



PETROVIETNAM POWER CORPORATION
PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY
DAILY NEWS

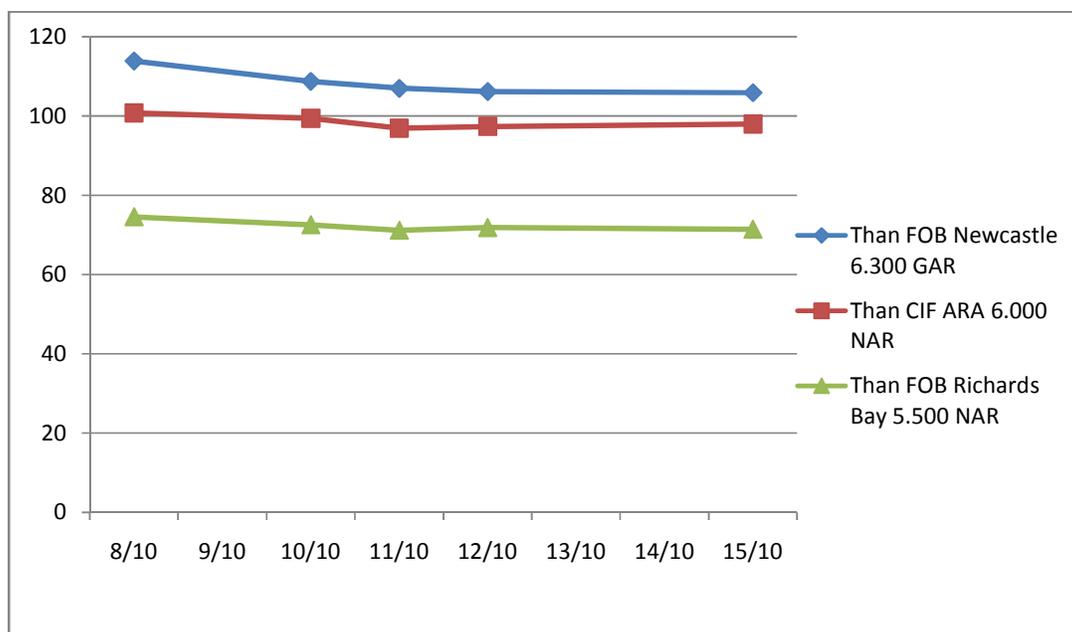
Date 22/10/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	105.90	-0.30	N/A	N/A
CIF ARA 6,000 NAR	98.00	+0.60	N/A	N/A
FOB Richards Bay 5,500 NAR	71.40	-0.45	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	72.50	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	53.00	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	48.50	+0.00	334.51	-0.02
PCC7 (CFR South China 4,700 NAR)	62.50	+0.00	388.03	-0.02
PCC8 (CFR South China 5,500 NAR)	77.50	+0.00	534.52	-0.04

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International –Date 15/10/2018)

NEWS

European utilities' coal generation profits soar on blending strategy

European utilities are reaping huge profits from coal-fired generation as they are able to buy thermal coals at substantial discounts to benchmark index prices and blend them to satisfy technical requirements, trading sources said at the World Coal Leaders Network conference in Barcelona Wednesday. The strategy would further explain why European coal burn has been resilient recently despite a notable rally in EU carbon emissions prices this year which have made coal less competitive against rival fossil fuels such as natural gas. The process involves buying so-called lower quality 'off-spec' coals and blending them into a mix that is compatible with boilers originally designed to burn higher-grade material.

