



Puda Coal

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





Safe Harbor Statement

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Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results 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 has no obligation to update the forward-looking information contained in this presentation.

Company Overview

- ü Leading premium grade coking coal supplier in China
- ü Headquartered in Taiyuan, Shanxi Province, China
- ü 232 Employees
- ü One of the largest capacity in Shanxi Province: 2.7 million MT per year
- ü Efficient coal washing operations





Equity Snapshot

Exchange/Symbol:	OTCBB/PUDC
Price (05/09/2007):	\$2.18
Shares Outstanding:	94.75 M
Market Capitalization:	\$206.56M
Float:	22.7 M
Revenues (FY 2006):	\$137.8 M
Net income (FY 2006)*:	\$12.5 M
Price/Earnings (FY 2006) *:	13.6
Price/Sales (FY 2006):	1.5
Enterprise Value/EBITDA (FY 2006):	6.7

***Excludes certain non-cash debt financing and other expenses related to the Company's convertible notes and warrants**

Recent Highlights



Investment Considerations

- ü Growing Market Demand for Clean Coking Coal
- ü Guaranteed Supply of High Grade
- ü Efficient Coal Washing Operation
- ü Strong and Growing Client Base
- ü Strong Financial Performance
- ü Attractive Valuation





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

Puda Coal is one of the largest non government owned coal washing companies in the Shanxi region

Growing Demand for Steel

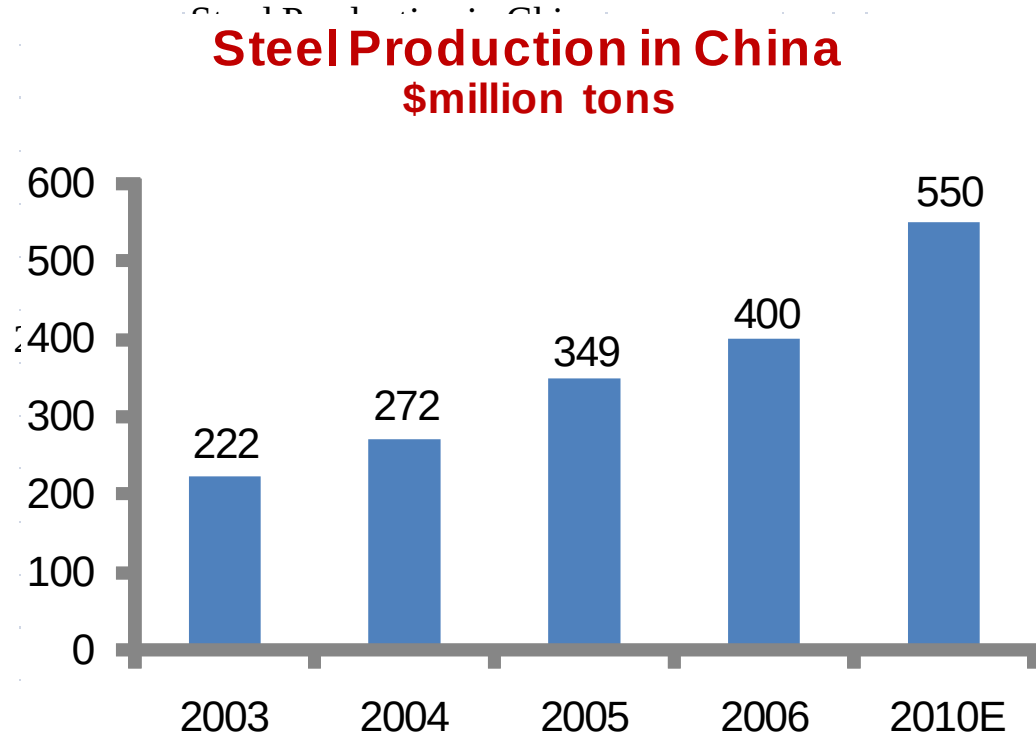
- ü Demand for coking coal is driven by demand for steel
- ü Total steel production in China totaled 400 million MT in 2006*, up 18% from 2005
- ü Expected to reach 550 million MT by 2010**, accounting for 40% of global consumption

