Gareth Carpenter, London

Arrow pays \$8 million to join China CBM project

Arrow Energy said its Arrow Energy International subsidiary had struck a deal to farm-in to a 75.25% interest in Far East Energy Corp.'s 66.5% Qinnan coal bed methane project in China at a cost of \$8 million.

Royal Dutch Shell, which has a 10% stake in Arrow Energy International, will have the right to farm-in for up to 50% of Arrow's interest in the project under existing agreements between Arrow and Shell.

The Qinnan project in the Qinshui Basin of China's Shanxi Province covers an area of 2,317 square km and the trans-China West-East gas pipeline runs "very close to the Qinnan block," said Arrow in a March 16 statement. Petrochina, China's national oil company, is shortly to become a partner in the project when FEEC's interest is transferred to the company.

"The Qinnan block represents in Arrow's view, one of the best prospects for near-term commercial coal bed methane production in China, and we are confident in targeting reserve certification within two years, with commercial development commencing shortly after that," said Arrow Energy chief executive, Nick Davies, in the company statement. He said the company believed the Qinnan coal block was capable of producing 15 to 20 petajoules/year of coal seam gas for at least 15 years.

Chief executive expects 'rapid development'

Arrow estimates that within two years of exploration the Qinnan block, which has seams of high rank, low volatile bituminous to semi-anthracite coal, could have proved and probable coal seam gas reserves in the order of 2,000 petajoules. The company is to fund 100% of the Qinnan project's exploration costs this year, estimated to be around \$6 million, and 100% of its exploration costs next year. Arrow is to subscribe to a \$10 million convertible note which if converted into shares in FEEC will give it an 11.5% stake in the company.

FEEC's chief executive, Mike McElwrath, said in the statement that Arrow's financing of exploration costs in the Qinnan block would facilitate more rapid development of the asset. US-based FEEC is one of the largest holders of coal bed methane exploration acreage in China. It is the operator and foreign contractor to China United Coalbed Methane on three, 30-year coal bed methane projects with around 5,250 square kms in Shanxi and Yunnan provinces.

—Mike Cooper, Perth

COMPANY AND GENERAL

Takeovers Panel rules against Gloucester-Whitehaven merger

The Australian Takeovers Panel has backed a complaint from 21.7% Gloucester Coal shareholder Noble Group ruling "unacceptable" the terms of Gloucester's A\$880 million (\$542.7 million) proposed merger with Whitehaven Coal because it denies Gloucester shareholders a say in the deal.

"The Panel made a declaration of unacceptable circumstances," said the Takeovers Panel in a March 18 statement. Adding, that it considered the merger with Whitehaven would have "denied Gloucester shareholders the ability to consider...significant changes" to the company. The Whitehaven merger proposal did not require Gloucester Coal shareholder approval as it had been recommended by the boards of both companies.

The Panel is now seeking submissions from Gloucester Coal, Noble and Whitehaven Coal and will arrive at a decision on any orders to make in the case. This could include allowing Gloucester shareholders a vote on an alternative takeover offer from Noble.

Whitehaven Coal said in a March 18 statement that it was considering its options in relation to the Panel's declaration, including making submissions in relation to the potential orders. "The Whitehaven board continues to believe that the proposed merger of Whitehaven and Gloucester will deliver significant benefits to both groups of shareholders," the company added. Gloucester Coal declined to comment on the Panel's ruling because the proceedings were ongoing.

Gloucester and Whitehaven Coal announced their intention to merge on February 20 by way of Gloucester making a takeover for all of the shares in Whitehaven. Whitehaven shareholders were offered 1 Gloucester share for every 2.45 Whitehaven shares they held. At the time Gloucester Coal's market value was A\$268 million and that of Whitehaven was A\$619 million. Gloucester's offer, if successful, would have given Whitehaven shareholders a 67% stake in the company.

