



福山國際能源集團有限公司
Fushan International Energy Group Limited

Corporate Presentation January 2009



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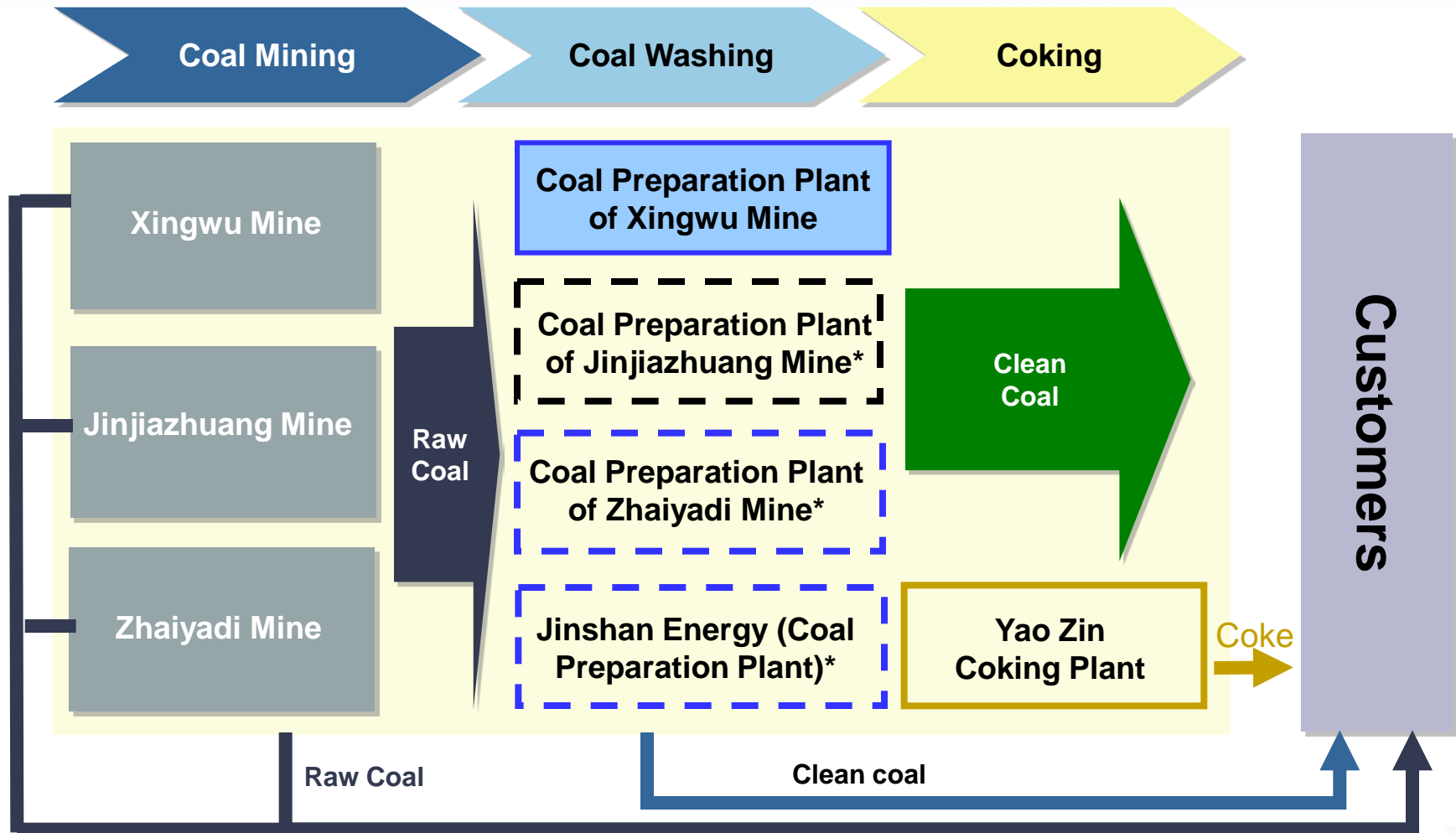
福山國際能源集團有限公司
Fushan International Energy Group Limited

