



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

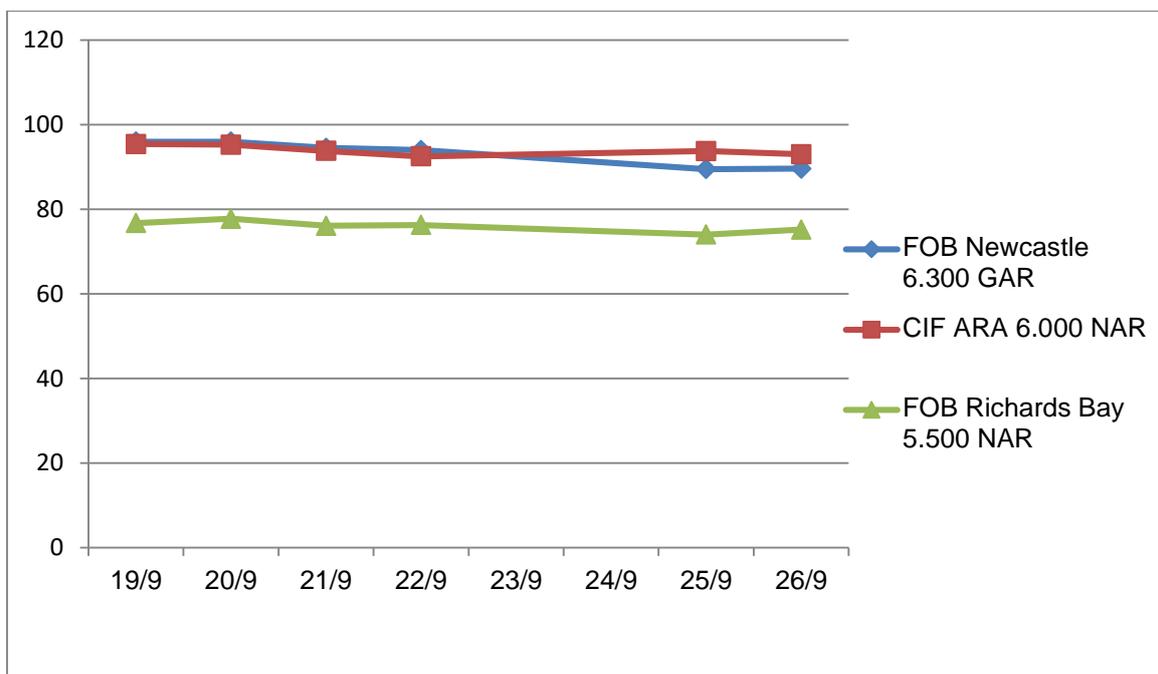
Date 27/09/2017

INTERNATIONAL COAL PRICE ASSESSMENTS

| Daily prompt physical thermal coal assessments | Window 7 – 45 day | +/- | Window 90 - day | +/- |
|--|-------------------|-------|-----------------|-------|
| FOB Newcastle 6,300 GAR | 89.60 | +0.10 | 93.10 | +0.10 |
| CIF ARA 6,000 NAR | 93.00 | -0.75 | 92.15 | -0.85 |
| FOB Richards Bay 5,500 NAR | 75.20 | +1.20 | N/A | N/A |
| FOB Kalimantan 5,900 GAR | N/A | N/A | 81.00 | +0.00 |
| FOB Kalimantan 5,000 GAR | N/A | N/A | 67.00 | +0.25 |

| China Coal Assessment | USD/tons | +/- | NDT/tons | +/- |
|----------------------------------|----------|-------|----------|-------|
| PCC6 (CFR South China 3,800 NAR) | 55.80 | +0.00 | 368.40 | +0.44 |
| PCC7 (CFR South China 4,700 NAR) | 75.65 | +0.00 | 499.45 | +0.60 |
| PCC8 (CFR South China 5,500 NAR) | 89.00 | +1.00 | 587.59 | +7.30 |

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017



(Source: Platts Coal Trader International – Date 26/09/2017)

NEWS

South African miner Universal Coal's full-year output up 52%

South African miner Universal Coal said Tuesday output in its 2016/17 financial year rose 52% to 4.425 million mt, driven by its New Clydesdale Colliery (NCC) which began production in 2016. Thermal coal sales totaled 3 million mt, an increase of 966,000 mt on 2015/16, with 407,000 mt for the export market, an increase of 329,000 mt. The mid-tier miner expected to increase sales volumes to 4.5 million mt in 2017/18, of which 800,000 mt will be export grade coal.

