

Energy Publishing's NEX index

September 2010

The Newcastle Export Index (previously known as the Barlow Jonker Index BJI), was developed as an indicator of the spot price of thermal coal in the Asian market. It reflects the price at which a willing seller and a willing buyer are prepared to do business in the spot market for a prompt cargo of thermal coal loaded FOB vessel Port of Newcastle, NSW Australia. Newcastle is the world's largest export coal loading facility and Newcastle coal is a key reference coal in the Asian thermal coal market.

The prices used historically, and those used each week in determining the NEX, are based on actual shipments of thermal coal. When actual fixtures are not available, a panel of traders and shippers are consulted and an average market price is determined.

The base for the index is set in January 1986 when the spot price was US\$32.00/t. The highest point reached by the NEX was US\$190.95/t in July 2008.

From 1 January 2001, the NEX was widened to include any spot sale of thermal coal from Newcastle to any destination, rather than just the restricted Japanese general industry market.

Coal quality and contract assumptions as follows:

- Coal Type - thermal coal having Calorific Value 6,700 kcal/kg GAD, Ash 15% maximum ADB, Sulphur 0.80% maximum ADB, and Volatile Matter 30% minimum ADB.
- Origin - Newcastle.
- Consumer - power utilities, general industry and cement industry and no restrictions on importing country.
- Vessel Size - no restriction, one hold to full cape acceptable.
- Loading - within 6 months of price settlement (one or multiple vessels acceptable).
- Price Basis - FOB US\$ to seller.
- Buying method - any method including open spot tender, restricted tenders, e-commerce, or negotiated price.

Methodology

Detailed information collected from reliable sources on completed spot sales to consumers.

Assessment of trades completed on trading platforms.

Opinions from an expert panel regarding the current level of the spot market price.

Information is kept each week and a minimum of two panel members agree each week on the current level of the spot market price.

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