Section 1

Corporate Highlights

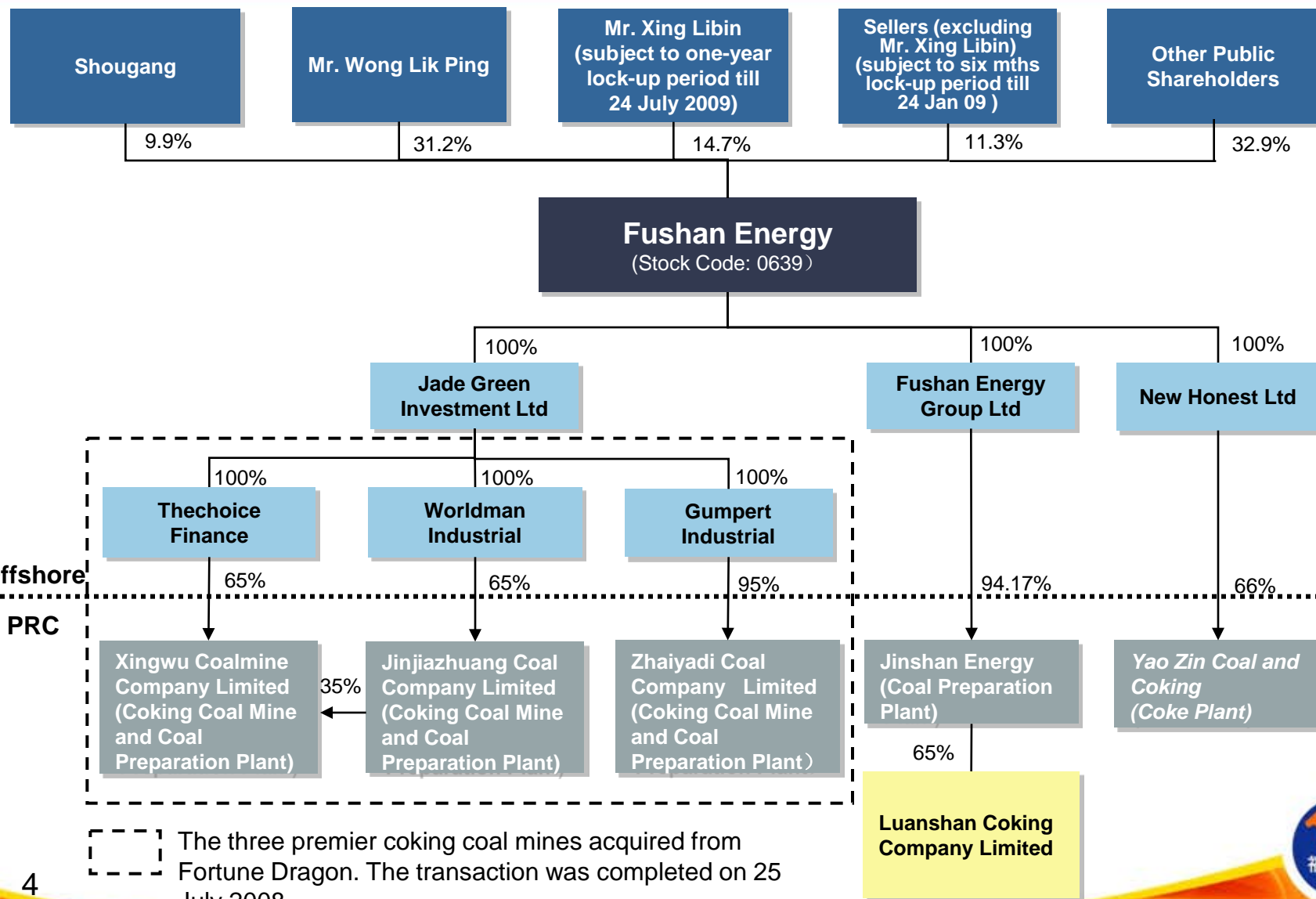


Fushan Energy - An Integrated Coal Producer



*Production to be commenced in 2009

Shareholding Structure of Fushan Energy



Strong and Experienced Management Team

Board Level

Wong Lik Ping Chairman

- Over 17 years of experience in trading business and financial industry, with extensive experience in mining industry
- Responsible for overall strategic planning and management

Jimmy So Executive Director

- Over 20 years of experience in electrochemical and industrial industry
- Responsible for strategic management, business planning, corporate finance and supervision of all business units

Xue Kang Executive Director

- Over 20 years of experience in mining industry
- Responsible for managing Fushan Energy's coking coal operations
- Previously managed a mining service provider in the PRC