NCC has its first full year of steady-state production, having produced 763,892 mt of thermal coal during the 2016/17 year to June 30. Universal's Kangala Colliery was expected to match its 2017 sales of 2.5 million mt for 2018. Universal announced export thermal coal contacts have been concluded for a minimum of 650,000 mt per annum of export grade 6,000kcal/kg NAR coal with quarterly delivery commitments. Pricing for export grade South African coal has been strong in recent months and the last reported sale of this grade was \$93.25/mt FOB Richards Bay for a 50,000 mt November-loading cargo on September 19, the highest reported trade since last November. Universal said the current pricing environment was "favorable". "FY2017 has seen the development of the Company into a multimine producer with a sound base for expansion," CEO Tony Weber said.

Indonesia's Indika Energy lifts stake in local coal producer

Indonesian energy company Indika Energy on Monday said it agreed to buy an additional 45% stake in the country's third- largest coal producer from existing shareholders, including South Korea's Samtan, in a deal worth \$677.5 million. Indika already owns a 46% stake in Kideco Jaya Agung, which runs open-cut mining operations in East Kalimantan and last year produced 32.1 million tons of coal used in power plants. The transaction will raise the Jakarta-based company's stake to 91%, and reduce Samtan's to 9%, according to an announcement published in a local newspaper. Indika is also buying a 5% stake held by a separate local entity named Muji Inti Utama. The deal consists of \$517.5 million in cash and \$160 million in contingent liabilities, and will be funded by debt. It is expected to close by the end of the year, pending shareholder and regulatory approval.

Samtan's stake sale is the latest example of foreign companies reducing their exposure to Indonesia's natural resources sector, as weak commodity prices have forced mining companies to slim down. In this environment, the Indonesian government's policy of increasing control of its natural resources has not fared well. Since Kideco's coal mining contract expires in 2023, "Samtan's lack of confidence in being able to renew the contract," may have led to the disposal of most of Kideco's stake, a local mining analyst said. Controlled by Indonesian businessmen Agus Lasmono and Wiwoho Basuki Tjokronegoro, Indika Energy also has a stake in a large coal-fired power plant in West Java and runs mining logistic services. The acquisition "will strengthen our position as an integrated energy company," it said. The company's stock price rose 1.5% on Monday, and has nearly tripled from the start of the year.

While developed countries are shifting from coal to cleaner sources of energy, Indonesia, a major producer and exporter of thermal coal, still relies heavily on the commodity because it is less expensive. In 2025, coal is still expected to account for about half of the country's energy mix. "We view the proposed acquisition of Kideco as credit positive, as Indika will gain control over the third largest coal mining asset in Indonesia which has a long reserve life of over 13 years," said credit rating agency Moody's Investors Service.

Asia thermal coal prices firmer on strong demand, tight supply

Persistent production issues in Indonesia that hindered access to cargoes for Chinese and Indian buyers, keeping Asia thermal coal prices steady Monday, sources said. Inclement weather in eastern and southern Kalimantan resulting in floods affected mining operations, an Indonesian trader said. "I don't know [yet] how serious the situation is," he added. Offers for geared-vessel cargoes of 3,800 kcal/kg NAR or 4,200 kcal/kg GAR coal, mid-October were heard at \$47-\$47.50/mt FOB versus bids at \$46.50/mt FOB, sources said. The Indonesian trader said that a Supramax shipment

of 4,200 kcal/kg GAR coal, 0.3% sulfur loading in early November was sold last week at \$47/mt FOB. Mid-CV coal prices also remained firm Monday. An October-loading Panamax shipment of 5,000 kcal/kg GAR or 4,700 kcal/kg NAR coal with less than 1% sulfur was offered at \$73-\$74/mt FOB, the trader said. “But I have not seen anyone buying at this level yet,” he added. Buying indications for this grade were in a wide range of \$64-\$67/ mt FOB, sources said.

Strong demand from both China and India have converged in the second half of 2017 to support prices amid limited production, they added. While China deals with tight supply due to mine safety checks that have curbed thermal coal output and import restrictions at certain ports, India was facing the lowest level of stocks since 2014. An Indian bid for a Panamax shipment of 4,200 kcal/kg GAR coal was heard at \$47/mt FOB against an offer at \$48/mt FOB.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

| Size | From | To | Freight rates | Change | <i>Unit: USD/ton</i> |
|-----------------|-----------------|-------------|----------------------|---------------|----------------------|
| Capesize | Australia | China | 9.40 | -0.25 | |
| (150,000 tons) | Queensland | Japan | 10.90 | -0.25 | |
| | New South Wales | South Korea | 11.25 | -0.25 | |
| Panamax | Richards Bay | India West | 12.70 | -0.10 | |
| (70,000 tons) | Kalimantan | India West | 9.30 | -0.15 | |
| | Richards Bay | India East | 13.20 | -0.10 | |
| | Kalimantan | India East | 8.05 | -0.15 | |
| | Australia | China | 12.35 | -0.10 | |
| | Australia | India | 14.00 | +0.00 | |

(Source: Platts Coal Trader International – Date 26/09/2017)