

INDONESIAN COAL - A BRIGHT FUTURE



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BERAU COAL

Symposium - Clean Coal Day in Japan 2009

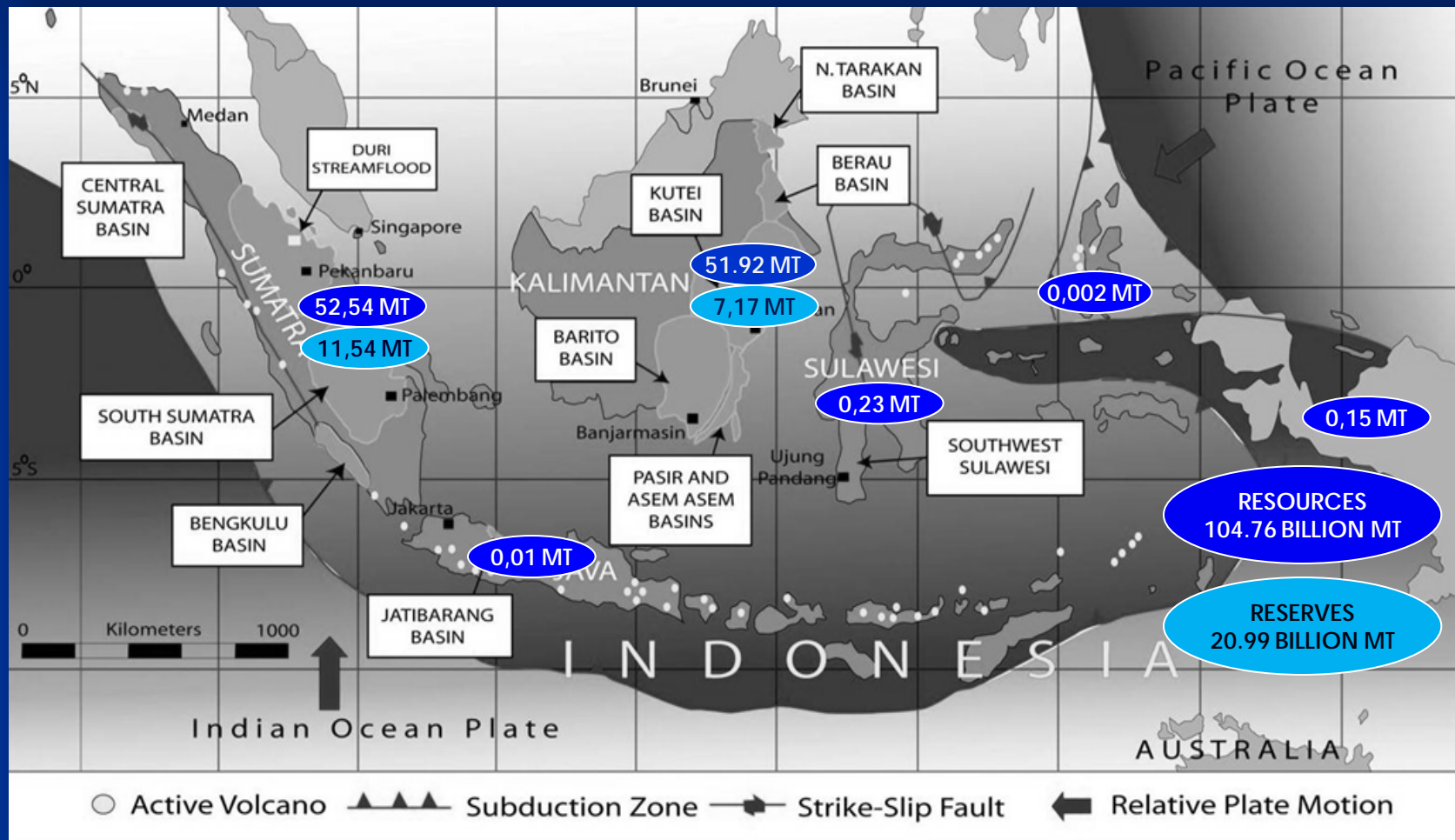
September 7, 2009, ANA InterContinental Hotel, Tokyo, Japan