On February 27, Noble Group said it would make a counter offer to acquire all of the remaining shares in Gloucester for A\$4.85/share in cash on condition that the

Gloucester-Whitehaven merger did not proceed. Noble Energy director, William Randall, said in a statement dated the same day that "Gloucester directors have attempted to force on Gloucester shareholders" the merger with Whitehaven.

"The Whitehaven merger proposal undervalues Gloucester and attempts to block any opportunity for a competing offer that would provide a higher premium to Gloucester shareholders," added Randall.

FIRB approval

Meanwhile, Gloucester and Whitehaven each announced March 19, that Australia's Foreign Investment Review Boards which vets the suitability of foreign investment in Australian companies said it had no objections to their merger. "FIRB has stated that it has no objections to this proposal. This is one of the regulatory approvals required under the conditions of the proposed merger," said Whitehaven in a statement.

FIRB approval was needed because US company AMCI International is a significant shareholder in Whitehaven.

—Mike Cooper, Perth

Xstrata mining jobs and Wandoan project at risk from ETS: Turnbull

A total of 5,000 existing and future mining jobs at Xstrata and its flagship Wandoan coal project could be placed at risk if the Australian government presses ahead with an emissions trading scheme, the official leader of the Australian opposition, Malcolm Turnbull has told the Australian Parliament.

The figures were disclosed by Turnbull during a parliamentary debate on March 16, who said the Australian ETS "will lead to the loss of 1,000 existing jobs and 4,000 future jobs" from Xstrata.

The Courier-Mail newspaper published in Queensland claims to have seen a briefing document supplied to Turnbull and embossed with Xstrata's logo that stated four coal mines in Australia and up to A\$7 billion (\$4.6 billion) in investment could be at risk because of the ETS. Furthermore, the document reportedly said that Xstrata's Wandoan thermal coal project in Queensland's Surat Basin could be frozen. Xstrata Coal spokesman, James Rickards was unavailable for comment and Platts contacted other Xstrata spokespeople in Australia for comment without success.

The company's 75%-owned Wandoan project recently had its coal resource increased recently to 2.5 billion mt and it also has a coal reserve of 540 million mt. The Wandoan project is expected to produce 20 million mt/year of thermal coal over a lifespan of 30 years. Other joint venture partners in the project are Japanese companies Itochu and Sumisho Coal Australia each with a share of 12.5%. A decision on moving the project to develop phase is expected later this year following the resolution of environmental and planning issues.

The Australian government has introduced a Bill into Parliament to enact a cap and trade emissions trading scheme in Australia, similar to the European Union's emissions trading scheme. Greenhouse gas emissions from coal and other mines would be included in the scheme. The proposed Australian ETS would start trading on July 1, 2010 and is part of the Australian government's plan to cut the country's greenhouse gas emissions by 5% to 15% by 2020.

—Mike Cooper, Perth

Bangladesh frame coal policy as local protests affect production

Bangladesh government has taken steps to frame a policy on providing compensation to coalmine victims to ensure continuous operations and safeguard energy security. The compensation policy would spell out packages for those affected from both open-pit and underground coalmining across the country.

The Bangladesh government has initiated the move amid prolonged debates over compensation and rehabilitation of the country's coalmine victims that has been stunting development of the coal sector for years.

An alarming 11-day production halt in the country's lone operational Barapukuria coalmine in northern Dinajpur limiting power generation at the country's only 250 MW coal-fired power plant also prompted the government to frame the policy.

Locals living in the vicinity prevented operations from February 25-March 7 demanding compensation for land subsidence inside the mining area. Inadequate policies on compensation and extraction methods has delayed foreign direct investment proposals worth several billions dollars for several years. Bangladesh's previous government faced thousands of local protestors against the proposed open-pit development by UK-based Asia Energy at Phulbari in northern Bangladesh fearing inadequate compensation. Five protestors were shot dead by police personnel.

"This time the energy ministry has initiated works to formulate the policy to recompense each and every affected including the landowners, dwellers and those earning their livelihood using the lands of the coalmine areas," Energy Secretary Mohammad Mohsin told Platts March 16.

