
Puda Coal update on Shanxi Province coal mine consolidation

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Puda Coal, Inc a supplier of high grade metallurgical coking coal used to produce coke for steel manufacturing in China provided an update on its plans to consolidate eight coal mines.

On September 28th 2009, the Shanxi provincial government appointed a subsidiary of Puda Coal, Shanxi Puda Coal Group Co Ltd as a consolidator of eight coal mines in Yucheng City, Pinglu County. Shanxi Coal has the government permission to consolidate eight coal mines into five.

The Company has commenced the technical geological prospecting process for the targeted coal reserves. The Company will also perform a comprehensive financial analysis of the project and then determine the most efficient plan to develop and construct the targeted consolidated coal mines. So far, Shanxi Coal has not entered into any definitive agreements for the acquisition of the eight coal mines.

Below is a summary of the consolidation plan according to the government approval:

8 Coal Mines Pre Consolidation

Total area of Coal mines	18.3 kilometers squared
Coal reserves	49.24 million tonnes
Annual coal mine production capacity	1.65 million tonnes

5 Coal Mines Post- Consolidation

Total area of Coal mines	35.6 kilometers squared
Coal reserves	163.87 million tonnes
Annual coal mine production capacity	3.60 million tonnes

Added capacity

Total area of Coal mines	17.3 kilometers squared
Coal reserves	114.63 million tonnes
Annual coal mine production capacity	1.95 million tonnes

Pursuant to the government approval, Shanxi Coal will consolidate eight coal mines into five, which is expected to increase the total area of the coal mines by 94.5% to 35.6 square kilometers, expand the estimated coal reserves by 232.8% to 163.9 million tonnes and grow the coal mine production capacity by 118.2% to 3.6 million tonnes per year.

The coal reserves of the target coal mines are mostly low grey, high sulphur, high-heat lean coal and middle-grey, low-sulphur, high-heat and strong adhesion coking coal. Lean coal is mainly used for power generation and can also be used as a secondary raw coal for coke production. Coking coal is the primary raw coal for coke production.

The first phase of the consolidation will be the expansion of two coal mines from current annual capacities of 300,000 tonnes and 150,000 tonnes to 600,000 tonnes and 300,000 tonnes respectively. Since the overall construction conditions of the two target coal mines are good, we expect that the coal mines' production capacities can be expanded without disrupting the mines' current mining operations.

At present the Company is negotiating with the owners of the eight coal mines on the acquisition or merger.

Mr Zhu Liping Chairman & CEO of Puda Coal said "We are committed to restructuring and consolidating these eight coal mines in Pinglu County and plan to complete all these activities within three years. We are finalizing our strategic plans,

balancing our efforts to maximize our return on investment and to ensure the safety of the consolidation projects."

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