coalmetal asia

VOLUME 142 | SEPTEMBER 2022

ISSN 2087-3670
9 772087 367062
Rp 75.000 | USD 9

MIFA BERSAUDARA ON TRACK TO ACHIEVE 15 MILLION TONS MILESTONE

TIGHT COAL SUPPLY PERSISTS

Irsan Sosiawan, President Director of PT Media Djaya Bersama

Chakra Jawara | IVECO

GRAZIE PER IL NOSTRO VIAGGIO INSIEME TRAKKER

BENVENUTA T-WAY

ARE YOU READY TO DRIVE THE NEW WAY?

See You on 19th October 2022

a member of MahaDasha Group

contents

contents

FOCUS

Mifa Bersaudara on track to achieve 15 million tons milestone

The significant increase of coal demand more than the supply translates into record-high coal prices this year. Many coal miners take the advantage of the soaring prices which support the financial performances during price bullish trend.

GEWINN SCALE

MANUFACTURE - SALES - SERVICE - SOFTWARE - CONTRACT SERVICE - SPARE PART
TERA-CALIBRATION - CONTROL & SYSTEM - PROGRAMMING & WEIGHING SOFTWARE - MODIFICATION

TRUCK SCALE KNOCK-DOWNED (JEMBATAN TIMBANG)

JEMBATAN TIMBANG GEWINN 250 TON

PORTABLE & MOVEABLE TRUCK SCALE

www.gewinngold.com || Email : sales@gewinngold.com

FACTORY OFFICE JAKARTA :

Cikarang Timur - Bekasi, Jl. Raya Rengasbandung, Ds. Tanjung Baru, KP. Kosambi RT.001/001
No. Telp. (+62 21) 8914 0679 / 8914 0689 / 8914 0712, Fax (+62 21) 8914 3817
Email Support : Sales_jkt@gewinngold.com

Kontak WA/SMS/TELP:
0821 3963 0089
0812 9929 738

coalmetal asia

PATRONS
Singgih Widagdo
PUBLISHER
Alexander Ginting
(alex@petromindo.com)
EDITORIAL DIRECTORS
Reiner Simanjuntak
(reinersim@gmail.com)
Johannes Simbolon
(johannes_simbolon@yahoo.com)
EDITOR IN CHIEF
Adianto P. Simamora
(adiantosim@gmail.com)
SENIOR EDITOR
Tri Subhki Rakhmatullah
(uq_oke@yahoo.com)
EDITOR
Thomas Robiana Sembiring
(thomsembiring@gmail.com)
ART DIRECTOR
Ipunk AF.
PHOTOGRAPHERS
Khalsa Alkalis Leatemia
Lucky Ebenhaezer (Research)
GRAPHIC DESIGNER
M. Yunus
ADVERTISING MANAGER
Nizma Sari Nurulita
(sari@petromindo.com)
ADVERTISING SUPPORT
Defi Margareth Sitorus
Irmawati
EDITORIAL SECRETARY
Romeldo Sembiring
romelmeldo@gmail.com
PROOF READER
Tyasno Hery
DISTRIBUTION MANAGER
Tria Purnama Sari
CIRCULATION
Riyanci Dina

CoalMetalAsia is part of
Petromindo.Com

EDITORIAL, ADVERTISING & CIRCULATION
Jl. Puskesmas No. 9A
Kelapa Gading Timur - Jakarta Utara
Jakarta 14240 - Indonesia
Phone: +62-21-22458787

Advertising inquires contact
advertising@petromindo.com

Subscription inquires contact
circulation@petromindo.com

[EDITOR'S NOTE]

Getting hotter

Coal price bullish trend continued as of the first half of 2022. Most coal producers and supporting companies recorded impressive financial performances in the period although extreme rainfall hampered the production operations. But again, the issue of domestic coal supply for state power firm PLN emerged as the gap between export and domestic coal prices widened.

In a bid to increase state revenue from the windfall profit of the commodity boom, the government is expected to start applying progressive royalty rates on the country's IUP coal miners on 15 September of this year. In addition, the government has warned of another export ban sanction if coal producers fail to comply with Domestic Market Obligation (DMO) accordingly.

The Indonesian thermal coal reference price (or HBA) for August rose to US$321.59 per tonne from $319 in July as some countries in Europe have started to switch to coal power plants to avoid power crisis amid soaring LNG prices. Another factor that caused the higher HBA in August was the surge in coal demand in China, India and South Korea.

The Russia-Ukraine war wreaks havoc on the energy balance in Europe, while extreme drought in China disturbed the power production from hydropower generations. These factors drove the coal prices up which translated into outstanding financial performances of most Indonesian coal producers and the supporting companies.

IDX-listed coal producer PT Bukit Asam Tbk (IDX: PTBA) recorded coal sales of 14.6 million tonnes (MT) in the first semester of 2022, an increase of 13 percent from the same period last year of 12.9 MT. The coal production in the period reached 15.9 MT, up 19.55 percent from the same period last year.

IDX-listed energy company PT TBS Energy Tbk (IDX: TOBA) recorded strong performance in the first half of 2022 as reflected in its topline and bottomline financial results. However, the high rainfall and limited supply of producing heavy equipment hampered the production performances of some major coal producers in Indonesia.

IDX-listed coal miner PT Bumi Resources Tbk (IDX: BUMI)has lowered its coal output target this year to 78-83 million tonnes (MT), compared to the initial plan of 83-89 MT due to bad weather during the first five months of this year.

"After experiencing the highest levels of rainfall for over 20 years, over the January to May period, our production guidance at KPC has been reduced as the revised (2022) work plan and budget (or RKAB) approved by the government is now set at a limit of 54MT," Bumi said.

CoalMetalAsia presents the first semester performance of coal companies as the main story for this edition. We also publish analysis and opinion articles by noted experts in the mining industry to enrich knowledge of the country's mining industry.

Happy Reading

Adianto P. Simamora
Editor in Chief

OPINION

By Bill Sullivan
Christian Teo & Partners (in asscociation with Stephenson Harwood)

Coal BLU proposal – Shuffling the deck chairs on the titanic[1234]

Introduction

A temporary coal export ban in January 2022 and threats of draconian sanctions being imposed on coal producers, which do not comply with their domestic market obligation, have apparently proved to be insufficient to overcome producers' reluctance to sell their coal domestically given the much higher prices that are available in the international market.

Indonesia is now proposing to establish a public service agency with responsibility for collecting new levies on coal sales and using those levies to ensure coal producers receive market price for the coal supplied by them to the State electricity company and certain other domestic coal users.

The so-called "Coal BLU Proposal" is intended to finally provide a comprehensive solution to the long existing problem of how to ensure sufficient supplies of coal to domestic users when the main domestic user, being the State Electricity Company, is unable to pay market price for its coal supplies owing to a weak financial position.

If implemented in its current form, the Coal BLU Proposal will certainly result in a wider sharing of the burden of helping domestic coal users. It will not, however, do anything about the addressing the reason why the State Electricity Company cannot afford to pay market price for its coal supplies; namely, the Government's insistence that the State electricity company provides electricity to consumers at far below the cost of that electricity. Heavily subsidized electricity prices, along with other forms of energy/fuel subsidies, are a large and growing financial burden for the Government, which burden has serious potential implications for its future fiscal stability.

In this article, the writer will review what is currently known about the Coal BLU Proposal and how it will work before turning to the more fundamental issue of whether or not the Coal BLU Proposal really amounts to little more than "rearranging the deck chairs on the Titanic" without, though, doing anything meaningful to improve the Government's fiscal stability and thereby avoid a possible financial disaster for Indonesia at some point in the future.

Background

Like many other countries, particularly in the developing and newly developed/industrialized world, Indonesia has long provided extensive subsidies to Indonesian households and businesses in pursuit or a range of economic, social and political objectives including, most importantly, encouraging economic development, poverty relief and promoting electoral support for the ruling Government party or coalition. Indonesia's energy subsidies are particularly extensive and have resulted in the country having relatively low electricity prices compared to many other countries in South East Asia and elsewhere. In June 2021, Indonesian electricity prices were (i) Rp1,444.70 (US$0.101) per kWh for households and (ii) Rp1,114.74 (US$0.078) per kWh for businesses. This is to be compared with household electricity prices in (i) Singapore of US$0.178 per kWh, (ii) the Philippines of US$0.165 per kWh and (iii) Thailand of US$0.114 per kWh.

In furtherance of the Government's policy of heavily subsidizing energy prices, the State Electricity Company ("PLN") is obliged to supply electricity to many Indonesian households and businesses at far less than the cost to PLN of acquiring or producing that

1. *Bill Sullivan, Senior Foreign Counsel with Christian Teo & Partners and Senior Adviser to Stephenson Harwood.*
2. *Bill Sullivan is the author of "Mining Law & Regulatory Practice in Indonesia – A Primary Reference Source" (Wiley, New York & Singapore 2013), the first internationally published, comprehensive book on Indonesia's 2009 Mining Law and its implementing regulations.*
3.
4.

CA | Khalsa

electricity. This has resulted in PLN long having a very weak financial position which the Government has been unable or unwilling to make good through adequate compensating payments to PLN. PLN's weak financial position has also made it increasingly difficult for PLN to secure and pay for the coal it needs to generate electricity from the many coal-fired power plants it owns and operates. Growing concerns about PLN's financial position and its ability to secure/pay for coal supplies have encouraged the Government to look for solutions to these problems, which solutions do not result in any increased burden on the State budget.

One of the Government's solutions to the financial and coal supply problems of PLN has been to require coal producers to prioritize the supply of coal to the domestic market ("DM Obligation") by imposing (i) annual DM Obligation quotas on coal producers ("DMO Quotas") and (ii) a ceiling price on the sale of coal to certain domestic users. The DMO Quota for 2022 is 30% while the ceiling price for coal, with certain specifications, sold to (i) PLN and other so-called "independent power producers" ("IPPs") is currently US$70 per tonne and (ii) other domestic users in the cement and fertilizer industries is US$90 per tonne ("US$70-US$ 90 Concessional Coal Price").

The DMO Quotas are used to satisfy domestic coal needs in respect of (i) the supply of electricity for public and private purposes and (ii) raw material/ fuel required by industry (together, "Domestic Coal Needs").

In late December 2021, the Government announced a ban on all Indonesian coal exports, effective immediately and until the end of January 2022 in the first instance ("January 2022 Temporary Export Ban").

The January 2022 Temporary Export Ban applied to (i) holders of Coal Contracts of Work ("CCoWs"), coal production operation special mining business licenses being continuations of former CCoWs ("Coal Continuation POIUPKs"), coal production operation special mining business licenses ("Coal POIUPKs") and coal production operation mining business licenses ("Coal POIUPs") (together, "Relevant Coal Producers") and (ii) holders of coal transportation and sales permits ("Coal T&S Permits").

The reason for the sudden imposition of the January 2022 Temporary Export Ban was a looming electricity crisis brought on by a serious run-down in the coal stockpiles of PLN and IPPs. According to the Government, the run-down in coal stockpiles was attributable to the failure of Relevant Coal Producers to fulfil their DM Obligation.

The January 2022 Temporary Export Ban was substantially lifted by the end of January 2022.

Following the lifting of the January 2022 Temporary Export Ban, the Government was clearly determined to ensure that, going forward, it would be in a stronger legal position to deal with any Relevant Coal Producers and holders of Coal S&T Permits ("Coal Traders"), which did not fulfil their

DM Obligation, than it was prior to the announcement of the January 2022 Temporary Export Ban. To this end, the Minister of Energy & Mineral Resources ("MoEMR") issued Decree No. 13 of 2022, dated 19 January 2022, re Guidelines for the Imposition of Administrative Sanctions, Prohibition of Overseas Coal Sales and Imposition of Fines as well as Compensation Funds Requirement for Non-fulfilment of Domestic Coal Requirements ("MoEMR Decree 13/2022").

MoEMR Decree 13/2022 provides for numerous penalties and sanctions that may be imposed on Relevant Coal Producers which do not fulfil their DM Obligation including (i) suspension of all production operation activities for a maximum of 60 days; (ii) revocation of their CCoWs/Coal Continuation POIUPKs/Coal POIUPKs/Coal POIUPs; (iii) prohibition on making further coal export sales until such time as they fulfil their DM Obligation; (iv) large fines and (v) substantial compulsory payments to a compensation fund (together, "Penalties & Sanctions"). Some of the Penalties & Sanctions also apply to Coal Traders which fail to supply coal in satisfaction of Domestic Coal Needs when appointed by the Director General of Minerals & Coal ("DGoMC") to do so.

Notwithstanding the Penalties & Sanctions provided for in MoEMR Decree 13/2022, Relevant Coal Producers continue to be reluctant to comply with the DM Obligation and, more particularly, with the US$70-US$90 Concessional Coal Price which, because it is set with reference to coal of particular quality specifications, means that most Relevant Coal Producers actually receive much less than US$70-US$90 for their typically lower quality coal ("Quality Adjusted US$70-US$90 Concessional Coal Price"). This continuing reluctance of Relevant Coal Producers is, of course, entirely understandable when the average international market price of the lower quality coal typically supplied by Relevant Coal Producers, in fulfilment of their DM Quotas, is significantly higher than what they allowed to charge PLN, IPPs and certain other domestic industrial coal users ("Relevant Domestic Coal Users").

The continuing reluctance of Relevant Coal Producers to fulfil Domestic Coal Needs at the Quality Adjusted US$70-US$90 Concessional Coal Price is manifesting itself in two ways. First, there are growing calls for the immediate implementation of a market price arrangement, funded by an impost/levy/tax on coal sales ("Coal Sales Levy"), to be administered by a newly established public service agency ("BLU") ("Coal BLU Scheme") ("Immediate Coal BLU Scheme Implementation Requests"). Second, there have been persistent shortfalls in the quantity of coal supplied to Relevant Domestic Coal Users ("Persistent DMO Quota Supply Shortfalls").

According to reports in Bisnis.com on 3 August 2022 and in Dkatadata.co.id on 4 August 2022, Immediate Coal BLU Scheme Implementation Requests were recently made by the Association of Energy & Coal Suppliers ("Aspebindo") during a public discussion of the proposal for a Coal BLU Scheme on 2 August 2022. The Deputy Chairman of Aspebindo was quoted by Bisnis.com as having said:

"The increase in the price of coal commodities has resulted in competition in fulfilling supply between domestic and export because mine owners and coal traders are more interested in export."

The Aspebindo Deputy Chairman apparently went on to say that:

"We welcome the policy released by the ESDM regarding BLU which can be a solution to price disparities."

With regard to the Persistent DM Quota Supply Shortfalls, it was reported by Kontan.co.id on 10 August 2022 that, at a recent working meeting of Commission VII of the Indonesian parliament ("DPR"), MoEMR Arifin Tasrif acknowledged that many Relevant Coal Producers have continued to find ways to avoid fulfilling their DM Obligation and preferred to run the risk of Penalties & Sanctions being imposed on them rather than foregoing the much higher export prices for their coal. Meanwhile, Bisnis.com reported, on 10 August 2022, that the President Director of PLN has disclosed a significant decline in PLN's coal stockpiles, beginning in early July and due to Relevant Coal Producers having only delivered 14.2 million tonnes of the 31.8 million tonnes of coal they were obliged to do so during the January to July 2022. According to Bisnins.com, this low "success rate" of only about 45% has now resulted in MoEMR refusing to allow some 48 non-compliant Relevant Coal Producers to carry out export activities unless and until they fulfil their outstanding DMO Quotas in respect of the January to July 2022 period. A report by okefinance, on 10 August 2022, also indicates that of the 123 Relevant Coal Producers which are subject to the DM Obligation, only 52 Relevant Coal Producers are actually fulfilling their DMO Quotas.

The Persistent DMO Quota Supply Shortfalls, with the consequent risk to electricity generation, may be seen as evidence of Relevant Coal Producers

indirectly putting pressure on the Government in general and the Ministry of Energy & Mineral Resources ("ESDM") in particular to comply with the Immediate Coal BLU Scheme Implementation Requests.

Analysis and discussion

1. Need for Alternative Approach

The Persistent DMO Quota Supply Shortfalls are clear evidence the DM Obligation is not achieving its intended purpose of ensuring that Domestic Coal Needs are satisfied at the Quality Adjusted US$70-US$90 Concessional Coal Price. The page 1 headline of the 12 August 2022 edition of The Jakarta Post, "PLN Warns of Another Crisis in Coal Supply", says it all. Once a technical subject, such as coal supply to PLN, becomes frontpage news in the popular non-business/non-industry press, it indicates that this is seen as no longer being just an industry specific problem but, rather, something that all Indonesians need to be concerned about; namely, a real and immediate threat to continuity of electricity supply.

It is interesting to speculate why the Penalties & Sanctions, as provided for in MoEMR Decree 13/2022 for non-compliance with the DM Obligation, are clearly not having the intended effect. As the Penalties & Sanctions include revocation of the CCoWs/Coal Continuation POIUPKs/Coal POIUPKs/ Coal POIUPs of non-compliant Relevant Coal Producers, it might reasonably have been thought this would be such a serious potential outcome that no Relevant Coal Producer would want to risk the same. Likewise, the fines that form part of the Penalties & Sanctions are meant to ensure that non-compliant Relevant Coal Producers do not benefit financially from exporting coal which is actually meant to be used to satisfy Domestic Coal Needs. Clearly, however, neither of these propositions is proving to be correct in practice. This seemingly incongruous outcome was well expressed by DPR member Diah Nurwitasari who was quoted in the 12 August 2022 edition of The Jakarta Post as having said:

"We need to review why business would rather pay fines than meet their obligations, there must be something wrong here"

The writer would suggest that the most likely reason for the failure of the Penalties & Sanctions to have their intended effect is a "lack of political will" at ESDM to, in practice, strictly enforce the provisions of MoEMR Decree 13/2022 by imposing the most onerous of the Penalties & Sanctions; namely, revocation of the CCoWs/Coal Continuation POIUPKs/Coal POIUPKs/ Coal POIUPs of non-compliant Relevant Coal Producers. In this regard, it is noticeable that none of the 71 Relevant Coal Producers, which have failed to fulfil their DMO Quotas in respect of the 1 January to 30 June 2022 period,

CA | Lucky Ginting

have apparently had their CCoWs/Coal Continuation POIUPKs/Coal POIUPKs/Coal POIUPs revoked. This is to be contrasted with the President's tough and uncompromising statement, made during a virtual press conference on 3 January 2022, that the Government would not hesitate to revoke the mining business licenses of parties that did not comply with the January 2022 Temporary Export Ban or continued to violate their DM Obligations. The reality, however, is clearly very much at odds with this rhetoric.

As the Government is not willing to risk alienating the powerful and well-connected coal industry by revoking the CCoWs/Coal Continuation POIUPKs/Coal POIUPKs/Coal POIUPs of non-compliant Relevant Coal Producers, it has been left with no real choice but to comply with the Immediate Coal BLU Scheme Implementation Requests. Not implementing the Coal BLU Scheme at this point carries with it the risk of the coal stockpiles of PLN and the IPPs continuing to drop until they reach such a low level that it is not possible to avoid an interruption to their electricity generating activities. This is not likely to be a risk that the Government is prepared to accept, especially in the run-up to the April 2024 presidential election.

2.. Current Status of Coal BLU Scheme

Notwithstanding that the implementation of the Coal BLU Scheme is now, seemingly, a foregone conclusion for the reasons explained in 1 above, the Government is obviously encountering some difficulties in making the implementation of the Coal BLU Scheme a reality. The Coal BLU Scheme has been under discussion for at least 12 months and, on 28 July 2022, the deputy chairman of the DPR's Commission VII was quoted by on-line news portal Dkatadata.co.id as having said that the new government agency or "BLU" was "expected to start operating in the early third quarter of 2022". This, however, has not happened and the decree or regulation needed to establish the Coal BLU has yet to be issued.

The delay in in establishing the Coal BLU is apparently due, at least in part, to uncertainty as to whether the legal instrument required to establish the Coal BLU is a Presidential Regulation or a Government Regulation. It seems that it was originally intended to have the Coal BLU established by way of a Presidential Regulation, rather than a Government Regulation, because of the simpler procedural requirements for issuing a Presidential Regulation compared to the procedural requirements for issuing a Government Regulation. Given, though, the number of Government ministries which will be involved in carrying out the Coal BLU Scheme, the thinking now is that a Government Regulation may be required notwithstanding the associated procedural complexities involved, which complexities include having every relevant minister "sign-off" on the new Government Regulation. No timetable has been announced for the finalization and issuance of the Coal BLU Government Regulation.

3. Mechanics of Coal BLU Scheme

3.1 Preliminary Remarks: The continuing absence of the Coal BLU Government Regulation means that many of the details of how the Coal BLU will operate remain quite unclear. It is also very possible that certain aspects of the Coal BLU Scheme, that seem to have been settled already, will be subject to change as part of the process of drafting and finalizing the Coal BLU Government Regulation. Accordingly, the description which follows of the presently understood mechanics of the Coal BLU Scheme is necessarily speculative in nature and may well need to be substantially revised once the Coal BLU Government Regulation is finally available.

3.2 Model for Coal BLU: ESDM's model or template for the Coal BLU is, supposedly, the Oil Palm Plantation Fund Management Agency or "BPDPKS" which supports the Government's policy of reducing fuel imports and encouraging palm oil production by making industry use of biodiesel (i.e., fossil fuel blended with 30% palm oil) mandatory ("B30 Program"). The objective of the B30 Program is, however, very different to the objective of the Coal BLU Scheme and the role of BPDPKS is also not the same as the intended role of the Coal BLU. Accordingly, it is not at all clear to the writer why BPDPKS is considered to be such an appropriate model for the Coal BLU.

