



## ***Puda Coal***

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*A Future Leader in China's  
Cleaned Coal Market*





# Safe Harbor Statement

This presentation contains “forward-looking statements”. These statements relate to future events or to the Company’s anticipated performance involving known and unknown risks, uncertainties and other factors that could cause the actual results, level of activities, performance or achievements of the Company to differ materially from the results, level of activities, performance or achievements expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, and other factors.

Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company will not and has no obligation to update the forward-looking information contained in this presentation. You should not place undue reliance on forward-looking statements.

- ✓ Premium grade cleaned coal supplier in China with more than 15 years history
- ✓ Headquartered in Taiyuan, Shanxi Province, China, with three coal washing plants in Shanxi Province
- ✓ One of the largest private-owned coking coal cleaning company in Shanxi Province: 3.5 million MT per year
- ✓ Efficient coal washing operations
- ✓ Aggressive growth plans, focusing on the acquisition, development and operation of coal mines in Northern China



# Key Geographic Location

## Liulin County, Shanxi Province



- ✓ Puda Coal's coal washing business is located in Shanxi Province
- ✓ Shanxi supplies nearly 50% of China's coke
- ✓ Liulin County of Shanxi dubbed "King of Coal" for its high quality coking coal reserves, with one of the highest quality coking coal reserves in China - key for steel making
- ✓ Shanxi government plans to spend up to 310 billion RMB to promote development of coal industry from 2006-2010\*

\*Source: Shanxi Province 11<sup>th</sup> Five Year Plan



# Equity Snapshot

<b>Trading market/Symbol:</b>	<b>OTCBB/PUDC</b>
Price (5/15/2009):	\$0.35
Shares Outstanding:	107.3 M
Market Capitalization:	\$37.6M
Public float:	41 M
Revenues (ttm):	\$241.4 M
Net income (ttm):	\$14.9 M
Price/Earnings(ttm):	2.4x
Price/Sales (ttm):	0.2x
Price/Cash (mrq):	1.5x



# Operational Highlights



May 2009

- signed a definitive equity transfer agreement to acquire 18% interest in Jianhe Coal

February to April 2009

- received approval from the municipal government to restructure six coal mines in Shanxi Province
- Appointed Pengxiang Lang as COO

September 2008

- Launched corporate website

June/July 2008

- Appointed Liping Zhu as CEO
- Appointed Laby Wu as CFO

April 2008

- Entered into a contract with Yanzhou Liming Coke and Coal Distribution Ltd to supply up to 120,000 metric tons (MT) of cleaned coking coal before the end of 2008

November 2007

- Engaged Deloitte & Touche to assist Puda Coal in SOX compliance work

June to October 2007

- Appointed independent directors – Mr. Jianfei Ni, Mr. Larry Wizel and Dr. C. Mark Tang
- Established audit committee, compensation committee and nominating and corporate governance committees

June/July 2007

- Acquired Lingshi Coal Washing plant, adding 0.8 mil MT in annual coal washing capacity
- Entered into a contract with Zhongmei Jiujiu Coke and Coal to reach 200,000 MT by year end



# Investment Considerations

- ✓ **Growing Market Demand for Cleaned Coal**
- ✓ **Efficient Coal Washing Operations**
- ✓ **Consistent Supply of High Grade Raw Coal**
- ✓ **Strong and Growing Client Base**
- ✓ **Entering the Higher Margin Coal Mining Business**
- ✓ **Solid Financial Performance**
- ✓ **Attractive Valuation**



