



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

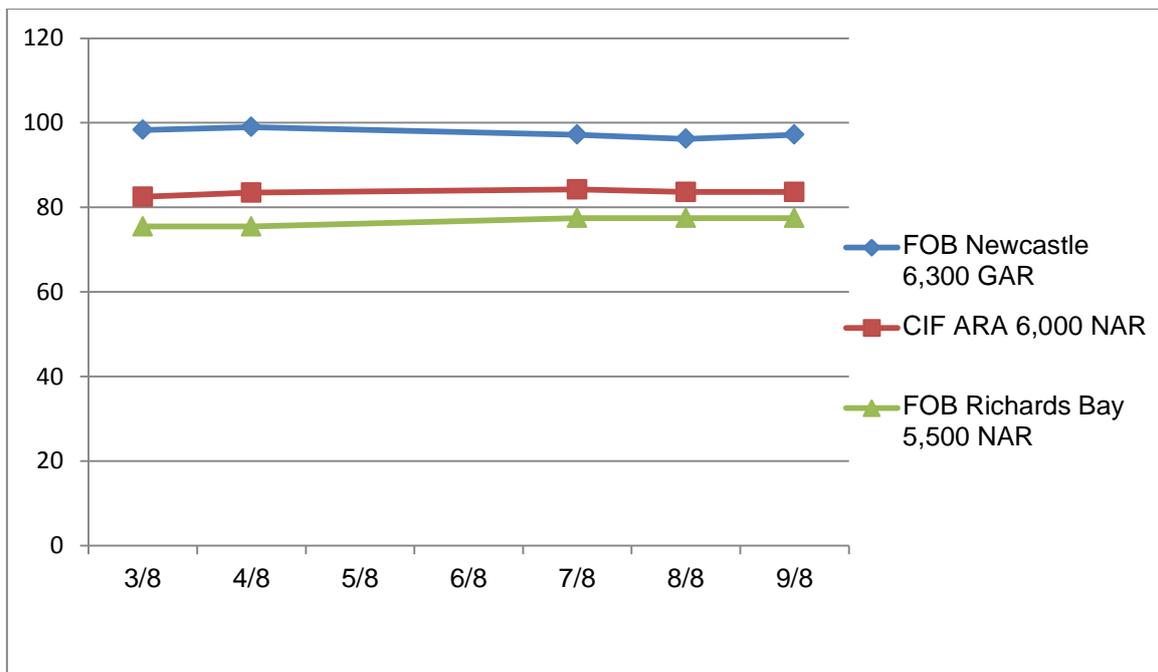
Date 14/08/2017

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	97.20	+ 1.00	96.30	+ 0.80
CIF ARA 6,000 NAR	83.65	+ 0.00	83.70	+ 0.20
FOB Richards Bay 5,500 NAR	77.50	+ 0.00	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	N/A	N/A
FOB Kalimantan 5,000 GAR	N/A	N/A	N/A	N/A

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	48.50	+ 0.00	322.66	- 1.24
PCC7 (CFR South China 4,700 NAR)	65.70	+ 0.00	437.09	- 1.67
PCC8 (CFR South China 5,500 NAR)	81.00	+ 0.00	540.21	- 2.07

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017



(Source: Platts Coal Trader International – Date 09/08/2017)

NEWS

Anglo, Glencore coal mines warned over dust levels

Queensland has warned multinational miners Anglo American and Glencore about dust levels in their coal mines and has said that operations that fail to comply with legislation will be closed. In a rare move, Queensland Mines Minister Anthony Lynham named the two companies in Parliament on Thursday evening. Anglo American and Glencore have both issued statements acknowledging noncompliance at their mines. Anglo American metallurgical coal CEO David Diamond said second-quarter sampling targets of two mines did not fully comply with the new regulations and said the group would work with the Queensland government to address the issue and to ensure full compliance. “We can confirm that during the same period, we undertook independent monitoring procedures to ensure that the health and safety of all employees and contractors was not comprised at all of our sites,” he said.