3.3 Funding of Coal BLU Scheme: The Coal BLU Scheme is to be funded by a Coal Sales Levy to be collected by the Coal BLU.

It was reported by CNBC Indonesia on 9 August 2022 that the aggregate amount of Coal Sales Levy, to be collected and subsequently managed by the Coal BLU, may be as much as Rp350 trillion or US$26.31 billion.

3.4 Relevant Coal Sales: The Coal Sales Levy will, most probably, apply to all sales of Indonesian coal whether domestic market sales or export sales although some reports have

suggested that the Coal Sales Levy will only apply to export sales of Indonesian coal.

3.5 Rate of Coal Sales Levy: It is likely that the rate or tariff of the Coal Sales Levy will not be the same for all coal sales regardless of the quality of the relevant coal sold in a particular transaction but, rather, will be determined according to a sliding scale that reflects the actual quality specifications of the relevant coal sold in a particular transaction and has separate rates/tariffs for (i) high quality coal, (ii) medium quality coal and (iii) low quality coal. Coal classified as medium quality will be coal with quality specifications typically needed by Relevant Domestic Coal Users and by PLN in particular.

3.6 Relevant Coal Sellers: As the Coal Sales Levy will, most probably, apply to all sales of Indonesian coal, whether domestic market sales or export sales, both Relevant Coal Producers (whether or not they produce coal with quality specifications required by or suitable for Relevant Domestic Coal Users) and Coal Traders (together "Relevant Coal Sellers") will be liable to pay the Coal Sales Levy on any and all coal sales made by them.

It is the inclusion of coal sales by (i) Coal Traders (which are not typically subject to the DM Obligation except when specifically appointed by DGoMC to meet residual Domestic Coal Needs not fulfilled by Relevant Coal Producers) and (ii) Relevant Coal Producers which do not produce coal with quality specifications required by or suitable for Relevant Domestic Coal Users that is the reason why the Coal BLU Scheme is being so actively promoted by Aspebindo. Relevant Coal Producers, which do produce coal with quality specifications required by or suitable for Relevant Domestic Coal Users and are subject to DMO Quotas, will pay the Coal Sales Levy and, therefore, partially fund the Coal BLU Scheme. However, the Coal BLU Scheme will also be funded, in part, by Coal Traders and Relevant Coal Producers which do not produce coal with quality specifications required by or suitable for Relevant Domestic Coal Users. In other words, the Coal BLU Scheme effectively represents a broadening of the responsibility for ensuring that Relevant Domestic Coal Users are able to satisfy their Domestic Coal Needs at the Quality Adjusted US$70-US$90 Concessional Coal Price. Until now, this responsibility has been effectively borne as to 100% by Relevant Coal Producers which produce coal with quality specifications required by or suitable for Relevant Domestic Coal Users and are subject to DMO Quotas.

3.7 Relevant Domestic Coal Users: Given recent media reports of declining coal stockpiles at cement producers and other industrial users (as well as at PLN), the Coal BLU Scheme will likely cover coal supplied to all Relevant Domestic Coal Users which are presently entitled to the benefit of the Quality Adjusted US$70-US$90 Concessional Coal Price, being (i) PLN, (ii) IPPs, and (iii) domestic users in the cement and fertilizer industries. As, however, the Quality Adjusted US$70-US$90 Concessional Coal Price does not apply to domestic users in the metal mineral processing and refining industry, it must be assumed that the Coal BLU Scheme will not cover coal supplied to domestic users in the metal mineral processing and refining industry.

3.8 Market Price Payment: Relevant Coal Producers will receive, in total and from 2 separate sources, the Indonesian coal benchmark price, as adjusted for the actual quality specifications of the relevant coal ("Quality Adjusted HPB Price"), for the coal quantities supplied by them to Relevant Domestic Coal Users in fulfilment of their DMO Quotas ("DMO Quantity Supplied").

Relevant Coal Producers will issue 2 invoices for each DMO Quota coal sale to Relevant Domestic Coal Users as follows:

a. First Invoice: The first invoice will be issued to the Relevant Domestic Coal User, as the actual buyer of the coal, in an amount ("First Invoice Amount") equal to:
DMO Quantity Supplied X Quality Adjusted US$70-US$90 Concessional Coal Price +VAT of 11%
b. Second Invoice: The second invoice will be issued to the Coal BLU, as the compensating payment agency, in an amount ("Second Invoice Amount") equal to:
DMO Quantity Supplied X Quality Adjusted HPB Price +VAT of 11% – First Invoice Amount

Relevant Coal Producers will, in turn, receive two payments for each coal sale to Relevant Domestic Coal Users as follows:

a. First Payment: Payment of the First Invoice Amount will be received by the Relevant Coal Producer from the Relevant Domestic Coal User as the actual buyer of the coal; and

CA | Lucky Giniting

a. Second Payment: Payment of the Second Invoice Amount will be received by the Relevant Coal Producer from the Coal BLU as the compensating payment agency.

3.9 DMO Quotas: The existing DMO Quota will, apparently, remain unchanged at 30% of the annual production of Relevant Coal Producers.

3.10 Effective Date: At this stage, the intention is that the Coal BLU Scheme will take effect retroactively as of 1 January 2022 given it looks increasingly likely that the Coal BLU Government Regulation itself will only be issued towards the end of 2022 at the earliest. This probably means that, as and when the Coal BLU Scheme is implemented, there will have to notionally be (i) collection by the Coal BLU of accrued Coal Sales Levies in respect of the period 1 January 2022 up to the effective date of the Coal BLU Scheme and (ii) a compensating payment made to every Relevant Coal Producer which supplied DMO Quota coal between 1 January 2022 and the effective date of the Coal BLU Scheme. In reality, however, this will likely be dealt with on an offset basis with only a net amount being transferred between the Coal BLU and the Relevant Coal Producer. In the case, though, of holders of Coal Traders who are not typically subject to the DM Obligation (except when specifically appointed by DGoMC to meet residual Domestic Coal Needs not fulfilled by Relevant Coal Producers) but are to be subject to the Coal Sales Levy, the Coal BLU will need to find a way to ensure timely collection of the accrued Coal Sales Levies of Coal Traders as of the effective date of the Coal BLU Scheme.

4. Energy Subsidy Problem

In 2022, the Government budgeted Rp502 trillion (US$37.75 billion) or 19.87% of its total 2022 expenditure budget of Rp2,526 trillion (US$190 billion) for subsidies and compensation in order to keep most fuel tariffs and electricity prices unchanged despite soaring globally energy prices and significant domestic inflation. This is more than Indonesia's 2022 health care budget of Rp255.3 trillion (US$17.73 billion), defence budget of Rp134 trillion (US$9.3 billion) and national police budget of Rp111 trillion combined.

Importantly, the Rp502 trillion (US$37.75 billion) spent by the Government on fuel and electricity price subsidies in 2022 does not include the compulsory coal mining industry subsidization of electricity prices in the form of the Quality Adjusted US$70-US$90 Concessional Coal Price. While the Coal BLU Scheme, when it is finally implemented, will mean that Relevant Coal Producers receive something approaching market price for the coal supplied by them to Relevant Domestic Coal Users, the Coal BLU Scheme effectively continues the compulsory coal mining industry subsidization of power prices by ensuring that Relevant Domestic Coal Users will still only pay the Quality Adjusted US$70-US$90 Concessional Coal Price. Broadening responsibility for funding the Quality Adjusted US$70-US$90 Concessional Coal Price, by including Coal Traders and Relevant Coal Producers (which do not produce coal with quality specifications required by or suitable for Relevant Domestic Coal Users) in the pool of Relevant Coal Sellers liable to pay the Coal Sales Levy, merely reduces the burden on those Relevant Coal Producers which do produce coal with quality specifications required by or suitable for use by Relevant Domestic Coal Users and are, therefore, subject to DMO Quotas. However, the Coal BLU Scheme does nothing to reduce the

amount of the overall subsidization of PLN, IPPs and other Relevant Domestic Coal Users by the coal industry.

The Government has taken some very modest steps, in 2022, to reduce individual elements of its fuel and electricity subsidies. As of 1 July 2022, electricity prices were increased by 17% but only for a relatively small subset of electricity users being those PLN customers which use more than 3,500 VA. The State oil company has already increased the price of certain types of fuel once in 2022 and a further increase this year in the price of certain types of fuel was recently foreshadowed by the Government. Nevertheless, the Government is clearly intending to maintain high levels of fuel and electricity subsidies for the foreseeable future as indicated by the recent statement of Indonesia's Finance Minister, as quoted by Reuters on 8 August 2022, that:

"Next year's subsidies and compensations will still be very large."

With the next presidential election scheduled for April 2024, it is going to be politically impossible for the Government to materially reduce fuel and electricity subsidies any time soon. If anything, fuel and electricity subsidies are likely to increase before the 2024 presidential election as the ruling coalition seeks to "curry favour" with the electorate. This is despite the fact that a number of economists have pointed out that the Government's ability to fund even the current level of fuel and electricity subsidies is unsustainable as it is significantly dependent upon windfall revenue gains from taxes on cyclical export commodities such as coal and crude palm oil. The so-called non-tax state revenue that the Government derives from production royalties on coal and metal mineral sales has increased dramatically in the last couple of years, with the international market price of coal and various metal minerals, including copper and nickel, approaching historic highs. Commodity prices are, however, inherently cyclical. Accordingly, it is not reasonable for the Government to assume that coal and metal mineral prices will remain high indefinitely.

Concluding remarks

The Government has found it impossible to prevent Relevant Coal Producers finding ways to avoid complying with the DM Obligation. As a consequence, Domestic Coal Needs remain under threat.

It now seems inevitable that the Coal BLU Scheme will be finally introduced later this year and operate retrospectively from 1 January 2022.

Much remains unclear about how the Coal BLU Scheme will work in practice. It is tolerably clear, however, that the Coal BLU Scheme is fairer than the existing arrangement, at least as far as those Relevant Coal Producers, which produce coal with quality specifications required by or suitable for Relevant Domestic Coal Users, are concerned. Coal Traders and those Relevant Coal Producers which do not produce coal with quality specifications required by or suitable for Relevant Domestic Coal Users will, of course, see the Coal BLU Scheme in a very different light.

The inherent problem, however, with the Coal BLU Scheme is that it perpetuates the coal industry's compulsory subsidization of PLN, IPPs and other Relevant Domestic Coal Users by ensuring that Relevant Domestic Coal Users continue to only pay the Quality Adjusted US$70-US$90 Concessional Coal Price.

Doing anything to further entrench the reliance of Indonesian industry and consumers upon fuel and electricity subsidies, whether from the Government or the coal industry, hardly seems like a good idea from the perspective of putting the Indonesian economy on a stronger footing to withstand the inevitable eventual downturn in commodity prices. Accordingly, while good news for at least some Relevant Coal Producers, the Coal BLU Scheme looks uncomfortably like an exercise akin to "shuffling the deck chairs on the Titanic" when it comes to reducing the risk of a future economic disaster for Indonesia. The eventual "collision" of stubbornly high fuel and electricity subsidies with falling commodity prices will surely have serious ramifications for Indonesia. We should, therefore, all being watching out for that "iceberg" as it heads inexorably towards the Indonesian economy. C

CHRISTIAN TEO & PARTNERS

This article was written by Bill Sullivan, Senior Foreign Counsel with Christian Teo & Partners and Senior Adviser to Stephenson Harwood. Christian Teo & Partners is a Jakarta based, Indonesian law firm and a leader in Indonesian energy, infrastructure and mining law and regulatory practice. Christian Teo & Partners operates in close association with international law firm Stephenson Harwood which has eight offices across Asia, Europe and the Middle East: Dubai, Hong Kong, London, Paris, Piraeus, Seoul, Shanghai and Singapore.


CoalMetalAsia doc.

ABM optimistic to meet full-year output target despite lower H1 volume

IDX-listed coal mining firm PT ABM Investama Tbk (IDX: ABMM) saw coal production and sales volume in the first half of this year declined to 6.2 million tonnes compared to 7 million tonnes in the same period of last year.

President Director of ABMM, Adrian Erlangga, however, said that the company is optimistic to be able to meet the production and sales volume target this year.

Adrian said in January that ABMM has set coal production and sales volume target of 14 million tonnes in 2022, which is 3.7 percent higher than realized volume of 13.5 million tonnes in 2021.

Most of the country's coal miners reported lower first half production and sales volume due to bad weather and the government's export ban in January.

ABMM through subsidiary Reswara owns three coal subsidiaries namely PT Tunas Inti Abadi (TIA), which operates coal mine in South Kalimantan Province; and PT Mifa Brothers (MIFA) and PT Bara Energi Lestari (BEL), which operate mines in Aceh Province.

Golden Eagle Energy seeks to ramp up coal production

IDX-listed coal producer PT Golden Eagle Energy Tbk (IDX:SMMT) plans to ramp up its coal production this year following higher-than-target coal production in the first half (H1) of 2022.

Corporate Secretary of SMMT Susanti Nilam said the planned production rise was carried out in line with the positive performance of the company in the first half of this year, including stronger coal production.

"The (coal) production in the first semester reached around 1.5 million tons (MT). The company managed to record higher-than-target production set early in the year, in particular mining output in Sumatera, which recorded coal production of 1.2 million tons in the first semester of2022," Susanti was quoted by Kontan.co.id as saying.

Susanti said the company is optimistic that the coal production in the second semester of 2022 is likely to be the same as the first semester (production). This means that the coal production this year would be around 3 million tons.

Given these circumstances, SMMT has proposed a revised Work Plan and Budget (RKAB) for 2022 to the Energy and Mineral Resources MInistry (MEMR) to accommodate the additional production.

Earlier, SMMT set a target to produce 2.4 MT of coal this year. The revised production represents 35 percent higher than the company's initial target.

In 2021, the company's coal production reached 2.44 MT.

Susanti noted the company is also taking anticipatory measures to mitigate the impact of high rainfall in the remaining period of this year.

In the first half, SMMT recorded sales of Rp474.68 billion, surged 162.43 percent from the same period last year of Rp180.87 billion, due to the spike of coal prices in the global market. C

CA | Lucky Ginting

Pelita Samudera H1 net profit surges 160%

IDX-listed shipping firm PT Pelita Samudera Shipping (IDX:PSSI) recorded solid performance in the first semester (H1) of 2022 as reflected in its topline and bottom-line performance.

In the period, the company recorded revenues of US$56.2 million, up 23 percent from the same period last year. The growth in revenue mainly came from the time charter business of the mother vessels and the floating loading facility business segment. As of June 30, 2022, the company's total transported volume is more than 13.8 million metric tons.

With a cost of revenue (costs of goods sold) of $34.7 million, the company recorded a gross profit of $21.5 million, an increase of 64 percent from the same period last year. Gross profit margin per Semester 1-2022 was recorded at 38.20 percent, better than the same period in 2021, which is 28.72 percent.

The company's EBITDA also increased to $26.1 million from $16.5 million in June 2021 shows that the company is able to generate better profitability. By the end of Semester 1 2022, the company's net profit for the period grew 160 percent or more than double, to $18.8 million from $7.2 million (YoY).

The increase in profit was also driven by better performance from all the company's assets with a high utilization rate, between 85 and 95 percent.

In terms of financial ratio, with a gearing ratio of -23.4 percent, the company's financial condition is very well managed with a Net Cash of $28.6 million, the company said in a statement.

The Return on Assets (ROA) Ratio is at 11.27 percent at the end of Semester 1 of 2022, indicating that the company's performance in utilizing assets to achieve net profit was very well executed; and the company's Return of Equities (ROE) Ratio is a lot better at 15.41 percent, driven by the increase of net profit.

Its earnings per share (EPS) also increased almost three times to Rp51 from Rp19 at the end of June 2021.

President Director of PSSI, Iriawan Ibarat said that the company managed to deliver solid results in Semester 1 despite the increased volatility and geopolitical situation.

"We remain confident in our ability to navigate challenges, manage our resources dynamically, and drive long-term returns that gradually increase returns for shareholders," he said. C

CA | Lucky Ginting

Titan's coal hauling road expansion plan hampered by land acquisition

PT Titan Infra Energy's plan to expand its coal hauling road in South Sumatra Province has been hampered by land acquisition problems.

This was revealed by Titan President Director Darwan Siregar to the media in the provincial capital of Palembang. He was quoted by local news outlet sumselupdate.com as saying that the company plans to expand its coal hauling road to reach 145 kilometers.

Titan currently operates a 113-km coal hauling road, facilitating coal transport from mines located in three regencies including Lahat, Muara Enim and Pali to the coal port in Pali.

Darwan said that last year, a total of 11 million tonnes of coal were transported via the company's coal hauling road, and this year the volume is projected to reach 14-15 million tonnes. He said that the coal transport volume could be increased up to 30 million tons per year once the hauling road expansion has been completed.

Coal transport in South Sumatra is currently conducted via railway operated by state-owned PT KAI, and through two hauling roads, each operated by Tifan and PT Musi Mitra Jaya (133-km in Musi Banyuasin regency).

According to the South Sumatra provincial administration, the province has coal reserves of 22.2 billion tonnes. The administration targets coal production this year of 60 million tonnes, up by 10 million tonnes compared to last year's.

Titan Infra Energy also has two coal mining subsidiaries in South Sumatra, namely PT Banjarsari Pribumi (BSP) and PT Bara Anugerah Sejahtera (BAS). BSP President Director Danny D. Dangkua was quoted as saying that the company targets coal output of 3 million tonnes this year, while BAS is targeted to produce 1 million tonnes of coal.

He said that about 25 percent of Titan's coal output is sold to the domestic market, particularly to state electricity firm PT PLN, while the remainder is exported to China, India, Vietnam, South Korea, and Europe.

MHU signs long-term coal supply contract with PLN subsidiary

Coal miner PT Muti Harapan Utara (MHU) signed a new long-term coal supply contract with power producer PT Indonesia Power (IP), a subsidiary of state-owned electricity firm PT PLN.

MMS Group Indonesia (MMSGI), the parent of MHU, said in a statement that the new five-year coal supply contract (extendable for three times) follows a 31 August letter from IP on the appointment of MHU as its coal supplier. MHU has previously supplied coal to IP's Suralaya Unit 1-7 coal-fired power plant in Banten Province.

MMSGI's Head of Corporate Communication and Projects, Adri Martowardojo said in the statement that under the new contract, MHU will supply 1 million tons of coal per year to IP with a gross calorific value of 4,600-4,800 kcal/kg AR.

MHU, which operates coal miners in East Kalimantan, produced 13.8 million tonnes of coal last year, up 25 percent from 2020. In addition to supplying coal to PLN, MHU also exports coal to 14 countries. C

CoalMetalAsia doc.

Dana Brata H1 net profit surges 156.7% on higher coal shipment

IDX-listed mining logistics company PT Dana Brata Luhur Tbk (IDX: TEBE) recorded a net profit of Rp103.09 billion in the first semester (H1) of 2022, surged 156.7 percent from Rp40.15 billion in the same period last year, driven by higher coal shipment.

In the period, the company recorded revenues of Rp276.90 billion, jumped 95.67 percent from the same period last year of Rp141.51 billion.

President Director of Dana Brata Luhur Hendy Narendra Dewantoro said the increase in coal prices has lifted demand for coal transportation (coal barging).

Hendy recorded the coal barging volume in the six months period reached 4 million metric tonnes, increased 16.64 percent from the same period last year of 3.4 million metric tonnes.

"We may revise our 2022 target taking into account the financial performance in the third quarter and the coal price trend," he was quoted by Kontan.co.id as saying.

Hendy projected revenue this year to reach Rp 500 billion with a tax before profit of Rp 200 billion.

On the operational side, the company targets coal transportation volume to reach 7 million tonnes by the end of this year. Given the strong performance in the first half, the realized coal transportation this year could be higher than the target.

Hendy predicts coal prices to remain high until the end of 2022, which may further boost coal barging volumes.

This year, the company allocated around Rp40 billion of this year's capital expenditure to expand the company's jetty capacity and an additional Rp90 billion to purchase equipment, such as 5 articulated trucks, 8 units of dump trucks (DT) and 3 units of WL.

TEBE is also seeking to expand its coal port's capacity to 300,000-400,000 metric tonnes per month. In the future, its port will not only serve coal shipments but also passengers and other commodities such as crude palm oil.

The port expansion program is targeted to be completed in the second quarter of 2022, Hendy said.

Dharma Henwa records net loss in H1 on higher costs, charges

IDX-listed coal mining contractor PT Dharma Henwa Tbk (IDX: DEWA) turned red in the first semester (H1) 2022 due to higher direct costs and financial charges.

In the six months period, the company recorded a net loss to the parent entity of US$8.15 million compared to a net profit of $1.51 million in the same period last year. The company's financial report shows that the decline was mainly due to higher costs of goods sold (direct costs), higher financial charges and general expenses, which eroded its stronger revenues.

The company recorded revenues of $193.89 million in the first half of 2022, increased 26.8 percent from $152.91 million in the same period last year.

Its costs of goods sold or direct sales costs reached $189.22 million, increased 38 percent from $137.15 million in the same period last year. This led to a 79.4-percent decline in gross profit to $4.66 million, from the same period last year of $15.76 million.