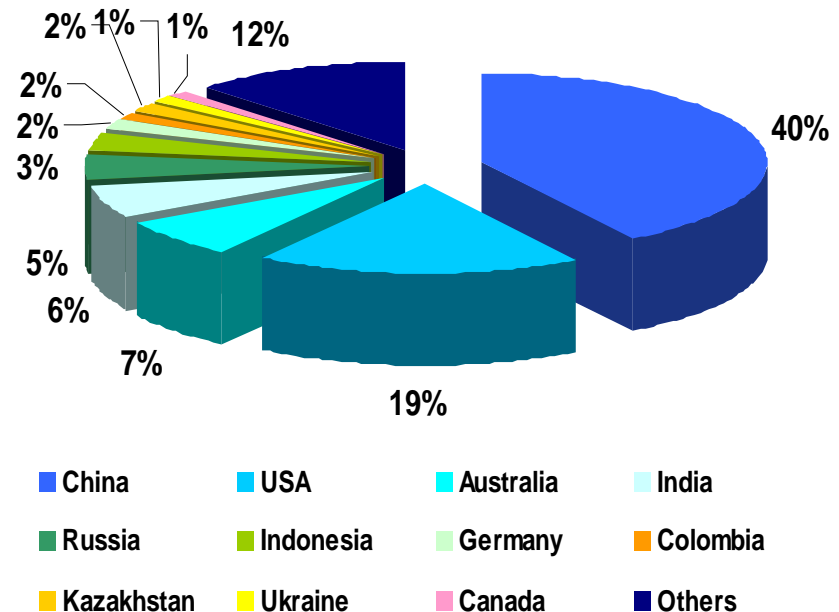


- ✓ Raw coal produced from coal mines
- ✓ Raw coal is processed and washed becoming cleaned coal
- ✓ Cleaned coal used to make coke
- ✓ Coke used to make steel

# Stimulus Plan Benefits Coal and Steel Industries

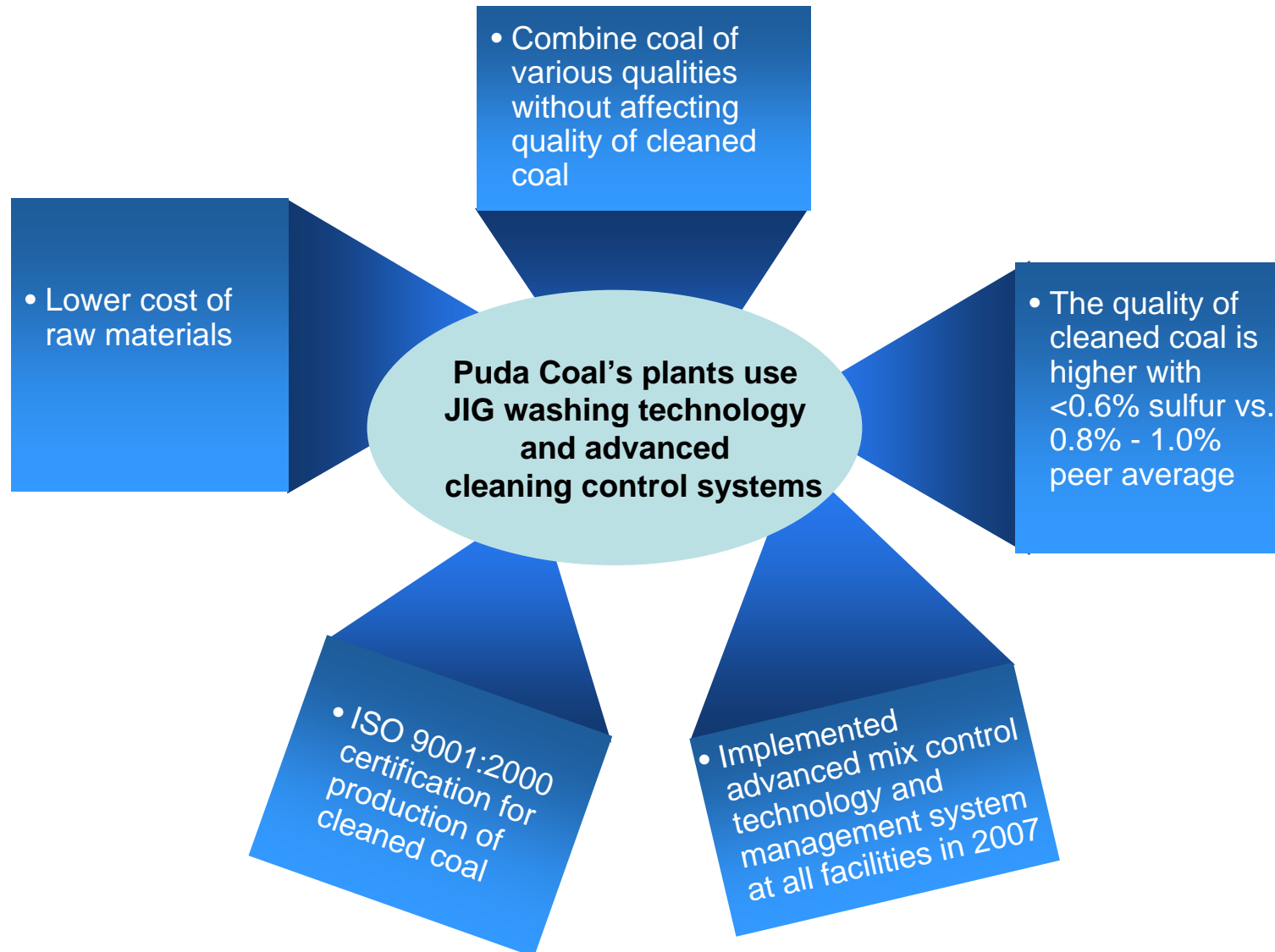
- ✓ The Chinese economic stimulus plan is estimated to increase steel consumption over the next few years with steel-intensive infrastructure projects, such as railroad, real estate and automobile construction
- ✓ China is now experiencing a shortage of coal, resulting from the government's mandate to enhance efficiency and safety by closing small coal mines
- ✓ Worldwide apparent steel use is expected to decline by 14.9% to 1,018.6 million metric tons in 2009, while China is expected to outperform the worldwide rate by declining approximately 5%

