



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

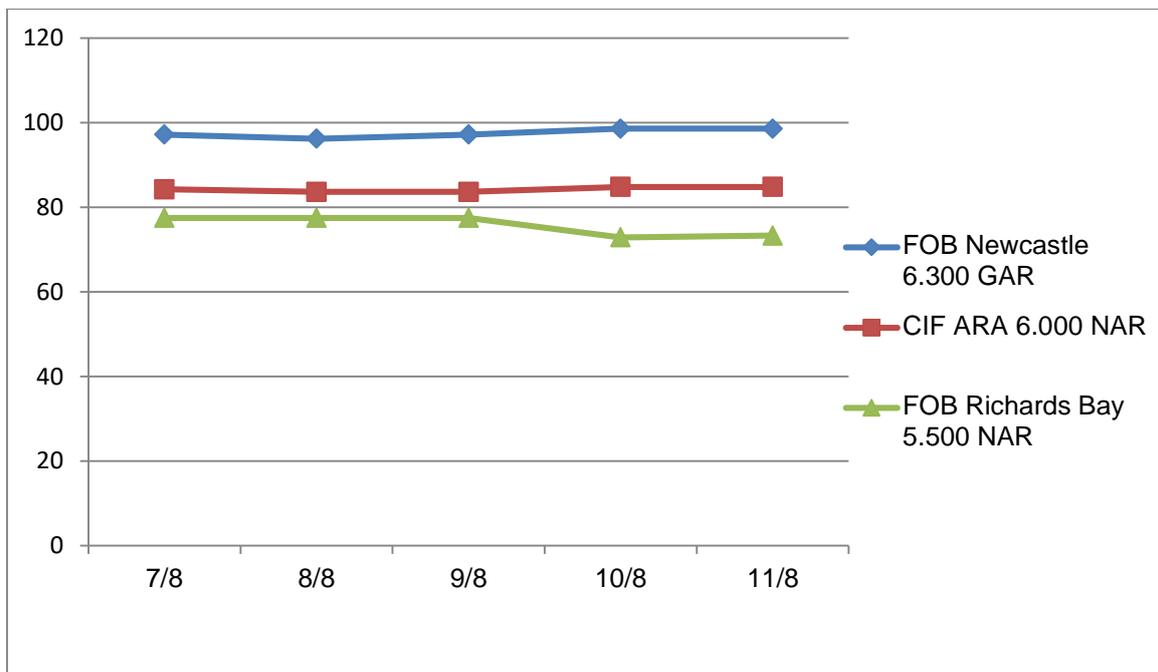
Date 17/08/2017

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	98.60	+ 0.00	95.10	+ 0.00
CIF ARA 6,000 NAR	84.80	+ 0.00	85.10	+ 0.60
FOB Richards Bay 5,500 NAR	73.30	+ 0.40	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	74.95	+ 0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	60.00	+ 0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	48.70	+ 0.00	323.41	+ 0.46
PCC7 (CFR South China 4,700 NAR)	65.90	+ 0.00	437.64	+ 0.63
PCC8 (CFR South China 5,500 NAR)	81.70	+ 0.20	542.56	+ 2.10

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017



(Source: Platts Coal Trader International – Date 11/08/2017)

NEWS

Banpu mines Indonesia for coal mergers

Banpu Plc, Thailand's biggest coal mine operator, is in talks with industry peers in Indonesia on possible mergers and acquisition (M&As) deals to help increase its long-term coal reserves, says deputy chief executive Somyot Ruchirawat. The talks are part of a plan to acquire coal mines near Banpu's existing Bharinto and Trubaindo operations in Kalimantan, Borneo. Mr. Somyot said most of the mines are yet to be opened, and still need more funding to get operations off the ground, creating M&A opportunities for Banpu. Banpu's Bharinto operations generate 2.5 million tonnes of coal annually, while 5.2 million tonnes are produced at Trubaindo. "If we can seal the merger deals, they will also help cut production and operating costs for Banpu," Mr Somyot said. The capital expenditure prepared for the M&A deals is not included in the company's annual capex outlays, he said. Mr Somyot said Banpu is also planning to increase its coal reserves by drilling deeper at its existing mines in Indonesia. Although expanding those mines would tack on US\$8 (266 baht) a tonne in production costs, he said the investment costs are worth it, as global coal prices are high. The company aims to boost its reserves from 13 years to 15.