INDONESIAN MACRO ECONOMIC ASSUMPTION



	2009	2010
Population (millions)	231.3	234.2
Economic Growth (%)	4.3	5.0
Inflation (%)	5.0	5.0
Exchange Rate (Rp/US\$)	10,600	10,000
Oil Price (US\$/barrel)	61.0	60.0
Lifting (million barrel/day)	0.960	0.965

INDONESIAN COAL BASIN & RESOURCES



COAL POTENTIAL OF INDONESIA



TOTAL IN BILLION TONS

Resources

104.76

Reserves

20.99

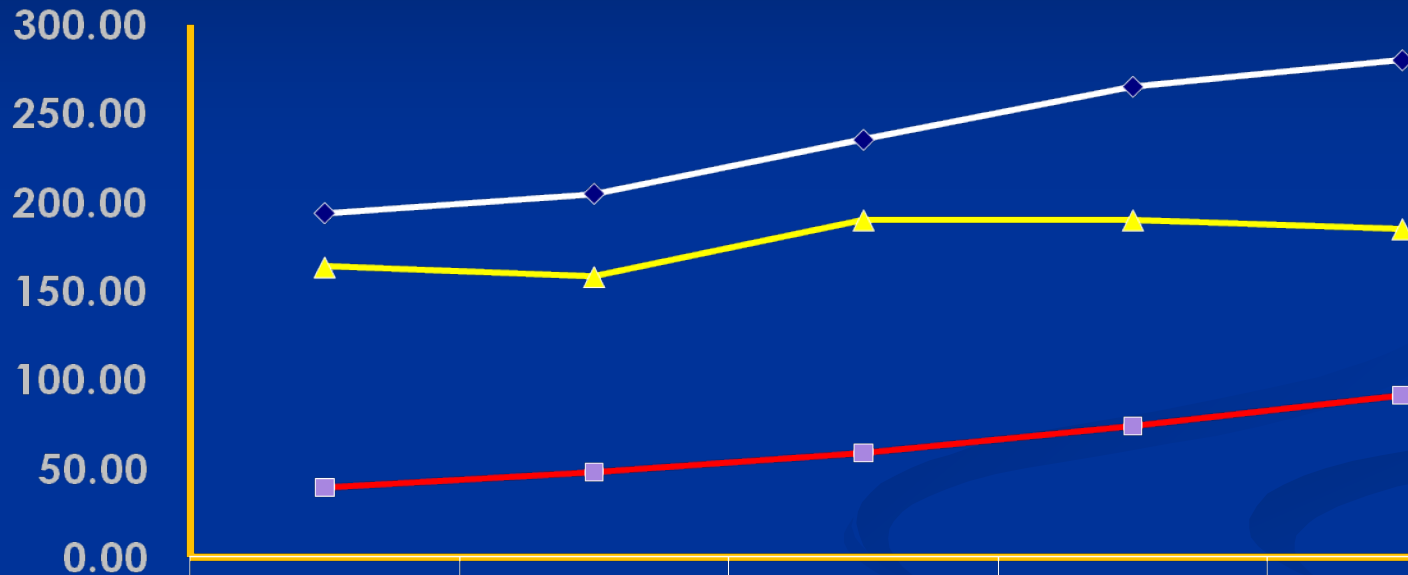
DISTRIBUTION

- Sumatra	52.44	11.54
- Kalimantan	51.92	7.17
- Sulawesi	0.23	-
- Irian Jaya	0.15	-
- Other	0.02	-

