

SE Exclusive
HD Global **coal** roundup: A weekly review of top international stories
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A roundup of international **coal** news from April 30 to May 9.

Europe

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United Kingdom: The U.K.'s Advertising Standards Authority has kicked off a probe into an allegedly misleading online advertisement by U.S.-based Peabody **Energy** Corp., which claimed that **coal** could be used as a way to curb **energy** inequalities in the developing world, EurActive.com reported. The brochure is titled "Let's brighten the many faces of global **energy** poverty."

The oldest **coal**-fired power plant facility in the U.K., operated by Renewable Electricity and gas supplier SSE Plc, will be shut down, which could put 83 jobs at risk, BBC News reported. Built about 50 years ago, the Uskmouth facility was U.K.'s least efficient **coal** plant, according to SSE.

Poland: Poland-based **coal** miner Bogdanka posted an 11% year-over-year decline in its first-quarter net profit due to depressed **coal** prices, Reuters reported. The **company** is expecting **coal** prices to decline further in 2014. Some analysts expect **coal** prices in Poland to decline 11% in 2014.

Turkey: Turkey is engaged in talks with **China** to develop a massive lignite **coal** deposit and a **coal**-fired power plant, a deal that will require investments in the range of \$10 **billion** to \$12 **billion**, the South **China** Morning Post reported May 7, citing Turkish **Energy** Minister Taner Yildiz. Yildiz said he was not sure when a deal could be finalized with **China**. However, Yildiz said the "big project" includes building an 8,000-MW **coal** plant as well as developing the Afsin-Elbistan coalfield. The Afsin-Elbistan region accounts for up to 45% of Turkey's lignite **coal** reserves.

Russia

Russian Railways plans to gradually increase the **coal** tonnage that each train hauls over the east-west Baikal-Amur Mainline (BAM) by up to one-third, to improve throughput volumes of the raw material. The vertically integrated **company** plans to eventually transport from 6,000 tonnes to 6,300 tonnes of **coal** per train from 4,800 tonnes now, a source within RZhD told SNL Metals & **Mining** on May 8.

Russian Railways President Viktor Yakunin said recently that the **company** will be unable to acquire metals and **mining** group Mechel OAO's rail link to its Elgin coking **coal** deposit, a **company** source told SNL Metals & **Mining** on May 8. Yakunin said the federal government is unwilling to provide the funding required, which RZhD itself does not have, the source added. The rail link, which is about 300 kilometers long, connects Elgin with the east-west Baikal-Amur Mainline and allows access to ports in Russia's Far East.

Asia

A new study predicts that **coal** demand will remain strong in Asia, with **coal** continuing as a crucial fuel in the global **energy** mix in the foreseeable future despite increasing environmental pressures, The Globe and Mail of Canada reported May 4. The study by Shoichi Itoh, an analyst at Japan's Institute of **Energy** Economics, predicts robust Asian **coal** demand in the long term, even as current global **coal** markets are depressed due to a supply glut.

India: Global **coal** export projects that see India as the next big **coal**-importing country after **China** could face financial risks as the dependence of Indian utilities on expensive imported **coal** is expected to further stress their financial positions, according to a briefing note issued by the Institute for **Energy** Economics and Financial Analysis. According to the report, importing **coal** into India from Australia would be "prohibitively expensive" for the domestic power sector.

Sufficient **coal** stockpiles available to India's electricity and steel producers drove down the country's **coal** imports in April from the year-ago level, Reuters reported May 7, citing provisional data from an Indian research **firm**. India imported 15.2 **million** tonnes of **coal** in April, down 6% from a year ago, posting the first decline in three months, according to OreTeam.

Coal India Ltd., which has been falling short of its annual **coal** production targets in the past few years, has been asked to boost its output by 9.6%, or 45 **million** tonnes, during the 2015 fiscal year, a goal that experts believe would require "an extraordinary effort from the **company**," the Business Standard of India reported April 30.

China: The major **coal**-producing province of Shanxi in **China** was hit with the sharpest economic growth slowdown in the first quarter of 2014 as **coal** demand slipped in light of government plans to reduce overcapacity and curb air pollution in the country, according to **Chinamining.org**. In the first quarter, the Shanxi province posted a 0.13% year-over-year growth to reach 219 **million** tonnes of **coal** production, but declining **coal** prices had a negative impact on the local economy, the report said.

Indonesia: Indonesia's PT MNC Investama Tbk is planning to develop a \$25 **million coal** terminal in the country, **company** executive Darma Putra said, according to a May 1 report from local publication Kontan as cited by Reuters. The location of the prospective **coal** terminal was not disclosed and no other details were given. The project will be financed by a bank loan, according to the report.

