



首鋼福山資源集團有限公司

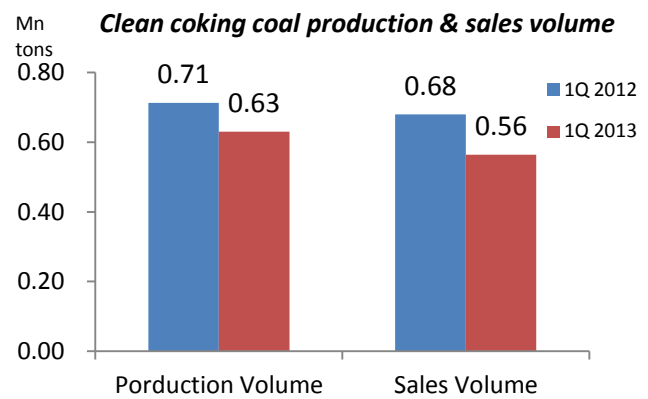
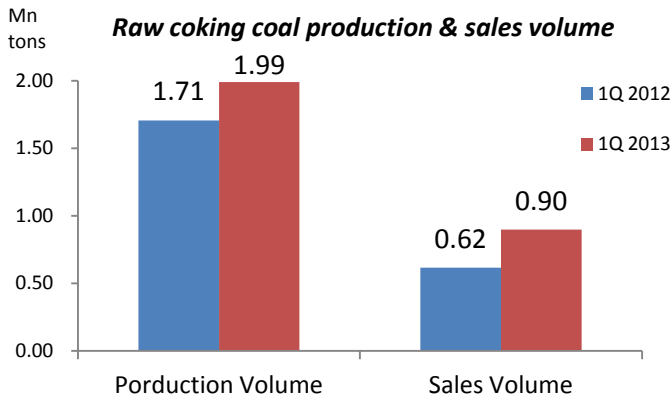
SHOUGANG FUSHAN RESOURCES GROUP LIMITED

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2013
1Q



- 1Q Raw coal production of 1.99 million tons. Our clean coal production for 1Q was 0.63 million tons.
- ASP of raw coking coal in the 1Q was RMB 682/ ton, down 40% YOY and up by 11% against Q412; ASP of clean coking coal was RMB 1,231/ ton, down 44% YOY and up by 8% against Q412

1Q sector performance for steel and coking coal sectors:

Steel sector:

- Total crude steel production was 191 million tons, YOY growth by 9.1%
- Daily crude steel production was 2.13 million tons, YOY growth by 12%
- GDP was RMB 11.88 trillion YOY growth by 7.7%

Coal sector:

- 830 million tons of Coal was produced, down 0.95% YOY
- International coking coal spot price rise from US\$ 165/ton in Q1 to US\$ 174/ton in Q2, up 4% QOQ
- Total coal import was 80 million tons YOY growth by 30%; of which coking coal amounted to 16.88 million tons

Sector update:

Domestic coking coal price rebounded slightly from a sharp decline in Q3 and started to rebound slightly in November and this trend remained until before Chinese New Year in Q113.

Looking at Q1, prior to the holidays steel mills expected the market to be good, and started to stock up inventories, coke inventories went up to a high level, some steel mills even stock up as high as one month's inventory. However after the holidays as demand weakens, steel mills lack the momentum to sustain high price, and this create pressure for coke price. Although in Q1 there was an increase in the absolute amount of pig iron and crude steel but the actual demand was weak. Looking at Q2 demand, as steel mills are actively start to destock their inventories there is limited upside to coking coal price.