Its general and administrative expenses also rose to $7.83 million from $6.14 million in the same period last year, which led to a decline in the operating profit to $1.26 million, from $6.88 million in the same period last year, or plunged by 81.68 percent.

The company recorded tax expenses of $7.61 million in the six months period, increased from $1.75 million the same period last year. C

	January-June 2022 (In million USD)	January-June 2021 (In million USD)	Percentage Change (%)
Export sales	925.92	448.52	106.44
Domestic Sales	408.78	285.07	43.4
Total	1,334	733.59	81.85

Golden Energy records solid performance in H1

IDX-listed coal miner PT Golden Energy Mines Tbk (IDX:GEMS) reported a solid performance in the first semester (H1) of 2022 as reflected by the sharp increase in its revenues as well as net profit, driven by the spike in coal prices in the six months period.

In the first semester, Golden Energy recorded a net profit attributable to the parent entity of US$335.92 million, jumped 134.04 percent from $143.47 million in the same period last year. The increase was in line with the significant rise in revenues.

In the period, the company booked revenues of $1.33 billion, jumped 81.3 percent from $733.59 million in the same period last year.

Its costs of goods sold (COGS) rose from $397.07 million in H1 2021 to $718.7 million in H1 2022, while gross profit rose 83.5 percent to $616.01 million in H1 2022 from $336.52 million in the same period last year.

As a result, its operating profit jumped 123.05 percent to $447.28 million from $200.53 million in H1 2021. Meanwhile, its pre-tax profit also rose 128.7 percent to $441.56 million from $193.05 million in H1 2021.

Following is the company's revenues based on sales area:

Bumi H1 coal output down 14%, FOB prices surge 92%

IDX-listed coal producer PT Bumi Resources Tbk (IDX:BUMI) recorded lower coal production and sales volume in the first semester (H1) of 2022. However, the lower output was offset by the sharp increase in coal prices.

The company said in a statement that its coal production in H1 2022 reached 34.5 million tonnes (MT), down 14 percent from 40.1 MT in the same period last year.

The coal mine and sales volume dropped due to the La Nina phenomenon since December 2021. Its coal sales also declined by 16 percent to 33.8 MT from 40.2 MT in the same period last year.

"The 16-percent drop in sales volume is more than offset by a 92-percent increase in coal price," Director & Corporate Secretary of Bumi Resources Dileep Srivastava said in a statement.

He said the sharp increase in coal FOB price is reflected in the revenue increase to US$1.52 billion and resultant jump in H1 2022 revenue by 66 percent.

Its overburden removal was 8 percent higher at 306.4 MT in H1 2022 compared to the same period last year of 283.6 MT. Its strip ratio stood at 8.9 compared to 7.1 in the same period last year. Its coal inventory in the period stood at 2.1 MT, up from 1.9 MT in the same period last year.

The company on July 12, 2022 has paid a total US$731.3 million in cash consisting of Tranche A principal $557.1 million and interest of $174.2 million, including accrued and back interest. Acceleration of debt repayment is being accorded the highest priority. As for full year 2022, the company sets its coal production target of 78-83 MT, coal average price (AVP) at $120-125/ton.

In the period, the company recorded a net profit attributable to the parent entity of $167.67 million compared to only $1.89 million in the same period last year or soaring 8,771 percent.

The sharp increase was in line with the rise of revenues to $968.69 million, soaring 129.6 percent from $421.86 million in H1 2021. C

CoalMetal/Asia doc.

GEAR reviews planned sale of GEMS shares to competitor

SGX-listed coal firm Golden Energy and Resources Ltd (GEAR) announced that it had on 1 September received a transfer notice from GMR Coal Resources Pte Ltd (GMR) of GMR's intention to sell its 30 percent interest in GEAR's coal mining subsidiary IDX-listed PT Golden Energy Mines Tbk (IDX: GEMS).

As previously reported, India's GMR plans to sell its 30 percent stake in GEMS (GEMS sale shares) to PT Radhika Jananta Raya, a subsidiary of IDX-listed coal firm PT ABM Investama Tbk (IDX: ABMM), for US$420 million. The two companies signed the share sale and purchase agreement on 31 August.

GEAR said in a statement that it is not a party to the aforementioned proposed transaction between Radhika (the purchaser) and GMR, and is not privy to any further information apart from that stated in this announcement.

GEAR said that under the transfer notice, GMR has requested that:

(a) the company confirms that it will not exercise its right to purchase GMR's GEMS sale shares under the shareholders agreement dated 11 August 2011 (as amended) between the company and GMR (SHA), with respect to GMR's sale of the GEMS sale shares to the purchaser; and

(b) the company confirms that the restriction in the SHA relating to transfers to competitors will not apply to the transfer of GMR's sale shares to the purchaser.

"The company is considering GMR's request and has not formed a definitive view with respect to GMR's request," GEAR said. "The company will make an appropriate announcement in the event that there are material developments on this matter."

GEMS operates coal mines in Southern Sumatra and Kalimantan, with total mining areas of 66,204 hectares and potential resources of 2.91 billion tons and total reserves of 1.03 billion tons.

GEMS is planning coal production of around 40 million tonnes this year.

CA | Khalsa

September coal reference price down slightly

The Indonesian thermal coal reference price (or HBA) for September declined slightly by 0.74 percent to US$319.22 per tonne from August.

The Ministry of Energy and Mineral Resources said in a statement obtained Friday that the average of two of the four price indexes that form the HBA, namely ICI fell by 4.95 percent and Platts down 4.54 percent, while the two other indexes, GNCC and NEX increased by 1.60 percent and 1.39 percent, respectively.

"In addition, the increase in China's coal production in their efforts to overcome the electricity crisis caused by the heat wave and drought that hit its hydroelectric power plants also contributed to the decline in world coal prices," said ministry's spokesman Agug Pribadi in the statement.

Another contributing factor is China's efforts to continue to increase coal imports from Russia and Australia. "This is one of the causes that makes NEX and GCNC indexes continue the rising trend," he said.

The HBA has been generally on a rising trend in the past six months, in line with higher global coal prices, starting from January 2022 at US$158.50 and peaking at $323.91, but declined in July.

The HBA is determined based on the average of four international coal price indexes, namely the Indonesia Coal Index (ICI), Newcastle Export Index (NEX), Globalcoal Newcastle Index (GCNC), and Platt's 5900 in the previous month. C

Rwood Resources DMCC	$275.27 million vs $102.5 million
PT PLN	$189.09 million vs $75.07 million
PT Jhonlin Group	$187 million vs $94.59 million
Total	**$651.36 million vs $272.16 million**

Bumi Resources H1 net profit soaring 8,771%

IDX-listed and Indonesia's largest coal producer PT Bumi Resources Tbk (IDX:BUMI) recorded impressive financial results in the first semester (H1) of 2022 as shown by the exponential increase of its bottomline and topline results.

In the period, the company recorded a net profit attributable to the parent entity of US$167.67 million compared to only $1.89 million in the same period last year or soaring 8,771 percent.

The sharp increase was bolstered by the significant increase in revenues on the back of the spike in coal prices as well as the sharp rise of share in net income of associates and joint-venture entities. In the period, the company recorded revenues of $968.69 million, soaring 129.6 percent from $421.86 million in H1 2021.

The costs of goods sold (direct expenses) reached $754.97 million, up from $341.73 million in H1 2021. This led to a sharp increase in gross profit to $213.72 million from $80.13 million in H1 2021, or surging 166.7 percent.

Its operating profit jumped 216.43 percent to $157.14 million in H1 2022 from $49.66 million in H1 2021. Its share in the net income of associates and joint venture entities rose 181.4 percent to $248.75 million from $88.39 million, while pre-tax profit jumped 383 percent to $277.48 million from $57.45 million.

Following are the details of customers having transactions more than 10 percent of total revenues in H1 2022 compared to H1 2021 period above:

Hasnur International continues to bolster its fleets

IDX-listed shipping company PT Hasnur Internasional Shipping Tbk (IDX: HAIS), which is primarily engaged in coal transport, continues to expand its fleet to take advantage of growing demand and the recovery of the global economy.

CoalMetalAsia doc.

Corporate Secretary of the company Dwita A. Lestari said in September this year, the company will add a new tugboat and barge.

With these additional vessels, the company will own 12 units of tugboats and 13 units of barges with a carrying capacity of 7,500 to 10,000 metric tonnes as well as 1 unit set of CPO tug and barge.

Dwita said the additional vessels are expected to have a positive impact on the operational performance and financial performance of PT Hasnur Internasional Shipping Tbk, kontan.co.id reported.

Chief Financial Officer of PT Hasnur Internasional Shipping Tbk, Novian Fitriawan said that the company needs additional vessels to support the company's business growth.

She added the company has set aside capital expenditures of around Rp50 billion for the purchase of two new ships. The funds will come from internal cash flow and bank loans.

Citing the company's interim financial statements, the company's revenues reached Rp313.77 billion in the first half of 2022, increased 75.68 percent from the same period last year of Rp178.60 billion.

The revenue growth was driven by an increase in cargo volume by 16 percent from 3.37 million metric tons in the first half of 2021 to 3.92 million in the first half of 2022.

Its net profit attributable to the parent entity was recorded at Rp45.08 billion, surged 179.01 percent from the same period last year of Rp16.16 billion.

This year, the company targets to record revenue growth of 5-10 percent and net profit growth of 13-15 percent. C

CoalMetal/Asia doc.

Borneo Olah Sarana swings to net profit in H1

IDX-listed coal firm PT Borneo Olah Sarana Sukses Tbk (BOSS) swings to net profit in the first semester (H1) of 2022, driven by stronger sales on the back of the spike in coal prices.

In the period, the company recorded a net profit attributable to the parent entity of Rp19.99 billion, rebounding strongly from a net loss of Rp58.76 billion in the same period last year.

The increase was in line with a sharp increase in sales to Rp192.15 billion compared to only Rp11.86 billion in the same period last year, soaring 1,520 percent. According to the company's financial report, its cost of sales in H1 2022 increased to Rp115.43 billion from Rp37.1 billion in H1 2021 in line with the rise of sales.

Gross profit in the first semester of this year reached Rp76.62 billion compared to a gross loss of Rp25.24 billion in the corresponding semester of last year. It also recorded an operating profit of Rp27.25 billion, compared to an operating loss of Rp56.33 billion in the same period last year.

The company has four coal concession areas owned through subsidiaries, namely PT Bangun Olahsarana Sukses (BOS), PT Pratama Bersama(PB), PT Energi Amzal Bersama (EAB) and PT Pratama Buana Sentosa (PBS) with a combined coal concession area of 16,000 hectares, all located in West Kutai Regency, East Kalimantan Province

Private firm to start construction of coal hauling road in Jambi

A private investor called PT Putra Bulian Properti is expected to start construction of a coal hauling road in Jambi Province with a ground-breaking ceremony scheduled for 1 September.

Head of the Economic Bureau of the Jambi provincial administration, Johansyah was quoted by local news outlet metrojambi.com as saying Tuesday that Putra Bulian will develop an 88.6-km coal hauling road, with a width of 30-meter, stretching from Mudo Village to Tempino in Muarojambi Regency.

"The investor is targeting to complete construction of the road in 18 months. Investment (for the project) is estimated at Rp 1.2 trillion," he said.

The Jambi administration has been pushing for the development of a special coal hauling road as the use of public roads by coal trucks have caused heavy traffic jams and fatal road accidents.

Transcoal H1 net profit jumps 94.86%

IDX-listed transportation and logistics company PT Transcoal Pacific Tbk (IDX:TCPI) recorded solid performance in the first semester (H1) of 2022 as shown by its topline and bottomline financial performance. The improved performance was in line with the recovery of the economy post-Covid-19 pandemic.

In the period, the company recorded revenues of Rp872.93 billion, 29.13 percent higher than in the same period last year of Rp676.02 billion.

Its costs of goods sold reached Rp682.17 billion, compared to Rp533.42 billion in the same period last year.

This led to a gross profit of Rp190.76 billion, 33.8 percent higher than the gross profit in the same period last year of Rp142.6 billion.

Its pre-tax profit stood at Rp65.52 billion in the period, 35.8 percent higher than in the same period last year. This led to a net profit attributable to the parent entity of Rp61.65 billion, surged 94.86 percent in the same period last year of Rp33.69 billion. C

CoalMetalAsia doc.

Sumber Global Energy H1 net profit soaring 16 times yoy

IDX-listed coal trading PT Sumber Global Energy Tbk (IDX:SGER) recorded a solid financial performance in the first half of 2022, due to a sharp increase in revenues.

In the period, the company recorded sales of Rp3.55 trillion, surged 211.4 percent from the same period last year of Rp1.14 trillion, driven mainly by the spike in coal prices.

Its costs of goods sold reached Rp2.89 trillion, nearly triple from the same period last year of Rp1.06 trillion, in line with the sharp increase in revenues. This led to a skyrocketing in gross profit to Rp665.92 billion from Rp80.62 billion in the same period last year or jumped by 726 percent.

In the period, the company recorded a pre-tax profit of Rp602.49 billion, jumped from Rp40.29 billion in the same period last year, increased sharply by 1,395 percent.

As a result, the company recorded a net profit attributable to the parent entity of Rp476.18 billion, soaring by 1,496 percent or 16 times from the same period last year of Rp29.83 billion.

PLN calls for immediate realization of BLU as coal miners delay supply

State-owned electricity firm PT PLN said that it is facing potential coal supply problems ahead as some coal miners have declined to renew their coal supply contracts with the utility following expiry.

PLN's Executive Vice President for Coal, Sapto Aji Nugroho said that the miners prefer to pay compensation to the government for not supplying coal to the domestic market, which is relatively smaller compared to penalties for failing to fulfill supply contracts with PLN.

He added that the in the meantime, PLN can still secure its coal supply requirement, thanks to the policy of the Ministry of Energy and Mineral Resources' Directorate General of Mineral and Coal (Minerba) which have assigned several coal miners, with coal specifications meeting the PLN requirements, to supply coal to PLN.

But Sapto said that these coal miners have asked for delaying the coal supply to the fourth quarter of 2022, pending the realization of the government's planned BLU scheme.

"Currently we are very dependent on Minerba. We've received information regarding coal suppliers, many (coal mining) companies that received assignments from Minerba (are only) willing to carry out the assignments in the fourth quarter of this year while waiting for BLU policy to take effect," said Sapto.

The government plans to introduce a public service agency (or BLU), which will collect export fees from the country's coal miners to provide a coal price subsidy for the power plant sector. Under the current arrangement, PLN purchases coal from coal miners at the ceiling price of US$70 per tonne.

Under the proposed BLU scheme, the power plant sector will continue to pay coal at the ceiling price of $70 per ton, while the gap with the market will be directly paid by the BLU to the coal miners that supply caol to PLN.

"In principle, the BLU solves the problem of price disparity. When viewed from PLN's coal demand from year to year keeps increasing. For this year around 130 million tonnes of coal (are required) and in 2030 it could reach 155 million tonnes," Sapto said.

He said that currently, PLN's coal inventories are sufficient for 19-day of operation, which is a safe level, but inventories could deteriorate if coal miners delay the coal supply. C

Indonesian Conventional Oil & Gas Map 2020

INDONESIAN CONVENTIONAL OIL & GAS MAP is a must-have for company / professionals who's involved / interested in Indonesian oil and gas related businesses. The map outlined at the scale of approximately 1:3,000,000 on a 1821 x 852 mm glossy paper (260 gr) and laminated for durability.

Format	: Wall map; Laminated
Size	: 1821 mm x 852 mm
Printing	: Full color
Packaging	: Rolled + Drawing Tube
Price	: US$300.00
Release	: November 2020
Code	: OGM10L

Map Features:

- Active oil & gas blocks (PSCs, JOB-PSCs, new GS PSCs Pertamina areas), their status of operation and operatorship
- Key Upstream Oil & Gas statistics.
- The working areas are appeared in different colors so that you can find the ones easily.
- Oil & gas infrastructures: Oil Refineries; LNG Plants/Projects; LPG Plants; Transmission Pipelines; Gas-fueled Power Plants and Industrial Users.
- Basic features: Name of Rivers, Bays, Capes, Provinces, Cities, Regencies, Towns with administrative boundaries.

Also available zoom version with the same features:

- Sumatra Conventional Oil & Gas Map
- Java Conventional Oil & Gas Map
- Kalimantan Conventional Oil & Gas Map
- Papua Conventional Oil & Gas Map

CoalMetalAsia doc.

Samindo Resources H1 net profit down 43.35%

IDX-listed coal mining contractor PT Samindo Resources Tbk (IDX:MYOH) recorded a net profit attributable to the parent entity of US$7.88 million in the first semester (H1) of 2022, 43.35 percent lower than in the same period last year of $13.91 million.

The lower net profit was mainly due to lower revenues. In the period, the company recorded revenues of $79.50 million, down 3.01 percent from $81.97 million in the same period last year.

The revenues were contributed by overburden removal and coal getting services, which amounted to $47.33 million, down from $56.42 million in the same period last year.

The second biggest revenue contribution is the coal hauling services, which amounted to $22.25 million, down from $24.53 million in H1 2021. Meanwhile, revenues from drilling, exploration and other services reached $915,902, down from $1.02 million in H1 2021.

Its costs of goods sold reached $55.96 million, compared to $60.23 million in the same period last year. This resulted in a gross profit of $14.53 million in the period, down 33.2 percent from the same period last year of $21.74 million.

In the quarter, the company recorded a pre-tax profit of $10.38 million, dropping 42 percent from the same period last year of $17.90 million.

Realized coal supply to power plants in 1H at 49% of full-year target

Realized coal supply to power plants owned by state-owned electricity firm PT PLN and independent power producers (IPPs) in the first half of this year reached 63.06 million tonnes, representing 49 percent of the full-year target, according to a senior government official.

Lana Saria, Director of Coal Management and Development at the Ministry of Energy and Mineral Resources, was quoted by kontan.co.id as saying that realized coal supply to PLN has also continued to increase, but did not provide figures.

"The realization of coal supply to PLN until June 2022 reached 96.1 percent of the planned coal requirement (in the first half of 2022)," she said.

PLN initially stated in its 2022 work budget and plan (RKAP), it would require a total of 66.4 million tonnes of coal for its power plants, but later revised the coal supply requirement to 84 million tonnes amid recovery in post-pandemic power consumption.

PLN said late last year that coal consumption of domestic power plants, both owned by PLN and IPPs, was projected to increase to 119.2 million tonnes this year, from the estimated 113 million tonnes last year.

Under the government's coal domestic market obligation (DMO), the country's coal miners are required to allocate at least 25 percent of annual output to the domestic market including the power plant sector. This year's DMO volume has been set at 166 million tonnes. Realized DMO volume in the first half of this year stood at 94 million tonnes. C

Adaro Minerals H1 coal production increases 7%

IDX-listed metallurgical coal producer PT Adaro Minerals Indonesia Tbk (IDX:ADMR) recorded coal production of 1.53 million tonnes (Mt) in the first semester (H1) of 2022, or 7 percent higher from 1.43 Mt in the same period last year.

The company said it is maintaining the FY22 production target of 2.8 Mt – 3.3 Mt.

Its coal sales increased to 1.28 Mt in the period, up by 9 percent from 1.17 Mt in H1 2021 as the company continues to develop new markets for its hard coking coal.

In this period, the company added new customers from India and Europe.

Its overburden removal in the period increased by 15 percent to 3.50 million bank cubic meters (Mbcm) in H1 2022 compared to 3.05 Mbcm in the same period last year, raising the strip ratio to 2.29x in the first six months of 2022 compared to 2.13x in the same period last year.

In the second quarter (Q2), the company recorded coal production of 0.91 Mt, 17 percent higher than 0.78 Mt in the same period last year.

Its coal sales for the quarter reached 0.69 Mt, a 5 percent increase from 0.66 Mt in Q2 2021, as the Barito River's upper cycle continues to impact logistics. Overburden removal volume reached 2.02 Mbcm in the second quarter, 22 percent higher than 1.66 Mt in Q2 2021, contributing to the strip ratio for the quarter increasing to 2.23x, compared to 2.12x in 2Q21.

Currently, ADMR is working with PT Maritim Barito Perkasa (MBP) to improve coal logistics through barge-to-barge transfer at the intermediate stockpile, and adding another barge-to-barge transfer location in North Kelanis.