According to one trading source, utilities can buy US Northern Appalachian coals with a net calorific value in the 6,600-6,800 kcal/kg range and 1.8-2.5% sulfur at a discount of around \$15/mt to benchmark CIF ARA 6,000 kcal/kg NAR prices. This coal is being blended with unwashed 5,300-5,600 kcal/kg NAR Russian coals with 0.3-0.4% sulfur at slightly smaller discounts to achieve a blend that more or less matches the higher quality 6,000 kcal/kg NAR specifications. The source said utilities are selling their power at prices linked to 6,000 kcal/kg NAR coal, so are therefore clearing significant margins from the blending strategy. According to S&P Global Platts data, the German clean dark spread (CDS) -- the profit margin for coal-fired generation based on consumption of 6,000 kcal/kg NAR coal at 35% plant efficiency and factoring in the cost of EU carbon emission allowances -- for Q1 2018 baseload was Eur4.63/MWh (\$5.36/MWh) Tuesday. According to Platts calculations, an overall \$12.50/mt discount for an off-spec US-Russian blend would translate to an extra Eur4.42/MWh of profit on top of the 35% efficiency German baseload CDS at Wednesday's exchange rate.

Q3 US Western bituminous coal rises to 16.2 mil st, highest quarterly total since Q4 2017

US Western coal production totaled 16.2 million st in the third quarter of 2018, up 10.8% from the second quarter and up 8.6% from the year-ago quarter, according to S&P Global Platts analysis of Mine Safety and Health Administration data. The most recent period's production was the highest quarterly total since the final three months of 2017, when output totaled 16.8 million st, according to the MSHA data collated by Platts. The region counts the output of mines in Arizona, Colorado, Montana, New Mexico, Utah and Wyoming. The data show total production in the first nine months was 45.8 million st, down 4% compared with the same period last year's 47.8 million st. Peabody's Kayenta mine in Arizona was the top producing mine in Q3 with output of more than 1.7 million st. Production at the mine rose 1.7% compared with the prior quarter and jumped 411.1% from the year-ago quarter's 212,959 st. Signal Peak's Bull Mountain mine in Montana was the second largest producer at 1.5 million st, down 22.7% from Q2 and down 14.1% from the year-ago quarter. Peabody's El Segundo mine had the third highest production, producing just under 1.4 million st, up 24.7% from the prior quarter and up 0.5% from the same period in 2017. Westmoreland's San Juan mine saw the largest quarter-on-quarter rise in production. It produced 609,575 st in Q3, compared with 41,642 st in Q2 and 30,917 in the first three months of 2018. However, the mine's production fell 48.6% year on year, when its output was above 1 million st.

State by state

On a state-by-state basis, Colorado was top of the table. Colorado produced over 3.6 million st, down 4% from Q2 and up 15.3% from the year-ago period. The state's top producing mine was West Elk with 1.3 million st in production, up 27% from the prior quarter and up 49.8% from the 2017 Q3. Utah came in second place, with production of nearly 3.5 million st in coal, up 14.1% from the prior quarter and 6.3% from the year-ago quarter. Most of the production came from the Skyline #3 and Sufco facilities, both owned by Bowie Resources and producing nearly 1.3 million st. New Mexico came third, with its El Segundo, Navajo, and San Juan mines producing over 3 million st, up 75% compared with the prior quarter's 1.7 million st in production and down 4.1% from the year-ago quarter. Wyoming, with Kemmerer, Black Butte, Bridger Underground, and Jim Bridger mines, produced over 2.8 million st, up 17.2% compared with Q2 and down 12.7% from

the year-ago quarter. In fifth and sixth were Arizona with Kayenta producing 1.7 million st, and Montana with Bull Mountain producing 1.5 million st.

(Source: www.platts.com)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

<i>Unit: USD/ton</i>				
Size	From	To	Freight rates	Change
Capesize (150,000 tons)	Australia	China	11.20	-0.10
	Queensland	Japan	12.95	-0.10
	New South Wales	South Korea	13.80	-0.10
Panamax (70,000 tons)	Richards Bay	India West	15.50	+0.20
	Kalimantan	India West	11.35	+0.00
	Richards Bay	India East	15.80	+0.20
	Kalimantan	India East	9.55	+0.00
	Australia	China	14.75	+0.00
	Australia	India	16.60	+0.00

(Source: *Platts Coal Trader International* –Date 15/10/2018)