Liu Qingshan Executive Director

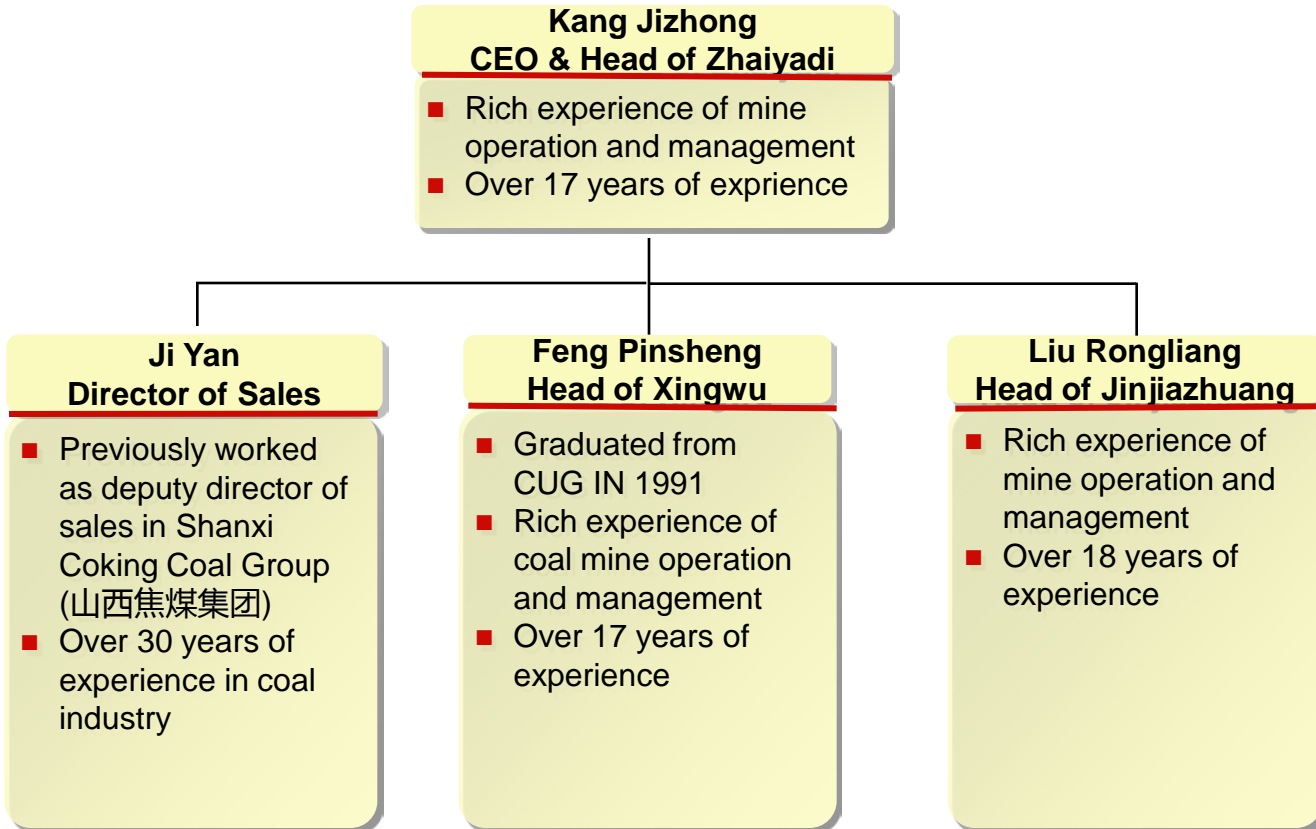
- Extensive experience in business administration and management accounting
- MBA degree of UIBE
- Over 20 years of experience

Huang Bin Executive Director

- Over 20 years experience in the field of finance services
- Degree from Harvard University, with major in Economics.

Strong and Experienced Management Team in the PRC

Operation Level



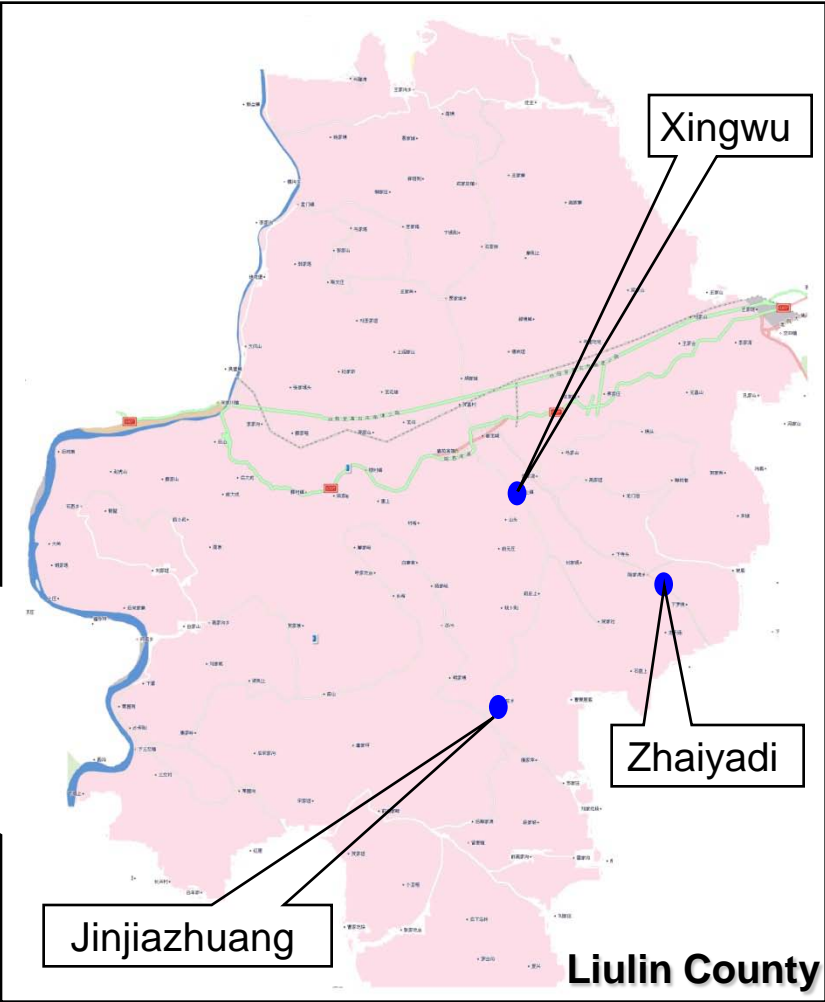
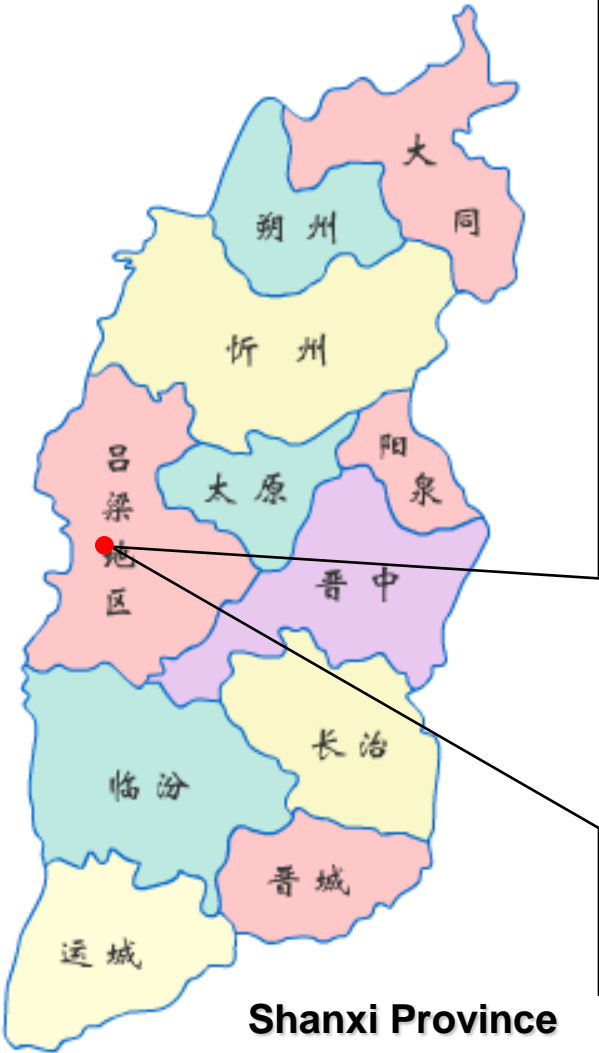