Comprehensive compensation deal

Even the squatters living in the coalmine areas would be compensated and relocated, he said. There would be sufficient compensation packages and relocations to the victims to ensure satisfaction of all the affected. Monetary support along with the relocation and rehabilitation of those affected by the mining sites would be the crux of compensation policy, Mohsin said.

The policy would detail the method of paying compensation, timing and the extent of the damages to their property, said a senior energy ministry official. A

committee headed by energy ministry senior official Ahmed Ullah has been formed to prepare a draft of the compensation policy.

The major issue with the Barapukuria is land subsidence which was first reported in 2005, the latest shift came in January 2009 immediately after the latest government took office government. The land subsidence affected crops, houses and schools, a senior official of the state-owned Barapukuria Coal Mining Company said.

Chinese contractors engaged with the maintenance and operation of the Barapukuria coalmine had also sought huge compensation from BCMCL, he added.

The aggrieved locals, however, later cooled down and allowed production in the coalmine after a closed-door meeting with high profile government officials.

Prime Minister Sheikh Hasina, who is also in charge of the energy ministry, sent the Energy Adviser Toufique-e-Elahi Chowdhury, State Minister for Energy Shamsul Haque Tuku and State Minister for Forest and Environment Mostafizur Rahman to the mine site to quell the aggrieved.

Bangladesh has discovered six coalmines, all in the country's northern region with total estimated reserves of about 3 billion mt. Barapukuria open-pit coalmine with production capacity of 3,000 mt/day is the only operational mine.

-M Aziz Rahman, Dhaka

Rio Tinto to appoint Jan du Plessis as chairman on April 20

Rio Tinto said it would appoint Jan du Plessis as chairman of the boards starting April 20, replacing current chairman, Paul Skinner.

The South African executive will be appointed on conclusion of the annual general meeting of Rio Tinto Limited on April 20, 2009, the miner said in a March 17 statement.

Du Plessis joined the boards as a non executive director on September 1, 2008, and will continue to be chairman of British American Tobacco plc, a role he has held since 2004, the release said. He has previously held senior positions in Richemont and RHM plc and is a South African Chartered Accountant.

Du Plessis said in the statement that he would work to ensure Rio's \$19.5 billion deal with Chinalco to bring in much needed investment would be completed, which is hoped will provide the financial stability to grow in the future.

"Our immediate focus must be on giving Rio Tinto the best possible platform to create shareholder value and to weather the tough and uncertain global economic conditions," du Plessis said. "Pursuing the completion of the transaction with Chinalco will give Rio Tinto this platform, from which we will be even better placed to prosper when we see economic recovery."

—Hector Forster, London

Current Petcoke Spot Price Assessments

Origin	Sulfur	HGI	Current price range (US\$/mt, FOB Vessel)	
US Gulf	6% - 6.5%	40	9.00X	-15.00X
	5% - 6%	-50	10.00X	-20.00X
	4% - 5.5%	50	14.00X	-20.00X
US West Coast	4%	50	20.00X	-25.00X
Venezuela	4%	45	15.00X	-25.00X

Source: Platts

Current Typical Spot Freight Rates

Origin/ Destination	Volume (mt)	Rate (\$/mt)	Discharge terms
Australia-Queensland			
Load: Cape-35,000 SHINC/Panamax-25,000 SHINC			
Rotterdam	150,000	\$12.30	25,000 SHINC
	70,000	\$14.30	20,000 SHINC
Iskenderun	70,000	\$12.60	20,000 SHINC
Japan	150,000	\$7.40	25,000 SHINC
Australia-New South Wales			
Load: Cape-30,000 SATPMSX/Panamax-20,000 SATPMSX			
Rotterdam	150,000	\$13.65	25,000 SHINC
	70,000	\$13.90	20,000 SHINC
Korea	150,000	\$9.20	20,000 SHINC
Colombia-Puerto Bolivar			
Load: 45,000 SHINC			
Rotterdam	150,000	\$8.80	25,000 SHINC
	70,000	\$13.00	25,000 SHINC
South Africa-Richards Bay			
Load: Cape-50,000 SHINC/Panamax-34,000 SHINC			
Rotterdam	150,000	\$7.00	25,000 SHINC
	70,000	\$10.30	25,000 SHINC
Spanish Med.	70,000	\$10.05	10,000 SATPMSHEX
Jorf Lasfar	60,000	\$9.50	15,000 SHINC
Canada-Roberts Bank			
Load: Cape-35,000 SHINC/Panamax-20,000 SHINC			
Rotterdam	70,000	\$16.35	20,000 SHINC
Japan	150,000	\$8.00	30,000 SHINC
	70,000	\$9.45	20,000 SHINC
US-Mobile			
Load: Panamax-20,000 SHINC			
Rotterdam	70,000	\$15.00	20,000 SHINC
Italy	70,000	\$16.90	15,000 SHINC

