

**Banpu prepares to meet the region's increasing need for coal
using Indonesia as a main station**

Banpu steps up to be one of regional coal players, expanding coal business in Indonesia by providing support to an Indonesian company in purchasing the ownership in Indonesian coal assets collectively have mineable reserves of over 180 million tons. It plans to benefit from rising coal demand in Asian coal market, which is expected to grow for three years from now on.

Following an achievement in establishing its position in Indonesia's coal business by being a producer and distributor of coal from Jorong mine in South Kalimantan since 1996, Banpu Public Company Limited has further planned to expand the coal business in Indonesia. It has recently entered into a mutual agreement with PT Centralink Wisesa International (Centralink) a private Indonesian company involved in the production and marketing of coal to purchase the ownership in coal assets in Indonesia collectively called **Indocoal**, which has mineable reserves of over 180 million tons.

Indocoal is a group of mining companies located in East Kalimantan and South Sumatra which was brought to the auction by the Indonesian Bank Restructuring Agency (IBRA) and PT Holdiko Perkasa (Holdiko). The Indocoal assets comprise of two producing companies and two exploration companies. Combined production of its two operating mines in the year 2000 was 5 million tons. On March 8, 2001, IBRA and Holdiko announced that Centralink is a winner of the Indocoal.

According to Mr. Chanin Vongkusolkit, Group President, Banpu Public Company Limited, the cooperation with Centralink will enable both parties to utilize their current resources to maximize benefit. Banpu will provide Centralink with technical, marketing, and financial support.

1. Technical support: Banpu will supervise the whole process of production. This is due to the expertise and experience and readiness of manpower and machines of Banpu.
2. Marketing support: Banpu will distribute coal produced from Indocoal using the current distribution channel of Indocoal/Centralink together with the current distribution channel of Banpu both in Indonesia and in other countries in the region.
3. Financial support: Banpu will provide the financial support for Centralink to pay for the ownership in Indocoal in the form of convertible loan which can be converted to equity in Centralink subject to a permission of Indonesian authority. This, in the future, will enable Banpu to have management decisions. The amount of financial support to be given to Centralink is US\$ 54 Million or approximately Baht 2,300 Million.

For the benefits, which Banpu will receive from this business plan, Mr. Chanin states that Banpu will gain the following benefits:

1. Secure long-term marketable coal supplies in Indonesia and increase the market position. Its marketable coal supply will be over 240 million tons compare with 60 million tons at present.
2. Become the prominent coal company in the region. Size of production and sales will reach 12 million tons per annum compare to 6.8 million tons per annum at present.
3. Add value to existing coal resources by increase variability of coal to serve the different needs of customer.
4. Combined current knowledge, expertise and experience in the production and distribution of Banpu and Indocoal will lead to higher productivity at lower cost.
5. Maximize the utilization of Banpu experienced human resources and efficient equipments.

Mr.Chanin stated further that this movement would create good returns to Banpu. The combined expertise and experience of Banpu and Indocoal for more than 15 years in coal business will lead to the continuous development. Further, the knowledge base of local environments possessed by Centralink will strengthen the stability of Banpu in Indonesia.

Prior to this movement, Banpu Public Company Limited has succeeded in doing coal business in Indonesia. Its Jorong mine located in South Kalimantan produces 3 million tons of coal to supply both local and international markets. Currently, the coal reserve remains at 46 million tons. Besides, Banpu also possesses another source in Sumatra called Mumpun Pandan. It is under a preparation for production in 2003.

In Thailand, Banpu is the country largest coal producer and distributor. It has total capacity of 3.8 million tons per annum of coal to the country. Currently, the coal reserves in Thailand remain at 20 million tons.

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Indocoal

Indocoal is a group of mining companies located in East Kalimantan and South Sumatra which was brought to the auction by the Indonesian Bank Restructuring Agency (IBRA). The Indocoal assets comprise of two producing companies and two exploration companies. Details are as followings;

1.PT. Indominco Mandiri (Indominco)

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| Stake sold: | 65 % |
| Project location: | East Kailmantan Province with concession area of 250 Km ² |
| Concession period: | 30 years (extendable) |
| Quality of coal: | High calorific value of 6,300 Kcal/Kg |
| Commercial reserve: | 46.5 million tons |
| Current status: | On commercial operation since 1997 |
| Production capacity: | 3.5 million tons/year |
| Market: | Most coal is sold to export markets – mainly Japan, Taiwan, and Korea. Revenue and expenses are mostly dominated in US Dollars. |
| Signification: | Indomico ranks the seventh of Indonesian top producers, contributing to 4% of Indonesian coal production in 1999. |

2.PT. Kitadin (Kitadin)

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| Stake sold: | 100 % |
| Project location: | East Kailmantan Province with concession area of 50 Km ² |
| Concession period: | 10 years (extendable) |
| Quality of coal: | High calorific value of 6,300 – 6,700 Kcal/Kg |
| Commercial reserve: | 27 million tons |
| Current status: | On commercial operation since 1984 |
| Production capacity: | 1.5 million tons/year |
| Market: | Coal is sold to local industries as well as sold to export markets. |

3.PT. Trubaindo (Trubaindo)

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| Stake sold: | 65 % |
| Project location: | East Kailmantan Province with concession area of 500 Km ² |
| Concession period: | 30 years (extendable) |
| Quality of coal: | High calorific value of 6,700 Kcal/Kg |
| Commercial reserve: | 22 million tons |
| Current status: | Pre-operating |

4.PT. Barasentosa Lestari (Barasentosa)

Stake sold: 86 %
Project location: South Sumatra Province with concession area of 440 Km²
Concession period: 30 years (extendable)
Quality of coal: Medium calorific value of 5,000 Kcal/Kg
Commercial reserve: 87 million tons
Current status: Pre-operating