



PETROVIETNAM OIL & GAS GROUP
PETROVIETNAM POWER CORPORATION
DAILY NEWS

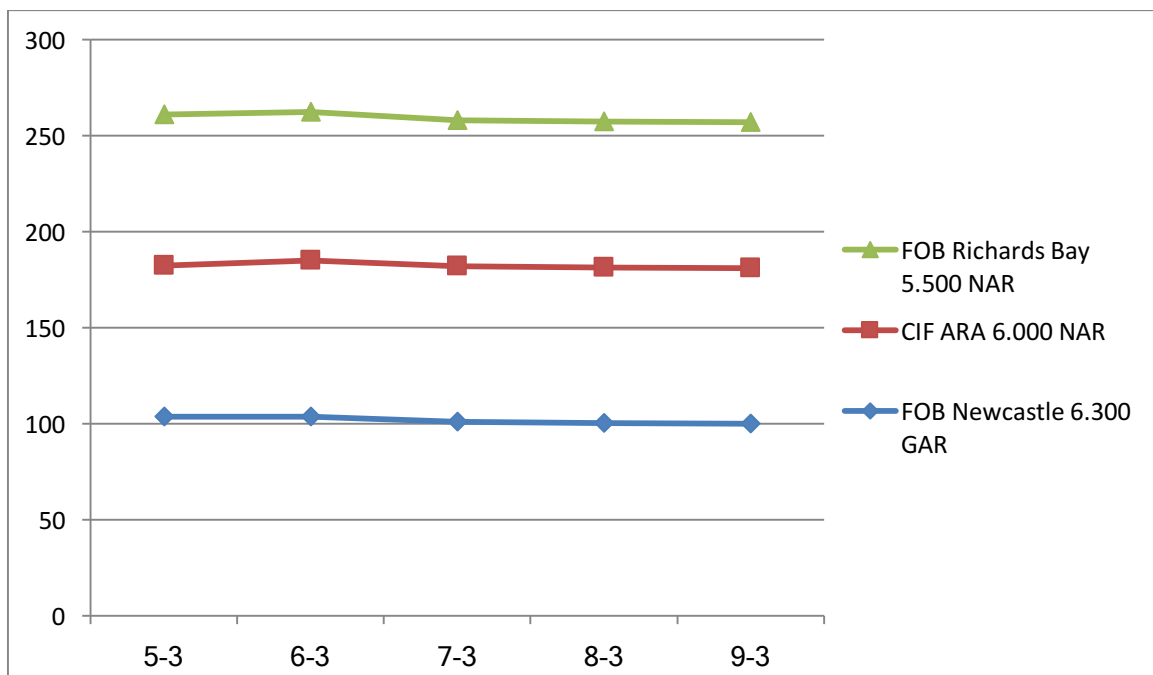
Date 12/03/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	100.15	-0.35	97.40	-1.10
CIF ARA 6,000 NAR	81.05	+0.00	81.00	-0.60
FOB Richards Bay 5,500 NAR	79.95	-1.10	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	84.50	-1.50
FOB Kalimantan 5,000 GAR	N/A	N/A	70.80	-0.20

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	56.20	+0.00	415.02	+0.06
PCC7 (CFR South China 4,700 NAR)	78.85	-0.15	582.29	-1.01
PCC8 (CFR South China 5,500 NAR)	86.65	-0.15	639.88	-1.02

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 09/03/2018)

NEWS

100% FDI in coal mining may attract global miners

Opening up commercial coal mining for the private sector and allowing 100 per cent foreign direct investment (FDI) are likely to attract global miners to invest in India, a report said on Friday. Private sector participation would result in faster ramp up of coal production, helping gradually reduce India's import dependence, especially for thermal coal, Icra said in its report. Moreover, allowing 100 per cent FDI in commercial coal mining is likely to open the doors for global coal miners to invest in India, which can benefit the sector in the long run through increased technology adoption and mechanisation in mining operations thereby helping achieve better operational efficiency for the industry, it added.