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Section 2 Operating Mines



Locations of the Three Operating Mines



Operating Mines

Xingwu Mine



- ✓ 6 km south of Liulin County and the mining right area extends over 11.6 sq. km and spans 4.5 km east to west and 4.5 km north to south
- ✓ Operation commenced in 1968
- ✓ Designed annual production capacity: 2.1 million tonnes
- ✓ Operates a coal preparation plant with annual output capacity of 0.9 Mt and average processing yield of 70% depending on operating schedule

Operating Mines

Jinjiazhuang Mine



- ☑ 14 km south of Liulin County and the mining right area extends about 6.35 sq. km and spans 6.8 km east to west and 3.4 km north to south
- ☑ Operation commenced in 1996
- ☑ Designed annual production capacity: 2.1 million tonnes
- ☑ A coal preparation plant adjacent to the mining site with a designed clean coal output capacity of 2.1 Mtpa is currently under construction and is scheduled for completion in the 1st quarter of 2009

Operating Mines

Zhaiyadi Mine



- ✓ 16 km southwest of Liulin county and the mining right area extends over 13.9 sq. km and spans 5.5 km east to west and 5.0 km north to south
- ✓ Operation commenced in 1988
- ✓ Designed annual production capacity: 2.1 million tonnes
- ✓ A coal preparation plant adjacent to the mining site with a designed clean coal output capacity of 2.1 Mtpa is currently under construction and is scheduled for completion in the 3rd quarter of 2009

High Quality Coking Coal

- ☑ Located within the Lishi-Liulin mining area of Hedong coalfield, one of China's key reserve areas for high-quality hard coking coal
- ☑ Regarded as “panda coal” because of its scarcity and high economic value
- ☑ Fushan Energy's coking coal is of particularly good quality due to its high calorific value and caking index but low ash and sulfur content, characteristics that are highly desirable for coke and steel making

| Coal Quality | | Operating Mines | | | | |
|---------------------------|--------|-----------------|-------|--------------|-------|----------|
| Characteristic | Basis | Xingwu | | Jinjiazhuang | | Zhaiyadi |
| Seam | | No.4 | No.5 | No.3 | No.4 | No.9 |
| Moisture(%) | Ad | 0.9 | 0.3 | 0.6 | 0.7 | 0.7 |
| Ash(%) | D | 11.3 | 10.1 | 6.3 | 11.0 | 10.4 |
| Sulfur Total(%) | D | 0.36 | 0.85 | 0.32 | 0.47 | 1.65 |
| Volatile Matter(%) | Daf | 21.6 | 23.4 | 21.3 | 22.4 | 18.7 |
| Fixed Carbon(%) | Ad | 68.6 | 67.0 | 73.1 | 68.4 | 72.1 |
| Calorific Value(Kcal./kg) | Gr.v.d | 7,500 | 7,200 | 7,920 | 7,520 | 7,540 |
| Caking Index(G) | | 86 | 75 | 49 | 77 | 72 |

Source: J.T.Boyd report as of 31 December 2007

These test results indicate that the test samples from Xingwu and Jinjiazhuang meet the international definition for hard coking coals. Zhaiyadi sample test results indicate that its coal meets international definition for semi-hard coking coals.