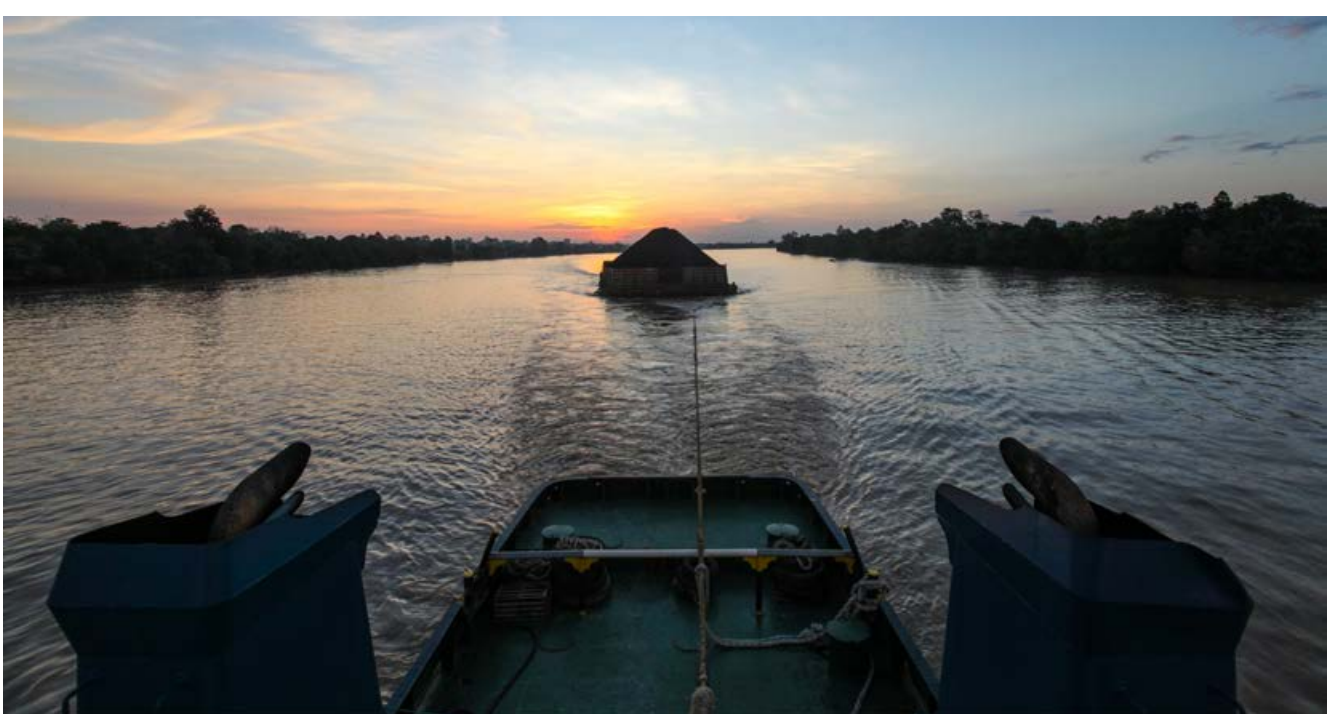
MBP is conducting the necessary work in North Kelanis, which includes building a jetty that is expected to start operations in early 2023.

The company is increasing the capacity of Tuhup port to support Adaro Minerals' medium-term production growth plan of 6 Mtpa. In 2Q22, ADMR conducted soil studies to gain better geotechnical information about the location, it said.

In 2022, ADMR's primary asset is the production of hard coking coal from the Maruwai concession, which is sold under the name Lampunut Coal. This coal has premium characteristics of low ash, low phosphorus, and high vitrinite content, making it a suitable product for use by steelmakers.

Lampunut Coal has been well received by customers and continues to attract strong demand from the domestic and export market.

Adaro Minerals operates metallurgical coal mining through five subsidiaries. Each of its five subsidiaries owns a mining concession under the Coal Mining Contract of Works located in Central Kalimantan and East Kalimantan. C



CoalMetalAsia doc.

GEMS delivers higher Q2 coal output as weather improves

IDX-listed coal firm PT Golden Energy Mines Tbk (IDX: GEMS) saw higher coal production and sales volume in the second quarter of this year compared to Q1 as weather conditions started to improve.

GEMS's Corporate Secretary Sudin Sudiman was quoted by Kontan as saying that coal production and sales volume in Q2 of this year, respectively, reached 9.7 million tonnes and 9.6 million tonnes, higher than 7.9 million tonnes and 8.5 million tonnes in Q1 of this year.

"This is in accordance with our capacity and production target. Compared to the first quarter of 2022, the weather is (more) supportive in the second quarter of 2022," said Sudin.

As such, the company in the first semester of this year had produced a total of 17.6 million tonnes and sold 18.1 million tonnes of coal.

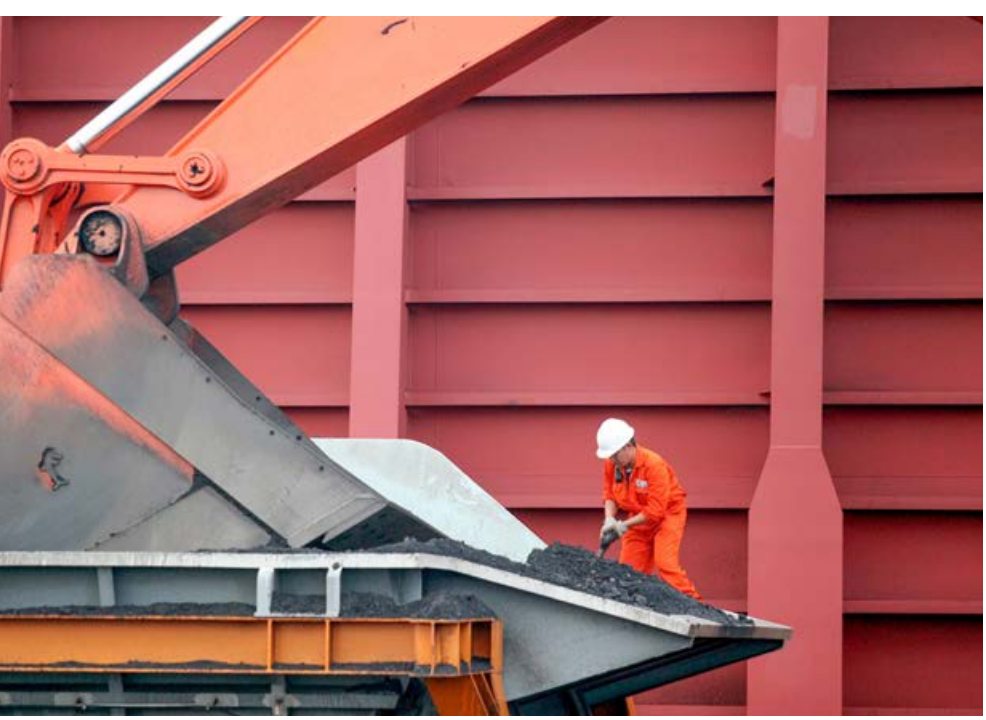
According to the company's 2022 work plan and budget (or RKAB) GEMS plans total coal output of 40 million tonnes this year, up slightly from last year's target of 39.6 million tonnes.

Sudin, however, told Petromindo.com in June that given the bad weather condition particularly during the first quarter, the more realistic production figure for this year is about 36 million tonnes.

South Kalimantan coal miner PT Borneo Indobara (BIB) is GEMS' largest coal subsidiary with an original coal production target this year of 36 million tonnes.

GEMS also owns coal mines in Jambi through subsidiary PT Kuansing Inti Makmur; in South Sumatra through subsidiaries PT Barasentosa Lestari and PT Era Mitra Selaras; and in Central Kalimantan through PT Trisula Kencana Sakti.

Meanwhile, GEMS's shareholders approved on Friday the appointment of Venkataramani Ranganathan as the company's new Vice President Director, replacing Megha Shyam Kada; and Alex Sutanto as a new Commissioner, replacing Fuganto Widjaja.



CoalMetalAsia doc.

SMRU targets higher coal production in 2022

IDX-listed coal mining contractor PT SMR Utama Tbk (IDX: SMRU) plans a 20 percent increase in this year's coal getting volume.

According to SMRU's presentation at a public expose meeting, the company's coal getting volume in 2021 reached 1.2 million tonnes, and it aims for higher production volume this year of up to 1.44 million tonnes.

Meanwhile, for the overburden (OB) removal volume, SMRU aims to achieve 23.44 million bcm this year, an increase from the realization last year of 19.47 million bcm.

The realization of coal production in the first quarter of 2022 reached 0.25 million tonnes, which is slightly lower than in Q1 2021 of 0.28 million tonnes. The company said this is due to high rainfall, which hinders operational activity.

SMRU has prepared a capital expenditure of up to Rp 200 billion for the coal mining activities this year, of which around 15 percent had been realized in Q1.

SMRU currently operates at two mining sites in Kalimantan, which are the Melak site (owned by coal firm PT Gunung Bara Utama) and Sambarata site (PT Berau Coal).

SMRU is a subsidiary of IDX-listed Trada alam Minera Tbk (TRAM), which is engaged in coal mining, sea transportation, construction, and general trade services. Last year, it booked revenues of Rp 541.89 billion, an increase from Rp 492.38 billion in the previous year. C

Harum Energy H1 net profit jumps by 1,309%

IDX-listed coal producer PT Harum Energy Tbk (IDX:HRUM) recorded a net profit attributable to the parent entity of US$145.99 million, soaring 1,309 percent from the same period last year of $10.36 million.

The increase was bolstered by the sharp increase in revenues on the back of the spike in coal prices in the global market. In the first half, the company recorded revenues of $377.46 million, jumped 226.18 percent from the same period last year of $115.72 million.

The sales were contributed by coal exports and coal sales to the domestic market. The coal sales to overseas markets (coal export) in H1 2022 reached $320.0 million, triple from $108.96 million in the same period last year, while coal sales to the domestic market reached $51.04 million, up from zero in H1 2021.

The remaining sales of $6.42 million were contributed by a combination of rental of heavy equipment for hauling roads as well as time, freight and voyage charter. In the same period last year, sales from this rental segment stood at $6.76 million.

In the period, the company recorded a gross profit of $244.49 million, soaring 732.81 percent from $55.25 million in the same period last year, while pre-tax profit reached $277.69, soaring 732.81 percent from $27.34 million in the same period last year.

The coal sales to customers which are more than 10 percent of total net revenues are as follows:

CoalMetalAsia doc.

Coal Buyers	June 30, 2022 (million US$)	June 30, 2022 (million US$)
China Huaneng Group Fuel Co., Ltd	141.90	61.53
PT Bumi Nusantara Jaya	48.97	-
Sunny Ekspress International Development	-	19.05
Total	**$190.86**	**$80.58**

Source: Harum Energy's Financial Report

UT reports soaring H1 revenue, net profit

IDX-listed heavy equipment and mining company PT United Tractors Tbk or UT (IDX: UNTR) saw consolidated net revenue in the first-half ending June of this year increased by 62 percent to Rp 60.4 trillion, compared to Rp 37.3 trillion in the same period of 2021, driven by strong revenue from its coal-related businesses. The company said in a statement Thursday that in line with the increase in net revenue, its net profit soared by 129 percent to Rp10.4 trillion, from Rp 4.5 trillion.

Heavy equipment sales under the Construction Machinery segment recorded an increase in Komatsu sales volume by 111 percent to 2,873 units from 1,361 units. Sales of spare parts and maintenance services increased by 36 percent to Rp 4.8 trillion. Overall, the Construction Machinery segment recorded revenue of Rp 17.4 trillion or increased by 86 percent year-on-year.

The Mining Contracting segment recorded 29 percent higher net revenue at Rp 20.0 trillion, with 50 million tonnes of coal production and 437 million bcm of overburden removal.

The Coal Mining segment recorded lower coal sales volume at 5.8 million tonnes, with revenue jumping by 149 percent to Rp 18.7 trillion supported by the increase in average selling price.

The Gold Mining segment recorded revenue of Rp 3.9 trillion or decreased by 10 percent.

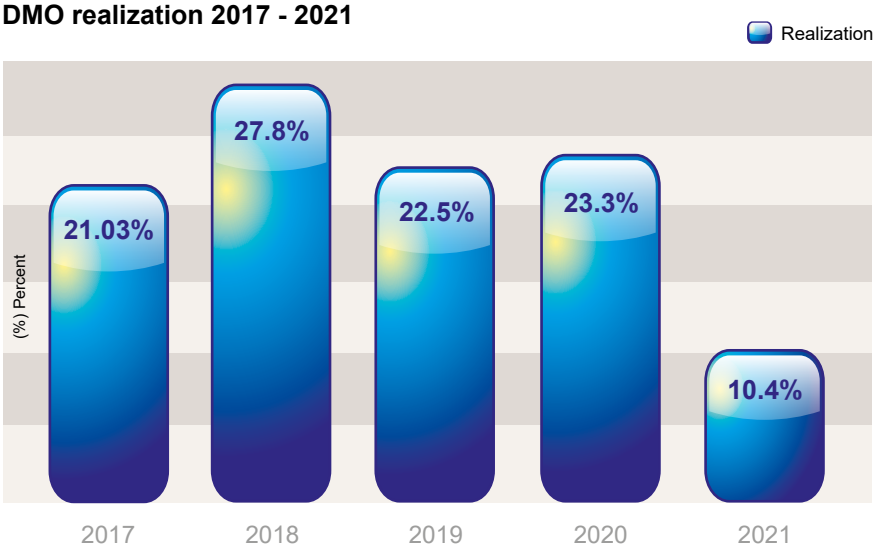
The last segment, Construction Industry, recorded revenue of Rp 476 billion or down by 25 percent.

To the company's consolidated net revenue, the Mining Contracting contributed 33 percent, followed by 31 percent from Coal Mining, 29 percent from Construction Machinery, 6 percent from Gold Mining, and 1 percent from Construction Industry, UT concluded. C

Dendi Adisuryo | Rezky Panji Perdana | Garry A. Kuswandi

Coal public service agency – Indonesia best effort to prevent shortage disaster of coal inventory shortage

DMO realization 2017 - 2021



The Minister of Energy and Mineral Resources and the House of Representatives has put their best efforts to prevent the shortage of domestic coal supply in January 2022 to repeat itself. In hope of that, they initially proposed a coal special entity or public service agency (BLU) to collect coal levies to improve coal producers' compliance with the domestic market obligation (DMO) policy. The following data provided by the Minister of Energy and Mineral Resources reflects how was compliance with DMO policy within the last 5 years:

The impact of incompliance with DMO on 2021 policy motivates the Indonesian government to suspend all exports of thermal coal citing a domestic shortage. At that time, the Minister of Energy and Mineral Resources inform that coal inventories at 20 state-owned and private power plants were running low raising the possibility of blackouts for up to 10 million customers and crippling economic activities. Without any doubt to call the decision while the rising coal demand due to winter and cold weather, the Indonesian government suspends all exports.

Domestic Market Obligation – Minimum percentage, pricing and sanctions

In the hope to fulfill the demands of domestic power plants for industrial raw materials and fuels, the Minister of Energy and Mineral Resources issued a Decree of Minister of Energy and Mineral Resources 139.K/HK.02/MEM.B/2021. The following is essential such regulation:

a. a price cap of USD 70 per tonnage on domestic sales of coal to the power plants; and
b. 25% DMO of the approved Annual Work Plan and Budget (Rencana Kerja dan Anggaran Belanja – RKAB).

In addition to the above provisions, Decree 139/2021 also regulates sanctions toward coal mining companies that do not fulfill the DMO. As a commitment to achieve the target of the issuance of Decree 139/2021, in early January this year, the Minister issued a new regulation regarding the imposition of fines and compensation funds. This regulation is made under the Decree of Minister Number 13.K/HK.021/MEM.B/2022 on the ban on Coal Exports, and Guidelines for the Imposition of Fines and Compensation Fund or Fulfilling Domestic Market Obligation ("Decree 13/2022").

Decree 13/2022 regulates several provisions as a continuation of the regulations in Decree 139/2021, as follows:

a. DMO Fulfillment Scheme

Minister Decree 13/2022 outlines the DMO fulfillment scheme, which is carried out through:

- Direct Realization of DMO – carried out by coal mining companies to their domestic end-users; and/or
- Indirect Realization of DMO – carried out by coal mining companies through the holders of Coal Transportation And Sales Permit (Izin Pengangkutan dan Penjualan – IPP Holders"

- If the coal mining companies and the IPP Holders (as a partner of the coal mining companies) do not have any domestic sales contract, or the coal does not meet domestic market specifications, the coal mining companies must pay compensation funds.

b. Imposition of sanctions and the calculation

Coal mining companies that do not fulfill the minimum percentage of coal sales for DMO or do not fulfill domestic coal sales contracts are subject to sanctions:

- Ban on coal exports – imposed on coal mining companies and the IPP Holder until coal sales for DMO are fulfilled according to the percentage of sales or in accordance with the sales contract, except for those who do not have sales contracts with domestic coal users, or their coal does not meet domestic market specifications.
- Obligation to Pay Compensation Funds – imposed on the coal mining companies that do not have sales contracts with domestic coal users or their coal does not meet domestic market specifications with the following formulation:

Compensation Fund = A x (P – R)

Information

A	Compensation Rate (USD/ton) based on coal quality and changes in the reference coal price
P	Coal Sales Obligation for Domestic Needs (tonnes) based on the percentage of coal sales obligation for domestic needs to the total coal production plan approved by the Government
R	Realization of Coal Sales for Domestic Needs (ton)

Further, the payment of fines and compensation funds mentioned above are carried out through Non-Tax States Revenue (Pendapatan Negara Bukan Pajak – "PNBP") application based on the account code set no later than 30 (thirty calendar days after the date of the first invoice for the first fines or compensation funds.

The dilemma of skyrocketing coal prices and DMO policy

The Indonesian government sets the DMO amount to 25% of the approved RKAB from each producer with a capping price of USD 70 per tonnage. While in the market the coal prices skyrocket to the ceiling and cause a dilemma to fulfill the DMO, the mining companies sure prefer the higher price for a profitable transaction. Hence, at the time of high coal prices, coal mining companies tend to choose exports over supplying domestic coal due to price disparity.

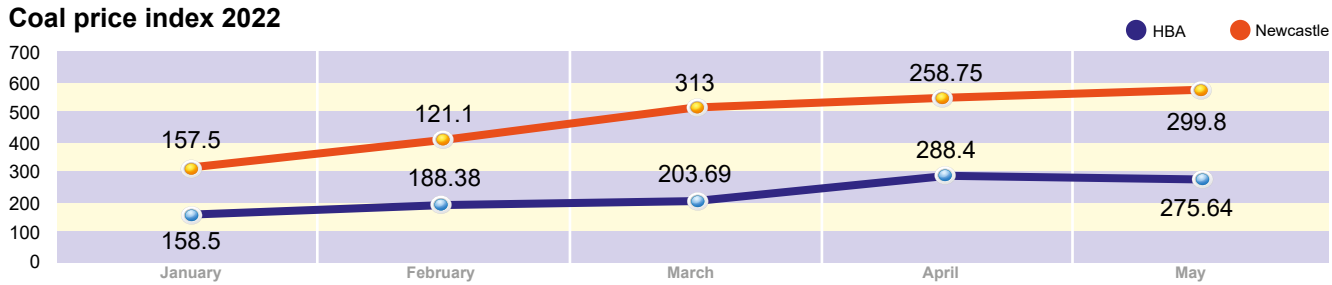
Due to the price disparity, the Government of the Republic of Indonesia through the Ministry of Energy and Mineral Resources is trying for seeking the best way out of this issue. Recently, news states that the Ministry of Energy and Mineral Resources is discussing the BLU as the way out. At the time of writing, the Ministry of Energy and Mineral Resources is on the course to set up a coal special entity or public service agency (BLU) any time soon to manage the DMO compensation funds, including collecting and distributing the funds to the DMO supplier to fill the price gap between DMO price and export price. The formation of BLU was initially proposed in early January 2022 when Indonesia struck in a supply shortage forcing coal miners to deliver coal to the domestic giver that miners preferred to sell coal globally for higher profits.

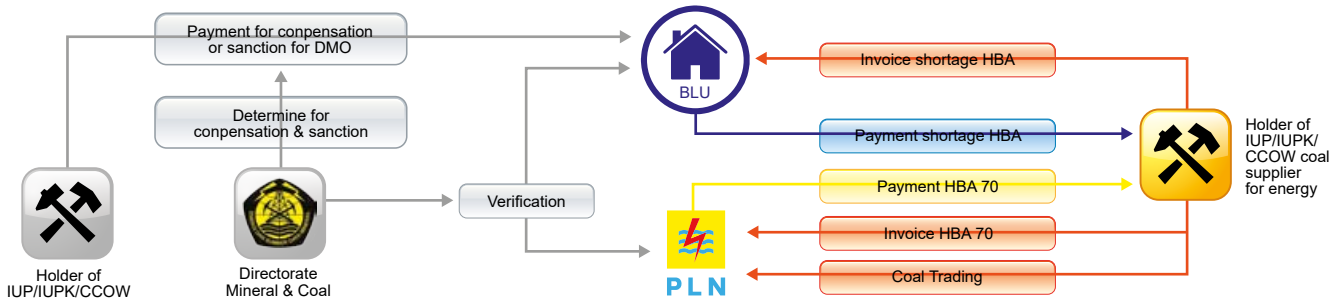
The proposed scheme for mutual benefit between mining company and DMO inventory

Pursuant to the Reports from Public Hearings (Rapat Dengar Pendapat) held by the House of Representatives with the Ministry of Energy and Mineral Resources on 9 August 2022, the following is the proposed scheme of BLU:

Based on the above scheme, in the discourse on the BLU scheme, it was proposed that in the future PT PLN (Persero) will bind contracts with several coal companies that have coal specifications according to PLN's needs. The value of the contract price will be adjusted every there or six months according to the prevailing market price. Then, PLN buys coal according to the current market price. PLN will receive a subsidy from the BLU to cover the difference between the market price and the reference price of USD 70 per tonnage.

Then, the difference between the price provided by PLN and the market price of coal will be provided by the BLU through contributions received from mining coal companies.





The contribution will be adjusted periodically based on the difference between the market price purchased by PLN and USD 70 per tonnage.