- ü **Near-term drivers**

- Beijing Olympics 2008
- Shanghai World Expo
- Three Gorges Dam

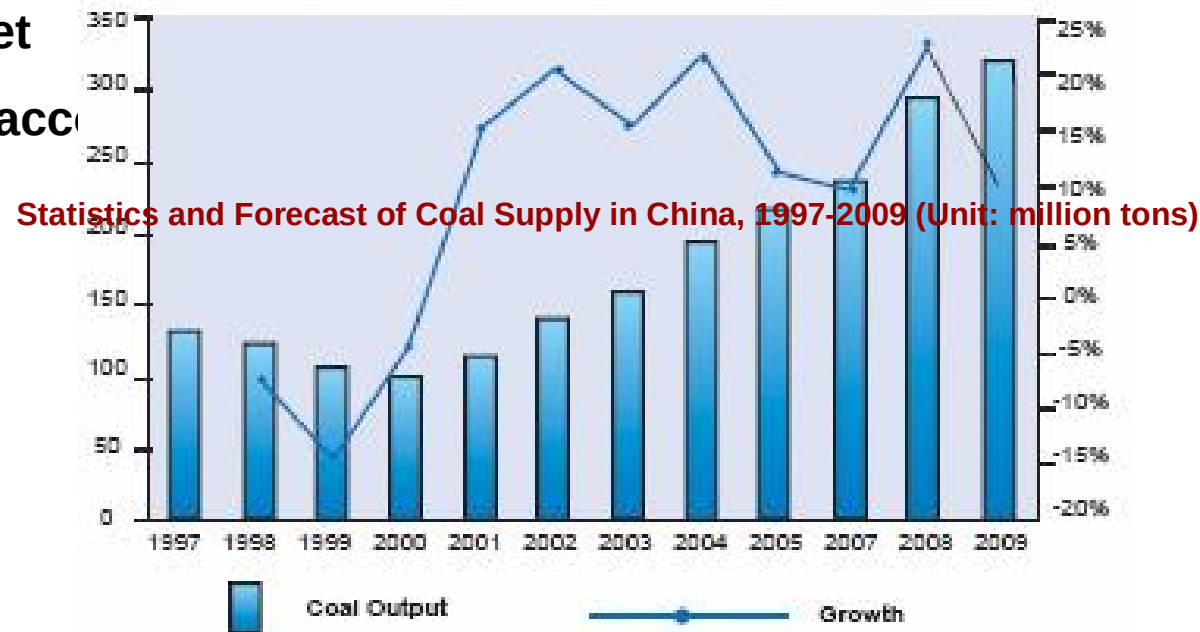
*Source: National Development and Reform Commission

**Source : Macquarie Bank



Limited Supply of High Quality Coking Coal

- ü Quality of raw coal determines quality of cleaned coal
- ü Limited supply of high quality metallurgical coking coal requires coking coal and steel manufacturers to accept substandard product to maintain operations
- ü Approximately 97% of coal production is used by China's internal Market
- ü Coal acc



Source: Zuosi Market Research Resource



Key Geographic Location

Liulin County, Shanxi Province



- ü Puda Coal is ideally located in Liulin County, Shanxi
- ü Shanxi supplies nearly 50% of China's coke
- ü Liulin dubbed “King of Coal” for its high quality coking coal reserves
- ü Liulin has one of the highest quality coking coal reserves- key for steel making
- ü Shanxi government to spend up to 310 billion RMB to promote development of coal industry from 2006-2010*

*Source: Shanxi Province 11th Five Year Plan



Guaranteed Supply of High Quality Coal

- ü **Puda Coal's 16 suppliers provide raw coking coal of differing grades**
- ü **Jucai Coal, a related high-grade coal mining firm**
 - § Provides up to 100% of high grade raw coking coal production
 - § Discounted price
- ü **Diversified supply base allows Puda Coal to expand capacity without risk of supply shortages**





