



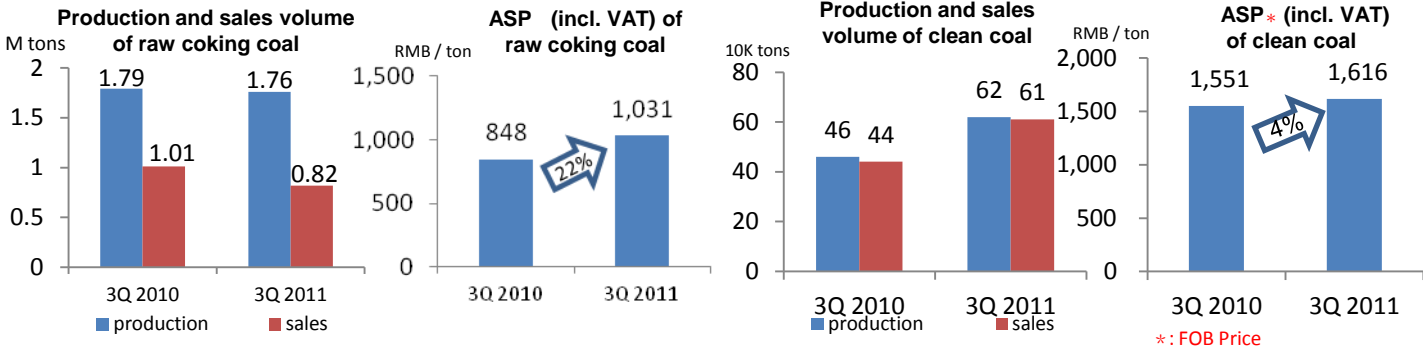
首鋼福山資源集團有限公司

SHOUGANG FUSHAN RESOURCES GROUP LIMITED

www.shougang-resources.com.hk

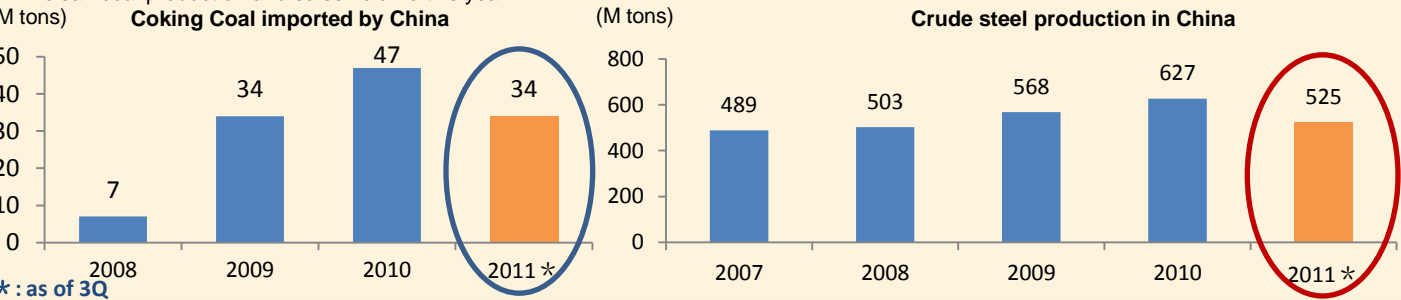
HKEx : 00639

3Q
2011



Coking coal prices remained high in first 3 quarters of 2011

- Raw coal production was 1.76 million tons similar to 3Q 2010. We continued our strategy to focus on clean coal business and thus 3Q production increased by 35% y-o-y to 0.62 million tons. We forecast full year raw coal production will be similar to that for 2010 and around 2 million tons for clean coal ;
- ASP of raw coal in the 3Q was 1,031 RMB / ton, an increase of 22% y-o-y; while ASP of clean coal in the 3Q increased by 4% y-o-y to 1,616 RMB / ton. We launched #9 clean coal product into the market last year to meet demand of this growing market, and also to diversify our product mix;
- Our clean coal operation had increased as our three processing plants are up and running. This explained why we were able to expand our clean coal production and sales volume this year.



Market updates for 3Q 2011

According to the latest *Rules and Regulations on the Implementation of Resources Tax* issued by Ministry of Finance People's Republic of China on 31st October, 2011, the resources tax for coking coal will remain at 8 RMB/ton, which means there will be no impact to the Group.

According to the National Bureau of Statistics of China, GDP in the first three quarters was RMB32.07 trillion, an increase of 9.4% y-o-y. GDP in China had gone lower from 9.7% y-o-y in the first quarter to 9.5% y-o-y in the second quarter and subsequently lower in the third quarter to 9.1% y-o-y. At the end of September, China's steel output totaled 525 million tons, an increase of 10.7% y-o-y, which is 46.4% of world's total output. Based on this developing tendency, we make a forecast that annual steel output will increase substantially compared with the number for last year.

Coking coal, especially premium coking coal is scarce in supply by nature. As the steel industry expands rapidly, plus the fact that higher blast furnaces are being built, premium coking coal will be in strong demand. Shougang Fushan, a company with quality coking coal assets, will grasp this opportunity and make continuous efforts to increase our production efficiencies to generate profit and maximize value for our shareholders.