



Press Release

3 March 2010

Banpu to Further Focus on Coal Business: Long-term Growth in the Coal Industry Foreseen

Banpu Public Company Limited, an energetic Asian energy company, will focus more on development and expansion of its coal business assets for the next 5 – 6 years, foreseeing that the coal industry will continue growing in the next 20 years.

Mr. Chanin Vongkusolkit, Chief Executive Officer of Banpu Public Company Limited, said during the annual press conference that “According to the Banpu’s long-term strategic plan (2010 – 2015), we will put more emphasis on expansion and development of our coal business both by continuingly developing our existing coal business assets and, at the same time, looking for opportunities to invest in or acquire the new ones because we believe that the coal industry will continue to grow for the next 20 years. In addition, a coal business is Banpu’s core expertise, which can help sustain our long-term growth.”

“This year, the Company has set around USD 96 million out of USD 466 million allocated for the long-term investment plan to develop and expand our existing coal mines. USD 75 million will be used in several projects in Indonesia such as the development of Bharinto mine, the study to develop an underground mine at Indominco and Trubaindo, Bontang port expansion, and the construction of a conveyor system at Indominco mine while the remaining of USD 21 million will be utilized for the development of Gaohe mine and the expansion of Hebi mine in China,” said Mr. Chanin.

In 2010, the Company targets its Indonesian coal production of 23 million tonnes, an increase from 21 million tonnes last year. The increase is due to an output from two additional coal operations namely, Indominco East Block and the Southern area of Trubaindo mine which started producing coal last year. Moreover, an approximate of 200,000 tonnes can be expected from Bharinto mine.



In China, Gaohe project, the Company's underground mine project in Shanxi Province which is scheduled for completion and commercial operation in the third quarter of this year, is expected to produce approximately 1.5 million tonnes, increasing Banpu's equity coal production in China from 2.8 million tonnes last year to around 3.5 million tonnes this year.

Despite the increase in coal output, it is expected that the Company's average selling price in 2010 will be below that of last year at USD 71.7 per tonne due to the market price condition. Fifty percent of the Company's 23 million tonnes target coal sales has been sold with prices fixed. The rest will be gradually priced based on negotiations with customers following the projection that the world's coal price will be on the rise later this year.

"With the average selling price lower than the year 2009 and the Baht appreciation, the estimated total revenues from both coal and power businesses will be close to those in the previous year (2009) at around THB 57 billion. As for power business, the equity income from BLCP will be lower this year according to the power purchase agreement.

In addition to coal and power businesses, Banpu is eyeing investment into the alternative energy business by clearly defining the ratio of this new business to the Company's total enterprise value. At present, the Company is studying a few types of renewable energy such as biomass, wind or solar energy. "We believe we will start to see our investment in an alternative energy project this year," Mr. Chanin concluded.

#