Abundant Coking Coal Reserves

Proved and probable reserves of the three mines

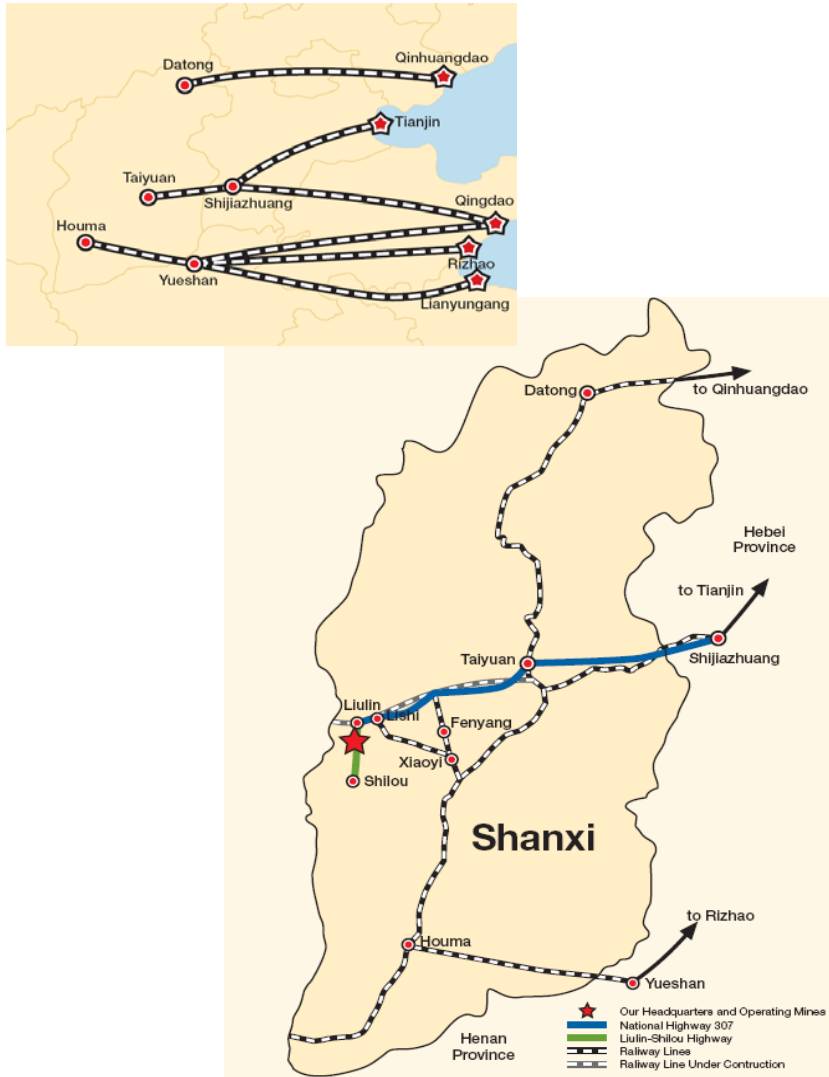
| Mine | Ownership Percentage | Year of Initial Operation | In-place Reserves (Mt) | Remaining Recoverable Reserves | | |
|-------------|----------------------|---------------------------|------------------------|--------------------------------|--------------|-------------------|
| | | | | As of 31 December 2007 (Mt) | | |
| Area | | | | Proved | Probable | Proved & Probable |
| Xingwu | 87.75%* | 1968 | 63.23 | 11.11 | 35.23 | 46.34 |
| Jinjazhuang | 65% | 1996 | 64.18 | 20.78 | 23.02 | 43.80 |
| Zhaiyadi | 95% | 1988 | 78.34 | 13.32 | 38.89 | 52.21 |
| | | Total | 205.75 | 45.21 | 97.14 | 142.35 |

Source: J.T.Boyd report as of 31 December 2007

Notes: reserves and resources data assuming 100% ownership

* total attributable interest through Thechoice Finance & Worldman Industrial

Extensive Transportation Network



Current Railway and Road Transportation

- ✓ Datong-Qinhuangdao, Shijiazhuang-Taiyuan and Houma-Yueshan (known as the “Golden routes”) to five major ports
- ✓ Liulin-Shilou highway, connecting our mines with National Highway 307
- ✓ Xiaoyi-Liulin railway and Tongpu railway for intra-province transportation

In the Future...