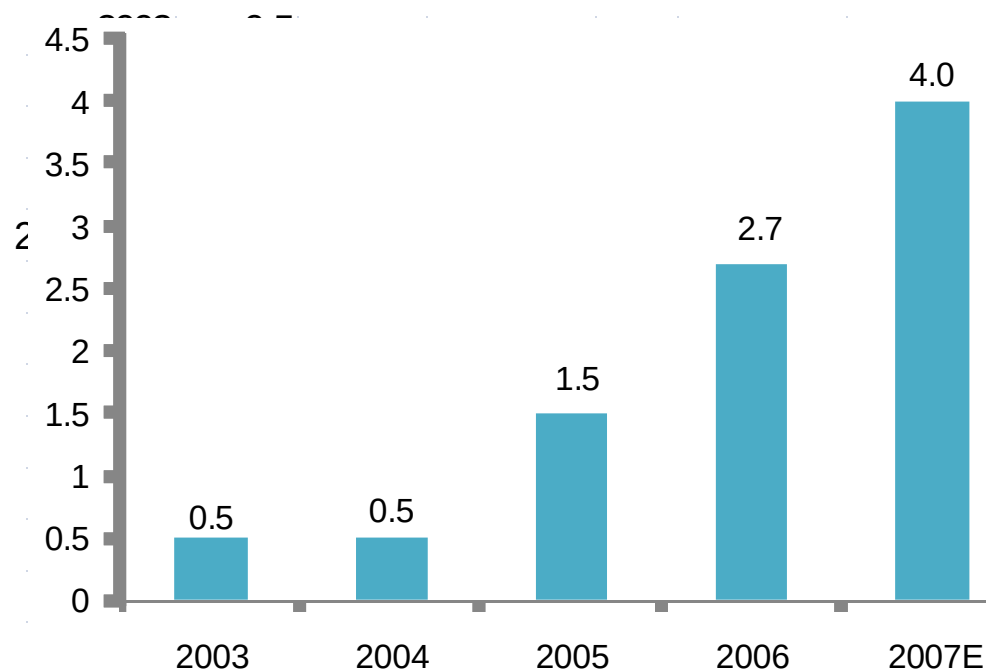
Efficient Coal Washing Operations

- ü **Puda's two plants use JIG washing technology and advanced cleaning control system**
 - § Combine coal of various qualities without affecting quality of cleaned coal
 - § Lowers cost of raw materials
 - § Puda Coal's quality is higher <0.6% sulfur vs. 0.8% - 1.0% peer average
 - § ISO 9001:2000 certification for production of cleaned coal
 - § Implementing advanced mix control technology and management system at all facilities in 2007

