Focused training for Coal, Electricity and Shipping Executives and Traders

International Coal Supply Contracts and Transport Logistics

1-5 December 2003
The Beaufort Hotel, Sentosa Island, Singapore

An intensive five-day residential training course for new or experienced coal executives

Led by a faculty of coal industry experts and practitioners, in five days you will...

• Learn how to negotiate coal supply agreements and which elements to include
• Gain a sound working knowledge of coal transportation and transhipment
• Examine the contractual and physical risks of trading coal, including electronic trading
• Put theory into practice through real-life case studies

6th time in Asia
International Coal Supply Contracts and Transport Logistics Training Course

Background

The international coal market continues to change and evolve rapidly. Although a relatively small number of multi-national coal companies now dominate the supply side of the market, the large volume of Chinese exports have also had a big influence on the world steam coal market. At the same time, the continued re-structuring of the electricity industry in many countries is changing the strategies of the buyers. Together these have shortened the price cycle in both the Pacific and Atlantic markets. Meanwhile, electronic communications continue to alter the ways in which coal supply agreements and transport contracts are being negotiated. Various electronic tenders and e-platforms are being used both for physical coal and for the increasing trade in coal as a commodity, with opportunities for hedging risks and separate physical contracts from pricing.

Course Objectives

This intensive, residential course will give participants an in-depth knowledge of negotiating coal supply agreements and arranging all the links in the transportation chain from the mine to the final consumer, including e-commerce.

- How to negotiate coal supply and transport agreements and what needs to be included
- The logistics of each mode of coal transport and transhipment
- What type of vessel and shipping contract is appropriate for different circumstances
- The role of traders, brokers and agents in arranging deals and transport
- How to build coal quality assurance into the contract and logistics
- The appropriate use of e-commerce for all of the above and any legal implications
- How to trade coal as a commodity and how to hedge the risks in the physical trade

Who Should Attend?

- Anyone in a coal producing or consuming company who requires a wider or deeper understanding of coal contracts and transport agreements
- Anyone from a shipping or transport company or terminal operator that needs to know more about coal supply agreements and logistics
- Traders, shipbrokers, agents and independent inspectors who want to acquire more knowledge of the coal business
- Recent entrants to any aspect of coal trade or transportation
- Professionals from a commodities market, financial institution, legal firm or government organisation who may be concerned with coal use, production, trade or transport

singapore
The faculty is drawn from executives and practitioners in companies actively involved with the different aspects of the coal supply chain, including coking coal and IPPs. The method of instruction will include lectures, examples drawn from real situations, group exercises and a detailed course manual. There will be ample time to question and probe each speaker and the programme requires a high level of commitment in terms of individual learning and group contribution.

**Hugh Lee, Course Director**
Hugh Lee is an independent consultant with over thirty-five years experience in the world coal industry. He has been a speaker and a lecturer at many international coal and energy conferences and courses. He led the International Energy Agency’s investigations on worldwide coal supply and transport. He was Deputy Head of Strategic Planning for British Coal during its restructuring and the privatisation of the UK electricity industry. Most recently, he managed the international coal and electricity consultancy work of WEFA ENERGY. He has been the director for all thirteen previous courses.

**Neil Bristow**
Chief Analyst - Carbon Steel Materials, BHP Billiton, Singapore
Dr. Neil J. Bristow joined BHP Research, Newcastle, Australia in 1988. He joined the market research group of BHP Minerals, San Francisco in 1995, managing the global steel industry and metallurgical coal forecasting group. In 1999 Neil moved to Melbourne to manage the Minerals Market Intelligence Group with responsibility for market analysis across the entire minerals commodity portfolio. He returned to Brisbane as Manager, Market Intelligence and Analysis and Practice Leader Market Intelligence across Cool, Iron Ore and HBI.

**Simon Davidson**
Managing Partner, Holman Fenwick & Willan, Singapore
Simon studied law at St. John’s College Cambridge and subsequently obtained a Masters Degree in Maritime Law at Dalhousie University, Nova Scotia, Canada. Simon is also a Fellow of the Chartered Institute of Arbitrators, the Hong Kong Institute of Arbitrators and the Singapore Institute of Arbitrators. Simon joined the firm in 1985, where he took articles. In 1989, he transferred to Holman Fenwick & Willian’s Hong Kong office and became a Litigation Partner in 1994. He is now based in the firm’s Singapore office where he became the managing partner in 2000. He specialises in marine, insurance and commodity trading litigation and arbitration.

**Alistair Duffield**
Partner, Holman Fenwick & Willan, Singapore
Alistair graduated with an LLB from Leeds University in 1975, and subsequently qualified as a solicitor in 1980. He is also qualified as a solicitor in New South Wales, Australia. Alistair joined Holman Fenwick in 2003 as a partner, coming from the Singapore office of another international law firm. He has been based in Singapore for more than 12 years. Alistair specialises in project finance, energy transactions, bank and asset finance, and general commercial transactions. He has worked on the coal supply and transportation arrangements for a number of major power projects, including the Steag/Siemens Iskenderun project in Turkey, and a number of Indonesian power projects.