- ✓ Expand the annual capacity of Datong-Qinhuangdao and Shijiazhuang-Taiyuan rail lines by 200 million tonnes and 50 million tonnes, respectively, by the end of 2008
- ✓ Improve coal transportation facilities at ports such as Qinhuangdao, the major northern port with close proximity to Japan and Korea
- ✓ A new express railway line under construction, Taiyuan–Zhongwei, connecting the eastern, middle and western parts of Shanxi province is expected to complete in 2010
- ✓ A railway of 7km will be built by Fushan to connect the three mines to the national railway system



Our Long Wall



Our Safety



Our Environment





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Section 3 Prospects



Corporate Highlights

1

The second-largest coking coal producer in the PRC

2

Sustainable global and PRC domestic demand for coking coal

3

Abundant reserves and resources of high quality coking coal

4

Strategic locations with major downstream steel makers

5

Shougang as a strategic investor and long-term customer that will provide a stable income stream for Fushan

6

40% dividend policy starting from the financial year ending 31 December 2009

7

Favorable government policy support



Strategic Alliance with Shougang

- ☑ On 15 June 2008, Fushan Energy entered into a long-term strategic cooperation agreement with Shougang Corporation, in which Shougang Corporation agreed to purchase not less than two million tonnes of premier clean coking coal for each year from 2009 onwards, and will be increased according to the actual production of Fushan Energy and its subsidiaries for each year thereafter. This will guarantee a stable source of income for Fushan Energy from its mining business. Fushan Energy will supply high quality clean coal to Shougang Corporation starting from March 2009.
- ☑ Shougang Corporation has taken a 9.9% stake in Fushan Energy through its affiliate Shougang Holding (Hong Kong) by a share placement.
- ☑ Shougang Corporation will appoint a board member and senior management to enhance the business operation of Fushan Energy.
- ☑ The cooperation with a large-scale state-owned enterprise and the support of government will lay a solid foundation for the long-term growth of Fushan Energy.

Expand Sales Network & Output Capacity

- ☑ Fushan Energy has entered sales agreements for 2009 with existing premium steel plant customers including Tangshan Iron & Steel and Taiyuan Iron & Steel. Fushan Energy will supply not less than 800,000 tonnes of premium clean coal in total during 2009 to these customers, with average selling price in line with the market and 10% higher than that of December 2008.
- ☑ Fushan Energy is also actively negotiating with some new large steel plant customers to further expand the sales network.
- ☑ With three new coal preparation plants commencing production during 2009, Fushan Energy's output of clean coal will be increased substantially.
- ☑ It is estimated that Shougang and other steel plant customers would take up to 75% of Fushan Energy's total output in 2009.

Future Strategy

I Expand current operations and further enhance economies of scale

II Achieve stable revenue growth by broadening customer base to large-scale steel makers

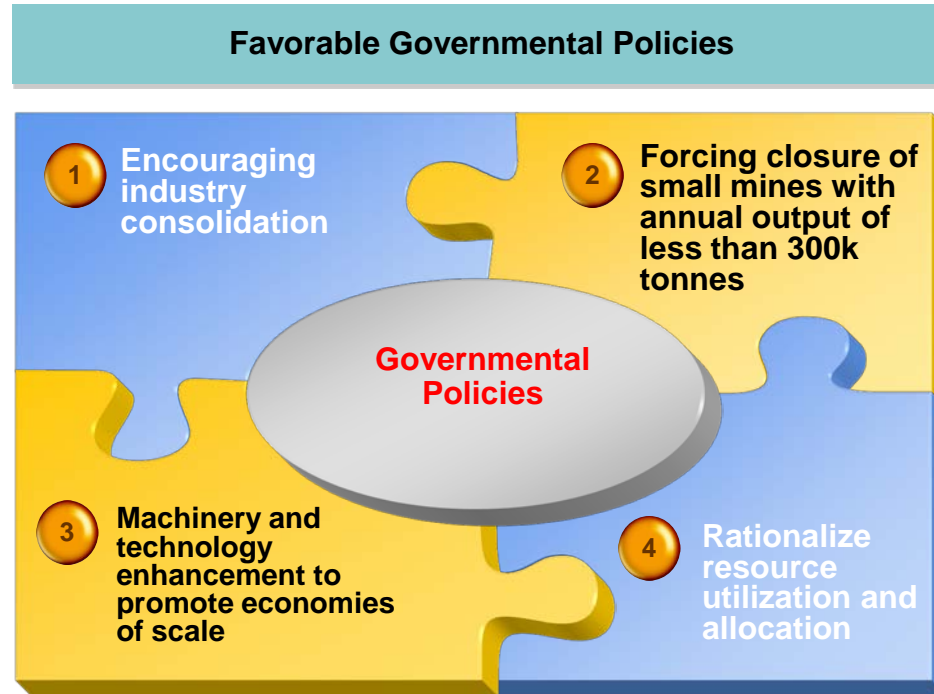
III Enhance sales network outside Shanxi Province



IV Maintain cost competitiveness and enhance margins through increasing the proportion of clean coal in product portfolio

V Growth by acquisition through consolidating large-scale quality coal mines

Future Acquisition Potentials



Since 2005, Shanxi has adopted a government plan to promote economies of scale and better resource utilization for coal mining industry.