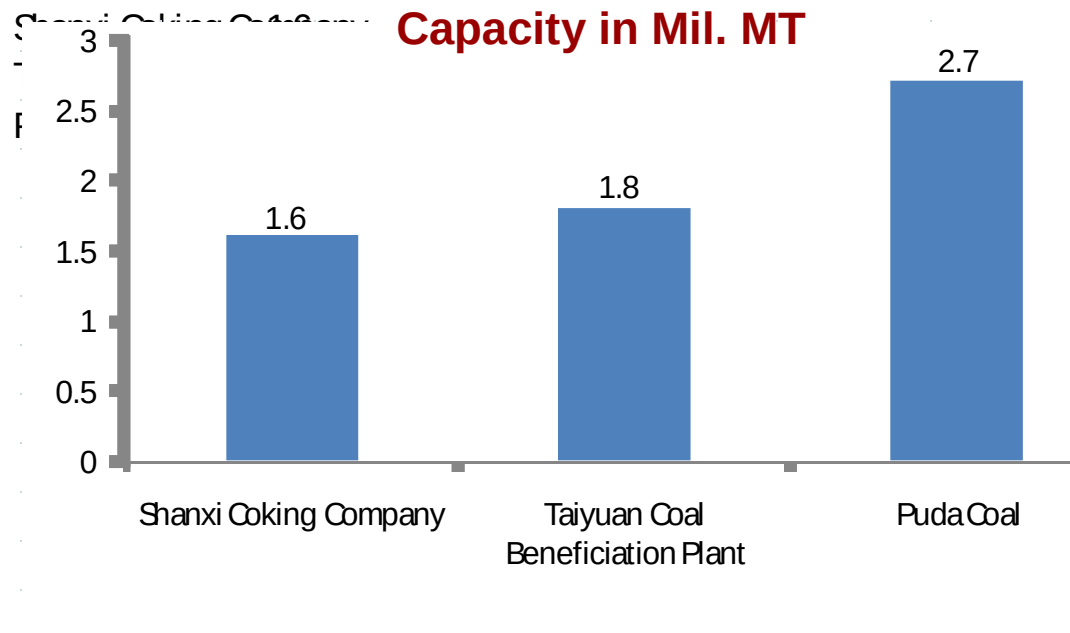
Washing Facilities and Capacity

- ü In 2006, Puda Coal increased capacity to 2.7 mil MT
- ü Plans to increase capacity to 4.0 mil MT in 2007

Plant	Capacity
Shanxi Liulin Dongqiang	400,000 MT
Shanxi Liulin Jucai Plant	1,100,000 MT
Zhong Yang Plant	1,200,000 MT
Total Annual Capacity	2,700,000 MT