Worldwide Distribution of Coal Production 2007



Source: The China Steel Association and the World Steel Association  
BP Statistical Review of World Energy

# Advanced Technology and Efficient Operations





## Stable Supplier and Strong Growing Customer Base

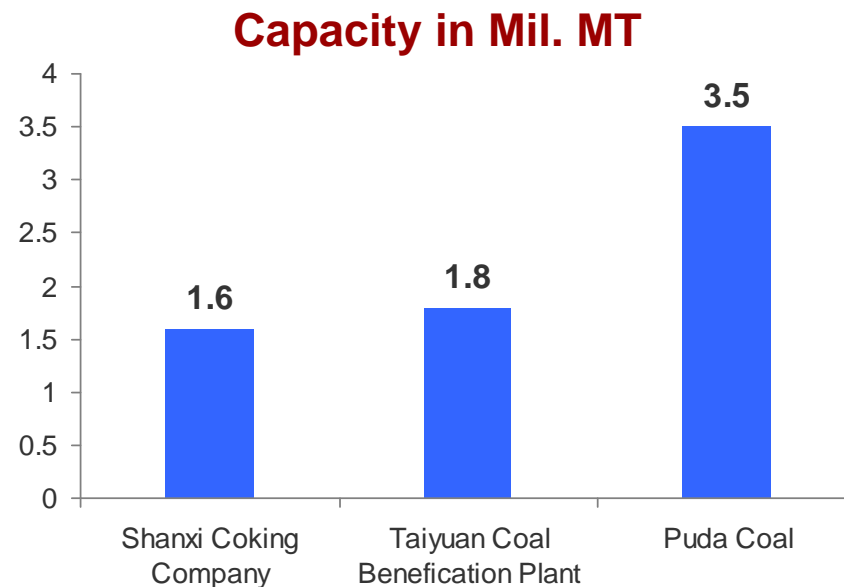
### Diversified supply base allows Puda Coal to expand capacity without risk of supply shortages

- Puda Coal's 19 suppliers provide raw coking coal of differing grades
- Contracted with Jucai Coal, a related high-grade coal mine, to preferentially receive high grade raw coking coal at discounted price

### Stable and growing customers provides opportunity to increase market share

- Puda Coal's customers are mainly coking plants and steel manufacturers
- 20 customers, with the majority located in Shanxi province
- Demand for cleaned coal is driven by demand for steel

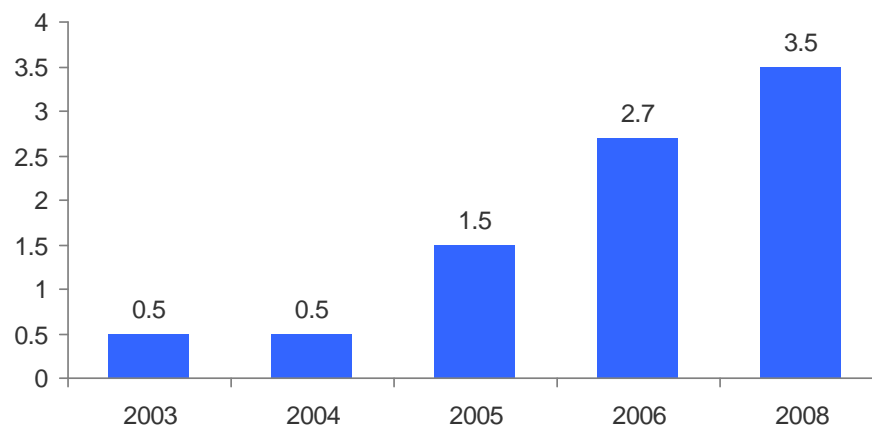
- ✓ **Highly fragmented market with many companies with <300,000 MT in annual capacity of cleaned coal**
  - Use low quality raw coal
  - Inefficient operations
- ✓ **Puda is one of the largest cleaned coal processors in Shanxi province based on capacity**