Glencore confirmed that its Oaky Number 1 and Oaky North coal mines had failed to meet the required level of dust monitoring in the June quarter and said that it had started an investigation into the matter. “We can confirm that for the current September quarter, both mines have completed dust sampling. We will work with the Queensland Mines Inspectorate to ensure this won’t happen again.” Queensland has introduced reforms, including a recognised standard for dust monitoring in coal mines, to tackle coal workers’ pneumoconiosis, or black lung, as the number of cases of the disease have spiked in recent years. In June, the Department of Natural Resources and Mines started publishing dust monitoring results from Queensland’s underground coal mines online, to improve transparency. However, legislation prevents specific mines being identified.

Coal producers post higher profits as China cuts capacity

China's coal producers posted higher profits in the first half of this year as the country made progress in reducing capacity in the bloated industry. Large coal companies earned 147.5 billion yuan (about 22.1 billion US dollars) in total profits in the first half, 140.3 billion yuan more than the same period of last year, according to the National Development and Reform Commission (NDRC), China's top economic planner. The turnaround came after China forced about 111 million tonnes of coal production capacity out of the market in the first six months, 74 percent of the annual target. Last year, China eliminated 290 million tonnes of overcapacity in the coal industry. With more than 400 million tonnes of coal capacity shed since last year, China has accomplished half of its goal of reducing 800 million tonnes of coal capacity in the 2016-2020 period, the NDRC said. The effort to trim overcapacity is part of China's bid to overhaul the economy as its growth slowed. The coal industry has become more orderly, with rare illegal capacity expansions and a better industrial structure, according to the NDRC. It said more measures will be taken to dispose of debt-ridden zombie companies, resettle laid-off workers and encourage mergers and restructuring.

Coal India Ltd plans to shut about 100 unprofitable mines

Coal India will shut nearly 100 unprofitable mines over the next two-three years. Of this, 37 will close operations this year. Last year, Coal India closed down over 15 mines. A recent study showed that about 15 mines are highly profitable and 90 others can be made profitable. “We have engaged Indian School of Mines and expertise of Singareni Collieries to chart out a roadmap for the set of 90 mines,” a company executive said. “They would submit their study soon on the basis of which we would either merge a few of these mines with existing ones or change the method of operations in these mines.” He said opening new mines and shutting unviable ones is a continuous process.

Coal India began with 750 mines but now has 394. Low grade coal extracted from mines that produce less than one million tonnes a year are generally considered unprofitable as the scale of operation in them do not support the cost involved the price its coal fetches. “Cost of operations at underground mines is also very high,” he said. Coal India has also been recently hit because the Coal Controller of India downgraded 50% of its 394 mines, meaning they are fetching lower prices for the coal produced compared to what they were fetching in 2016-17. “Downgrading of mines has also hit viability of a large number of mines, which are now being considered for closure,” another Coal India executive said. Coal India expects a hit of about Rs 10,000 crore annually as a

result of downgrading. The Coal Controller has also decided to keep a constant vigil on the quality of coal Coal India delivers and would be conducting regular studies on the quality of coal it is delivering its declared grade. Increasing salaries and wages of workmen have also added to the costs to coal, which has affected viability of a few mines. At present, more than 50% of the cost of production is workmen salaries.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Size	From	To	Freight rates	Change
				<i>Unit: USD/ton</i>
Capesize	Australia	China	7.40	+ 0.00
(150,000 tons)	Queensland	Japan	8.20	+ 0.00
	New South Wales	South Korea	8.45	+ 0.00
Panamax	Richards Bay	India West	10.80	+ 0.05
(70,000 tons)	Kalimantan	India West	7.25	+ 0.05
	Richards Bay	India East	11.05	+ 0.05
	Kalimantan	India East	6.25	+ 0.05
	Australia	China	9.60	+ 0.00
	Australia	India	11.25	+ 0.00

(Source: Platts Coal Trader International – Date 09/08/2017)