Legal basis for establishment BLU

Under Article 1 of GR 23/2005, BLU is an institution within the government formed to provide services to the community in the form of providing goods and/or services without prioritizing profit-oriented. Moreover, Article 3 of GR 23/2005 states clearly that BLU functions as a work unit of state ministries /institutions /regional government for administering public services and management is based on the delegated authority. Hence, the BLU structurally must be under the Minister of Energy and Mineral Resources considering that the BLU will act as an institution to achieve the goals of the Ministry of Energy and Mineral Resources.

Moreover, considering the tight deadlines necessary to establish BLU, the Ministry of Mineral and Resources has proposed to establish BLU by Presidential Regulation. Presidential Regulation will later become a regulation made by the President in the context of administering the government. While the House of Representatives urges the Minister of Energy and Mineral Resources to establish the BLU, all the implementing regulations are said has prepared and ready to be enacted.

Couple of concerned areas

Do state budget prepared to bear any shortage?

There is an impression (so far) that the state budget does not directly cover the funds required by the BLU to pay the balance invoice to the DMO supplier. However, there are vulnerabilities and risks of disruption for the collectability of the DMO compensation funds from the coal miners, and under this circumtance, BLU may have a cash flow issue which eventually might force the government to step in by allocating certain amount under the state budget to cover the expenses. The next question is whether the government has prepared a legal route to anticipate a situation where the government must use the state budget to help BLU overcome cash flow problems caused by payment disruption of the DMO compensation funds.

BLU discourse can trigger PLN electricity crisis volume two

Regarding the discourse on the formation of a BLU to collect coal fees, there are already visible impacts on this discourse. Based on the PLN report, coal suppliers prefer to hold back their supply to PLN rather than supply them directly. This is because the new suppliers want to send, after the BLU Coal is formed. So that the supply of PLN is getting smaller, which has the potential to cause the second PLN coal crisis

BLU will be "operational" only if the HBA price is more than USD70

Observing the modus operandi of the BLU, this institution (and also requirement to pay DMO compensation fund) may only be in operational status if the HBA price is higher than USD70 per metric tonne. If the HBA price equals to or less than USD70 and provided that the government does not lower the HBA price, there will be no requirement to pay or subsidize the price diference to the coal miniers supplying PLN. In this case, BLU operational activities are no longer needed. Taking into account this possibility (which is very likely that the price of coal at one time will be the same or even much lower than USD70), for budget efficiency, the Government needs to consider whether the BLU will be formed as an ad hoc institution that will function only when there is a significant increase in coal prices, or whether the BLU becomes a permanent institution which will exist at any time, of course with adjustments and (possibly) additions to the scope of work. C

Malaysia's TNB plans early closure of coal plants

Malaysia's largest electricity provider Tenaga Nasional Berhad, or TNB, has said it will fast track the closure of some of its coal plants, in a bid to accelerate transition into renewables.

The state-owned utility said it will start by closing a 1,400 MW coal plant in Selangor state, originally planned to retire in 2029, up to a year ahead of schedule. The plan is still pending approvals from shareholders and the government.

"TNB is very much in the driver's seat when it comes to delivering the nation's energy transition," said TNB president and chief executive officer Datuk Baharin Din as quoted by *eco-business.com*.

TNB has plans to reduce its emissions intensity by 35 percent and halve its coal generation capacity by 2035. The utility also wants to reach net-zero emissions by 2050.

"Malaysia historically has had no issues sourcing coal from Indonesia and even Australia. For the government to commit to closing this coal plant shows determination and also some planning to replace the power from this plant with renewable energy," commented Ghee Peh, an analyst at United States-based think tank Institute for Energy Economics and Financial Analysis.

TNB did not say how many coal plants in total it plans to close early. Malaysia currently has eight coal plants which can produce 12,000 MW of electricity. Last year, the country announced plans to cut over 4,000 MW of coal power capacity by 2039. Coal is the dominant fuel in Malaysia's energy mix, producing 43 percent of the country's power in 2019, eco-business.com said.

TNB supplies electricity across peninsular Malaysia, and has a majority stake in Sabah state's utility firm, Sabah Electricity, on Borneo Island. It also has investments in coal power infrastructure in India, and is part of plans for a new coal plant in Kalimantan, Indonesia.

TNB said that the clean energy market in Malaysia could grow to RM80 billion (US$18 billion), and that it plans to capture about RM40 billion (US$9 billion) of the revenue by 2050.

The utility said it will expand the development of solar, wind and energy storage infrastructure across Asia Pacific and Europe. It is aiming to install 14 GW of renewable energy capacity by 2050, up from about 3.5 GW today. It also wants to start fuelling a 1,400 MW gas plant in Malaysia with hydrogen by 2029.

TNB announced it will invest RM90 million (US$20.2 million) in electric vehicles over three years, to capture a RM1.3 billion (US$0.3 billion) slice of the market by 2030.

"The potential positive impact to both climate and the company's bottom-line makes the development of the EV ecosystem a clear priority for TNB," said Baharin.

CA | Ipunk AF

Batang coal power plant starts commissioning

The giant 2x1000 MW coal fired power plant project in Batang, Central Java Province, has entered its commissioning phase, IDX-listed coal firm PT Adaro Energy Indonesia Tbk (IDX: ADRO) on Monday.

"During this time, BPI has been conducting several tests in preparation for Commercial Operations Date (COD)," ADRO said. "In 2Q22, milestone activities such as 100 percent load rejection test were completed for both units during 2Q22, while construction reached 97.7 percent during the quarter from 97.4 percent at 1Q22," it added.

The giant power plant project is owned by PT Bhimasena Power Indonesia (BPI), a consortium of ADRO's power subsidiary PT Adaro Power (34 percent interest), Itochu (32 percent), and Electric Power Development Co., Ltd. (34 percent).

ADRO President Director Garibaldi Thohir said in April that the power plant was expected to start commercial operation (COD) at the end of this year, a delay from the original schedule of November 2020 due to the pandemic and request made by state electricity firm PT PLN amid much excess power supply in the Java region. C

Adaro

AirCarbon Exchange offsets emissions through to end 2023

AirCarbon Exchange (ACX), the world's first carbon negative exchange, has offset all its emissions through to the end of next year by retiring Verified Carbon Units (VCUs) from the Katingan Peatland Restoration and Conservation Project in Kalimantan.

The Exchange, which is revolutionizing the voluntary carbon markets by making them as easy to access and as low cost as possible, is demonstrating its commitment to the environment and leadership in the sector by offsetting all its emissions on a forward-looking basis through to end-2023.

ACX said it purchased and retired VCUs from the Katingan Peatland Restoration and Conservation Project, an ecosystem restoration initiative on a peat swamp forest in Central Kalimantan, Indonesia.

The project seeks to protect and restore 149,800 hectares of peatland ecosystems, to offer local people sustainable sources of income, and to tackle global climate change – all based on a solid business model.

In addition to storing vast amounts of CO2, the forest plays a vital role in stabilizing water flows, preventing devastating peat fires, enriching soil nutrients and providing clean water.

The offsets are used to cover the Exchange's emissions from 2021 through to December 2023.

In May 2021, ACX became the world's first carbon negative exchange, having offset its carbon emissions for the year ahead through the Onil Stoves Guatemala Uspantan project.

This latest retirement underscores ACX's commitment to remain carbon negative. "In addition to helping others achieve their carbon neutral goals, we are pleased to continue to lead by example and to do our part by offsetting our carbon footprint" said William Pazos, Managing Director and Co-Founder of ACX.

As part of the global carbon trading market, companies and individuals can offset the emissions they are unable to reduce by buying and retiring carbon offsets. These offsets are generated by verified projects designed to benefit the environment and reduce greenhouse gas emissions.

These projects must meet the strict criteria set by carbon registries like VERRA or Gold Standard and undergo strict verification and validation before offsets can be issued. Once these offsets are retired, they can no longer be traded or used. Interest and investment in carbon trading has surged in recent years following the emergence of new regional markets.

New mandatory emissions trading programs and growing pressure from consumers for businesses to become more carbon-neutral has driven companies to turn to the voluntary market for offsets. C

PTBA, Jasa Marga plan solar power project in Kalimantan

IDX-listed coal mining firm PT Bukit Asam Tbk (IDX: PTBA) and toll road operator PT Jasa Marga Tbk (IDX: JSMR) are finalizing plans to develop a solar power plant in Kalimantan.

This was said by Julismi, Vice President for Energy Development of PTBA at a webinar on energy transition as broadcast by Gatra TV YouTube channel. He said that details on the specific location and capacity of the proposed solar project were still being finalized.

Jasa Marga through subsidiary PT Jasamarga Balikpapan Samarinda currently operates a 99-km toll road linking Balikpapan and Samarinda cities in East Kalimantan Province.

Elsewhere, Julismi said that construction of a 400 kWp solar power plant at the Bali Mandara toll road in Bali is still in progress and is targeted to start operation at the end of October or early November this year. The project is developed by PTBA's subsidiary PT Bukit Energi Investama and Jasa Marga's subsidiary PT Jasamarga Bali Toll. The popular resort island of Bali will host the upcoming G20 Summit.

PTBA and Jasa Marga signed an MOU in February of this year for cooperation in developing solar power projects in toll roads operated by Jasa Marga. PTBA said that was part of the company's diversification strategy into renewables.

PLN supplies 35 MVA electricity to Gorontalo Mining

State electricity company PT PLN said it is ready to supply 35 megavolt ampere (MVA) of electricity capacity to PT Gorontalo Sejahtera Mining (GSM) to support the company's operation.

To realize the plan, PLN and GSM on Monday signed an electricity sales and purchase agreement (SPA).

Director for Business of PLN for Sulawesi, Maluku, Papua and Nusa Tenggara regions Adi Priyanto said the electricity SPA with GSM is part of PLN's commitment to support and stimulate the development of downstream mining industry in Indonesia.

Adi added that in the next two years (2023-2024), PLN will connect the electricity systems of North Sulawesi, Central Sulawesi and Gorontalo with the South Sulawesi Electricity System, which improve the reliability of electricity on the Sulawesi Island.

The current supply of electricity in North Sulawesi, especially Gorontalo, is 627.32 megawatts (MW). The peak load is at 425.11 MW and the power reserve is at 202.21 MW.

Therefore, PLN is ready to serve the needs of industrial customers and the general public.

CA | Khalsa

IBC to acquire majority stake in GESITS

State-owned Indonesia Battery Corporation (IBC) has signed a conditional sales and purchase agreement (CSPA) for the acquisition of a majority stake in Indonesian electric motorcycle maker GESITS.

This was said by Fuadi Arif Nasution, VP Business Planning & Portfolio of PT Pertamina Power Indonesia (PPI), at a discussion on clean energy transition last week as broadcast by Gatra TV YouTube channel. PPI owns a 25 percent stake in IBC.

Fuadi said that the acquisition of GESITS forms part of IBC's strategies to strengthen its role in the development of the EV ecosystem in Indonesia. No further details were provided.

GESITS and three other companies in February of this year made a joint commitment to collaborate in accelerating the development of an integrated EV ecosystem in the country.

The three are Electrum, which is a joint venture between IDX-listed energy company PT TBS Energi Utama Tbk (IDX: TOBA) and on-line transportation services provider Gojek; state-owned oil and gas firm PT Pertamina; and Taiwan's motorcycle maker Gogoro. C

Bayan explores diversification into renewables, DME

IDX-listed coal producer PT Bayan Resources Tbk (IDX: BYAN) said that the company is looking to enter the renewables sector as part of a business diversification strategy.

Director of Bayan Alexander Ery Wibowo said virtually that the company is still conducting studies on the potential of solar PV and geothermal power development.

"We are currently in the preparation stage to diversify (into) renewable energy. There are several options that we are currently studying, namely solar and geothermal energy," said Alexander without providing further details.

"In addition, we are also studying coal downstreaming in order to increase added value, which is the conversion of coal to DME (dimethyl ether)," he added.

Regarding the global energy transition drive, Alexander believes that the coal industry will continue to grow over the next ten years.

"For the future, we see that the company can still develop well. As we know, coal also supports the development of other industrial sectors, such as the fertilizer, cement, and smelter industries. We believe that in the next 5 to 10 years, our business can still run well, especially with the diversification efforts that we will make," Alexander concluded.

UNTR unit increases ownership in renewable energy company

IDX-listed heavy equipment and mining firm PT United Tractors Tbk (UNTR) through its renewables subsidiary PT Energia Prima Nusantara (EPN) has acquired an additional stake in IDX-listed renewable energy company PT Arkora Hydro Tbk (IDX: ARKO).

President Director of ARKO, Aldo Henry Artoko was quoted by news portal bisnis.com as saying that EPN has signed a conditional sale and purchase agreement (CSPA) with ACEI Singapore for the acquisition of 21.61 percent stake in ARKO.

"The total transaction (value) is Rp 176.5 billion," he said, adding that this share acquisition will increase UNTR's stake in ARKO to 31.49 percent.

UNTR is part of the well-diversified Astra Group. Aldo said that the increase in UNTR's ownership in ARKO will help the company realize its expansion plans including the development of renewable-based power plant projects, each with a capacity of more than 25 MW.

Aldo said that ARKO currently operates renewable-based power plants with combined capacity of 17.4 MW, and is currently developing new hydro power projects with a total capacity of 15.4 MW. The company also plans to develop more renewable projects in the next 3-4 years with a combined capacity of 50 MW.

ARKO listed its shares on the Indonesia Stock Exchange in July of this year following initial public offering. According to a previous report, the company among others operates the Cikopo-2 hydro power plant in Garut, West Java with a capacity of 7.4 MW and Tomasa 2x5MW hydro power plant in South Sulawesi. Two hydro projects are currently in construction namely Yaentu 2x5MW in Poso, Central Sulawesi, with commercial operation date (COD) expected in early 2023 and Kukusan-2 hydro plant in Lampung with capacity of 5.4 MW, with COD expected late 2024. C

NEW RELEASE

GOVERNMENT REGULATION NO. 96 OF 2021

REGARDING THE IMPLEMENTATION OF MINERAL AND COAL MINING BUSINESS

The Government has recently issued Government Regulation No. 96 Year 2021 regarding the Implementation of Mineral and Coal Mining Business (GR 96/2021). This new regulation includes several provisions which are considered significant changes from the previous regulation issued in 2010 and its amendments. It enacts a new licensing scheme for mining business activities and overhauls the divestment obligation for foreign investment companies holding a mining business license. Additionally, GR 96/2021 also introduces an additional requirement for using a mining service (IUJP) holder that is a foreign direct investment company. The new regulation also emphasizes a subcontracting scheme for IUJP activities, in which IUJP holder may grant some part of its work to other parties on the condition that it prioritizes local contractors.

This publication is aimed at disseminating information regarding the new mining regulation to the international community as well as for investors wishing to get involved in Indonesian mining sector. The content is presented in dual language with Bahasa Indonesia and English versions appearing side-by-side on each page.

Book Specification

Format : Softcover
Size : A4 (210 X 297 Mm)
Pages : 170 (approx.)
Printing: Black & White
Price : Rp 5,500,000
Release : November 2021
Code : PPM01H

Further Information

Phone : +62-21-2245-8787
marketing@petromindo.com

Petromindo.Com
INDONESIAN OIL, MINING AND ENERGY NEWS

Vale ties up with two Chinese firms to build nickel smelter

IDX-listed nickel producer PT Vale Indonesia Tbk (IDX:INCO) has tied up with China Baou Steel Group and Shandong Xinhai Technology of China to develop a smelter nickel project, to be located in Bahodopi sub-district, Morowali regency, Central Sulawesi province.

"The estimated capex (capital expenditure) will be around US$2.1 billion to develop the smelter plant," said President Director of PT Vale Indonesia Febriany Eddy at the signing ceremony over the joint smelter project in Jakarta.

The nickel smelter project will have the capacity to produce 73,000-80,000 metric tons of nickel per year. The smelter project construction is expected to be completed in 2025.

Febriany Eddy said the Indonesian government has included the Bahodapi smelter project a National Strategic Project (PSN). This means that the project is considered strategic in lifting and stimulating economic growth, both on a regional and national scale.

Director of PT Vale Indonesia Bernandus Irmanto added the nickel smelter plant will produce low carbon as it will be powered by LNG power plant. He claimed that the project will be the first smelter plant in Indonesia to be powered by LNG.

Irmanto noted that Vale will own a 49 percent stake in the smelter project, while the balance will be owned by its two partners.

The smelter plant will produce ferronickel (FeNi) products, which will be used as raw materials for making stainless steel.

During the first five years after commercial operation starts, 100 percent of the ferronickel products will be taken by Vale's partners for export. Meanwhile, after five years, Vale will get 49 percent of the total ferronickel products produced.

Canadian firm to acquire stake in ALMI

IDX-listed aluminum products manufacturer PT Alumindo Light Metal Industry Tbk (IDX: ALMI) said Canada's Sinobec Group will invest up to US$15 million in the company through gradual acquisition of 20 percent shares within a two-year period.

ALMI said in a statement that the two companies had on 31 August signed a cooperation agreement on investment and expansion of ALMI's overseas markets.

"The funds will be used for the modernization and repair of the company's equipment and working capital, as well as expanding global market access, especially in the United States and Europe. With this collaboration, it is hoped that the company can gradually make improvements internally and develop further in the global market as well as the domestic market and record even better performance growth," said, which is part of the Maspion Group.

"The entire investment process will be carried out in accordance with OJK (Financial Services Authority) regulations and applicable laws and regulations, including decision making by shareholders at the EGMS (extraordinary general meeting of shareholders)," it added. ALMI said previously it planned to expand production capacity by 50 percent in 2023. C

Vale Indonesia

Merdeka

Merdeka Tsingshan to receive new loan worth up to $260m

PT Merdeka Tsingshan Indonesia (MTI), an indirect subsidiary of IDX-listed gold and copper mining firm PT Merdeka Copper Gold Tbk (IDX: MDKA), will receive a loan worth up to US$260 million to be among others used for loan repayment.

Merdeka said in a filing to the Indonesia Stock Exchange that the company and MTI had signed the Agreement and other supporting documents with, among others, Original Facility A Lenders on 31 August, under which MTI will receive loan from Original Facility A Lenders with commitment value up to US$260 million.

The company said that the loan will be used to repay MTI's loan to Merdeka; finance capital expenditure, construction costs, and operating costs of the Acid Iron Metal and other related projects to be developed by MTI (the project); payment of interest, fees, and expenses related to the facility during the construction phase of the project; finance any general funding requirements of MTI ("Facility A Transaction").

Merdeka Copper controls 80 percent of MTI through its wholly-owned subsidiary PT Batutua Pelita Investama. The remaining 20 percent of MTI is held by Wealthy Source Holding Limited.

Furthermore, according to the Agreement, Merdeka said it has also granted each of the Original Facility A Lenders an irrevocable put option ("Put Option") which obliges the company to purchase some part or the whole outstanding participation of the Original Facility A Lenders as stipulated in the Capex Facility Agreement.

The Put Option can only be exercised in a certain period by complying with the provision regarding submission of the exercise notice by the Original Facility A Lenders to the company and other conditions as stipulated in the Agreement, so that in the event of the Put Option being exercised, the company will become MTI's creditor as the facility B lender based on the Capex Facility Agreement for each portion of loan being the object of the Put Option. ("Facility B Transaction", which hereinafter together with Facility A Transaction will be referred to as "Transaction").

The Transaction is conducted in order for the Company to replace the position of Original Facility A Lenders for some or whole part of the commitment of MTI in accordance with the Capex Facility Agreement and provide assurance to the Original Facility A Lenders to grant loans based on the Capex Facility Agreement ("Purpose of the Transaction").

In accordance with the provisions of Article 6 paragraph (1) of OJK Regulation 17/2020, the Facility B Transaction is a material and an affiliated transaction that is required to use an appraiser in determining the fairness of the Transaction in which the disclosure of information of the Transaction must be announced to the public and notified to the OJK.

The company has received a fair result for the Transaction in accordance with the Appraisal Report from the KJPP No. 00323/2.0118-00/BS/02/0596/1/VIII/2022 dated 22 August 2022 on the Fairness Opinion Report on the Proposed Put Option for Outstanding Receivables of PT Merdeka Tsingshan Indonesia from The Financial Institutions and PT Bank UOB Indonesia by PT Merdeka Copper Gold Tbk ("Appraisal Report").

Meanwhile, in relation to Facility A Transaction based on the Capex Facility Agreement, in accordance with the provisions of Article 11 paragraph (b) of OJK Regulation 17/2020, the Transaction is a material transaction which is a loan transaction received directly from the bank so it is not required to use an appraiser in determining the fairness of the Transaction but it shall be announced to the public and reported to the OJK in accordance with the provisions of Article 6 paragraph (1) letter (b) and (c) of OJK Regulation 17/2020. C


PT Timah

Timah seeks partner for commercial-scale rare earth metals project

IDX-listed tin giant PT Timah Tbk (IDX: TINS) is seeking a partner to help develop a rare earth metals processing plant on a commercial scale.

Timah Corporate Secretary, Abdullah Umar, was quoted by kontan.co.id as saying that in the company's offshore and onshore tin mining operations, associated miners were found such as ilmenite, senotim, monazite, rutile, zircon and several other minerals.

One of the common minerals found in tin mining is monazite, which is a strategic mineral for the production of rare earth metals. "To create added value for the company through the industrialization of rare earth metals on a commercial scale, PT Timah is looking for strategic partners, especially to (provide) the technology and construction of the plant," he said.

Abdullah said that as the company has yet to secure the required technology, Timah is currently storing the associated minerals in the stockpile for later processing.