QUALITY

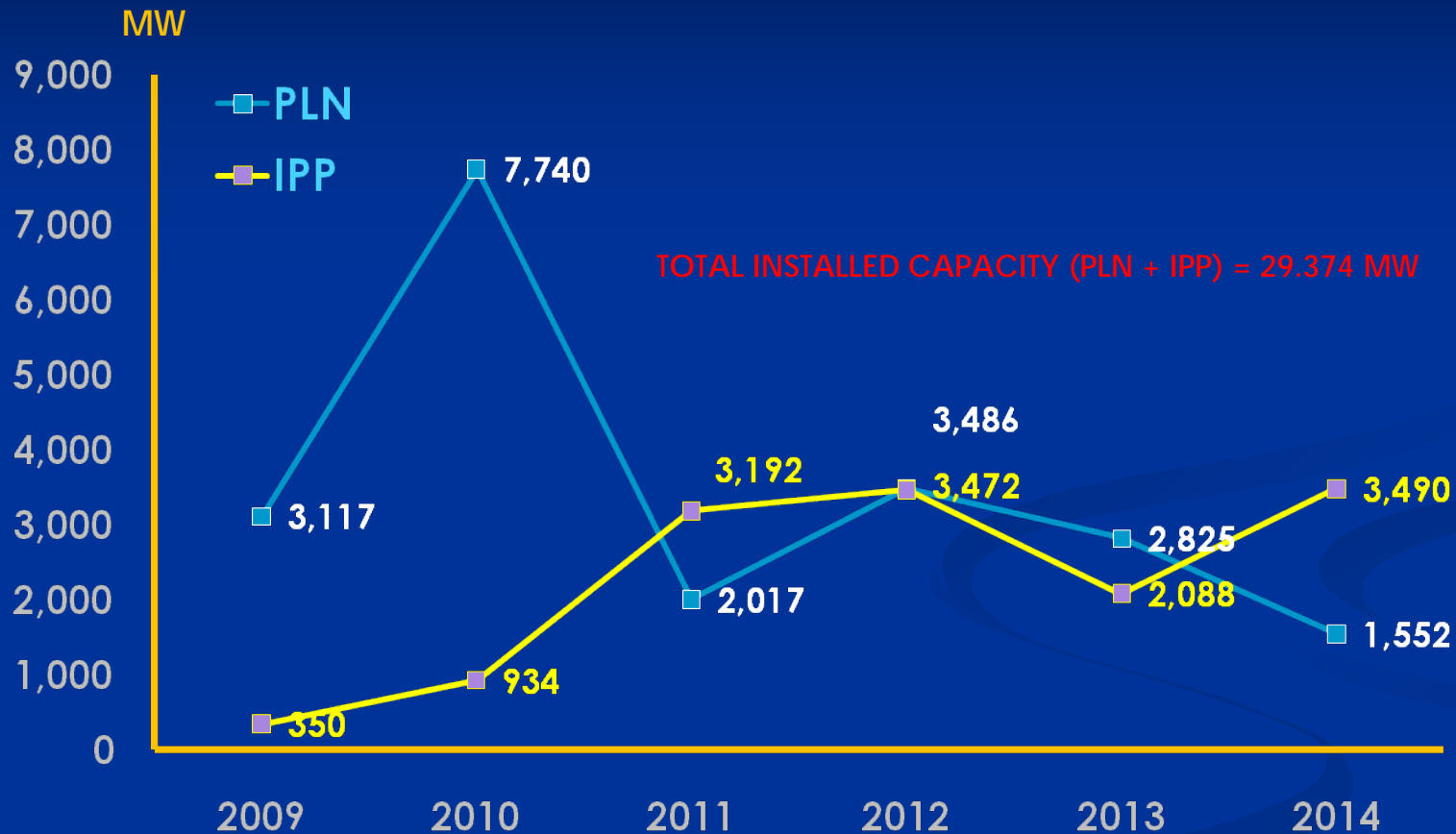
- Very High	> 7.100 Kcal/Kg	1.00
- High	6.100 - 7.100 Kcal/kg	13.02
- Medium	5.100 - 6.100 Kcal/kg	69.55
- Low	< 5.100 Kcal/Kg	21.19