# Washing Facilities and Capacity

- ✓ In 2008, Puda Coal increased capacity to 3.5 mil MT
- ✓ Capacity utilization rate  $\approx$  66%

Plant	Capacity
Shanxi Liulin Jucai Plant	1,100,000 MT
Lingshi Dongqiang Plant	1,200,000 MT
Shanxi Zhongyang Ruixu Plant	1,200,000 MT
<b>Total Annual Capacity</b>	<b>3,500,000 MT</b>





- ✓ Enter mining business to boost overall profit margin by acquiring suitable coal mines
- ✓ Commitment to become a national leader in cleaned coal market within next 5-10 years
- ✓ Upgrade product quality and increase capacity
- ✓ Increase market penetration by attracting larger orders and building strategic relationships with new and existing customers
- ✓ Build brand awareness by marketing and customer relationship management



## Growth Strategy - Enter into Coal Mine Business

- ✓ **Strong balance sheet which will support coal mining development**
- ✓ **Improve margins as coal mining industry is a more profitable business**
- ✓ **Peer group of Hong Kong listed mining companies generated a 29.3% average gross margin in 2008\***
- ✓ **Enlarge and diversify Puda Coal's revenue base to mitigate market risk**
- ✓ **Solidify position in coal value chain**



\* Select peer group includes Yanzhou Coal Mining, China Mining Resources, and China Coal Energy



# Growth Strategy - Enter into Coal Mine Business

## Consolidate and Restructure Six Coal Mines in Shanxi Province

- ✓ Located in Pinglu County, Yuncheng City, Shanxi Province
- ✓ Obtained approval from the Yuncheng Municipal government in April 2009
- ✓ Ready to execute project upon approval from the Shanxi Provincial government, subject to further approval by the provincial government
- ✓ Financing terms are decided on a case to case basis, negotiated separately
- ✓ Focus on execution of one or two mines at a time

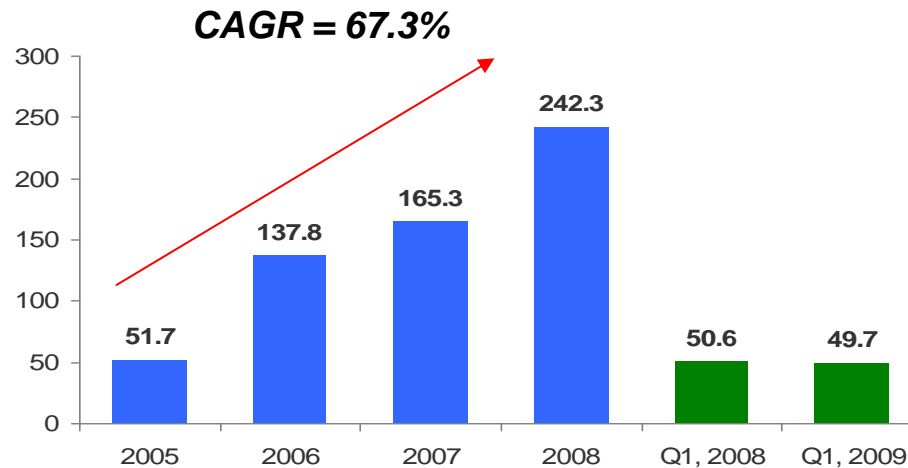
**Project One**

**Project Two**

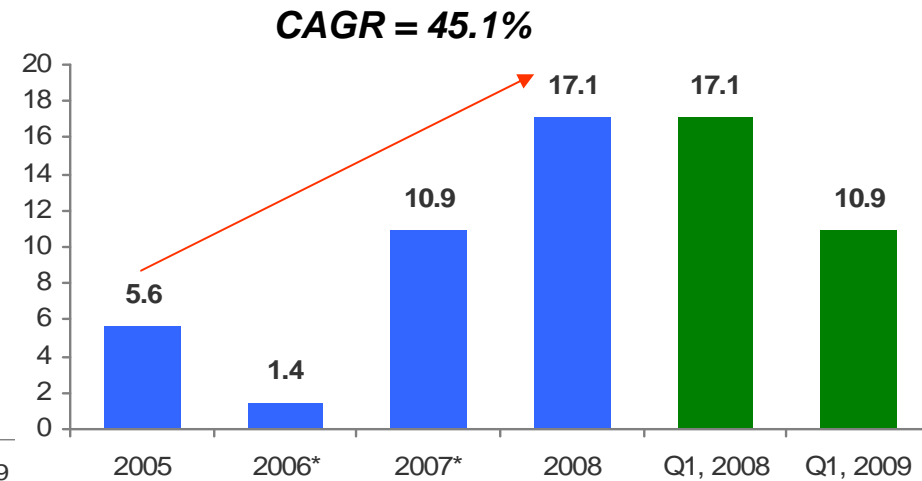
## Signed a Definitive Equity Transfer Agreement to Acquire 18% interest in Jianhe Coal

