



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

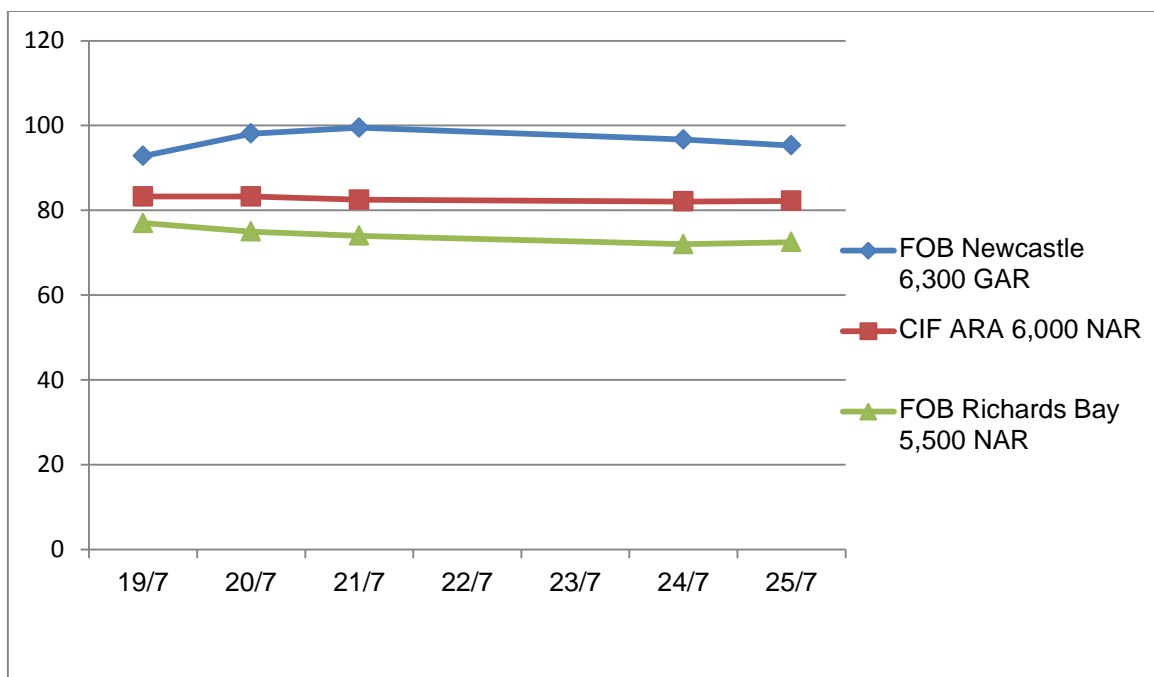
Date 28/07/2017

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	95.30	- 1.40	91.00	+ 0.00
CIF ARA 6,000 NAR	82.25	+ 0.15	82.50	- 0.50
FOB Richards Bay 5,500 NAR	72.50	+ 0.50	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	74.25	+ 0.10
FOB Kalimantan 5,000 GAR	N/A	N/A	59.00	+ 0.10

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	48.70	+ 0.20	327.54	+ 1.37
PCC7 (CFR South China 4,700 NAR)	65.15	+ 0.15	438.17	+ 1.04
PCC8 (CFR South China 5,500 NAR)	80.20	+ 0.00	539.39	+ 0.04

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2017



(Source: Platts Coal Trader International – Date 25/07/2017)

NEWS

South Korea's EWP seeks 5.4 million mt of thermal coal

Korea East-West Power (EWP) issued late Tuesday four long-term tenders seeking a combined total of 5.4 million mt of steam coal for loading in October 2017 to June 2020 and for delivery to its Donghae thermal power plant. In the tender EWP- COAL-2017-LT01, the utility sought 1.4 million mt of coal with a minimum calorific value of 5,700 kcal/kg net as received. As much as 280,000 mt should be supplied in the first contractual year with one cargo for delivery in October 2017 and the second in Q2 2018. The second to third contractual years will require 560,000 mt per year from July 2018 to June 2020. Only Colombian coal was allowed to participate the tender and it must be on fixed price and FOBT only. In the tender EWP- COAL-2017-LT02, the utility sought 1.4 million mt of coal with a minimum calorific value of 5,700 kcal/kg net as received. As much as 280,000 mt should be supplied in the first contractual year with one cargo for loading in Q4 2017 and the second in Q2 2018. The second to third contractual years will require 560,000 mt per year from July 2018 to June 2020. In the tender EWP- COAL-2017-LT03, the utility requires 1.4 million mt of coal with a minimum calorific value of 5,300 kcal/kg net as received. The loading schedule of the contractual period is similar to that in LT02. Both tenders will be one. fixed price on FOBT and CFR basis. In the tender EWP- COAL-2017-LT04, the utility sought 1.2 million mt of coal with a minimum calorific value of 4,600 kcal/kg net as received. The utility sought 300,000 mt of single-mine for the first contractual year with 150,000 mt of coal for delivery in September to December 2017 and the rest in Q1 2018. The second and third contractual years will require 450,000 mt per year from April 2018 to March 2020. Offers must be on fixed FOBT price only. Russian coal was not allowed to participate the tender. Both tenders close on August 3.