**Bill Graybeal**
Managing Director, RAG Trading Asia Pacific Pte Ltd, Singapore
Bill Graybeal began his career as a trader with the investment firm Merrill Lynch in the USA and moved into the coal industry during the mid-1970’s. He has since held senior positions with Stinnes Intercool and the Phibro division of Solomon Inc. In late 1999 he was appointed Managing Director of RAG Trading Asia Pacific Ltd., Singapore.

**Alex Harkess**
Director, Clarkson Asia Pte Ltd, Singapore
Alex Harkess has 15 years dry cargo chartering experience gained in England, South Africa, Hong Kong & Singapore. His objectives are dry cargo chartering, project development and consultancy work associated primarily with the industrial carriage of coal from and into Indonesia.

**Michael Mewing**
Managing Director, MC2 Company Pty Ltd, Australia
Michael Mewing has some 15 years experience in coal marketing with particular focus on the Asian countries. He has negotiated with the full spectrum of coal buyers - power utilities, IPPs, steelmills, cement and general industry consumers and traders. His work experience includes 15 years with BP coal and Rio Tinto as well as 3 years with PT Berau Coal in Indonesia. In 1999, he joined RGI Australia as Managing Director. He now runs his own Consulting business, MC2 Company Pty Ltd.

**Norman Oerlemans**
International Port & Dry Bulk Consultant – Derlis International, The Netherlands
Norman Oerlemans has some 20 years experience in the dry bulk trade. He presently consults in the field of international trade, transport and transhipment operations of dry bulk goods. He has previously been Director of EMO, the well-known transhipment company in Rotterdam, Managing Director of STV (A Dutch holding company of several dry bulk transhipment companies), Managing Director of European Waterways Transhipment (EWT) BV, one of the largest inland waterway transport companies in Europe and Managing Director of an international trading company in ores and minerals.

**Richard Simon**
Manager – Special Projects & Fuel Services Southern Company Generation, USA
Richard Simon is Manager – Special Projects for Southern Company Generation, a wholly owned subsidiary of the Southern Company. His responsibilities include fuel procurement, fuel business development, synfuel project development and administration, and special projects within Southern Company’s Fuel Services Group. Prior to his current position, Mr. Simon was General Manager and Corporate Secretary of Allied Queensland Coalfields Pty Ltd, and project fuel advisor and coal contract negotiator for international power projects being developed by Southern Energy, Inc (now Mirant). Mr. Simon holds a Bachelor of Science degree in Mineral Engineering, a Master of Business Administration degree, and a Juris Doctorate degree, and has 28 years of experience in the electricity and coal industries.

**Chris Stanford**
Technical Advisor, PT Superintending Company of Indonesia (Suscofino)
Responsible for commissioning of site and port laboratories, mine and product quality control systems, exploration programmes and coal quality consulting. He has 17 years experience in the coal and minerals quality sectors, with the last 11 years in Indonesia. Chris is a member of the Royal Australian Chemical Institute and the Australian Professional Engineers, Scientists and Managers Association.

Register online at: www.coaltrans.com
Sunday 30th November 2003

Registration and Coffee 18.00-20.00

Day One
Monday 1st December 2003

Coal Trade in Context
- The evolution of today’s coal trade
- Types of coal and their availability
- Overview of international competition
- Consolidation in coal supply
- Why only physical trading in the past
- Competition from gas and other fuels
- Logistics overview
- Independent power projects (IPPs)
- Environmental aspects

Metallurgical Coal Markets
- Introduction to coking coal
- Coking coal / PCI coal / thermal coal
- Quality of coking coal and coke
- Cokemaking / ironmaking operations
- Major coking coal suppliers
- Long term and spot business
- Negotiating coking coal contracts

Negotiating Coal Supply Agreements
- Producer and Trader Perspectives
  - Inquiries, tenders and offers
  - Taking a position
  - Standard terms and conditions
  - Contract structure
  - Point of sale (mine/port/plant)
  - Passing title and risk
  - INCOTERMS
  - Price and price basis
  - Payment and invoicing
  - Long term and frame contracts
  - Options

First Case Study: Procurement Simulation
Evaluating Coal Supply Alternatives
Delegates will work in groups and come up with solutions to case study topics

Day Two
Tuesday 2nd December 2003

Negotiating Coal Supply Agreements
- the Buyer’s Perspective
  - Company objective and fuel plan
  - Fuel sourcing
  - Market mechanics
  - Price escalators
  - Supplier capabilities
  - Length (spot/year/long term)
  - Quality premiums
  - Term extensions
  - Covering exchange rate risks
  - Documentation
  - Schedules and notification
  - Nominations and receipt

Legal Aspects of Coal Supply & Transport Agreements
- Types of agreement
- What is being sold/bought
- Delivery
- Force Majeure
- Warranties and representations
- Jurisdiction and choice of law
- Agents and traders
- Assignment
- Disputes
- Special contract requirements of IPPs
- The contractual structure of electronic and on-line trading

First Case Study (continued)