Data supplied by Simpson, Spence & Young. Freight rates estimated on spot rates believed fixable at time of submission. Explanation of load discharge terms: SHINC-Sundays & holidays included; SHEX-Sundays & holidays excluded; FHINC-Fridays & holidays included; SATPMSHEX-Saturday afternoons, Sundays & holidays excluded.

Current Vessel Fixtures

Vessel	Quantity (Mt)	Origin/Destination	Loading Dates	Rate	Charterer
Australia					
TBN	135,000	Gladstone/Boryong	Mar.29 - Apr.6	\$8.98	Kepeco
TBN	70,000	Gladstone/Kaohsiung	Apr. 7-20	\$8.60	Taipower
Lowlands Erica	170,000	Newcastle/Mailiao	Feb.27-28	\$13.90	BHP Billiton
TBN	137,500	Gladstone/Younghuang	Mar.1-10	\$8.99	Kepeco
TBN	125,000	Newcastle/Taeann	Feb.16-25	\$8.30	Kepeco
TBN	70,000	Port Kembla/Taiwan	Feb.20-Mar.20	\$6.25	Taipower
TBN	70,000	Gladstone/Taiwan	Feb.15-28	\$6.29	Taipower
Sanko Oasis	150,000	Hay Point/Fangcheng	Feb. 15-25	\$7.10	BHP Billiton
Bulk Leher	150,000	Newcastle/Mailiao	Feb.10-20	\$7.95	BHP Billiton
Iron Beauty	140,000	Dalrymple Bay/Younghong	Feb. 10-19	\$6.24	Kepeco
Thalia	70,000	Dalrymple Bay/Terneuzen	Feb.1-15	\$10.20	Kleimar
Rubin Ace	150,000	Dalrymple Bay/Bayuquan	Feb.10-20	\$7	Rio Tinto
TBN	125,000	Newcastle/Dangjin	Feb. 5-14	\$6.45	Kepeco
TBN	150,000	Dalrymple/Rizhao	Jan.20-30	\$7.50	Rio Tinto
TBN	130,000	Newcastle/Map Ta Phut	Feb.1-15	\$6.90	Rio Tinto
TBN	125,000	Gladstone/Taeann	Feb.1-10	\$5.88	Kepeco
TBN	120,000	Gladstone/Youngheung	Jan.21-30	\$5.83	Kepeco
Jimnoble	140,000	Newcastle/Map Ta Phut	Feb. 1-15	\$7.50	Rio Tinto
Canada					
Ever Shining	55,000	Roberts Bank/Taranto	Mar. 16-20	\$24.75	Ilva
TBN	130,000	Roberts Bank/South Korea	Mar. 24-29	\$11.60	Kepeco
Colombia					
TBN	65,000	Bolivar/ARA	Apr. 5-14	\$15.80	Electrabel
TBN	75,000	Bolivar/Carboneras	Feb. 9-23	\$7.75	Carboex
Kavo Topaz	60,000	Santa Marta/Carboneras	Feb. 2-8	\$9	Constellation
South Africa					
TBN	150,000	Richards Bay/Rotterdam	Apr. 6-15	\$6.85	Cargill
Cape Harrier	160,000	Richards Bay/Rotterdam	Mar. 17-30	\$9.05	IVS
Jupiter Applause	60,000	Richards Bay/China	Mar. 5-15	\$15	Rio Tinto
Global Winner	150,000	Richards Bay/Rotterdam	Mar. 12-25	\$10.65	BHP Billiton
TBN	150,000	Richards Bay/Rotterdam	Mar.1-14	\$9.75	Swiss Marine
TBN	150,000	Richards Bay/Rotterdam	Mar.6-20	\$10.65	BHP Billiton
Bright Century	165,000	Richards Bay/Rotterdam	Mar.1-14	\$11.75	CTM
Katerina Warrior	150,000	Richards Bay/Rotterdam	Feb.25- Mar.3	\$11	Morgan Stanley
TBN	160,000	Richards Bay/Rotterdam	Mar.1-10	\$10.10	Cargill
Ocean Cobalt	170,000	Richards Bay/Rotterdam	Feb.25-Mar.11	\$9.50	Cargill
Hellenic Breeze	65,000	Richards Bay/Rotterdam	Feb.7-15	\$9.50	Glencore
TBN	60,000	Richards Bay/Mundra	Feb.10-19	\$7.50	Libra
Southern Wisdom	160,000	Richards Bay/Rotterdam	Feb.12-22	\$7.30	Swiss Marine
Flash	160,000	Richards Bay/Hadera	Feb.15-28	\$9.10	NCSC
Goodwill	150,000	Richards Bay/Sines	Feb.10-20	\$6	CTM
Flash	150,000	Richards Bay/Hadera	Feb.15-28	\$9.10	NCSC
United States					
Go Faith	65,000	Mobile/Swinoujscie	Mar.20-25	\$21	Mittal
Sorrento	60,000	Davant/Jorf Lasfar	Mar.20-30	\$18.90	Cetragpa
Giovanni	70,000	Mobile/Antwerp	Mar.5-20	\$13.50	Clipper Denmark APS
TBN	65,000	Hampton Roads/Brindisi	Feb. 14-18	\$8.95	Enel
Great Eagle	70,000	Newport News/Hamburg	Feb.1-10	\$5.90	Cobelfret
TBN	70,000	Newport News/Hamburg	Feb.1-10	\$6.50	Cobelfret
TBN	70,000	Newport News/Vizag	Feb.1-10	\$16.45	VSP