- ✓ 200 kms of Taiyuan, 50 kms from PUDC Lingshi Coal washing plant
- ✓ Obtained government approval to exploit two coal seams: raw coal and high quality coking coal
- ✓ Movable reserves reaching 18 million metric tons
- ✓ Expansion will increase capacity to approximately 600,000 metric tons from 450,000 metric tons
- ✓ Will receive semi-annual dividend from Jianhe Coal of 14.4% of the annual net profit

## Net Revenue Growth History



## Net Income Growth History



\$ in millions

*\*Net income for 2006 and 2007 includes non cash charges of \$11.1 million and \$1.9 million, respectively, related to convertible debt and warrants.*



# Selected Income Statement Data

(\$ in millions)	Q1, 2009	Q1, 2008	FY 2008	FY 2007
Revenue	49.7	50.6	242.3	165.3
Gross profit	3.9	7.5	30.3	28.6
Gross margin (%)	7.8%	14.8%	12.5%	17.3%
Income from operations	3.0	6.2	24.9	23.4
Operating margin (%)	6.0%	12.3%	10.3%	14.2%
Net income*	2.1	4.3	17.1	10.9
EPS – diluted*	0.02	0.04	0.16	0.11

*\*Net income and diluted EPS for 2007 include non cash charges of \$1.9 million related to convertible debt and warrants.*



# Strong Balance Sheet

## Selected Balance Sheet

(\$ in thousands)	March. 31, 2009	December 31, 2008
Cash and Equivalents	24,381	39,108
Total Current Assets	81,539	81,863
Total Assets	97,868	98,632
Total current liabilities	12,088	14,469
Total Liabilities	23,641	26,355
Shareholders' equity	74,227	72,277



# Capital Structure (3/31/2009)

<b>DEBT</b>	<b>\$ in thousands</b>
Current Portion of Long-term debt	\$1,300
Long-term 6% Loan (New Facilities Financing, Amortized Over 10 Years)	7,475
Total	8,775

<b>EQUITY</b>	<b>\$ in thousands</b>
Common Shares Outstanding*	107,336
Common Shares Issuable upon Warrants (exercise price = \$0.60)	16,658
Incentive Shares and Warrants	324
Fully Diluted Common Shares Outstanding	124,318

\*as of May 15, 2009



# Corporate Governance and Management Team

## Global Board of Director and Corporate Governance

### Mr. Ming Zhao – Chairman of the BOD

- Key founder of Puda Coal, together with his brother, owns about 63% of the outstanding shares of Puda Coal

### Mr. Lawrence S. Wizel, Chairman of Audit Committee

- Began his career in 1965, was a partner of Deloitte from 1980 until May 2006 when he retired
- Has strong experience in publicly held and private companies with a variety of capabilities including SEC filings for initial public offerings, mergers and acquisition transactions and periodic reporting

### Mr. Jianfei Ni, Chairman of Compensation Committee

- An expert in coal mines, recently retired as Vice President and Chief Engineer from the Taiyuan Institute of Coal Design & Research, in Taiyuan, Shanxi, China

### Dr. C. Mark Tang, Ph.D., MBA, Chairman of Nominating Committee

- Over 15-years experience in investment banking and advisory including private placement, IPO, M&A
- Co-Founder of several hi-tech companies and consulted many startups in US and China
- Ph.D. in bio-chemistry and MBA in finance

## Experienced Management Team

### Mr. Liping Zhu - President and CEO

- Has over 20 years of experience in executive management, including 11 years of experience in the coal industry
- Holds Master's Degree in Economics

### Mr. Pengxiang Lang – Chief Operating Officer

- Has many years of experience in the coking industry in China
- Holds a MBA from Tianjin Commercial College

### Ms. Laby Wu – Chief Financial Officer (CPA Australia)

- CFO and Vice President of Financing and Investor Relations at Sinoenergy Corporation (NASDAQ CM “SNEN”) from 2006 to May 2008;
- Audit Manager /Senior Auditor at Ernst & Young Beijing Accounting Firm and HLB Beijing Yongtuo Accounting Firm from 2000 to June 2006
- Master of Professional Accounting of Deakin University, Australia. CPA Australia

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# Thank You

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