Companies who have previously attended Coaltrans Training Courses...
Adaro Envirocoal • Adriacoke SpA • Anglo Coal Marketing Ltd • Banpu Minerals Co Ltd • Barwil Coal Services • BBC Trading NV • Bhatia International Ltd • BHP • Broken Hill Proprietary • BHP Billiton • British Energy • Cape International Inc • Carboex • Carbones del Cerrejon LLC • Carbones del Guasare SA • China Light & Power Co Ltd • Coal India Limited • Coeclicerici Armatori SpA • CRISIL Advisory Services • CSL Asia Shipping Pte Ltd • CV Kurnia Jaya Manunggal • DCM Mining & Marketing • Derlis International • Port & Transhipment Logistics • e-coal.com • EDP Producao • Gestao de Producao de Energia, SA • Electra • Electra Guacolda SA • Electricity Generating Authority of Thailand • ENEL • Trade • Enercorp Ltd • Eyesizwe Coal (Pty) Ltd • Foster Yeoman Ltd • Gauri International Corp Pty Ltd • Glencore International AG • Hargreaves plc • HC Fuels Ltd • HMS Bergbau Agentur AG • Holman, Fenwick & Willan • ICAP • ICAP • Garban Intercapital • Illawarra Coke Company Pty Ltd • BHP Billiton • Innoxy Plc • Intertrading Srl • Italcementi Group • Jebsens (London) Ltd • JPower • Korea Midland Power Co Ltd • KRUTrade AG • Kumba Coal •

Register by fax on +44 20 7779 8946
CASE STUDIES
During the course, the learning process will be reinforced by two “hands-on” advanced case studies drawn from actual situations. The first involves competing teams in a coal procurement simulation, which includes evaluating different supply options and long-term strategies. The second requires teams to negotiate with each other to come up with solutions to different contract, freight and force-majeure situations.

Day Three
Wednesday 3rd December 2003

Shipping Economics and the Shipping Market
- Types and sizes of vessels
- Other vessel characteristics
- Vessel and voyage economics
- Owners/Operators
- Role of shipbrokers
- The Charter Party
- Contract of Affreightment and time charter
- Communications about ETAs etc
- Contract tonnages and permitted variations
- Demurrage and other claims
- Legal aspects and Insurance
- Mechanism of chartering
- Negotiating rates
- Forward Freight Agreements

Coal Quality Management
- Building quality assurance into the contract
- Role of independent inspector
- Responsibilities
- Instructions to inspectors
- Sampling and Analysis
- Draught surveys
- Losses and measurement techniques
- Risk areas

Day Four
Thursday 4th December 2003

Port/Terminal Operations
- Port management models
- Role of port agents
- Methods of loading/unloading
- Offshore operations
- Floating cranes
- Self-unloading barges
- Transhipment contracts
- Unloading times
- Handling costs
- Stocking
- Screening/washing/blending

Second Case Study: Logistics and Force Majeure

Course Dinner

Day Five
Friday 5th December 2003

Trading Coal as a Commodity
- Requirements for a commodities market
- Over the counter (OTC) trading
- The emerging futures and options market
- Screen trading and electronic platforms
- On-line auctions and reverse auctions
- More market participants and liquidity
- Standard contracts
- Hedging and risk spreading
- Delivery points
- Quality premiums

Inland Transport
- Negotiating transport contracts
- Factors that affect transport rates
- Volume commitments
- Loading and unloading times
- Economics of each mode
- Rail: monopolies and competition
- Road: truck contracts
- Barge systems in different countries
- Conveyors and ropeways
- Slurry pipelines

To Register Email: coaltrans@euromoneyplc.com
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Situated amongst natural tropical woodlands and within easy access of both the city centre and the airport

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### Delegate 1

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### Registration Fee

The fee includes accommodation for the nights of November 30, December 1, 2, 3, 4, all meals, tuition, training equipment and course materials. Any additional nights can be arranged through Coaltrans (at delegate’s own expense).

- The registration fee is US$3995 per delegate.
- Reduced registration fee for two or more delegates is US$3695.00 per delegate

Payment to be made in one of three ways - please tick appropriate box:

- [x] 1. Please debit my CREDIT CARD Visa/Access/Euro □ Amex □ Diners □
- [ ] 2. Payment by BANK TRANSFER should be made through Lloyds Bank plc, 72 Lombard Street, City Office, London EC3 8BT, US$ account number 11127713, sort code: 30-12-18 (all charges to be paid by sender), SWIFT code: LOYDGB2LCTY
- [ ] 3. CHEQUES should be drawn on a UK Bank and be made payable to Coaltrans Conferences Ltd. A receipted invoice will be sent to all delegates. A full refund (less 10% administration charge) is available for cancellations received in writing by October 21, 2002. You will be liable for the full conference fee after this date. However, a substitute delegate may attend in your place.

Please complete and return this form together with a copy of your credit card number, bank transfer or cheque, payable in UK Sterling to Coaltrans Conferences Ltd, and send by post or fax to: Coaltrans Conferences Ltd, Nestor House, Playhouse Yard, London, EC4V 5EX, UK.

Tel: +44 (0) 20 7779 8945, Fax: +44 (0) 20 7779 8946, Email: coaltrans@euromoneyplc.com, www.coaltrans.com

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