Data is provided by Lalemant (USA) and Skaarup Shipbrokers Inc. TBN-To be nominated. PPT-Prompt

Recent Coal Trade Transactions

Following is a table of recent international steam and coking coal trade transactions. Date noted is the date reported in International Coal Report. Quantity in metric tons. Prices in US \$/mt, FOBT, unless stated otherwise.

Date	Buyer	Supplier	Tonnage	Price (mt)	Details
Steam coal					
23-Mar-09	Unknown	Unknown	1 panamax	\$61/mt FOB	South African coal
23-Mar-09	Unknown	Unknown	1 panamax	\$60/mt FOB	South African coal
23-Mar-09	Unknown	Unknown	1 panamax	\$60/mt FOB	South African coal
23-Mar-09	Unknown	Unknown	1 panamax	\$60/mt FOB	South African coal
23-Mar-09	NW Europe utility-trader	NW Europe utility-trader	50,000 mt	\$61/mt DES AR	Multi-origin coal
23-Mar-09	NW Europe utility-trader	NW Europe utility-trader	50,000 mt	\$61.50/mt DES AR	Multi-origin coal
23-Mar-09	Unknown	NW Europe utility	1 panamax	API4 + \$2/mt	South African coal
23-Mar-09	Unknown	NW Europe utility	50,000 mt	API2 + \$2.75/mt DES A	Multi-origin coal
23-Mar-09	Unknown	Unknown	50,000 mt	\$55/mt FOB	South African coal
16-Mar-09	Unknown	Unknown	50,000 mt	\$57.65/mt DES AR	Multi-origin coal
16-Mar-09	Trader	Producer-trader	900,000 mt	\$66/mt FOB (2010)	South African coal
16-Mar-09	Unknown	Producer-trader	50,000 mt	60.25/mt	Multi-origin coal
16-Mar-09	NW Europe utility-trader	Unknown	50,000 mt	\$62.50/mt EFP	Multi-origin coal
09-Mar-09	Utility-trader	Trader	50,000 mt	\$57/mt DES AR	Russian coal
09-Mar-09	Utility-trader	Bank	50,000 mt	\$56.50/mt DES A	Colombian coal
09-Mar-09	Producer-trader	Utility-trader	1 panamax	\$57/mt FOB	South African coal
09-Mar-09	Producer	Utility-trader	50,000 mt	\$58.25/mt DES AR	Multi-origin coal
09-Mar-09	Unknown	Unknown	50,000 mt	\$57.75/mt DES AR	Multi-origin coal
09-Mar-09	Unknown	Unknown	50,000 mt	\$59/mt DES AR	Multi-origin coal
02-Mar-09	Unknown	Unknown	50,000 mt	\$58.25/mt FOB	South African coal