Timah's President Director Achmad Ardianto said that from 1 ton of tin ore there is about 0.59 percent of monazite content. The company is estimated to have monazite reserves of about 23,500 tons. Once the monazite content is detected, the next step is to determine the right technology to ensure that monazite can be perfectly extracted and sold to end users.

The problem is that the current technology in the world is only economical for a production capacity of 4,000 tons a year, while Timah, which has 23,500 tons of monazite reserves, is looking for a technology with a capacity of 1,000 tons per year.

"We have engaged with several companies because there are many who are interested in collaborating with PT Timah. We cooperate with … Canadian Rare Earth, who is interested, and then there are also Chinese companies who are interested, but basically we haven't got the technology that can process 1,000 tons per year," Achmad said.

Apart from the technology aspect, Timah must also ensure that end users of the product exist so that this business has commercial certainty. Achmad emphasized that the end user does not have to be a private company, but also the government for the development of the defense industry, aviation and others.

Considering that tin's associated minerals such as monazite contain radioactive materials (uranium and thorium), Achmad asserted, the processing must be extra careful.

STAL Ecopark appoints EPC contractor of nickel processing plant project

PT STAL Ecopark Pratama (part of Trinitan Green Energy Metals) has appointed a consortium of IDX-listed engineering and construction firm PT Wijaya Karya (Persero) Tbk and PT Enviromate Technology International as the EPC contractor for the development of an ecosystem model for nickel processing and refinery using a Step Temperature Acid Leach (STAL) Technology at the STALL ONE Ecopark in Citeureup, West Java Province.

Trinitan Green said in a statement that an agreement on the cooperation was signed on 19 August by Widodo Sucipto as President Director of PT STAL Ecopark Pratama (SEP), Harum Akhmad Zuhdi as Director of Operations II of PT Wijaya Karya, and Suriyanto as President Director of PT Enviromate Technology International.

Trinitan Green Energy previously said it was planning to build a Class 1 nickel (battery grade nickel) processing area, which carries the concept of an integrated eco industrial park, at the Special Economic Zone (SEZ) in Sorong, West Papua.

According to Widodo, the STAL One Ecopark in Citeureup will later become an ecosystem model of the project that will be built in Sorong. "The STAL One Ecopark will be the pioneer of IGNITE Ecopark (in Sorong), but it will only operate 1 STAL module. So it's not a pilot plant anymore, but it will be an ecosystem model on an industrial scale. In addition, we will also build an R&D facility there," Widodo was quoted as saying, but did not provide details. C

Timah H1 net profit surges 301% YoY on higher tin prices

IDX-listed state controlled tin producer PT Timah Tbk (IDX:TINS) recorded a solid financial performance in the first semester (H1) of 2022 as shown in its topline and bottomline performance, driven by stronger tin prices in the global market.

In the six months to June period, the company recorded net profit of Rp1.08 trillion, surged 301 percent from the same period last year (YoY) of Rp270 billion. The increase was in line with the sharp increase in revenues to Rp7.48 trillion from Rp5.87 billion YoY, or rose 27 percent. The increase in revenues was supported by higher refined tin selling prices during the period, with an average price of US$41,110 Mton.

Its operating profit increased 127 percent to Rp1.43 trillion from Rp630 billion in H1 2021. The improvement in the company's profitability can also be seen from the increase in EBITDA (earnings before interest, tax, depreciation and amortization) by 82 percent to Rp1.9 trillion compared to Rp1 trillion in H1 2021.

The company's assets' value in the period stood at Rp14.4 trillion or decreased by 2 percent compared to the end of 2021 amounted to Rp14.7 trillion. Its liabilities stood at Rp7.3 trillion, decreased by 13 percent compared to the year-end of Rp8.4 trillion, while its equities increased by 12 percent to Rp7.1 trillion compared to Rp6.3 trillion at the end of 2021.

The company's cash and cash equivalents increased by 51 percent to Rp1.9 trillion from the same period last year of Rp1.3 trillion. Bank loans and bonds payable in H1 2022 fell significantly to Rp3.6 trillion from Rp5.1 trillion previously.

The company's solid financial performance in the period can also be seen from several ratios such as the Quick Ratio of 43 percent, Current Ratio of 157 percent, Gross Profit Margin of 26 percent, Net Profit Margin of 14 percent, Debt to Asset Ratio of 25 percent, and Debt to Equity Ratio of 52 percent.

"To sustain performance growth, TINS has to push the subsidiaries' performance. Contribution of non-tin mining segment subsidiaries in 2022 is expected to increase to 28 percent in 2022 to the company's consolidated net profit," said Director of Finance and Risk Management of PT TIMAH, Fina Eliani.

Operation performance

The company said its tin ore production in H1 2022 was recorded at 9,901 tons or decreased by 14 percent compared to the same period last year of 11,457 tons. Of this amount, 39 percent or 3,829 tons was from onshore mining, while the remaining 61 percent or 6,072 tons was from offshore mining.

Its tin production in H1 2022 decreased by 26 percent to 8,805 Mton from 11,915 Mton in H1 2021.

Meanwhile, refined tin sales were recorded at 9,942 Mton or decreased by 21 percent compared to 12,523 Mton in H1 2021. The lower production was, however, offset by the sharp increase in tin prices. The company's average selling price (AVP) of refined tin in H1 2022 stood at US$41,110 per Mton, increased sharply by 48 percent compared to $27,858 per Mton in H1 2021. C

Antam

CA | Ipunk AF

EWC eyeing to sell LNG to smelters

ASX-listed firm Energy World Corporation (EWC) is eyeing nickel smelters that are being developed in the eastern part of Indonesia as potential customers for its LNG production from its project in South Sulawesi.

The company said in its Preliminary Final Report released on Wednesday that around 20 smelters are currently being developed, the first of which are due to come on-line in 2024.

"Whilst the demand for grid power is therefore expected to grow and will be fueled by a combination of renewable sources, gas will have an important role to play in the provision of base load power. Further, significantly, many of these smelters are off-grid and will need new power plants built to supply electricity. These will mostly require LNG as part of their fuel mix. Accordingly, it is widely anticipated the local LNG market will quickly develop and EWC is perfectly positioned with its PSC interest and mostly built LNG facility to play a part," the company said.

"We are in discussions and negotiations with various regional distributors and end users to supply them with LNG and will update the market with any significant developments," it added without giving further details.

EWC is in the advanced stage of constructing a 2MTPA of modular LNG plant in its Sengkang PSC onshore South Sulawesi. The company has yet to secure firm buyers for its LNG production.

PLN to supply renewable electricity to Bintan Alumina

State-owned electricity firm PT PLN will supply electricity PT Bintan Alumina Indonesia (BAI), which operates an alumina refinery at the Galang Batang Special Economic Zone (SEZ) in Bintan, Riau Islands Province, to support the company's expansion plan.

PLN and BAI signed an MOU regarding the power supply. PLN said in a statement that it will prioritize the supply of renewable energy to BAI as Sumatra has huge potential for renewables.

PLN Director of Business for Sumatra and Kalimantan Region, Adi Lukmakso said in the statement that the utility will supply electricity to BAI through to 2050 in stages. As much as 300 MW of electricity will be supplied in 2026, 500 MW in 2027, and 1,300 MW in 2029-2050.

"Currently, PLN's electricity supply for the Sumatra region is already more than sufficient with a power surplus of 1,710 MW. As the capacity of new and renewable-based power plants increases in 2026, there will be enough power available that can be absorbed by the mining (industry players) in Sumatra," explained Adi.

President Director of BAI Santoni welcomed the signing of the MOU as it will help support BAI which plans to develop an aluminum smelter with production capacity of 250,000 tons per year.

"This cooperation will be mutually beneficial. The aluminum industry and its derivatives require a large amount of electrical energy. Especially for the Galang Batang SEZ, we will need 2,850 MW in the near future," said Santoni in the statement.

Santoni said that regarding power supply, BAI will follow government regulations to use new and renewable-based electricity. So, according to him, the MOU with PLN is an alternative for the provision of renewables for BAI.

"Hopefully, through this MOU, PLN can provide reliable and economical electricity supply. Hopefully the realization of this collaboration can build a productive smelter for the downstream industry of aluminum derivatives and various other industries that will be present in the Galang Batang SEZ," explained Santoni.

PLN said that until July 2022, PLN's new and renewable energy mix for the Sumatra region is 27.94 percent or equivalent to 2,427 MW, of which hydro power accounts for the majority. C

Cita Mineral H1 net profit increases 35.89%

IDX-listed Kalimantan-based bauxite miner PT Cita Mineral Investindo Tbk (IDX:CITA) recorded a solid financial performance in the first semester (H1) 2022 as shown in its topline and bottomline results.

In the period, the company recorded a net profit attributable to the parent entity of Rp470.96 billion, surging 35.89 percent from the same period last year of Rp346.57 billion.

The increase was in line with the significant increase in revenues, which rose 22.02 percent to Rp2.65 trillion in the first half of 2022 from Rp2.18 trillion in H1 2021.

The company said the revenues were contributed by sales to related parties, namely PT Well Harvest Winning Alumina Refinery and Glencore International AG, and third parties.

Its sales to Well Harvest in the period reached Rp773.97 billion, up from Rp228.39 billion in H1 2021, while sales to Glencore rose to Rp472.03 billion from Rp193.031 billion in H1 2021.

The sales to the related parties represent 47.09 percent to the total revenues of Rp2.65 trillion, compared to 19.33 percent in H1 2021. The remaining revenues came from sales to third parties.

Its costs of goods sold (direct costs) reached Rp1.61 trillion, up from Rp1.17 trillion in the previous year. Therefore, its gross profit edged up to Rp1.04 trillion from Rp1.01 trillion in the previous year.

Its pre-tax profit was Rp470.45 billion, up 25.6 percent from Rp374.57 billion in the previous year.

The company mainly engages in mining and quarrying metal ores. The company is currently engaged in bauxite mining and production of Metallurgical Grade Bauxite (MGB). It also develops and operates Smelter Grade Alumina (SGA) through its associate entity PT Well Harvest Winning Alumina Refinery

Bumi Resources Minerals H1 net profit rises by 8%

IDX-listed mining company PT Bumi Resources Minerals Tbk (IDX:BRMS) reported an improved financial performance in the first semester (H1) of 2022 as shown in its bottomline result.

The company managed to record net profit, although its revenues were slightly down due to lower revenues from mining advisory. In the period, the company recorded net profit of US$3.91 million, up 8 percent from $3.63 million in the same period last year.

Its total revenues reached $5.54 million, 9.5-percent lower compared to the same period last year of $6.12 million. The revenues consisted of revenue from gold sales, which reached $4.89 million, up from 3.52 million in the same period last year, while revenue from mining advisory reached $650,000, down from $2.6 million in the same period last year.

Its gross profit reached $3.12 million, lower from $4.71 million in the same period last year. This also resulted in lower operating profit to $804,968 compared to $1.59 million in the same period last year.

”Our improved financial result in H1 2022 is driven by our gold production increase. We look forward to the construction completion of our second gold plant with the capacity to process up to 4,000 tons ore per day in Palu,” Agus Projosasmito, BRMS’ President Director & CEO, said.

“We hope to increase our gold production from the new plant in Palu in Q4 2022,” he said. C

	1H 2021	1Q 2022	1H 2022
Revenues from sale of gold	$ 3,522,370	$ 2,464,477	$ 4,889,746
Revenues from mining advisory	$ 2,600,000	$ 500,000	$ 650,000
Total revenues	$ 6,122,370	$ 2,964,477	$ 5,539,746
Net income	$ 3,632,548	$ 1,908,010	$ 3,911,038
Net profit margin*	0.59	0.64	0.71
	FY 2021	**1Q 2022**	**1H 2022**
3rd party loan	$ 45,878,500	$ 45,147,250	$ 44,416,000
Equity	$ 879,628,458	$ 942,417,805	$ 944,746,828
Debt to equity ratio**	0.05	0.05	0.05
	1H 2021	**1Q 2022**	**1H 2022**
Gold production	61 Kg	41 kg	82 Kg

Asiamet considers renewables option for BKM copper smelter project

UK-listed copper mining firm Asiamet Resources Limited said that while diesel power generation remains a base case option, with lower Capex and higher Opex, for its proposed BKM copper smelter project in Indonesia's Central Kalimantan Province, renewable energy options (biomass, solar) have been proposed and being considered.

Asiamet said in a statement that the BKM project requires 15-20 MW of base load power.

The company said that its feasibility study (FS) team is continuing to investigate lower cost options for delivery of power to the BKM project site. "Power is the major 'consumable' and achieving lowest cost delivers higher return," it said.

The company said that the situation with respect to grid power in Central Kalimantan has improved over the last 3 years. The company said it is engaging with state-owned electricity company PLN via MoU to explore options available to supply grid power for the BKM project.

"Renewable energy options (biomass, solar) have been proposed and being considered," Asiamet said.

The company said its focus over the coming months will be to update the BKM Feasibility Study including all technical work streams and economic outcomes, including an update of the financial model for the project.

As part of the BKM Feasibility Study update, the study team is reviewing key elements of the project including logistics and power sourcing which includes the potential for the inclusion of renewable energy. "The update of the BKM Feasibility Study is anticipated to be completed before the end of the year."

Asiamet said in June that it had initiated discussions to develop a modular on-site gas turbine power plant for the BKM copper smelter project.

Asiamet is planning to invest US$223.4 million to develop the BKM copper project, which will have the capacity to produce 20,000-25,000 tons per year of LME Grade-A copper cathode for at least 9 years. The company plans to start production as early as late 2023. According to Asiamet, power costs are expected to take up to 20 percent of overall costs.

Asiamet

Kingsrose extends Way Linggo process deed

ASX-listed gold mining firm Kingsrose Mining Limited announced that the termination date of the process deed in relation to the sale of its Way Linggo gold concession in Lampung Province to Indonesian firm PT Kreasi Cemerlang Lestari (KCL) has been extended.

"The company confirms that the parties to the process deed are continuing to progress the formal transaction documents in respect of the sale of the company's Way Linggo project," Kingsrose said in a statement.

"The parties have agreed to extend the termination date, and thus the exclusivity period, under the process deed to 29 September 2022 to provide for additional time to agree the terms of the formal transaction documents," it added.

The company said it will keep the market informed of any material developments in accordance with its continuous disclosure requirements and shareholders are reminded that there is no certainty that formal transaction documents will be agreed with KCL nor that any transaction will complete.

Kingsrose and KCL signed the process deed on 1 July 2022. According to Kingsrose, KCL is an experienced Indonesian investment holding company with an investment in a gold mining company that has been operating in Central Kalimantan. C

Inalum

Antam to develop Buli Serani nickel concession to support battery projects

IDX-listed mining firm PT Aneka Tambang Tbk or Antam (IDX: ANTM) is looking to develop the Buli Serani nickel concession in East Halmahera, North Maluku Province, to support its joint venture integrated EV battery projects.

The Buli Serani mining business license (IUP) will be divided into three blocks, said Dolok Robert Silaban, Director of Business Development of Antam at the Indonesia Explorers Developers Collegium 2022.

‘’The Buli Serani IUP contains more than 1 billion tons of nickel ore, saprolite, and limonite. This area will be divided into three blocks for the EV battery projects, namely, block 1 with an area of 14,421 ha covering North Sangaji and Tanjung Buli; block 2 with an area of 3,648 ha covering Pakal Island and Gee Island; and block 3 covering an area 20,763 ha including South Sangaji, Southeast Sangaji, and Moronopo,” he explained.

He said that the state-controlled mining company has proposed the nickel mine development plans to the Ministry of Energy and Mineral Resources and Ministry of State Owned Enterprises for approval.

Dolok said that nickel resources in Buli Serani are very abundant and are expected to produce 30-40 million tons of nickel product per year in the future.

“In North Maluku the nickel resources there (are estimated at) around 1 billion wmt, but now it is only being utilized by 10 million tons annually,” said Dolok.

In his presentation, Dolok said that the joint venture (JV) integrated EV battery project with China’s Ningbo Contemporary Brunp Lygend Co., Ltd will require 300 Mwmt of saprolite supply with a nickel content of 1.8 percent Ni (for 25 years with the annual requirement of 12 Mwmt of saprolite).

For the JV project between Antam and LG, the demand for saprolite is projected at 250 Mwmt with 1.8 percent Ni content (25 years with the requirement of 10 Mwmt of saprolite per year).

Inalum plans second alumina smelter in 2027

State-owned aluminum maker PT Indonesia Asahan Aluminium (Inalum), which is currently developing its first alumina smelter in Mempawah, West Kalimantan, plans a second plant that will double its alumina production capacity to 2 million tons per year by 2027.

Executive Director of Business Development of Inalum, Oktavianus Tarigan said that the company is partnering with state-controlled mining firm PT Aneka Tambang Tbk (Antam) in the Mempawah alumina smelter project.

He said that the first phase of the project, with installed annual production capacity of 1 million tons of alumina, is now expected to start operation in 2025, a delay from the original plan of 2023, while the second phase, with the same production capacity, is projected to start operation in 2027.

“Inalum and Antam are (currently) building an (alumina) refinery in West Kalimantan to produce 1 million tons (of alumina) per year (starting) in 2025. The next stage (will double annual production capacity to) 2 million tons in 2027,” he said.

Inalum currently operates an aluminum plant in Kuala Tanjung, North Sumatra Province. The company is upgrading and expanding the production capacity of the aluminum plant.

Indonesia currently relies on imported alumina for the production of aluminum. Several new alumina refinery projects are currently under construction as the government plans to start export ban of bauxite ores in a bid to generate greater value from the commodity and develop domestic downstream industries.

Octavianus said that the required bauxite ore for the Mempawah alumina refinery will be supplied by Antam. Both Antam and Inalum are part of the state-owned mining holding company MIND ID.

“For this development plan, we have synergized with Antam, to ensure that our bauxite reserves are sufficient. Bauxite requirements for our development plan are approximately 6 million tons,” said Oktavianus. C

Inalum eyes renewables to operate future new smelters

State-owned aluminum maker PT Inalum (Persero) plans to use renewable-based electricity to run its future new smelters to reduce emissions.

This was said by Oktavianus Tarigan, Executive Director of Business Development of Inalum at the Indonesia's Explorer-Developer Collegium (IEDC) 2022.

"We see the potential of using renewable energy to operate our smelter facilities in the future," Oktavianus told Petromindo.com.

But he said that the alumina refinery in Mempawah, West Kalimantan Province, which is currently under construction, for the time being will use coal as a source of energy because it is cheaper and relatively easier to obtain.

"But currently, we plan to utilize a 150 MW coal power plant to operate our alumina refinery in West Kalimantan with a capacity of 1 million metric tons per annum," he said.

Based on his presentation, the Smelter Grade Alumina Refinery (SGAR) in Mempawah, will be inaugurated in 2025, a delay from the original plan of July 2023. The government plans to start an export ban of washed bauxite in June 2023.

The SGAR project is jointly owned by Inalum and state-controlled mining firm PT Antam Tbk, both of which are part of the state-owned mining holding company MIND ID along with state-controlled coal miner PTBA Tbk and tin miner PT Timah Tbk.

Inalum currently operates an aluminum plant in North Sumatra, supported by two hydro power plants. The company is seeking to expand the capacity of this aluminum plant, which will require greater power supply. The company said last year it had been engaged in talks with state electricity firm PT PLN and other firms for potential acquisition of new hydro plants.

Inalum is also looking at developing new smelters in Kalimantan and Papua as part of future expansion strategy that will require power supply.

"We are also exploring the potential for electricity (supply) for our development plans in Kalimantan and Papua. There have been initial talks with PLN regarding our plans," Oktavianus said.

Silkroad Nickel

Silkroad reports soaring nickel ore sales

Singapore-listed nickel miner Silkroad Nickel Limited reported that during the first half of 2022, it sold 448,000 wmt of nickel ore from its mine in Central Sulawesi, generating revenue of US$22.7 million.

The figure was a significant increase compared to last year's same period sales of 159,000 wmt of nickel ore with revenue of $5.9 million. The company recorded profit after tax of $4.2 million for 1H2022 versus $0.5 million for 1H2021. The company operates a nickel mine in Morowali regency through its 99 percent-owned subsidiary PT Anugrah Tambang Sejahtra.

The company also reported it continued to assess and discuss with various financing and operating partners on the feasibility and financing of the smelter facilities in Sulawesi.

The company is reportedly planning to develop a 4x36 MVA RKEF nickel smelter in Palu industrial estate in Central Sulawesi . The smelter will require nickel ore supply of 3 million wmt per year. The project will produce 280,000 tons of ferronickel annually. C

PLN supplies 35 MVA electricity to Gorontalo Mining

State electricity company PT PLN said it is ready to supply 35 megavolt ampere (MVA) of electricity capacity to PT Gorontalo Sejahtera Mining (GSM) to support the company's operation.

To realize the plan, PLN and GSM on Monday signed an electricity sales and purchase agreement (SPA).

Director for Business of PLN for Sulawesi, Maluku, Papua and Nusa Tenggara regions Adi Priyanto said the electricity SPA with GSM is part of PLN's commitment to support and stimulate the development of downstream mining industry in Indonesia.

Adi added that in the next two years (2023-2024), PLN will connect the electricity systems of North Sulawesi, Central Sulawesi and Gorontalo with the South Sulawesi Electricity System, which improve the reliability of electricity on the Sulawesi Island.