- ✓ Fushan Energy, being an established large-scale mining company benefits from such policy
- ✓ Opportunities to acquire additional coking coal resources in future
- ✓ In touch with a number of potential targets, detailed plan and financing arrangement to come



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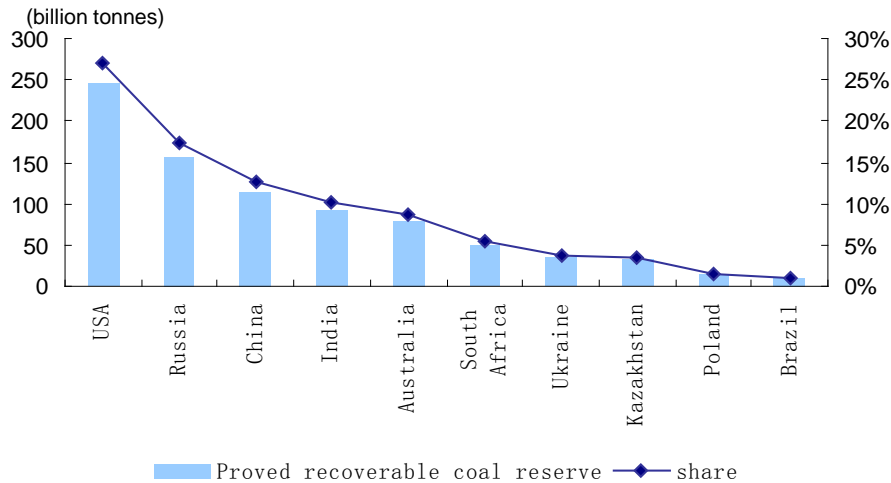
Appendix



Rare Reserves

Global coal reserves

Proved recoverable coal reserve at end-2006

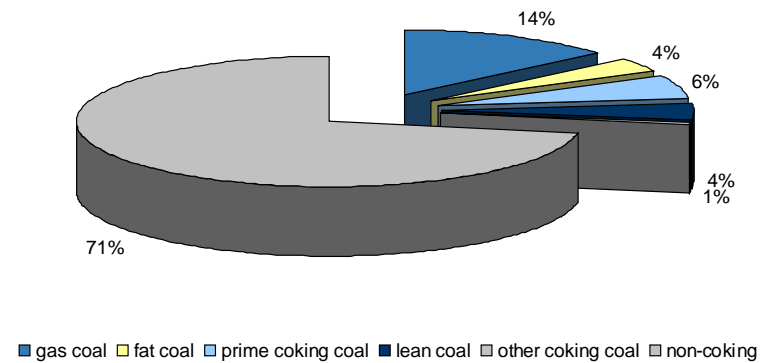


Source: BP

- At the end of 2006, the global recoverable coal reserves amounted around 900 billion tonnes. The largest reserves are found in USA, Russia and China. China's coal reserve accounts for 12.6% of total reserves in the world.
- Coking coal is coal that can be used in the production of coke which in turn is used in the blast furnace in the production of pig iron.
- Coking coal is a rare resource. It accounts for less than 10% of total hard coal resource in the world.

Rare reserves of coking coal

China coal reserves different types of coal (Dec. 2006)



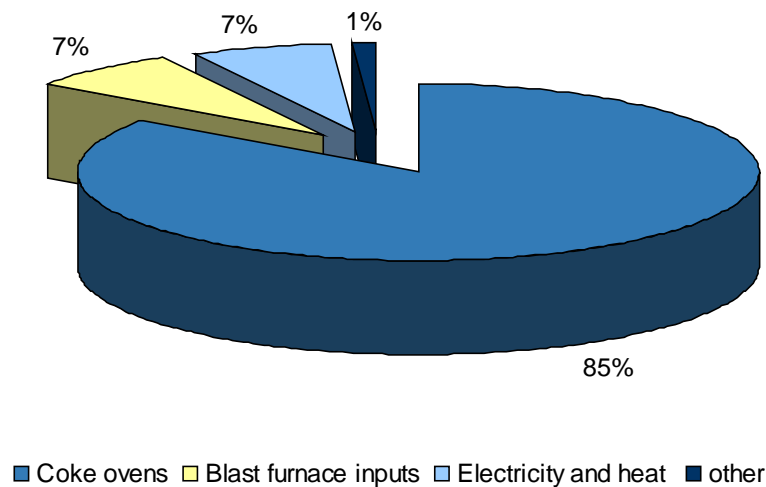
Source: China Coal Resource

- China's coking coal reserve is about 27.65% of China's total coal reserve.
- Shanxi province has the richest coking coal reserves, accounting for 51.3% of China's total proven reserve, ranks No.1. It is the main coking coal production base in China.
- Liulin County is the main coking coal producing area in Shanxi and it has highest grade coking coal available in China and the world.



Uses of coking coal

OECD Coking Coal Consumption by End-use



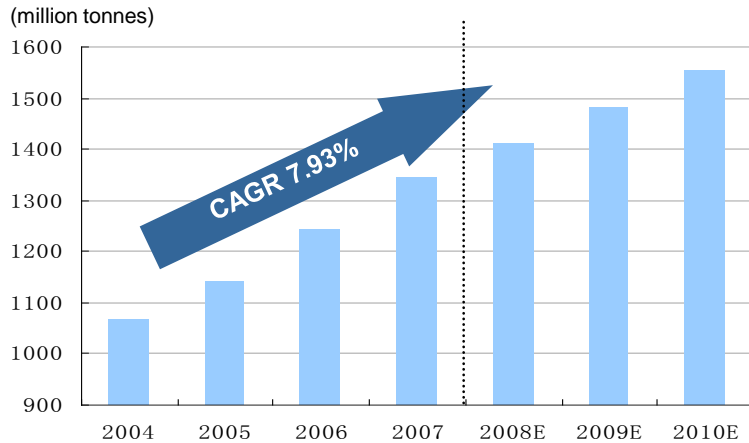
Coking coal has three main end-uses:

- (1) With low ash, low sulfur and low phosphorus, over 80% of coking coal is used as an input for the production of coke**
- (2) Small amounts are used for industrial generation of electricity and heat**
- (3) A portion is used as a fuel for the production of heat or steam**

The demand for coking coal and coke is primarily driven from the demand for pig iron.