August thermal coal demand pull seen as weaker for china

Chinese power plants' coal consumption has been strong in July at an average of around 750,000 mt/day on account of the extremely hot weather and lower-than-expected hydro-power generation and steady industrial production. But, consumption could drop to 500,000 mt/day in August and buying interest in China appeared to be waning, sources said Wednesday. "Regular buyers are all done for August," a market source said, referring to demand for Australian high-ash coal. In the Asia trading window, buying interest for Newcastle 5,500 kcal/kg NAR August laycan Capesize cargoes was at \$71/mt FOB against offers at \$73/mt, sources said. "Most Australian coal is going to Shanghai and the Yangtze river region," said a market source in China. A Capesize cargo of Queensland 5,100 kcal/kg NAR thermal coal for August shipment was heard sold in a producer's auction at \$67.75/mt FOB, equivalent to \$73/mt on a 5,500 kcal/kg NAR basis, although this calorific value is too low for inclusion in Platts FOB Newcastle 5,500 kcal/kg NAR price assessment.

Higher prices for Newcastle 6,000 kcal/kg NAR coal, following August trades at \$98-\$100/mt FOB over the past week, are providing an incentive to producers to sell some 6,700 kcal/kg NAR semi-soft coking coal product in the thermal coal market, sources said. A freight fixture was heard at \$7.50/mt for a 130,000 mt Capesize ship sailing from Newcastle in mid-August to South Korea, according to shipping sources. Active Chinese buyers turned their attention to Indonesian thermal coal this week, sources said. "They have been focused on mid-CV Indonesian 5,000 kcal/kg GAR as a replacement for 5,500 kcal/kg NAR from Australia," a trader said. Restrictions on imports are still affecting a number of Chinese ports used by coastal power plants, and the restrictions are supposed to last till December.

Glencore to acquire 49% of Hunter Valley Operations

Diversified mining and marketing company Glencore announced on Thursday that it had signed agreements with Yancoal Australia Limited (Yancoal) to acquire a 49% interest in the Hunter Valley Operations (HVO) coal mine in New South Wales and form a joint venture (JV) following Yancoal's acquisition of Coal & Allied (C&A) from Rio Tinto. Glencore will pay \$1.14-billion cash plus a 27.9% share of \$240-million non-contingent royalties over five years and 49% of price-contingent royalties payable by Yancoal to Rio Tinto on production from HVO in respect of the C&A acquisition. "The HVO JV may be second prize for Glencore but for shareholders, the deal

offers the best of both worlds: smaller capital outlay while retaining the potential to extract meaningful synergies,” mining analyst firm Macquarie Research Equity commented in a note. The deal would be a win-win situation for Glencore and Yancoal, said Bernstein analysts Paul Gait, Catherine Tubb and Jonathan Absolon.

Glencore will acquire a 16.6% interest in HVO directly from Yancoal and the companies will work together to acquire Mitsubishi Development's 32.4% interest in HVO to achieve Glencore's 49% stake. The London-, Hong Kong- and Johannesburg-listed group headed by CEO Ivan Glasenberg will be entitled to its share of the profits of HVO from the date that Yancoal completes its acquisition of C&A. Glencore has also agreed to subscribe for \$300-million worth of shares in Yancoal's equity raising. The transaction will be funded from Glencore's existing cash resources and committed facilities and is subject to Glencore obtaining the necessary regulatory approvals. Glencore expects the transaction to close within six months. In order to deliver maximum operational synergies, Glencore will nominate the candidates for HVO's general management position while Yancoal will nominate the candidates for HVO's financial controller position. Glencore will provide operational and support services to the HVO JV. Glencore will be the exclusive marketing agent for HVO coal sales into Japan, South Korea and all other countries, excluding China, Taiwan (with certain exclusions), Thailand and Malaysia. HVO is a large-scale, long-life and low-cost coal mine producing quality export thermal coal and semi-soft coking coal. It is located next to a number of existing Glencore mines in the Hunter Valley. The addition of 49% of HVO to Glencore's existing portfolio in the Hunter Valley will unlock mining and operating synergies. Glencore's combined portfolio of mines in the Hunter Valley, including HVO, will have production capacity of 69-million tonnes a year of high quality energy coal to meet increasing Asian demand.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	7.30	+ 0.30
	Queensland	Japan	8.10	+ 0.30
	New South Wales	South Korea	8.35	+ 0.30
Panamax (70,000 tons)	Richards Bay	India West	11.00	+ 0.25
	Kalimantan	India West	7.60	+ 0.00
	Richards Bay	India East	11.25	+ 0.25
	Kalimantan	India East	6.55	+ 0.00
	Australia	China	9.60	- 0.05
	Australia	India	11.10	- 0.15

(Source: Platts Coal Trader International – Date 25/07/2017)