The current supply of electricity in North Sulawesi, especially Gorontalo, is 627.32 megawatts (MW). The peak load is at 425.11 MW and the power reserve is at 202.21 MW. Therefore, PLN is ready to serve the needs of industrial customers and the general public.

Tesla signs $5b deal to buy battery materials from RI smelters

U.S. EV maker Tesla has signed contracts worth about US$5 billion (Rp 74.5 trillion) to buy materials for batteries from nickel smelters in Indonesia. This was revealed by Coordinating Minister for Investment and Maritime Affairs Luhut B. Pandjaitan in an interview with CNBC Indonesia broadcast.

He said Tesla has signed a five-year contract with nickel processing companies operating in Morowali, Central Sulawesi. The nickel materials will be used in Tesla's lithium batteries.

"We are still in constant negotiation with Tesla ... but they have started buying two excellent products from Indonesia," Luhut said in the interview.

He added that the Indonesian government has been continuing efforts to lure Tesla to set up a production facility in Indonesia, to help accelerate the country's ambition of turning into a regional EV hub. Indonesia holds the world's largest nickel reserves.

Luhut said that he was scheduled to meet visiting Tesla officials on Monday as part of the continuing negotiation process, but could not reveal the content of the talks.

President Joko Widodo met with Tesla founder Elon Musk earlier this year to lure Tesla to invest in Indonesia.

PLN

Antam, CNGR sign HoA for nickel smelter project

IDX-listed mining firm PT Aneka Tambang Tbk or Antam (IDX: ANTM) signed a heads of agreement (HoA) with China's CNGR Co Ltd to develop a nickel matte smelter.

Antam said in a statement that the planned smelter will utilize the oxygen-enriched side-blown furnace (OESBF) technology to process laterite ores into nickel matte, which can be further processed into materials for EV battery.

It added that the smelter will have installed production capacity of 80,000 tons of nickel in matte per year. The project will use renewable electricity to reduce carbon emissions.

"Regarding the nickel downstream project, Antam is currently focusing on developing the EV battery ecosystem business. We really appreciate CNGR's intention to cooperate in the development of downstream nickel production facility. We understand that CNGR is a potential strategic partner for Antam because it has advanced technology experience in nickel processing and has good corporate business performance," Antam President Director Nico Kanter said in the statement, without providing further details. C

Nickel Industries

Nickel Industries raised fresh funds for Oracle nickel project

ASX-listed nickel miner and refiner Nickel Industries Limited (formerly Nickel Mines Limited) announced on Monday the execution of binding agreements for the issuance of US$225 million of senior secured notes, which carries an interest rate of 10.0 percent. The Notes will mature in August 2025.

The proceeds from the Notes will, along with the company's cash reserves and future earnings from existing operations, be applied towards the remaining payment obligations for the Oracle Nickel Project (Oracle Nickel).

Oracle Nickel comprises four rotary kiln electric furnace (RKEF) lines with a nameplate production capacity of 36,000 tonnes of equivalent contained nickel in nickel pig iron and a dedicated 380MW power plant within the Indonesia Morowali Industrial Park (IMIP) in Central Sulawesi province.

The first RKEF line at Oracle Nickel is expected to commence commissioning in October 2022, well ahead of the contracted February 2023 project delivery date.

Oracle Nickel, like the Angel Nickel Project (Angel Nickel), is expected to transform the company's nickel production profile, resulting in a combined nameplate capacity in excess of 100,000 tonnes (of nickel in NPI), as illustrated below, Nickel Industries Ltd said.

As with Angel Nickel, NPI production from Oracle Nickel's RKEF lines will run at less than 100 percent of the 36,000 tonnes of nickel metal production nameplate capacity per annum during its commissioning phase, depending on power availability whilst construction of Oracle Nickel's dedicated power plant is completed.

Importantly, by having its own power source, Oracle Nickel's 4 RKEF lines are expected to benefit from a saving of approximately 20 percent on electricity charges.

The completion of the issuance of the Notes, expected during August 2022, leaves the company well positioned to complete the acquisition and ramp-up of Oracle Nickel.

Commenting on the issuance, Nickel Industries' Managing Director Justin Werner said the issuance of the Notes will position the company to increase its ownership interest in Oracle to 70 percent and meet its payment obligations to Shanghai Decent for the transaction.

"The early commissioning of the Angel RKEF lines and now the Oracle RKEF lines (expected to commence commissioning in October) has allowed us to significantly bring forward nickel production. Once again, we commend our trusted partner and largest shareholder, Shanghai Decent, for this remarkable achievement," Justin Werner said.

The company will soon have 12 RKEF lines in operation and approximately 100kt of attributable nickel production, placing us comfortably amongst the top-10 global producers and arguably the largest listed pure-play nickel exposure globally." C

Adaro to start construction of aluminum plant end of 2022

PT Adaro Aluminium Indonesia, a subsidiary of IDX-listed PT Adaro Minerals Indonesia Tbk (IDX: ADMR), is expected to start construction of its aluminum plant project in North Kalimantan at the end of this year.

ADMR Director Wito Krisnahadi said that more detailed planning is still in progress and that the company is also looking for an experienced overseas partner to help develop the aluminum plant project.

"(We're) trying to get with a partner from abroad who already has a track record, experience, latest technology and thorough knowledge in the aluminum industry," said Wito to Kontan, but did not disclose details.

ADMR is the metallurgical coal subsidiary of IDX-listed coal mining firm PT Adaro Energy Indonesia Tbk (IDX: ADRO).

He said that construction of the aluminum plant that will produce aluminum ingots or aluminum sheets is targeted to be completed in 24 months.

"For the target market, it is planned to focus on the domestic market in order to reduce Indonesia's dependence on aluminum imports, and the rest is planned to be exported," said Wito.

ADRO President Director Garibaldi Thohir said in March that the company has allocated US$800 million for the aluminum plant project, and added that the company was seeking a partner from China.

PT Vale has yet to get certainty of LNG supply for ferronickel smelter

IDX-listed integrated nickel mining firm PT Vale Indonesia Tbk (IDX: INCO) has been engaged in talks with upstream oil and gas authority SKK Migas over LNG supply for its planned ferronickel smelter in Bahodopi, Central Sulawesi Province, but has yet to get certainty of supply.

PT Vale CEO Febriany Eddy said that the company wants to prioritize LNG supply from domestic sources to fuel the gas power plant at the Bahodopi nickel smelter.

"For the Bahadopi (smelter), we have communicated with SKK Migas. The quick solution is to just import LNG, but we don't want that. If possible, (we want) domestic supply," she said as quoted by kontan.co.id.

PT Vale is teaming up with China's Taiyuan Iron & Steel (Group) Co. Ltd and Shandong Xinhai Technology Co. Ltd in the Bahodopi Rotary Kiln-Electric Furnace (RKEF) ferronickel smelter project.

Kontan said that the final investment decision (FID) for the estimated US$2 billion ferronickel smelter project (including for the mine development) has been approved. It will have a production capacity of 73,000 tons of nickel per year and is targeted to be completed in 2025. PT Vale holds a 51 percent interest in the project, with the remainders held by the Chinese partners, the news portal said.

PT Vale is also developing an HPAL smelter project in Pomalaa, Southeast Sulawesi, in partnership with China's Zhejiang Huayou Cobalt Co. Ltd. The smelter will have a production capacity of 120,000 tons of mixed hydroxide precipitate (MHP) per year.

Febriany said that for the Pomalaa project, the company will prioritize renewables supply from state-owned electricity firm PT PLN. If the utility cannot provide the required renewable energy supply, PT Vale will develop a gas-fired power plant with domestic LNG supply. C

By Rara Suratmi

Aneka Tambang records solid results in H1 2022

IDX-listed and state-controlled gold and nickel PT Aneka Tambang Tbk (IDX:ANTM), a member of Mining Industry Indonesia (MIND ID) – the State-Owned Enterprise Holding of the Mining Industry, recorded solid financial performance in the first six months to June 2022 (H1) period.

In the period, the company recorded earnings before interest, taxes, depreciation and amortization (EBITDA) of Rp3.74 trillion, rose 50 percent from the same period last year of Rp2.49 trillion. The increase was in line with rise in revenues.

In the first half, Antam recorded revenues of Rp18.77 trillion, increased 9 percent from the same period last year of Rp17.28 trillion.

In the midst of the upward trend of fuel price, raw material cost, and mining transportation & shipment fees, the company recorded a gross profit of Rp4.03 trillion, increased 27 percent from the same period last year of Rp3.17 trillion. The company's consolidated net profit for the period amounted to Rp1.53 trillion, rose 32 percent from the same period last year Rp1.16 trillion.

The company's performance during the period was influenced by the global economic volatility and geopolitical tension as well as the COVID-19 pandemic in East Asia.

The significant fluctuation of base metal price (nickel), energy cost (oil fuel and coal), and also the nickel product absorption in both domestic and export markets also influenced the performance.

In the midst of recent development conditions, Aneka Tambang, also known as Antam, focuses on the implementation of strategic policies to meet an appropriate cost-efficiency approach. At the same time, the company maintains the stability of production level and expands the market shares of base and precious metal products in line with the improvement of global economic conditions as well as the positive outlooks of base and precious metal absorption in 2022.

Antam maintains a strong cash and cash equivalent position of Rp3.23 trillion at the end of June 2022.

CA | Khalsa

The solid financial structure in the first half is also reflected in the decrease in the company's liability. During the period, the company was able to reduce its interest-bearing debt liabilities which consist of short-term bank loans and investment loans up to Rp2.76 trillion.

Moreover, ANTAM's interest-bearing debt at the end of the first semester amounted to Rp4.32 trillion, fell 39 percent from Rp7.08 trillion in H1 2021.

Production and sales performance

The company's revenues of Rp18.77 trillion in H1 was contributed by domestic market sales, which amounted to Rp14.54 trillion, equal to 77 percent to total revenues. In 2022, Antam is focusing on developing domestic-based customers for its gold, nickel ore, and bauxite product.

In the period, the gold product sales became the largest contributor to total sales with a contribution of Rp12.28 trillion or 65 percent of Antam's total sales. Furthermore, within the period, the company recorded a gold sales volume of 13.47 tons, edged up from 13.34 tons in H1 2021.

In line with the national economic recovery and the improvement of gold metal in the domestic market, in Q2 2022, Antam recorded a gold sales rise of 5 percent to 6.89 tons compared to the previous quarter of 6.58 tons of gold.

In terms of gold production, the company recorded a gold output of 673 kg. The profitability of the company's precious metals and refinery remains solid with the segment's net profit for the period reaching Rp859.96 billion, 8 percent higher than in H1 2021 of Rp795.50 billion.

In the first half, the sales of ferronickel were the second largest contributor to the company's revenues, which amounted to Rp3.12 trillion or 17 percent of total sales.

Its ferronickel production and sales volume in the period reached 11,982 tons nickel within ferronickel (TNi) and 9,622 TNi respectively. Moreover, on the nickel ore commodity, nickel ore production volume in H1 amounted to 4.39 million wet metric tons (wmt) and nickel ore sales which were entirely absorbed by the domestic customer amounted to 3.04 million wmt.

The operation and sales nickel segment's performance in the first half was also affected by the global market volatility, particularly the COVID-19 lockdown conditions in several ferronickel's product sales destinations in East Asia during 2Q22, which resulted in restrictions on export trading activities.

In addition, the significant upward trend in nickel ore prices during the second quarter was not followed by a similar significance in the price of nickel ore derivative products, which also affected the absorption rate of Antam's nickel segment products.

Nevertheless, despite the challenges faced during the first half, the profitability of Antam's nickel segment (ferronickel and nickel ore products) remained solid. The sales contribution of the nickel segment in the period reached Rp5.45 trillion, up 18 percent from the same period last year of Rp4.64 trillion.

The nickel segment's net profit for the period reached Rp2.35 trillion, rose 23 percent from Rp1.91 trillion in H1 2021. The company believes the performance of its nickel segment will consistently grow in line with strengthening global economic conditions and the positive outlook for the absorption of nickel commodities.

In the first semester, Antam's bauxite and alumina segment delivered a positive contribution to the company's consolidated profitability. Bauxite production volume in the period reached 881,000 wmt with bauxite sales amounting to 661,000 wmt, up 13 percent from H1 2021 of 587,000wmt.

In the period, Antam booked a bauxite sales volume of 559 thousand wmt, which significantly increased from the 1Q22 sales achievement of 102 thousand wmt. In addition to export sales, in 2022, the Company will also focus on developing domestic sales of bauxite ore.

On Chemical Grade Alumina (CGA) product, In H1 2022, Antam produced 73,893 tons of alumina, increased 157 percent from the same period last year of 28,710 tons. The alumina sales volume reached 74,143 tons in the period, up 21 percent from H1 2021 of 61,241 tons. C

RI needs to adopt globally-accepted mining standard

By **Anya Azaria & William Jhanesta**

Indonesia is a country that has abundant natural resources, including mining commodities. According to Ministry of Energy and Mineral Resources (ESDM) data in 2022, the total of coal and nickel resources are 31.7 billion tons and 13.9 billion tons respectively. However, Indonesia is having difficulty in getting world-class investors due to the lack of application of good mining practices and environment, social, and governance (ESG) in Indonesia.

The government through the Coordinating Ministry for Maritime Affairs and Investment is currently conducting the gap analysis between the applicable regulations in Indonesia and the available mining assurance systems instruments to ensure the right instruments to strengthen the implementation of ESG in the mining sector from upstream to downstream.

Irwandy Arif, Special Staff of ESDM, said that currently, foreign investors are very sensitive to environmental issues. Elements of sustainable development goals (SDGs) are always considered by investors when evaluating investment potential, including in Indonesia. Therefore, the application of good mining practices and ESG by mining players in Indonesia will greatly affect the mining investment climate in the future.

IRMA Standards: Indonesia's Mining Sustainability Solution

Responding to Indonesia's vision to create good mining practices and strengthen ESG principles in administrative and operational activities, the Coordinating Ministry for Maritime Affairs and Investment invited the Initiative for Responsible Mining Assurance (IRMA) to introduce a mining assurance system to mining companies in Indonesia on 7 September 2022, in Jakarta.

IRMA claims that it is the only best-practice mining standard that covers all mined materials, including

the full range of environmental and social issues related to industrial-scale mines. The standard covers business integrity, planning for positive legacies, environment, and social responsibility.

"Our mission is to protect people and the environment directly affected by mining. We do this by creating financial value for mines to become independently verified to achieve best practices, and share this value with the business that purchases material from these mines," said Kristi Disney Bruckner, Senior Policy Advisor of IRMA.

IRMA is committed to auditing mining operations openly by involving various stakeholders. The audit report result can be used later by mining companies to share best practices for implementing ESG.

French metals giant Eramet, through its subsidiary in Indonesia, PT Eramet Indonesia Mining is committed to fulfilling the sustainable and responsible mining standards. With the strong commitment, the company has ensured that it will apply the IRMA standards in the Weda Bay mine and Sonic Bay Project.

"Indonesia is and will be continually a significant player in the global mining industry. It is, without a doubt, one of the world's most attractive mining investment destinations. Thus, complying with a good mining practice is a must," Bruno said.

To face the global issue, Donny Simorangkir, a senior official at the MEMR encouraged Indonesian mining companies to adopt IRMA standards. He said it would improve Indonesia's mining standards and performance to reach the international level.

Current contradictory policies

Several regulations that are contradictory to the IRMA standard, among others:

1. Government Regulation No. 101 of 2014 on the Management of Hazardous and Toxic Waste (B3), which regulates the method of submarine tailings placement contrary to IRMA standards.
2. Regarding the greenhouse gasses (GHG) policies, the Environmental Government Regulation No. 4 of 2014, doesn't specifically regulate the greenhouse gas reduction strategies in the mining sector.

Obstacles of IRMA standard implementation

Eramet S.A. has started to join IRMA this year. Mining operations in Senegal and Weda Bay Nickel Industries are the company's mining areas that will apply the IRMA standard. The audit process will be carried out in 2023-2024.

The Sonic Bay project, an HPAL nickel smelter project in Halmahera, North Maluku Province, which is currently being developed by PT Eramet Indonesia Mining, will conduct an IRMA audit process in 2025.

''We have a plan to apply the standard step by step in the operating mines and then to get the certification,'' said Delphine Bastien, Director of Environment & ESG Performance of Eramet S.A.

When referring to the nickel mining sector in Indonesia as the backbone of the battery industry supply chain, which is being rapidly developed, currently there are no IRMA-certified nickel mines or smelters yet.

The biggest challenge is the difficulty of implementing ESG optimally, both in the upstream and downstream sectors. This will also affect the investment obtained in developing the Electric Vehicle (EV) ecosystem in Indonesia.

For example, IRMA regulations exclude the use of Deep-Sea Tailings Placement (DSTP) for nickel smelters. IRMA could be a medium for Indonesia to accelerate investment in nickel mines and smelters. On the other hand, it can be a challenge related to the implementation of tailings that are carried out in nickel smelters. In Indonesia, it still refers to regulations that allow the implementation of DSTP. In the existing regulation, tailings can be placed at sea by the submarine tailing placement method.

For now, Indonesia is still not ready to implement IRMA optimally because several regulations in Indonesia still in conflict with IRMA standards. Thus, if we want to refer to the IRMA standard fully, mining and smelters in Indonesia need to do an in-depth analysis to fill the gap.

Closing statement

The implementation of good mining practices and ESG in mining operations in Indonesia through IRMA standards is unlikely to happen soon. To date, no mining site in Indonesia has been officially certified by IRMA.

Two projects in Indonesia that have been submitted for IRMA certification are Weda Bay Nickel Industries and Sonic Bay nickel smelter. However, the two projects will carry out the audit process from 2023 to 2025. Further improvements are needed to be implemented soon to meet IRMA's qualifications.

Jamie Kneen, the co-founder of MiningWatch Canada, said that the adoption of standards like IRMA is a stark illustration of the failure of governments to govern. Nevertheless, it is undeniable that the implementation of IRMA in Indonesia will provide better investment opportunities in the mining sector. C

RMK Energy expands coal logistic services in S. Sumatra

By **CoalAsia Team**

An IDX-listed coal logistics company, PT RMK Energy Tbk, keeps expanding the coal logistics services for coal producers in South Sumatra Province. RMK Energy develops both upstream and downstream coal logistics services and increases the coal handling capacity up to 20-25 million tons per year.

South Sumatra, resources-rich province, has abundant coal deposits as much as 22.2 billion tons of coal but limited coal logistics services. The province only produces about 50 million tons of coal per year out of 129 IUP Operation Production holders.

RMK Energy provides coal loading and loading facilities from producing regions in Lahat and Muara Enim Regencies to Palembang, the location of RMK Energy's coal port. The company, so far, is the first and only private coal logistics company that has integrated operation with railway in cooperation with PT KAI (Persero).

"We completed the development of coal loading facility in Gunung Megang, Muara Enim Regency and started the operation in February this year. We also completed one new unloading facility in Simpang Station in June," Tony Saputra, President Director of RMK Energy, said recently.

The loading facility, so-called Train Loading System (TLS), in Gunung Megang currently accommodates the coal transport via railway for RMK Energy's subsidiary PT Truba Bara Banyu Enim (TBBE). However, Tony said that the TLS may be utilized by other IUP holders in Muara Enim and surrounding areas.

"We are constructing coal hauling road connecting the TLS to IUPs near to the TLS, so they can start producing coal and transport it through our facility," Tony said. Most of coal from South Sumatra comes from Lahat and Muara Enim Regencies. There are five coal loading facilities in the province in which four of them owned and operated by subsidiary of PT KAI (Persero) in Lahat, and one facility is owned and operated by RMK Energy in Muara Enim.

In the downstream sector, RMK Energy expands the capacity of coal unloading facility at Simpang Station by adding new facility and currently can accommodate about 16 trainsets per day, which each trainset has capacity 2,800 tons of coal.

Coal containers from Simpang Station are transported through 7 kilometers hauling road to RMK Energy's port for loading to barges. The RMK Energy's port has capacity 20-25 million tons per year and operates three lines of barge loading conveyors. C

Sihayo Gold announces maiden mineral resource estimate for Sihorbo South

By **Rara Suratmi**

CA | Khalsa

ASX-listed gold exploration company Sihayo Gold Limited announced a maiden Inferred Mineral Resource Estimate for the Sihorbo South epithermal gold-silver target located on the Hutabargot Julu project of the north block of its mining concession (mining contract of work/CoW) in Indonesia's North Sumatra Province owned by its local subsidiary PT Sorikmas

The company said in a statement that this maiden resource estimate is reported in accordance with the 2012 edition of the JORC Code and guidelines for the reporting of exploration results.

"Sihorbo South is the first and most advanced of our many epithermal targets identified to date within the Hutabargot Julu prospect area. Whilst it is currently of modest scale, potential to grow this resource and discover others in this highly prospective area is evident. Notwithstanding this, the Starter Project has been shown to be quite sensitive to the addition of incremental ounces. Subject to further work I am expecting Sihorbo South to make a significant positive impact on the project," said Sihayo's Executive Chairman, Colin Moorhead in the statement.

The 3.5 km x 3 km Hutabargot Julu project area is a large epithermal vein field with an extensive hydrothermal alteration footprint that is well highlighted by the company's recently reprocessed airborne magnetics imagery. South Sihorbo is one of multiple gold-silver targets identified within this vein field that are considered by the company to be under-drilled or had no previous scout drilling. This initial maiden resource announced for Sihorbo South is the first delivered in the greater Hutabargot Julu project area. The mineral resource inventory is expected to grow with additional exploration drilling, Sihayo said.