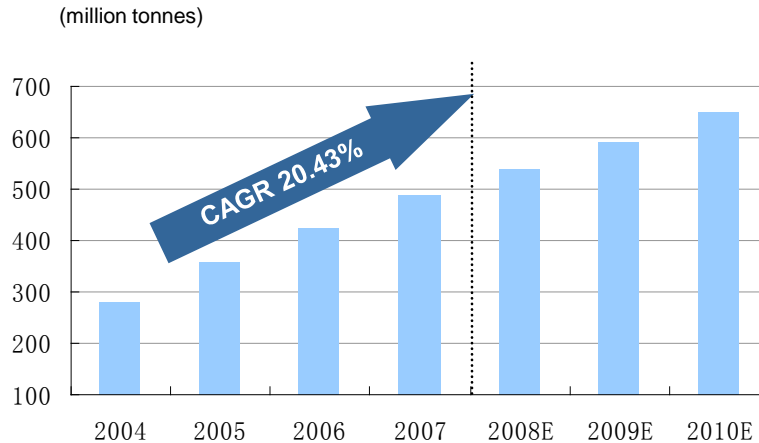
Stable Demand

Global crude steel production



Source: IISI, BOCI estimate

Rapid growth of China's steel production

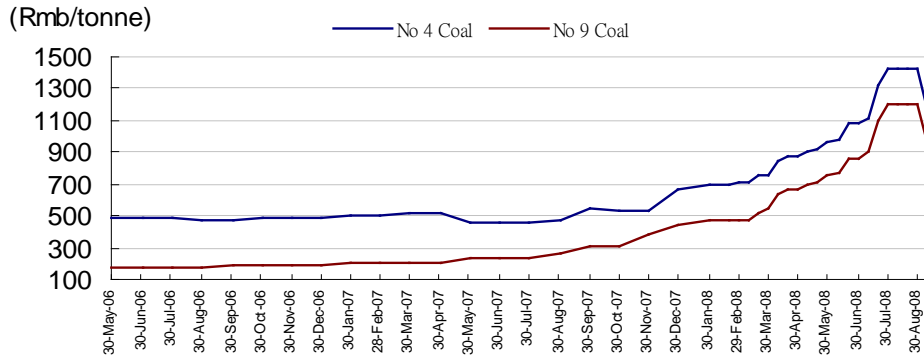


Source: China Coal Resource, BOCI estimate

- Steel production is dependent on coal, especially coking coal.
- The growth rate of world steel production is mainly attributable to China, which accounted for over 40% of global steel production in 2007.
- China's production of steel has experienced over 20% CAGR from 2004 to 2007 compared with 7.93% for world.
- China's increasing need for coking coal is based on the rapid growth of China's steel production, and real demand continues to increase.

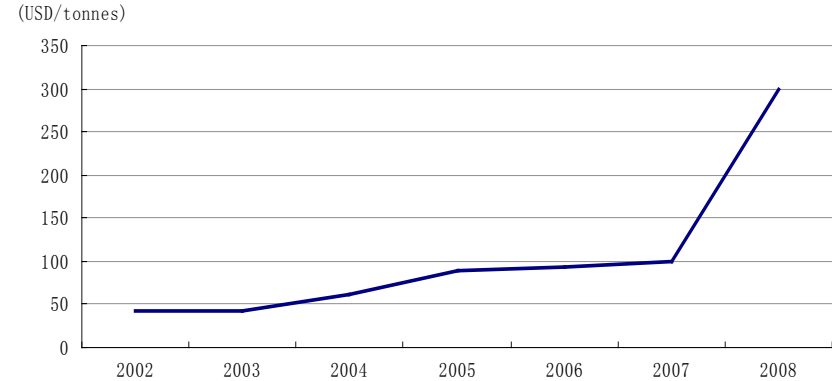
Surging Coking Coal Price

Price of No.4&9 Coal, Liulin- Ex VAT tax
10/09/08



Source: China Coal Resource

Japanese coking coal import price



Source: China Coal Resource

- Increasing demand and limited supply cause the coking coal price to soar.
- Based on the newly signed contract for 2008 between Australia exporters and Japanese importers, the coking coal price in the Asian market increases to \$300/ton which means an increase of 200%. The main reason for price increasing is that demand exceeds supply.
- The unbalance between demand and supply problem will continue to 2010. The coking coal prices are forecasted to remain at high levels in 2008.
- The Chinese government has suspended the granting of coal exploration rights since February 2007 and will continue the policy until the end of 2008.



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Q & A