ASX-listed Waratah Resources Ltd. has shipped the first 50,000-tonne export cargo of thermal **coal** from South Kalimantan, Indonesia, as it continues to develop its commodities trading division. Executive Chairman Ben Kirkpatrick said May 7 that the **company** expects to undertake more commodities transactions in 2014 and is aiming to establish a steady revenue stream from commodities trading. The first cargo is bound for Shanghai.

Singapore: Singapore Exchange Ltd. is set to launch thermal **coal** and coking **coal** contracts in July, a move to meet demand for hedging tools in Asia amid a weak **coal** pricing environment, Reuters reported May 8. The SGX will be the latest Asia-based exchange after Bloomberg News reported that **Hong Kong** Exchanges & Clearing Ltd. will start trading in thermal **coal** futures in 2014. **China's** Zhengzhou Commodity Exchange started thermal **coal** futures trading in September 2013.

Australia

The Queensland government has given the go-ahead to India's Adani Group to develop the A\$16.5 **billion** Carmichael **coal** and rail project in western Queensland's Galilee Basin region, Reuters reported May 8. The operation has the potential to become the largest **coal** mine in Australia, according to Queensland Deputy Premier Jeff Seeney. The mine is expected to produce 60 **million** tonnes per year.

International diversified miner Glencore Xstrata Plc said it is turning away from high-cost coking **coal** production in Australia due to a massive decline in prices in recent years. In a production report issued May 6, Glencore said its first-quarter coking **coal** output in Australia was down 17% year over year in light of "a decision to move away from certain high costs mines and areas, [based on] the current weak **coal** price environment, and focus on higher margin thermal **coal** production."

An Australian **coal** producer denied a news report that suggested it withdrew its proposal to build a **coal** export facility at Bunbury in the Western Australia due to weak **coal** prices and growing debt, Australia's Collie Mail reported May 6. According to a May 5 report from India's Live Mint, Griffin **Coal** withdrew its proposal for the development of the Bunbury Port Berth 14 at the Bunbury Port Inner Harbor. According to the Mail, Griffin spokesman David Trench said the **company** withdrew and resubmitted a particular environmental proposal, in line with its plans to reduce required sea dredging.

Private **equity firm** Denham Capital Management LP has agreed to commit US\$200 **million** in **equity** financing to Australia-based Pembroke Resources to acquire and develop metallurgical **coal** assets in the Asia-Pacific region. Newly formed Pembroke Resources is led by the former CEO of Australian **coal** producer Gloucester **Coal** Ltd., Barry Tudor.

Waratah **Coal** Pty. Ltd., a subsidiary of the Clive Palmer-led Mineralogy Pty. Ltd., has applied for "preferred developer" status for the A\$3 **billion** Terminal 2 expansion of the Abbot Point **coal** terminal in Queensland, The Australian reported May 6. The Terminal 2 development is part of a planned A\$9 **billion**

expansion of Abbot Point, which had become controversial due to the need to dredge and dump spoils within the Great Barrier Reef Marine Park.

Australian **coal** markets have continued to struggle, with no signs of recovery in sight after an Australian **coal** producer slashed its metallurgical **coal** contract prices for the quarter ending in June by 16%. Australia-listed Wesfarmers Ltd. settled its met **coal** contracts for the April-June quarter 16% below the previous-quarter levels, the **company** announced in a May 6 news release. The **coal** will be supplied from Wesfarmers' Curragh **coal** mine in the Bowen Basin of Queensland.

North America

Mexico: A private **company** is in the final stages of the permitting process to develop a terminal capable of exporting 30 **million** tonnes of U.S. **coal** per year from northwest Mexico, the top executive of the **company** said at the Coaltrans West Coast conference in Vancouver, British Columbia. Daniel Suarez, CEO of MEXPORT **Coal** & Minerals Terminal, said the \$700 **million** project is intended to serve Powder River Basin and Colorado/Utah coals and could be operational by 2017 or early 2018. The **coal** would be exported to Asian markets, Suarez said. Suarez said he gauged the interest of several U.S. **coal** producers at the Coaltrans West Coast conference in June 2013 and eventually signed confidentiality agreements with "some of them," though he declined to name the companies.

Canada: A pre-feasibility study undertaken by Australia-listed Atrium **Coal** NL suggests its Groundhog anthracite underground **coal** operation project in British Columbia could produce 5.4 **million** tonnes of run-of-mine **coal** over a 16-year mine life, **Mining** Weekly reported. The **coal** deposit contains an estimated Joint **Ore** Reserves Committee-compliant **coal** resource of 1.57 **billion** tonnes.

This feature was updated as of 2:30 p.m. ET on May 9, 2014. Some external links may require a subscription.

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