STATISTIC OF COAL EXPORT & DOMESTIC



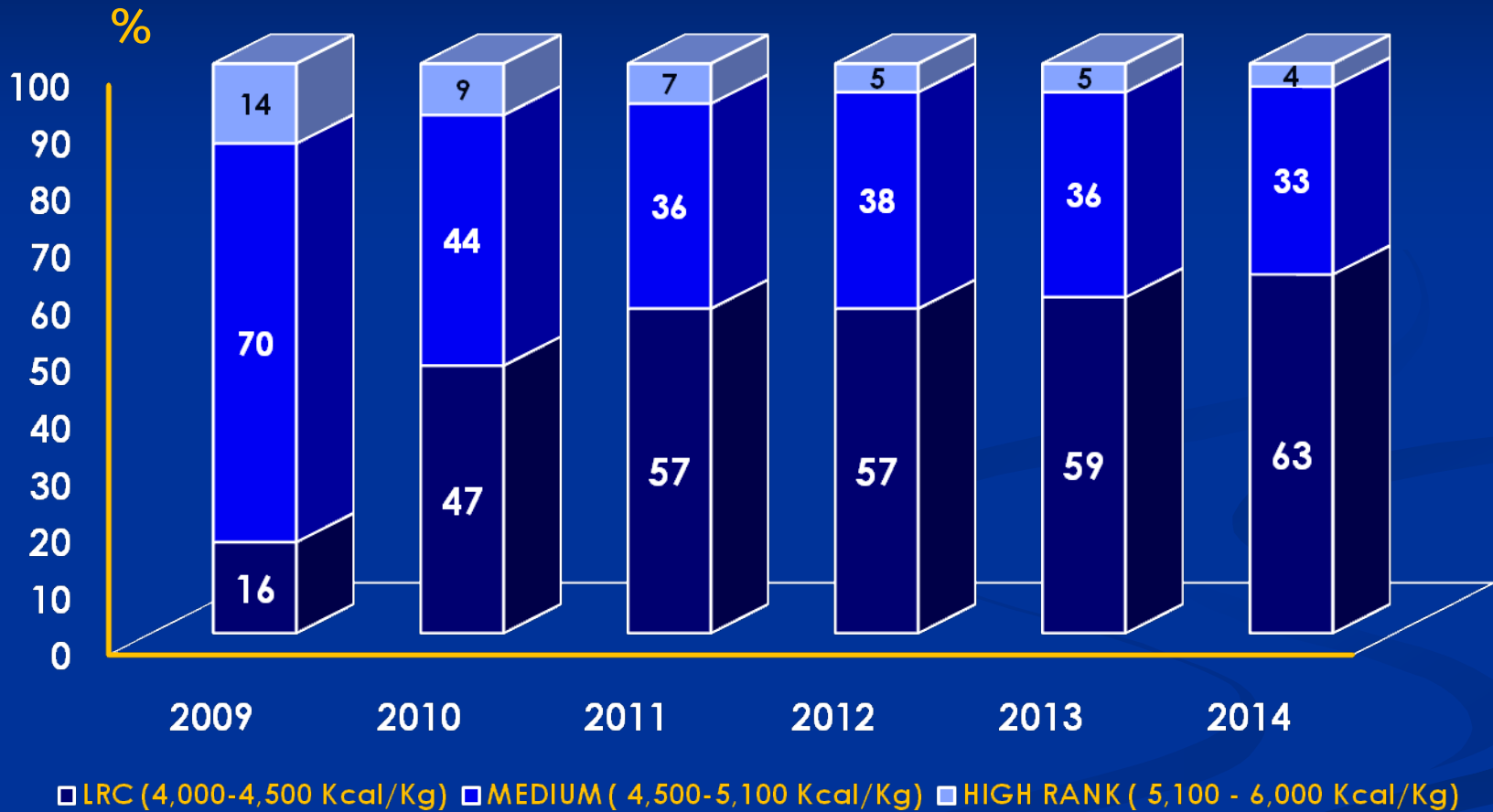
	2007	2008	2009 (e)	2010 (e)	2011 (e)
◆ Production	193.55	204.51	235.0	265.0	280.0
■ Domestic	39.15	47.79	58.59	73.86	91.12
▲ Export	163.48	158.01	190.0	190.0	185.0