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



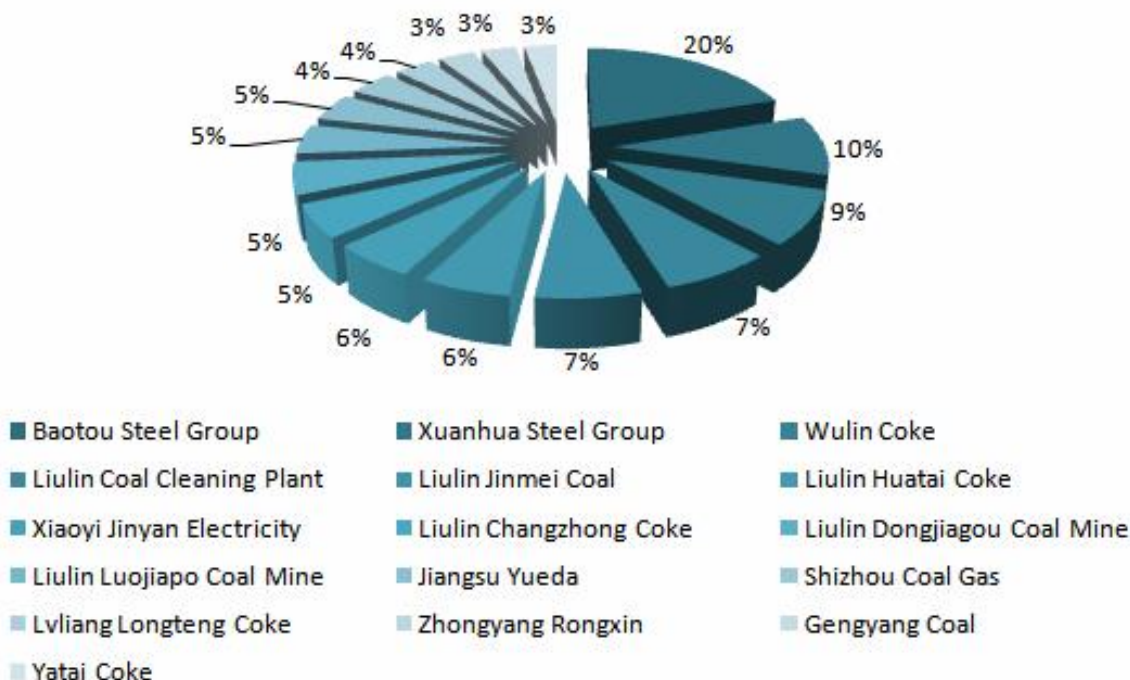
*Source: Company estimates



Strong and Growing Customer Base

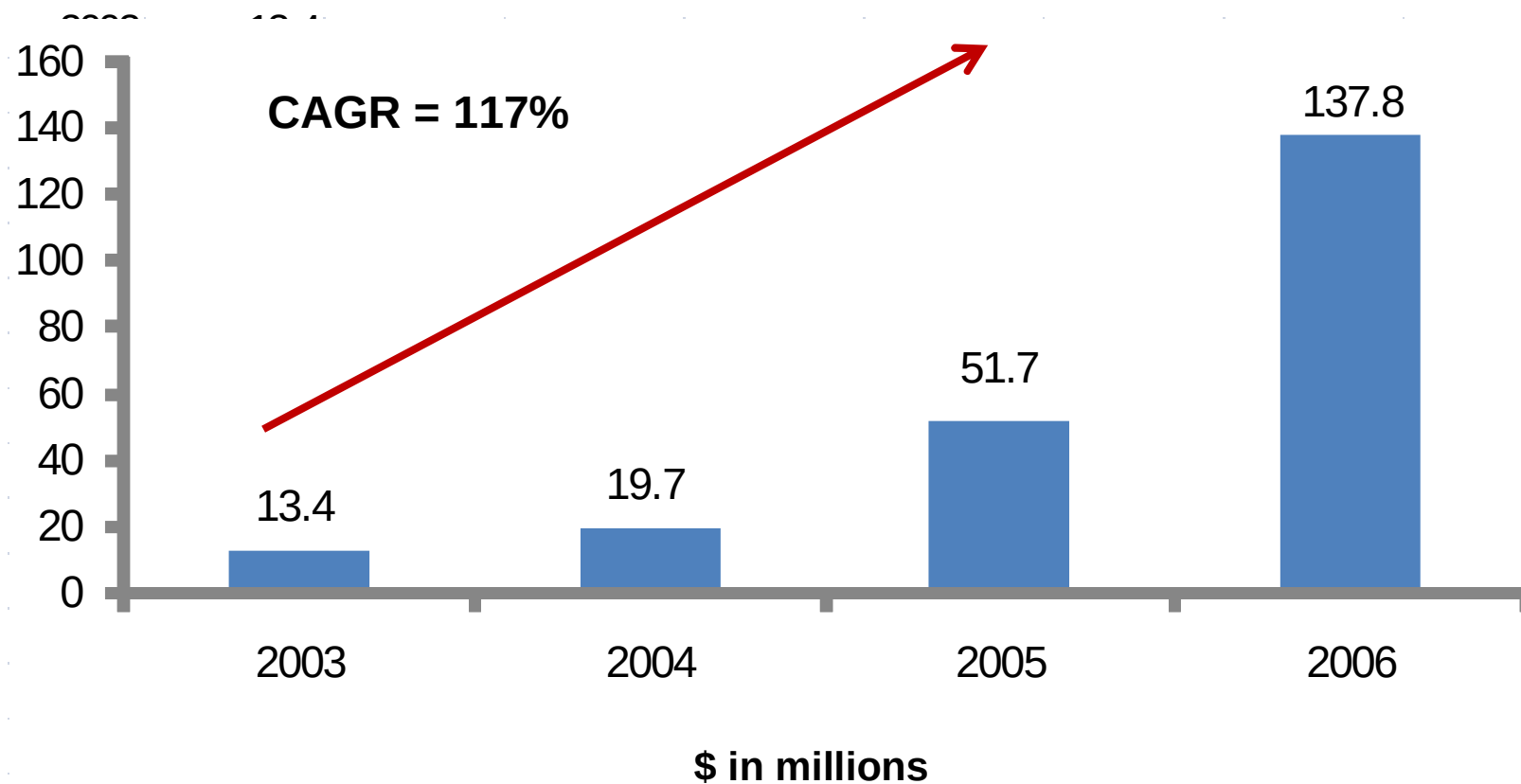
- ü Puda Coal's customers are mainly coking coal and steel manufacturers
- ü 16 customers, the majority located in Shanxi province
- ü Expanded capacity provides opportunity to increase market share by fulfilling larger orders from existing and new customers

