



12 April 2010

Issue: 2010/7

Weekly Price Indices	12-Apr-10	05-Apr-10
globalCOAL RB Weekly Index US\$/t	86.97	83.97
globalCOAL RB Weekly Index R/t	631.25	607.49
globalCoal RB Monthly Index	82.99	82.99
globalCoal DES ARA Weekly Index	78.96	75.21
Weekly Exchange Rates		
Rand to US Dollar	7.25826	7.23465
Rand to Euro	9.86747	9.75177

Eskom The World Bank has approved a US\$3.7Bn loan to Eskom for the development of power projects in South Africa, despite much controversy around environmental issues associated with the Eskom power project. US\$3.05Bn of the loan has been earmarked for Eskom's 4 800MW Medupi coal fired power station and US\$260M will finance a 100MW wind power project and a 100MW solar power project in the country. The remaining US\$485M has been allocated to other projects, including a railway line to transport coal from Ermelo to Majuba.

The South African National Treasury reported that the loan has been granted at a rate determined by the six month London Interbank Offered Rate, plus 0.5% fixed margin, and a variable spread of 0.24% reset semi-annually. The loan has been granted with a maturity period of 28.5 years and a 'grace period' of seven years.

Keaton Energy has announced an increase in resources as a result of the second phase of its drilling programme at its Sterkfontein project in Mpumalanga. While the drilling programme is still in progress and results have not been finalised, Keaton expects its findings to double the initial resource estimate of 69Mt of minable coal.

The drilling programme, which is expected to be complete by July 2010, will be followed by a prefeasibility study. Coal from the Sterkfontein project will be of suitable quality for export as well as feedstock for Eskom power plants.

Wescoal plans to move to the main board of the JSE on 15th April 2010 to list under the coal mining sector. Wescoal announced last month that it planned to transfer its listing from the AltX to the main board as it believed the move would position the company among comparable coal mining companies.

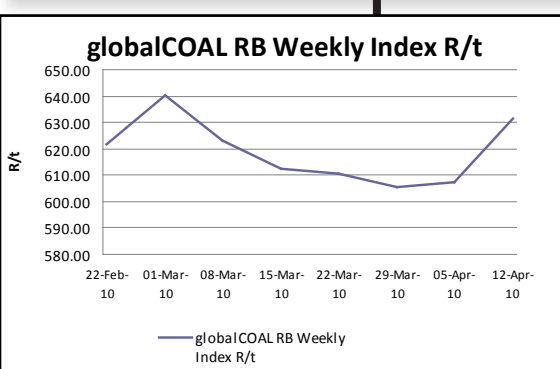
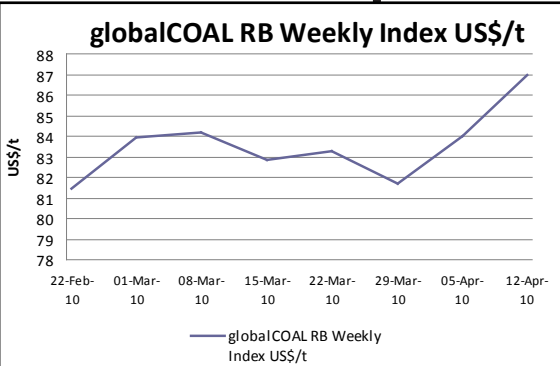
Homeland Energy Group reported run-of-mine production at approximately 75% of capacity at 100ktpm at its Kendal Colliery. This was purposely instituted to reduce mining costs and stocks until coal sales and washing plant performance was improved. The company reported that it plans to have 75% of its production locked into long term projects with the remaining 25% to be sold on the spot market. Homeland Energy said that it has secured a 12 month contract with Envicoal for the supply of 120kt of coal and the company is currently in advanced negotiations with several companies including steel, cement and paper companies with aimed at securing 12 month to 3 year contracts. Results of supply contract negotiations are expected in Q2'10.

China Electricity Council projects steam coal demand to increase 19.5% to 1.6Bt in 2010 compared to the previous year. Protracted periods of drought in the country's water resource regions have caused a 50%-60% decline in hydropower output resulting in much higher demand for coal fired power in China during the first half of 2010. Based on GDP growth forecasts for 2010, power demand is expected to increase 9% to 3.97Bn KWh this year as new power generation projects come online. Chinese power producers expect to increase installed capacity by 85 000MW this year.

India Coal India (CIL) reported annual coal production of 431.27Mtpa for the 12 month period ending March 2010 – 0.9% short of its 435Mtpa target. Production from opencast mines was 388.01Mt, and underground output amounted to 43.26Mt during the reporting period.

RBCT Richards Bay Coal Terminal exported 5.66Mtpa of coal (annualised rate: 62.52Mtpa) in March 2010, up from 4.94Mtpa in the previous month. It is believed that increased trade with Indian coal buyers has been the main driver behind higher exports last month.

TFR railed 5.93Mt of coal (annualised rate: 66.79Mtpa) during March 2010 up from 5.19Mt in February 2010.



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