



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

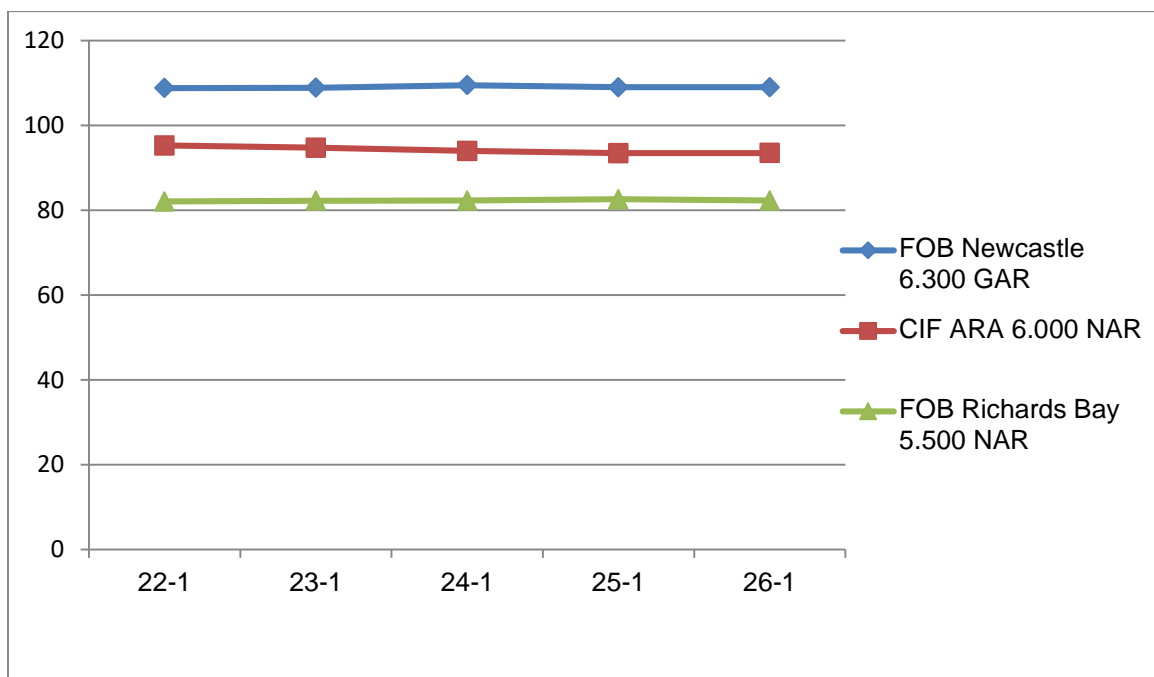
Date 29/01/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	109.00	+0.00	108.50	+0.10
CIF ARA 6,000 NAR	93.50	+0.05	93.55	+0.15
FOB Richards Bay 5,500 NAR	82.30	-0.30	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	88.00	+1.00
FOB Kalimantan 5,000 GAR	N/A	N/A	71.50	+0.50

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	57.15	+0.05	421.11	-0.36
PCC7 (CFR South China 4,700 NAR)	79.35	+1.00	584.68	+6.36
PCC8 (CFR South China 5,500 NAR)	94.50	+0.50	696.33	+2.48

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 26/01/2018)

NEWS

China's 2017 coal imports from Russia and Mongolia surge after North Korea ban

China's coal imports from Russia and Mongolia soared in 2017, customs data showed on Thursday, as the two countries filled a supply gap caused by trade sanctions on North Korea. Arrivals from Russia in 2017 surged 36.3% from 2016 to 25.3-million tonnes, data from the General Administration of Customs showed, with December figures at 2.14-million tonnes, up 16.2% from a year ago and 11.5% from November. Imports from Mongolia rose to 33.58-million tonnes in 2017, up 27.6% from 2016, while December's imports came in at 2.83-million tonnes, down 18.6% from a year ago but up 2.5% from November. China issued a ban on coal imports from North Korea in late February, about a week after the country tested an intermediate-range ballistic missile. For the rest of the year, China only reported North Korean coal imports in August and September.