02-Mar-09	Bank	Trader	1 panamax	\$58.25 FOB	South African coal
02-Mar-09	Unknown	Unknown	1 panamax	\$61/mt FOB	South African coal
23-Feb-09	Swiss trader	Utility-trader	1 panamax	\$70/mt DES AR	South African coal
23-Feb-09	Unknown	Utility-trader	50,000 mt	API4 + \$2.10/mt	South African coal
23-Feb-09	Unknown	Unknown	50,000 mt	API4 + \$2.75/mt	South African coal
16-Feb-09	Utility-trader	Trader	50,000 mt	\$75/mt DES AR	Multi-origin coal
16-Feb-09	Unknown	Unknown	50,000 mt	\$75/mt DES AR	Multi-origin coal
16-Feb-09	Unknown	Unknown	50,000 mt	\$78/mt DES AR	Multi-origin coal
16-Feb-09	Unknown	Unknown	1 panamax	\$74.50/mt FOB	South African coal
16-Feb-09	Unknown	Unknown	50,000 mt	\$80/mt DES AR	Multi-origin coal
16-Feb-09	Unknown	Unknown	50,000 mt	\$82.50/mt DES AR	Multi-origin coal
16-Feb-09	Unknown	Unknown	50,000 mt	\$82.50/mt DES AR	Multi-origin coal
09-Feb-09	NW Europe utility	Unknown	150,000 mt	\$83.25/mt DES ARA (Q4-09)	Multi-origin coal
09-Feb-09	NW Europe utility	Unknown	1 panamax	\$74/mt FOB	South African coal
09-Feb-09	Unknown	Bank	1 panamax	\$74.75/mt FOB	South African coal
09-Feb-09	Unknown	Unknown	1 panamax	API4 + \$2.25/mt	South African coal
09-Feb-09	Unknown	Unknown	1 panamax	API4 + \$2.25/mt	South African coal
09-Feb-09	Indian trader	Utility-trader	50,000 mt	\$73.25/mt FOB	South African coal
09-Feb-09	Indian trader	Utility-trader	50,000 mt	\$72.25/mt FOB	South African coal
09-Feb-09	Unknown	Unknown	150,000 mt	\$80/mt DES ARA (Q4-09)	Multi-origin coal
02-Feb-09	NW Europe utility	Unknown	50,000 mt	\$76/mt FOB	South African coal
02-Feb-09	NW Europe utility	Unknown	50,000 mt	\$75/mt DES R Exchange For Physical	Multi-origin coal
02-Feb-09	NW Europe utility	Unknown	50,000 mt	\$77/mt FOB barge (ARA)	Multi-origin coal
02-Feb-09	NW Europe utility	Unknown	50,000 mt	\$74.50/mt FOB	South African coal
02-Feb-09	NW Europe utility	Trader	50,000 mt	\$73/mt DES A Exchange For Physical	Multi-origin coal

European Utility Supply Chain

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