

# NuCoal Energy Corp.

## Overview

The world is becoming more technologically driven and is expanding its energy use every day. The demand for electricity has grown dramatically over the last couple decades and is only going to continue to grow.

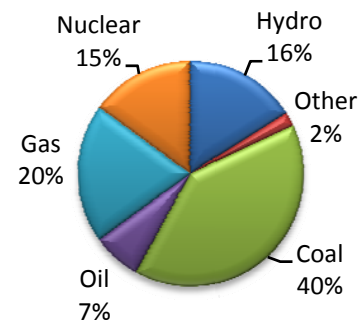
## Why Coal?

- With the cost of natural gas quintupling from \$2 to \$10 per million BTUs, coal is the least costly answer to the increasing demand for electricity costing less than \$5 per million BTUs
- Prices are generally lower and more stable than oil prices
- Fastest percentage of growth in utilization world wide of any of the principal fossil fuels
- The international trade in coal has expanded faster over the last decade than trade in any other commodity
- Primarily used in electricity generation, steel and cement manufacture, and industrial process heating
- Coal provides over 23% of the world's primary energy
- Coal generates approximately 40% of the world's electricity

## Coal Internationally

- Asia is the biggest consumer of coal in the world. China represented 72% of the growth in world coal consumption in 2006 and almost 52% of the growth in total world energy consumption. Over the next five years China will build a new coal fired power station every few days to support growth in its economy of about 10% per annum.
- In India, electricity generation has risen from 4 billion to 400 billion kilowatt/hours; from 30,000 kilometers of transmission lines to 4 million kilometers; and 85% of villages have been connected to the grid by a power industry 68% fuelled by coal

### Total World Electricity Generation (% by fuel 2005)



\*Other: solar, wind, combustible renewable, geothermal & waste

Source: World Coal Institute [www.worldcoal.org](http://www.worldcoal.org)

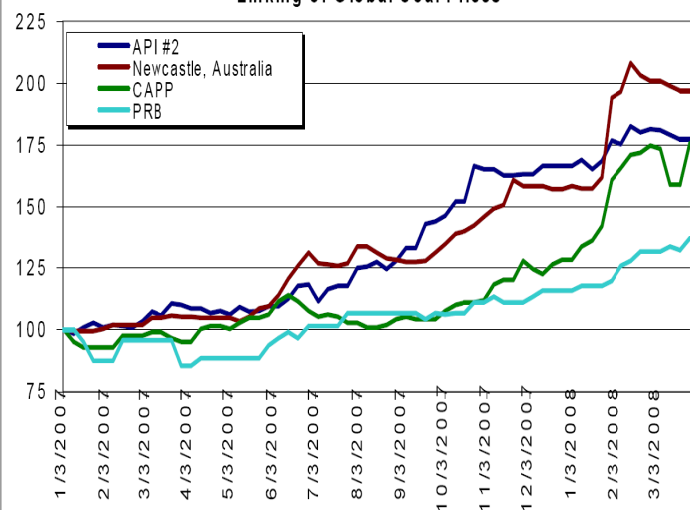
According to Raymond James & Associates, Inc. several supply shortfalls are speeding up the globalization of the coal markets.

Examples listed were:

- South African power crisis is lowering their coal exports & the situation is unlikely to be resolved for 3-4 years
- China's closing smaller mining operations in the name of safety thus changing China into a net importer last year
- Low utility stockpile levels in India
- Australian negative impacts on rail/port constraints and flooding

Therefore, the overall global coal market may be short 30-50 million tons of coal in 2008, due to a number of these events hitting at the same time.

### Linking of Global Coal Prices



Source: Bloomberg

- Western Canadian Coal Corp recently announced that a majority of its 2008 coal year prices of its hard coking coal rose approximately 365% or an average above US\$300 per tonne. Its low volatile PCI coal was valued at approximately US \$248 per tonne, which is 350% higher than last year.

Sources: Energy and Resources. Government of Saskatchewan [www.er.gov.sk.ca](http://www.er.gov.sk.ca)

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