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INDONESIAN COAL MINING OUTLOOK

INDONESIAN COAL MAP RESOURCES AND RESERVES

Resources: 104,842 b.t
- Lignite: 20%
- Subbituminous: 66%
- Bituminous: 14%

Reserves: 21,13 b.t
- Lignite: 29%
- Subbituminous: 60%
- Bituminous: 11%

Source: Geological Agency, 2010, and other sources
DISTRIBUTION OF INDONESIAN COAL RESOURCES 
REPORTED IN 2007

Distribution of Coal Resources Potential


INDONESIAN COAL RESOURCE STATUS - 2009
By Calorific Value (adb)

Source: Indonesian Geological Agency
PRODUCTION, EXPORT AND DOMESTIC SALES AND FUTURE FORECASTS

INDONESIA’S THERMAL COAL PRODUCTION, EXPORT AND DOMESTIC SALES

• Coal production increased by 14.8%, from 283 million tons in 2009 to be around 325 million tons by 2010, and in 2011 is predicted to be around 335 to 350 million tons.
  • Export increased by 15.22%, i.e. from 230 million tons to be around 265 million tons by 2010; and in 2011 is predicted to be around 270 to 285 million tons.
  • Domestic sales increased about 13.21%, i.e. from 53 million ton to be around 60 million tons by 2010. In 2011 the domestic sales is predicted to be around 63 to 69 million tons.
  • China, India, Japan, South Korea, and Taiwan are the main countries of destination of Indonesian coal export. Almost 72% of the coal production are exported, while the rest are sold domestically;
Production Growth: 14.8% per year
Export Growth: 15.12% per year
Domestic Sales Growth: 13.86% per year

LRC Production in 2009 was about 5.8% of the total production, and increased to about 8.7% by 2010.

INDONESIAN COAL EXPORT BY MAIN DESTINATION COUNTRIES

- Japan
- India
- Korea, Republic of
- Taiwan
- China

Production Growth: 14.8% per year
Export Growth: 15.12% per year
Domestic Sales Growth: 13.86% per year
### Country of Destination

<table>
<thead>
<tr>
<th>Country of Destination</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010*</th>
<th>Shares (%)</th>
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<tbody>
<tr>
<td>India</td>
<td>10,674.1</td>
<td>16,255.4</td>
<td>20,742.4</td>
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<td>26,327.5</td>
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<td>6,656.5</td>
<td>14,122.3</td>
<td>15,673.7</td>
<td>38,657.6</td>
<td>42,931.1</td>
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<td>14,376.6</td>
<td>21,314.1</td>
<td>27,371.5</td>
<td>26,286.8</td>
<td>33,418.3</td>
<td>37,112.3</td>
<td>14.27</td>
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<td>35,295.7</td>
<td>35,198.5</td>
<td>36,259.8</td>
<td>32,217.7</td>
<td>35,779.3</td>
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<td>26,723.8</td>
<td>24,863.1</td>
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<td>24,723.4</td>
<td>27,456.5</td>
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<td>Malaysia</td>
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<td>7,399.8</td>
<td>8,782.6</td>
<td>9,376.5</td>
<td>11,104.3</td>
<td>12,483.3</td>
<td>13,863.3</td>
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<td>8,475.1</td>
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<td>12,470.9</td>
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<td>9,408.6</td>
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<td>10,497.1</td>
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<td>5,592.8</td>
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<td><strong>TOTAL</strong></td>
<td><strong>105,629.9</strong></td>
<td><strong>129,044.1</strong></td>
<td><strong>184,009.0</strong></td>
<td><strong>195,785.9</strong></td>
<td><strong>201,021.7</strong></td>
<td><strong>234,118.7</strong></td>
<td><strong>260,000.0</strong></td>
<td><strong>100.00</strong></td>
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**Source:** Statistical Yearbook of Indonesia, 2009, BPS Statistics of Indonesia

**Note:** *Estimation
FACTS:
• Increasing pressure on conservation of Indonesian coal
• Numbers of Mining Permits (IUP) issued: 4000 to 5000 permits; companies in operation: 300 to 400 companies
• Increasing number of small mining companies without Good Mining Practices, Proper CSR Practices, and Good Corporate Governance, hence industry image’s deteriorates.
• Low infrastructure capacity
• New regulations tend to limit aggressive expansion of coal mining activities, and campaigning more local/domestic consumption.
• There is more Low Rank Coal available than High Quality Coal
• Indonesia is rich of other mineral as well (Nickel, Iron Ore, Manganese, Bauxite, Aluminium, Copper, Gold, etc.)

KEYS TO FUTURE DEVELOPMENT OF INDONESIAN COAL MINING INDUSTRY

ADDRESSING THE CHALLENGES:
• Development must be expanded to be beyond conventional produce and sell of thermal coal.
• Investing in infrastructure (railways, hauling roads, etc.)
• Continuing exploration
• Investing in coal minings with sizeable operations by consolidating small IUPs (permits) to become at least 5,000 ha.
• Investing in Coal Upgrading (UBC, Lignite to semi-soft coking coal, CWM, etc.), Coal Conversion (CTL, Coal Gasification, etc.) technologies as well as CBF (Coal Blending Facilities)
• Relocating mineral processing industries such as Nickel, Manganese, iron ore smelterings, or even further to steel making closer to source of energy (coal and natural gas) by way of mine-mouth power plants (cheaper energy).

Thank You

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