While those potential M&A deals are being worked out in Indonesia, Banpu will also increase coal production at its Airly and Myuna mines in Australia. The company aims to increase production at Airly to 1.8 million tonnes by 2019, up from the 800,000 tonnes at present. Likewise, Banpu aims to raise production at Myuna to 2.3 million tonnes in 2018, up from 1.8 million tonnes, he said. For the company's midstream coal business, chief executive Somruedee Chaimongkol said Banpu is planning to increase business revenue from this segment by blending and mixing several grades of coal to serve rising demand. The company already operates a midstream coal business in Shanghai serving major clients in China, she said. For its downstream business, Banpu successfully listed its subsidiary, Banpu Power Plc (BPP) in October last year. BPP aims to increase its power generating capacity to 4,300 megawatts by 2025, up from 2,057MW currently. BANPU shares closed yesterday on the Stock Exchange of Thailand at 17.10 baht, unchanged, in trade worth 616.1 million baht.

Australian Pacific Coal takes time to consider offer

Australian Pacific Coal Ltd (ASX:AQC) has been granted a trading halt this morning by the ASX. The company requested the halt pending details on a material funding offer. Australian Pacific said that it has received a binding written offer for the provision of funding and will consider whether to accept or reject the offer. Earlier in the year the company completed its acquisition of the Dartbrook Coal Mine from Anglo American and Marubeni. Dartbrook is a tier 1 asset located in New South Wales, and has a total coal Resource Estimate of 2.5 billion tonnes, comprising 588 million tonnes Measured, 850 million tonnes Indicated and 1097 million tonnes Inferred Resources. The halt will remain in place until the opening of trade on Monday 21st August 2017, or earlier if an announcement is made to the market.

Booming thermal coal price on China demand cheers miners

Australian thermal coal prices for spot cargoes trading above \$100 a tonne on strong Chinese demand are providing a boost in earnings and share prices for miners like Glencore and Whitehaven Coal. A crackdown on illegal mining and pollution in China has curbed domestic supplies, just as a heatwave and lower hydro power output have boosted demand for coal for power generation, forcing up prices. A similar squeeze in 2016 pushed prices to \$114 a tonne and miners are again eyeing windfall profits, despite warning that the market is volatile.

"Coal demand remains strong, especially in Asia," said Paul Flynn, managing director of Whitehaven Coal. Imports of thermal coal into China have been higher than anticipated, and when combined with weather related constraints on supply from Indonesia and some production issues in Australia, have pushed up the price of seaborne thermal coal."

Adding fuel to a hot market, a huge gas-fired power outage in Taiwan this week has triggered emergency orders by coal-fired power stations scrambling to fill the electricity production gap, traders said. Australian thermal coal shipments hit a 2017 high in July of over 11 million tonnes,

shipping and trading data in Thomson Reuters Eikon shows. Despite a dip in shipments earlier this month, traders say orders for the rest of August and into September are high. Spot cargo prices for Australian thermal coal cargoes from its Newcastle terminal have jumped by over 40 percent from their 2017 lows. Coal topped \$100 in early August and last closed at \$101.25 per tonne. The soaring demand and prices are a boon for companies like global miner Glencore, the world's biggest exporter of sea-traded thermal coal, and Australian miners like Whitehaven, which profited from last year's spike and have seen their stocks rally since June. Shares in Whitehaven hit their highest since 2013 on Thursday after it reported a near 20-fold full-year profit rise to A\$405 million (\$322 million). Glencore this month raised its earnings forecast for 2017, citing higher commodity prices, after it reported a 68 percent surge in first-half earnings. The key question is whether the current boom will last. "Chinese coal production continues to fall due to capacity closures ... stocking hopes that import demand will remain strong in China in coming months," ANZ bank said on Thursday. Last year's rally caught the market by surprise and this year's spike has again defied forecasts, given ample coal supplies and a growing raft of alternative energy sources. "Will prices stay above \$100 forever? Certainly not. But given the spikes this year and last, I and many of my colleagues don't want to be caught short again," said one trader.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	7.85	+ 0.45
	Queensland	Japan	8.65	+ 0.45
	New South Wales	South Korea	8.90	+ 0.45
Panamax (70,000 tons)	Richards Bay	India West	11.15	+ 0.30
	Kalimantan	India West	7.40	+ 0.10
	Richards Bay	India East	11.40	+ 0.30
	Kalimantan	India East	6.50	+ 0.20
	Australia	China	10.20	+ 0.40
	Australia	India	11.60	+ 0.25

(Source: Platts Coal Trader International – Date 11/08/2017)