The coal ministry last month came out with the methodology for auction of mines, which largely aims at opening up the coal sector for private commercial mining and also looks at allowing 100 per cent FDI in order to create an efficient and competitive coal market. Icra believes that absence of end-use condition in the guidelines is a significant positive for commercial miners, who were not eligible to participate in the previous coal mine auctions conducted during 2015. The rating agency said that the track-record of private sector captive miners in ramping up domestic coal output has not been very encouraging, with production levels remaining range-bound between 40-60 million tonnes per annum (mtpa) in the last several years, accounting for a paltry 6-10 per cent of the overall domestic production. Long delays in getting regulatory approvals, challenges in land acquisition, and infrastructure deficits, according to Icra, have often emerged as key reasons for the limited growth in India's captive coal mining. As a result, coal production from commercial coal mining is not likely to be significant in the next couple of years at least.

Rio Tinto's last two coal mines set to attract bids over \$3b

At least three bidders are expected to submit final offers for global miner Rio Tinto's Hail Creek and Kestrel coal mines, which could fetch up to \$US2.5 billion (\$3.2 billion), people familiar with the process said. The Anglo-Australian mining company made a strategic decision in 2017 to exit coal and focus on growth in iron ore, copper and its aluminium division. Hail Creek and Kestrel, in Queensland's Bowen Basin, are Rio Tinto's last two coal mines, following the \$US2.7 billion sale of its Hunter Valley coal operations to Yancoal last year. Whitehaven Coal is expected to bid, as well as private equity firm EMR Capital along with Indonesia's Adaro Energy. A consortium led by US private equity firm Apollo Global Management is also expected to be in the running. Final bids for the two mines that mostly produce coking coal, used in steel mills, are due on Monday, March 12.

The sale is eagerly awaited by investors, who are hungry for more cash returns after a bumper payout for 2017, as the company is no longer looking to cut debt and has no plans for any big new investments."If Rio were to sell these assets, the likely outcome for the use of proceeds would be to direct them to shareholders,". EMR Capital has lined up Indonesia's second biggest coal producer Adaro as a partner on the bid, after talks with Chinese wealth fund CIC fell through, according to two people close to the process. Apollo Global Management is bidding with pension fund Canada Pension Plan (CPP), US coal company Xcoal Energy & Resources and a former Glencore executive for the assets. UBS speculated that Mitsui, which co-owns the Kestrel mine, "may have a desire to increase their stake".

South Africa's mines minister urges speedy resolution on Optimum mine

South Africa's new mining minister Gwede Mantashe said on Thursday the business rescue process being undertaken at the troubled Optimum coal mine had to be done with "speed", but the operation was working again after some employees were paid. The Optimum coal mine, which has faced a strike by its workers over unpaid salaries, sought protection from creditors on Feb. 20 with seven other companies owned by the Gupta family, who are accused of corrupt ties to former President Jacob Zuma. Zuma and the Gupta brothers deny any wrongdoing.

Speaking to 702 Talk Radio, Mantashe said he had met with the business rescue practitioners and they were turning the operation around as well as three other Gupta-owned mines that had liquidity

problems. “They’ve paid the workers, they’ve paid the creditors, the mines are operational again,” he said. A source at the National Union of Mineworkers told Reuters that permanent employees had been paid at the mine but contractors had not yet been paid. South Africa’s Exxaro Resources Ltd said on Thursday it was interested in acquiring Optimum’s coal export quotas but was not keen on the mining assets.

(Source: Platts)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

				<i>Unit: USD/ton</i>
Size	From	To	Freight rates	Change
Capesize	Australia	China	7.70	+0.05
(150,000 tons)	Queensland	Japan	8.80	+0.00
	New South Wales	South Korea	9.35	+0.00
Panamax	Richards Bay	India West	13.80	+0.00
(70,000 tons)	Kalimantan	India West	9.30	+0.10
	Richards Bay	India East	14.00	+0.00
	Kalimantan	India East	7.90	+0.10
	Australia	China	12.90	+0.00
	Australia	India	14.00	+0.10

(Source: Platts Coal Trader International – Date 09/03/2018)