In 2016, China brought in more than 20-million tonnes of North Korean coal, making it Beijing's fourth-largest supplier after Australia, Indonesia and Mongolia. "The majority of market share left by North Korea was grabbed by Russia, as mining costs in Russia are cheaper than in China's northeastern region," said Cheng Gong, an analyst at the China National Coal Association. In 2017, Australia was China's largest coal supplier for a sixth year in a row, bolstered by increasing demand for high-grade supplies due to Beijing's crackdown on air pollution. Coal imports from Australia rose 13.4% from 2016 to 79.91-million tonnes. In December, China bought 8.07-million tonnes of Australian coal, up 19.4% from a year ago. Australian coal, with lower pollutants such as sulphides and ash and a higher energy value, is considered a high-grade fuel compared to Mongolian and Indian supply.

Anglo American 2017 coal production falls 6% on year to 81.82 mil mt

Anglo American's total coal production in the fourth quarter of 2017 was 20.1 million mt, down 5% from the previous quarter, while total 2017 production was 81.82 million mt, down 6% year on year, the company said in a quarterly production report Thursday. Thermal coal production in the fourth quarter was 14.76 million mt and made up 73.5% of total coal production in the period. Thermal coal production in the full year was 60.5 million mt, down 6% year on year, and accounted for 74% of total annual coal production in 2017. Thermal coal export volumes in the fourth quarter stood at 6.9 million mt, down 2% from the third quarter, while thermal coal export volumes in the full year totaled 26.5 million mt, down 4% year on year.

Thermal coal production in Colombia for 2017 stood at 10.64 million mt, relatively unchanged year on year, with all of this volume coming from its Cerrejon mine. Improved weather conditions at the Cerrejon mine allowed production there in the fourth quarter to increase 17% from the third quarter to 2.9 million mt. Thermal coal production in South Africa was 49.9 million mt in 2017, down 7% year on year, with the company's New Vaal mine producing 30.2% of the volume at 15.1 million mt. According to the report, productivity improvements at underground operations were offset by ongoing operational challenges at the Khwezela mine, and the Mafube mine transitioning into a new pit.

Russian ports used as 'transshipping HUBS' for coal smuggled out of North Korea

Russia is helping North Korea evade international sanctions by allowing the rogue state to smuggle coal through its ports, Western intelligence sources have claimed. The rogue state has sent tens of thousands of tonnes to docks in eastern Russia on at least three occasions - despite strict UN sanctions banning its export - to fund the regime's nuclear and ballistic missile programmes. And every time, the cargo was unloaded then re-loaded onto ships bound for South Korea or Japan, European security sources told Reuters. One of the sources said: "Russia's port of Nakhodka is becoming a transshipping hub for North Korean coal."

Coal is one of the hermit kingdom's biggest cash sources, but a series of sanctions imposed by the UN Security Council have sought to cut, and eventually ban, its export. Until recently, North Korea had routed its coal shipments through China. But the security sources said the route via Russia had developed as Beijing, North Korea's neighbour and lone major ally, cracked down on exports from

the secretive Communist state. One of the sources said: "The Chinese have cracked down on coal exports from North Korea so the smuggling route has developed and Russia is the transit point for coal." Intelligence agents have reportedly identified two routes used to smuggle coal out of the secretive state. The first used vessels from North Korea via Nakhodka, about 53 miles east of the Russian city of Vladivostok. The second route took coal via Kholmsk on the Russian Pacific island of Sakhalin, north of Japan. However, Russia has denied the claims, and insisted it is abiding by international law.

Asked about the three shipments identified by Reuters, Matthew Oresman, a partner with law firm Pillsbury Winthrop Shaw Pittman who advises companies on sanctions, said: "Based on these facts, there appears to be a violation of the U.N. Security Council resolution by the parties involved." "Also those involved in arranging, financing, and carrying out the shipments could likely face US sanctions." Asked about the shipments, a US State Department spokesman said: "It's clear that Russia needs to do more. "All UN member states, including Russia, are required to implement sanctions resolutions in good faith and we expect them all to do so."

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

<i>Unit: USD/ton</i>				
Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	8.35	+0.20
	Queensland	Japan	9.75	+0.20
	New South Wales	South Korea	10.25	+0.20
Panamax (70,000 tons)	Richards Bay	India West	13.20	+0.15
	Kalimantan	India West	9.00	+0.00
	Richards Bay	India East	13.50	+0.00
	Kalimantan	India East	7.50	-0.10
	Australia	China	12.30	+0.00
	Australia	India	13.45	+0.00

(Source: Platts Coal Trader International – Date 26/01/2018)