THE DEVELOPMENT OF DOMESTIC POWER PLANT

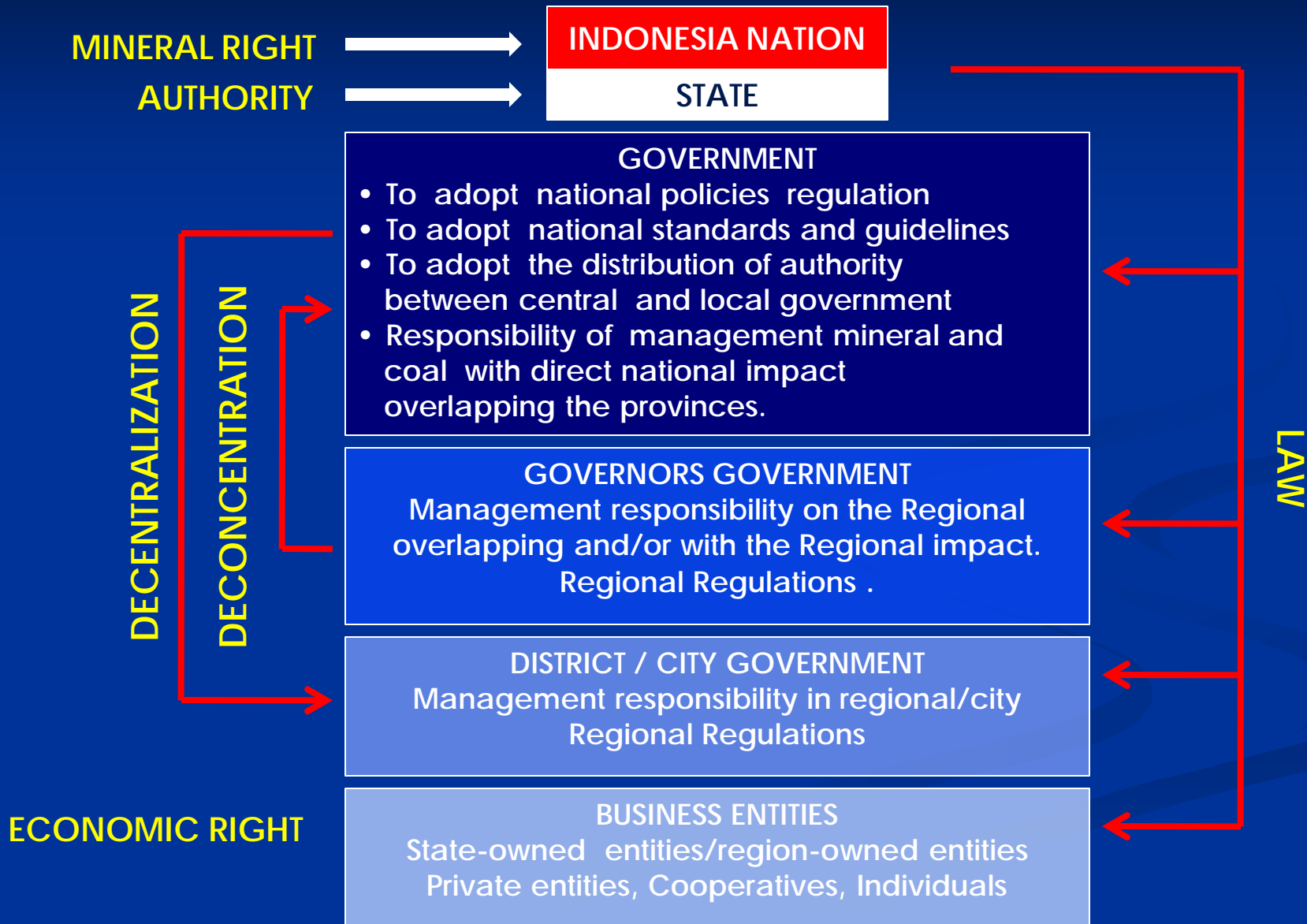


- Total additional generation capacity needed up to 2018 is 57,4 GW.
- It consists of PLN's: 35,3 GW (61.5%) and IPP's: 22.2 GW (38.5%).

PROJECTED COMPOSITION OF COAL USED



MINING SYSTEM IN THE UNITARY STATE OF REPUBLIC OF INDONESIA



NEW MINING LAW & REGULATION

Spirits of New Proposed Mineral and Coal Law



To adopt the new challenge and opportunity of democratization, regional autonomy, human right, social needs and environmental aspects

To adopt the principles of sustainable development on mining activities

To adopt the principles of transparent, efficient, competitive and people participation on mining development



For benefit of all stakeholder
(people welfare, government
income and private company
benefits)

NEW MINING LAW & REGULATION

Authority and License Types on the Mineral and Coal Law No. 4 / 2009



Mining Zone (WP) as the basis for national
land-use planning consist of WUP, IPR and WPN