2006 Sales Breakdown by Customer

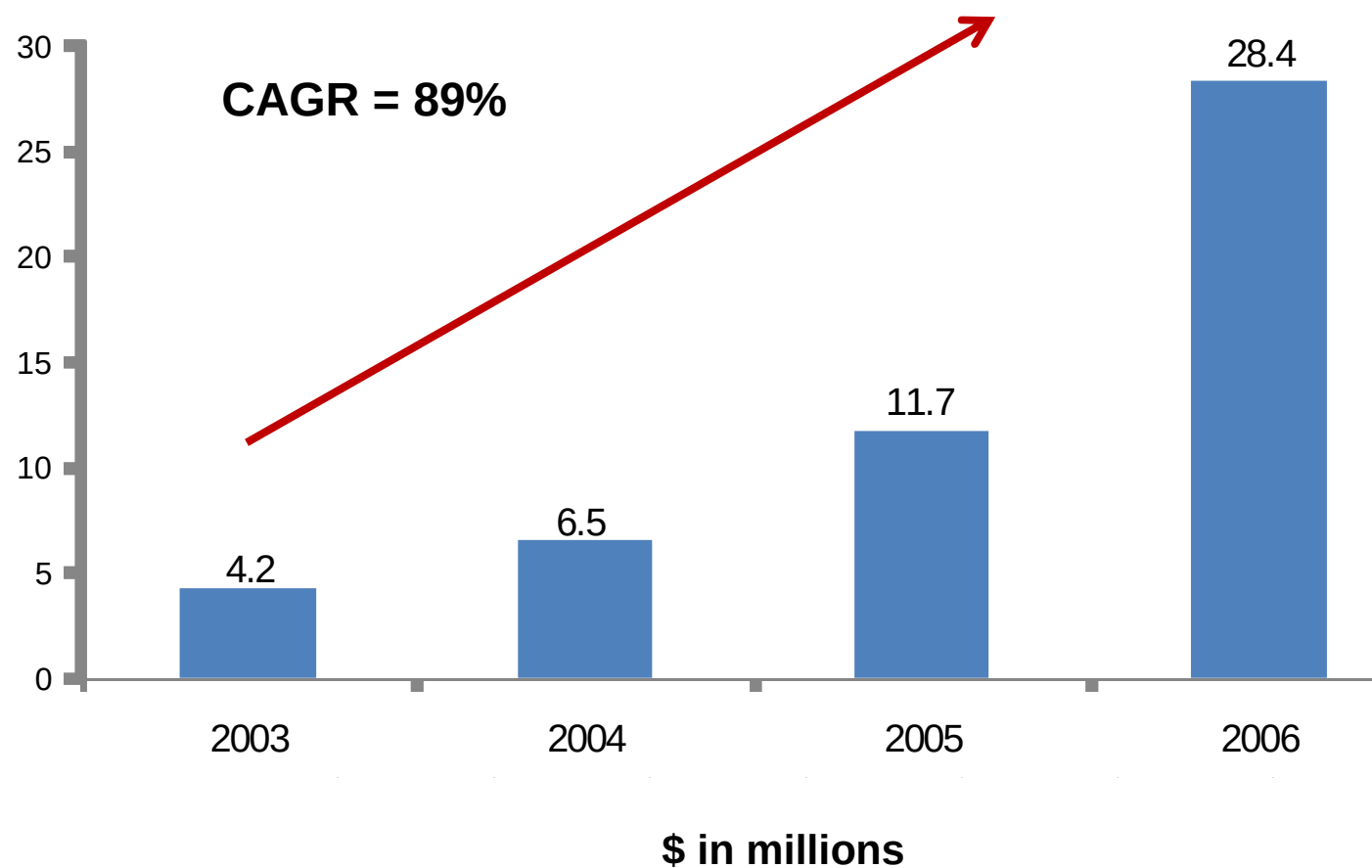


- ü Focused on building strategic relationships with customers
- ü Signed contracts with four new customers in 2006
- ü Renewed contracts with two largest customers in Q1 2007

