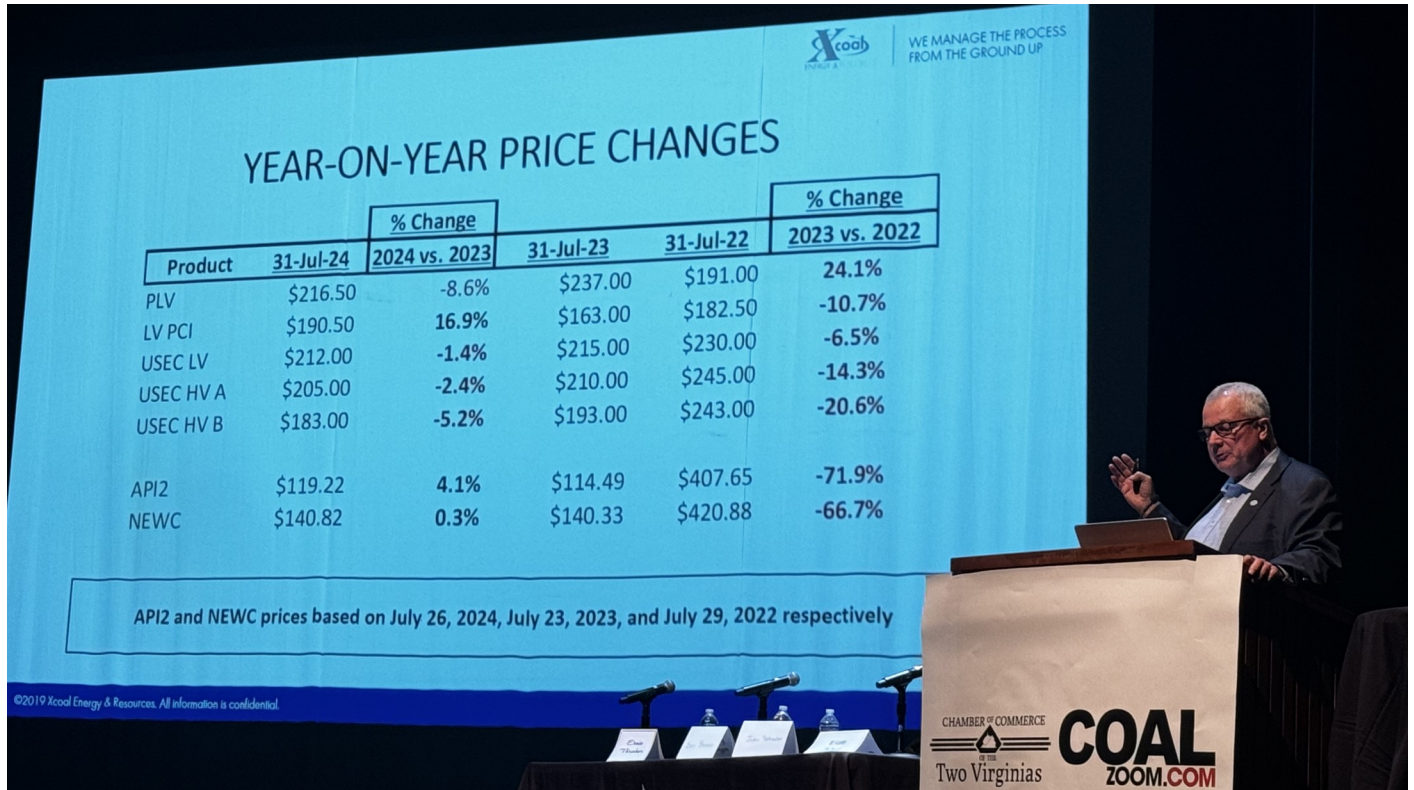


Opportunities and Challenges Exporting Coal



Ernie Thrasher, CEO, XCoal Energy

Ernie Thrasher, CEO, XCoal Energy Resources, gave a presentation on Day 3 of the Bluefield Coal Symposium held at the Chuck Mathena Center in Princeton, August 12-14 presented by the Chamber of Commerce of the Two Virginias and CoalZoom.com.

Thrasher said that the seaborne coal market had spiked and the market was driven by supply shortages (see presentation [here](#)). During the past five months, global demand has weakened and supply side shortages have been resolved. Geopolitics may affect the seaborne coal market. Kamala Harris has a history of opposing trade deals while Trump has vowed to have massive new tariffs if elected, risking a global economic war.

There is cost pressure at U.S. coal mines as indicated by available results for 2024 Q1 major U.S. miners. The average cost increase is \$11.00 per short ton with the largest increases at Coronado US\$18, Peabody \$12 and Warrior Met Coal \$14.

A number of things can happen to push the market lower. These include reduced global steel demand and global and regional trade disputes. There are global uncertainties including: war in the Middle East, ongoing war in Ukraine, government uncertainty in Iran, China's economic struggles, China-Russia alliance and reduced sanctions on Russian coal. Thrasher outlined what is likely to happen in the coal market. Economic and political challenges, and other exogenous factors, will affect the market for the remainder of 2024. The supply side shortfall has been resolved by increased supply from Mongolia, domestic production in China, and domestic production in India. Global economic activity has moderated.

According to Thrasher, expect prices to remain challenging through Q4 2024 before stabilizing at long term trends. PLV metallurgical coal pricing of \$230-\$240 per metric ton isn't bad and sustains the long-term viability of the American metallurgical coal industry. Industry consolidation will continue.