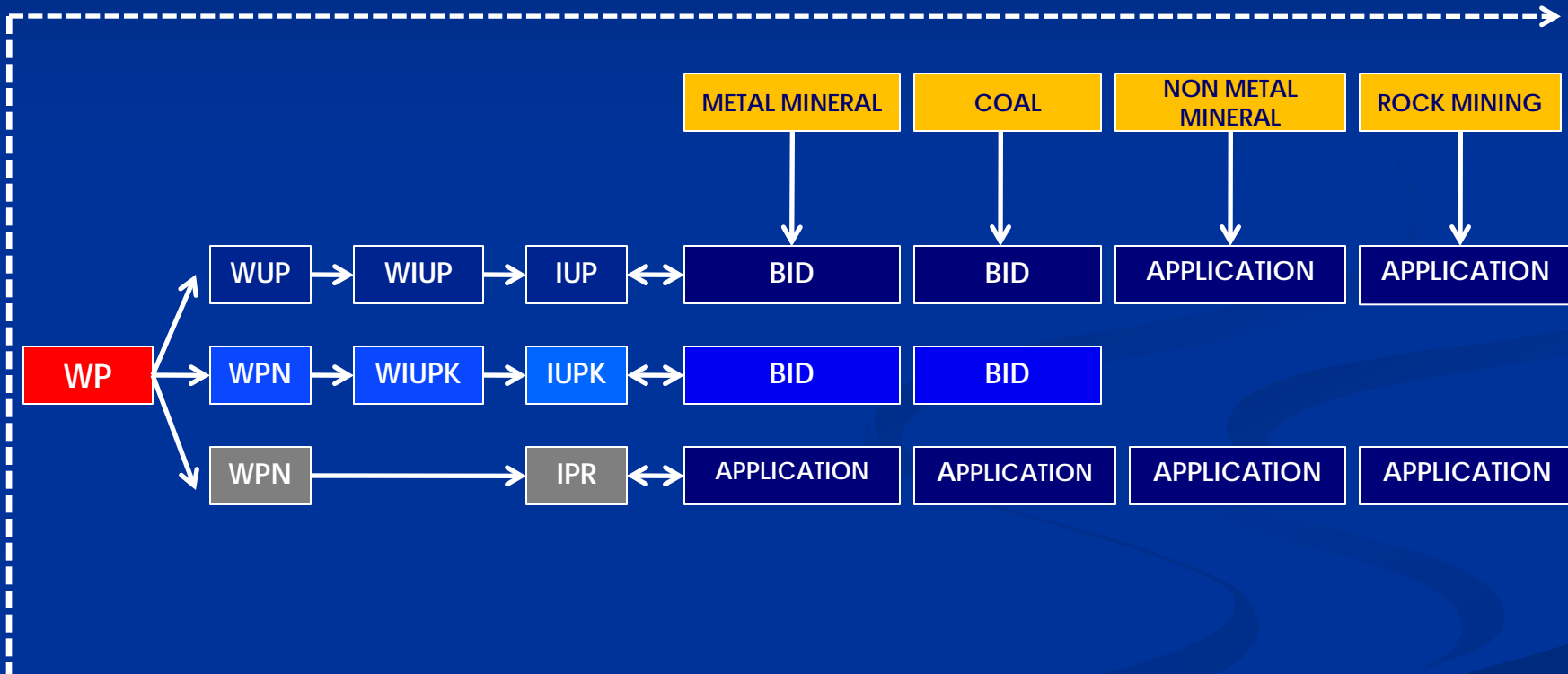


Some important points of license system based on
of Mineral and Coal Law No.4 /2009 are:

IUP	- Mining Permit
IUP Eksplorasi	- Exploration Mining Permit
IUP Produksi	- Production Operation Mining Permit
IPR	- Small-Scale Mining Permit
IUPK	- Special Mining Permit
WUP	- Mining Permit Area
WPR	- Small -Scale Mining Area
WPN	- State Reserve Area

PERMIT SYSTEMATIZATION

MINERAL AND COAL LAW No. 4/2009 - PERMIT SYSTEM



NEW MINING LAW & REGULATION

COAL MINING	EXPLORATION - IUP	PRODUCTION OPERATIONS - IUP
Area	5,000 Ha - 50,000 Ha	15,000 Ha – Max
Duration <ul style="list-style-type: none">- General Survey- Exploration- Feasibility Study- Construction	7 years 1 year 2 years , can be extended 2 time for 1 year 2 year	Max 20 years, can be extended 2 times 10 year 2 years

NEW MINING LAW & REGULATION



WHAT IS GOOD IN THE NEW MINING LAW COMPARE TO THE OLD ONE ?

- The new law treats both foreign and local investors equally (no more discrimination in government treatments). Both foreign and domestic investors will be able to apply for a form of mining license.
- Exploration License (IUP) must be issued through a tender process, rather than direct appointment, so it's means more transparent system compare to previous one.
- Serious Sanction for :
Illegal miner
Government official who violate the procedure of permit issuance.

DOMESTIC MARKET OBLIGATION

Law No 4/2009 (Mineral and Coal Mining) to develop national mining policy, including DMO obligation of coal mining

Coal mining companies can export their coal production, when domestic coal demand have been fulfilled (article 11 - 12 of CCoW Contract)

Coal mining companies have to support domestic security of coal supply



Coal DMO and Coal pricing policy will be determined to ensure the sustainability of coal supply and improve the state - income. This process is near final.

During the transition period, the government issues a monthly average coal price, and circulated to all local governments as a reference for coal mining companies in Indonesia.

CONCLUSION



- Coal production growth in Indonesian will continue in the years to come
- The Indonesian Coal Industry is going in the right direction especially supported by the rising Asian's regional market led by China and India as well as the increasing demand of domestic market.
- The Government of Indonesia is committed to seek for alternative source of energy beside oil to fulfill domestic demand of energy especially electricity. Direction is aimed towards low rank coal.
- The new mineral and coal law No. 4/2009 will bring parties in the same playing field equally.
- Indonesia government strongly recommend to process coal further into different form such as liquid or gas.
- Coal gasification and liquefaction project will support the growing petrochemical industry in Indonesia



THANK YOU