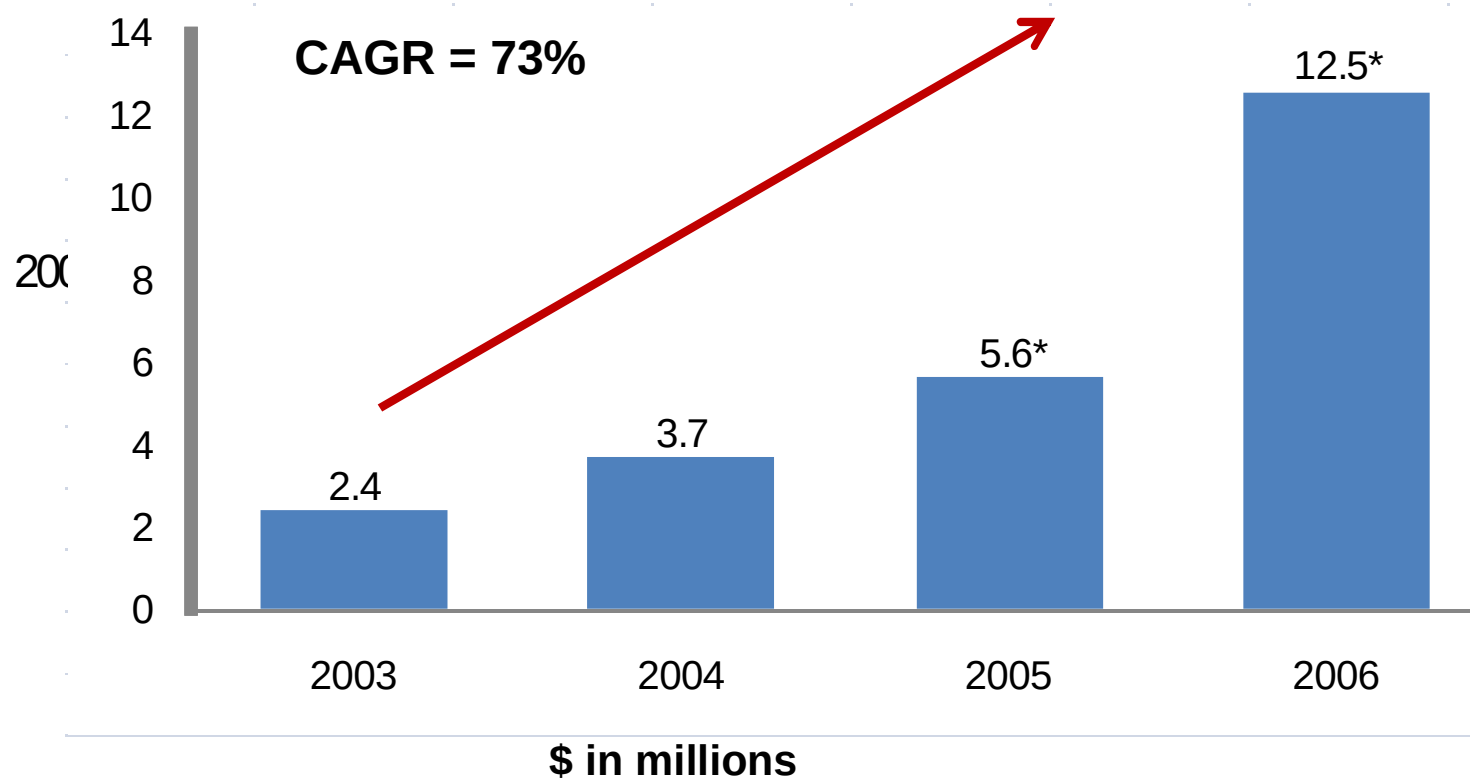
Strong Revenue Growth



Strong Growth in Gross Profit



Strong Growth in Adjusted Net Income



** Adjusted to exclude non-cash debt financing and other expenses related to the company's convertible notes and warrants'*

Selected Income Statement Data

	FY 2004	FY 2005	FY 2006
Revenue (in millions)	19.7	51.7	137.8
Gross profit (in millions)	6.5	11.7	28.4
Gross profit margin (%)	32.99%	22.63%	20.63%
Income from operation (in millions)	5.5	9.2	22.8
Operating profit margin(%)	28.21%	17.75%	16.55%
Adjusted net income (in millions)*	3.7	5.6	12.5
Adjusted EPS- basic*	0.05	0.07	0.16
Adjusted EPS- diluted*	0.05	0.07	0.16

** Net income in '05 and '06 is adjusted to exclude non-cash debt financing expense.*



Capital Structure (12/31/2006)

DEBT	Millions
Current Portion of Long-term Loan	1.3
Long-term 8% Convertible Note (due on Oct 31, 2008)	4.9
Long-term 6% Loan (New Facilities Financing, Amortized Over 10 Years)	10.4
Total	16.6

EQUITY	In thousands
Basic Common Shares Outstanding*	94,750
Common Shares Underlying Pre-existing Options	150
Common Shares Issuable upon Note Conversion and Warrants Exercise	31,700
Fully Diluted Common Shares Outstanding	126,600

* As of April 9, 2007



Attractive Valuation

Company Name	Ticker	Price (05/09/2007)	Market Cap	P/E	P/S	EV/EBITDA
National Coal Corp.	NCOC	5.0	97.5M	N/A	1.1	N/A
James River Coal New	JRCC	11.2	188.2M	N/A	0.3	4.4
Westmoreland Coal Co	WLB	25.6	231.3M	N/A	0.5	5.8
International Coal Group, Inc.	ICO	5.5	847.1M	N/A	0.9	10.4
Yanzhou Coal Mining Co.	YZC	55.1	5.5B	22.5	3.1	9.8
Industry Statistics				22.5	1.2	7.6

* Adjusted to exclude non-cash debt financing and other expenses related to the company's convertible notes and warrants.

Growth Strategies



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



Management Team

Mr. Zhao Ming
Chairman and Chief Executive Officer

- CEO and Chairman since '95
- More than 15 years experience in coal washing industry

Mr. Tian Wenwei
Director of Investor Relations

- Joined Puda in Q1 '06
- Has significant accounting, business analysis and project management experience in both Canada and China
- Holds an MBA from the University of Alberta ('03)



Investment Considerations



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Reconciliation Of Adjusted Net Income To GAAP Net Income

	Fiscal Year 2006		Fiscal Year 2005	
(\$ in thousands except per share data)	Net Income	Diluted EPS	Net Income	Diluted EPS
Adjusted Amount	12,480	0.16	5,646	0.07
Adjustments				
Non cash debt financing costs				
(1)	9,465	0.12	4,964	0.06
Unrealized derivative fair value gain/Loss (2)	(1,237) \$	(0.02)	(700)	(0.01)
Discount on converted shares and exercised warrants(3)	2,898	0.04	417	0.01
Amount per consolidated statement of operations	1,354	0.02	965	0.01

(1) Non cash debt financing costs for FY 2006 includes amortization of debt issue costs of \$838,000, amortization of discount on convertible notes and warrants of \$8,627,000, Non cash debt financing costs for FY 2005 includes amortization of debt issue costs of \$739,000, amortization of discount on convertible notes and warrants of \$4,225,000

(2) Derivative unrealized fair value gain for FY 2006 was 1,237,000, Derivative unrealized fair value gain for FY 2005 was 700,000

(3) Discount on converted shares and exercised warrants for FY 2006 was 2,898,000, Discount on converted shares and exercised warrants for FY 2005 was 417,000

Guidance for 2007

	2007
Revenue	\$210 ~ \$220mil
Operating Income	\$34~ \$36 mil



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