Sihorbo South is a volcanic-hosted intermediate-sulphidation epithermal gold-silver vein system

located in the South-West corner of the large Hutabargot Julu project at the southern end of the Sihayo Gold Belt, approximately 6 km southeast of the proposed Sihayo Starter Project site.

The Sihorbo South vein outcrops were discovered by the Dutch in the 1930s. A short adit located on the northern part of the vein system was excavated by the Dutch but there is no recorded gold production and it is thought to be an exploration tunnel. The prospect area has been an active artisanal gold mining site for over the past 10 years.

Sihorbo South was a focus of exploration and drilling activities by PT Sorikmas Mining in the early 2010s. From 2010 to 2013 PT Sorikmas Mining explored and drilled 13 holes for 1,416 metres at Sihorbo South before exploration activities were shut-down on the project due to social disturbances at the nearby Sihayo-1 and Sambung prospects. This historic scout drilling completed at Sihorbo South returned encouraging historic gold-silver intercepts including 3.7 m at 15.45 g/t Au and 23 g/t Ag from 55.4 m in HUTDD040, and 16.8 m at 1.43 g/t Au and 237 g/t Ag from 46.95 m in HUTDD045 (refer to 2012 JORC Table – Section 2 in Appendix 1 for reference to historic drill intercepts at Sihorbo South).

The company resumed exploration on the CoW in late 2019 and commenced drilling at Sihorbo South in September 2021. A total of 30 diamond drill holes for 5,216 m was completed by the end of the first phase of drilling in April 2022.

The Maiden Inferred Mineral Resource Estimate for the Sihorbo South gold-silver deposit was undertaken by an independent geological consultant from Spiers Geological Consultants P/L of Melbourne and is based on historical drilling and new drill holes completed in 2021-22. The summary of the Inferred Mineral Resource at 0.3 g/t, 0.7 g/t and 0.9 g/t gold-equivalent cut-off grades are presented in Table 1 below.

The company said it is actively exploring several prospects with potential to become satellite operations and located within possible trucking distance of the Sihayo Starter Project. Sihorbo South is the first of these targets to have a Mineral Resource Estimate outside of the existing Sihayo-1 and Sambung deposits included in the Sihayo Starter Project.

The 2022 Feasibility Study Update (2022 FSU) for the Sihayo Starter Project incorporated a tailings storage facility (TSF) design with a capacity of 14 Mt and potential to increase to 16 Mt. The 2022 FSU assumed total tonnes processed from the Sihayo-1 and Sambung deposits of 12.1 Mt, providing spare capacity of approximately 2 –4 Mt for further discoveries to supplement the current 2022 FSU life-of-mine plan. Given the company's view that the CoW remains highly prospective for additional discoveries, it is likely that potential mining of the Sihorbo South deposit may focus on the higher-grade components to maximise project value for the available TSF capacity. Therefore, a higher-grade cut-off, such as 0.9 g/t AuEq, may be a more appropriate cut-off grade to use for mine optimization work and feasibility assessments for Sihorbo South.

Sihayo said that additional drilling is required to upgrade the resource classification on Sihorbo South. "A drilling program is being planned and may be implemented on the completion of drilling activities that are currently in progress at Sihayo."

Sihayo is to conduct scoping study work to assess the potential to include Sihorbo South as a satellite operation for the Sihayo Starter Project. The LeachWELL results on samples from historical drill holes, indicate potential recoveries of >90% for both gold and silver through the proposed processing plant for the Sihayo Starter Project, noting that a feed blending strategy may be required to manage elevated silver grades through the plant.

A drilling program has recently commenced at Sihayo. This is an eight hole / 2,500 m drilling program designed to test for extensions to higher-grade gold mineralisation in deeper jasperoid lenses and potentially high-grade feeder structures located below the Sihayo-1 pit, which may be amenable to underground mining.

Five holes have been completed and a sixth is in progress. Results are expected to be received during the coming months and will be reported once they have been fully assessed. C

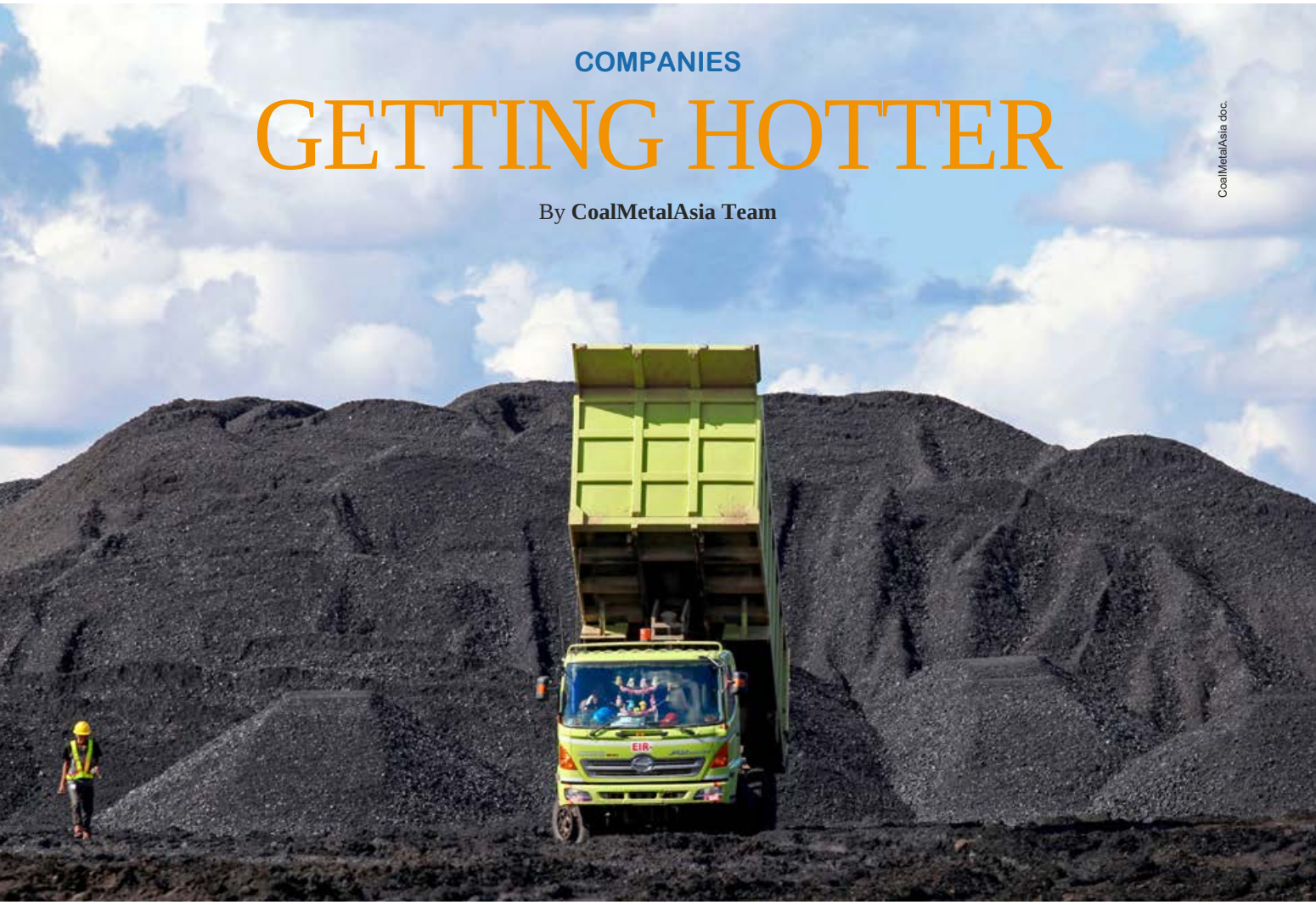
Table 1: **Sihorbo South Prospect** – Maiden Inferred Mineral Resource Estimate as at 31 July 2022

Cut-Off Grade AuEq g/t	Dry tonnes (million)	Au grade g/t	Ag grade g/t	AuEq grade g/t	Au ounces (thousands)	Ag ounces (thousands)	AuEq ounces (thousands)
0.3	6.4	0.5	17	0.7	100	3,600	150
0.7	2.0	0.8	33	1.3	56	2,200	85
0.9	1.0	1.1	48	1.8	38	1,600	59

COMPANIES

GETTING HOTTER

By **CoalMetalAsia Team**



CoalMetalAsia doc.

Coal prices bullish trend continued as of the first half of 2022. Most of coal producers and its supporting companies recorded impressive financial performances in the period although extreme rainfall hampered the production operations. But again, the issue of domestic coal supply for PLN arises as the gap between export and domestic coal prices widens.

In a bid to increase state revenue from the windfall profit of commodity's boom, the government is expected to start applying progressive royalty rates on the country's IUP coal miners on 15 September of this year. In addition, the government warned another export ban sanction if coal producers fail to comply with Domestic Market Obligation (DMO) accordingly.

The Indonesian thermal coal reference price (or HBA) for August rose to US$321.59 per tonne from $319 in July as some countries in Europe have started to switch to coal power plants to avoid power crisis amid soaring LNG prices. Another factor that caused the higher HBA in August was the surge in coal demand in China, India and South Korea.

The Russia-Ukraine war wreaks havoc on the energy balance in Europe while extreme draught in China disturb the power production from hydropower generations. These factors drove the coal prices up which translated into outstanding financial performances of most of Indonesian coal producers and its supporting companies.

IDX-listed and state-controlled coal producer PT Bukit Asam Tbk (PTBA) recorded coal sales of 14.6 million tons (MT) in the first semester of 2022, increased 13 percent from the same period last year of 12.9 MT. The coal production in the period reached 15.9 MT, up 19.55 percent from the same period last year.

In the first semester, the company recorded revenues of Rp18.42 million, jumped 79 percent from Rp10.29 trillion in the same period last year. The company recorded a net profit

attributable to the parent entity of Rp6.16 trillion, soaring from Rp1.78 trillion in the same period last year.

IDX-listed energy company PT TBS Energy Tbk (IDX:TOBA) recorded strong performance in the first half (H1) of 2022 as reflected in its topline and bottomline financial results.

In the period, the company recorded a net profit of US$34.63 million, jumped 59.95 percent from the same period last year. The increase was in line with the rise of revenues which $279.52 million in the period compared to $188.76 million in the same period last year, or jumped 48.08 percent.

IDX-listed coal producer PT Baramulti Suksessarana Tbk (IDX:BSSR) managed to record a net profit attributable to the parent entity of US$128.54 million in the first half (H1) of 2022, more than triple of the same period last year of $39.28 million in the same period last year.

The increase was in line with the sharp increase in revenues in the period on the back of the spike in coal prices. In the period, the company recorded sales of $425.29 million, which doubled from the same period last year of$218.10 million.

IDX-listed heavy equipment and mining company PT United Tractors Tbk or UT (IDX: UNTR) saw consolidated net revenue in the first-half ending June of this year increased by 62 percent to Rp 60.4 trillion, compared to Rp 37.3 trillion in the same period of 2021, driven by strong revenue from its coal-related businesses.

The company said recently that in line with the increase in net revenue, its net profit soared by 129 percent to Rp10.4 trillion, from Rp 4.5 trillion.

Heavy equipment sales under the Construction Machinery segment recorded an increase in Komatsu sales volume by 111 percent to 2,873 units from 1,361 units. Sales of spare parts and maintenance services increased by 36 percent to Rp 4.8 trillion. Overall, the Construction Machinery segment recorded revenue of Rp 17.4 trillion or increased by 86 percent year-on-year.

IDX-listed coal miner PT Harum Energy Tbk (IDX:HRUM) recorded coal production of 2.3 million tonnes (Mt) in the first half of this year, jumped 43.75 percent from the same period last year of 1.6 Mt.

In the second quarter alone, the company's coal production reached 1.3 Mt, surged 27.7 percent from the previous quarter of 1 Mt. The company's coal sales volume in the first semester reached 2.1 Mt, jumped 33.9 percent from the same period last year, it said.

In the second quarter, the company's sales volume reached 1.2 Mt, rose by 36.3 percent from 0.9 Mt sold in the previous quarter, as the company was able to return to its normal shipping schedule in the quarter.

Lower production

High rainfall and limited producing heavy equipment hampered the production performances of some major coal producers in Indonesia. IDX-listed coal miner PT Bumi Resources Tbk (IDX: BUMI) has lowered its coal output target this year to 78-83 million tonnes (MT), compared to the initial plan of 83-89 MT due to bad weather during the first five months of this year.

"After experiencing the highest levels of rainfall for over 20 years, over the January to May period, our production guidance at KPC has been reduced as the revised (2022) work plan and budget (or RKAB) approved by the government is now set at a limit of 54MT," Bumi said.

"But the record high prices have more than offset the reduced production in respect to cash available and net profit," it added. Bumi said that coal output of its East Kalimantan subsidiary PT Kaltim Prima Coal (KPC) this year is now targeted at 52-54 MT, while the output of another subsidiary PT Arutmin Indonesia is planned at 26-29 MT,

IDX-listed coal producer PT Indo Tambangraya Megah (IDX:ITMG), a subsidiary of Thai energy firm Banpu plc, expects its coal production and sales volume to be little changed from last year. For this year, the company projects a production output to reach between 17.5-18.8 million tons (MT), compared to realized production last year at 18.2 Mt, while sales volume is projected to reach 20.5-21.5 Mt, compared to 20.1 Mt last year.

In the first half of 2022, the company produced 7.7 Mt of coal amidst bad weather and high rainfalls, lower compared to 8.7 Mt in the same period last year. Its sales volume reached 8.1 Mt, lower compared to 9.0 Mt in H1 2021.

East Kalimantan coal miner PT Kideco Jaya Agung, a subsidiary of IDX-listed energy company PT Indika Energy Tbk (IDX INDY), saw lower sales volume, but higher selling price in the first half of this year.

Indika said in a statement that Kideco's coal sales volume in the first half of this year reached 17 million tonnes, lower than 18.1 million tonnes in the same period of last year. The company said that about 4.9 million tonnes, or 29 percent of the first-half sales volume, went to the domestic market, thus exceeding the DMO quota of 25 percent.

Meanwhile, Kideco exported 12.1 million tonnes of coal in the January-June 2022 period to markets including China, India and countries in the

Southeast Asia region, the company said.

Domestic supplies

As the price gap of export and domestic coal widens, the domestic coal supply issue arises once again. Realized coal domestic market obligation (DMO) volume in the seven-month ending July this year reached 103.88 million tonnes, or 54.9 percent of the full-year target of 188.9 million tonnes.

Minister of Energy and Mineral Resources Arifin Tasrif, speaking at a hearing with the House of Representatives Commission VII on energy and mining, said that realized coal supply for domestic power plants in the January-July period reached 72.94 million tonnes, or 59.5 percent of the allocated volume target of 122.52 million tonnes.

He said that 119 coal miners will supply coal to domestic power plants this year with a contracted volume of 144.14 million tonnes, and an allocation volume of 122.52 million tonnes. Minister of Energy and Mineral Resources Arifin Tasrif warned the country's coal miners to fulfill their respective domestic market obligation (DMO) quotas or risk sanctions including export ban.

Speaking at a hearing with the House of Representatives Commission VII on energy and mining, Arifin said that the ministry is closely monitoring the realization of the coal miner's DMO, particularly to ensure coal supply for domestic power plants.

He acknowledged that coal miners have preferred to export the fuel commodity amid much higher prices overseas, compared to the price cap of US$70 per tonne for domestic power plants.

He added that the coal miners preferred to pay a penalty or compensation rather than miss export revenue opportunities. "There will be sanctions for (coal) companies that fail to carry out assignments (to supply coal to power plants) without clear reason," he said, adding that the sanctions include export ban by blocking the export feature on the Minerba Online Monitoring System (MOMS) application owned by the companies.

PTBA, as a state-owned company, supplied 60 percent of coal to the domestic market and the remaining 40 percent was sold to the overseas market, President Director of Bukit Asam Arsal Ismail said the company's realized domestic coal sales under the Domestic Market Obligation (DMO) reached 9.4 million tons or 6 percent higher than the target. "PTBA's focus is to supply coal to the domestic market despite the spike of global coal prices," he said.

Progressive coal royalty

To tap the benefit of commodity boom, the government is expected to start applying progressive royalty rates on the country's IUP coal miners on 15 September of this year in a bid to increase state revenue.

This follows the signing of the Government Regulation (PP) No. 26 of 2022 concerning Types and Tariffs of Non-Tax State Revenues Applicable to the Ministry of Energy and Mineral Resources by President Joko Widodo on August 15, 2022, which will come into effect after 30 days from its promulgation.

According to the regulation, the royalty rate for low-calorie coal is now set at 5 percent from the previous 3 percent. The royalty of medium- coal is set at 7 percent from the previous 5 percent. Royalty for high-calorie coal is set at 9.5 percent from the previous 7 percent.

In addition, PP 26/2022 also regulates progressive royalties referring to the movement of the coal reference price (HBA). At the HBA level of less than US$ 70 per tonne, low-calorie coal is subject to a 5 percent royalty tariff. For medium calories, the tariff is 7 percent and high calories at 9.5 percent.

At an HBA of more than $70 per tonne and less than $90 per tonne, the royalty rate for low-calorie coal is set at 6 percent. The royalty for medium-calorie coal is 8.5 percent and for high-calorie coal at 11.5 percent.

If the HBA is more than $90 per tonne, the royalty for low-calorie coal is set at 8 per cent. The royalty for medium calorie coal is at 10.5 percent and high calorie coal at 13.5 percent. C

BRMS reports mineral resources & reserves increase in Palu

IDX-listed mining firm PT Bumi Resources Minerals Tbk (IDX:BRMS) reported that its subsidiary, PT Citra Palu Minerals (CPM), had recorded positive drilling results from its gold mine project in Poboya Block (Block 1), Palu, Sulawesi.

CPM discovered additional mineral resources from its Palu project. Its mineral resources increase from previously 17.8 million tons to become 21.7 million tons with an average gold grade of 2.4 g/t.

In addition, the above mineral resource amount in the Poboya Block (Block 1) has been successfully upgraded to become 14.2 million tons of ore in mineral reserves with an average gold grade of 2.4 g/t (previously CPM operated around 8.5 million tons of ore in mineral reserves), the company announced.

"The increased mineral resources and reserves will extend the production life of our project in Palu. We hope this can add value to our shareholders," Agus Projosasmito, BRMS' CEO and President Director, said.

"Furthermore, the construction of our 2nd gold plant in Palu is progressing well. We hope such plant can be operational in Q4 2022 which will lead to BRMS' gold production increase," Agus added. C

Blok - 1 (Poboya) – Resource

Prospect	Classification	Tonnage (Mton)	Grade		Metal Content	
			Au (g/t)	Ag (g/t)	Au (Oz)	Ag (Oz)
River Reef (Underground)	Measured	2.6	4.0	7.5	334,700	620,900
	Indicated	4.1	4.5	7.1	596,800	944,100
	Inferred	1.2	4.3	7.4	168,9w00	292,600
	Sub Total	7.9	4.3	7.3	1,100,400	1,857,600
River Reef Outcrop (Open Pit)	Indicated	4.1	2.0	6.1	257,100	799,100
	Inferred	0.2	1.7	4.9	12,400	35,400
	Sub Total	4.3	1.9	6.0	269,500	834,500
River Reef (Underground Extension)	Indicated	0.3	1.8	3.4	18,000	34,000
	Inferred	0.0	0.0	0.0	0	0
	Sub Total	0.3	1.8	3.4	18,000	34,000
Hill Reef 1 – Vein (Open Pit)	Indicated	6.2	1.0	2.8	207.200	568,600
	Inferred	0.3	0.7	1.5	5.900	12,300
	Sub Total	6.5	1.0	2.8	213,100	580,900
Hill Reef 1 -Stockwork Gneiss (Open Pit)	Indicated	2.4	0.7	1.5	52,100	116,000
	Inferred	0.2	0.7	2.3	5,300	17,300
	Sub Total	2.7	0.7	1.6	57,400	133,300
Total		**21.7**	**2.4**	**4.9**	**1,658,400**	**3,440,300**

Blok - 1 (Poboya) – Reserve

Location	Classification	Tonnage (Mton)	Grade		Metal Content	
			Au (g/t)	Ag (g/t)	Au (Oz)	Ag (Oz)
River Reef (Underground)	Probable	3.9	5.4	8.7	613,700	938,000
River Reef Outcrop (Open Pit)	Probable	3.1	2.1	6.4	202,000	630,000
Hill Reef 1 (Open Pit)	Probable	7.2	1.0	2.6	223,000	597,000
Stockpile	Proven	0.0	1.9	4.2	3	6
Total		**14.2**	**2.4**	**5.1**	**1,038,700**	**2,165,000**

Mifa Bersaudara on track to achieve 15 million tons milestone

By **CoalAsia Team**

The significant increase of coal demand more than the supply translates into record-high coal prices this year. Many coal miners take the advantage of the soaring prices which support the financial performances during price bullish trend.

The Indonesian thermal coal reference price (or HBA) for August rose to US$321.59 per tonnes from $319 in July as some countries in Europe have started to switch to coal power plants to avoid power crisis amid soaring LNG prices. Four European countries are reportedly seeking to buy Indonesian coal in anticipation of the ban of coal imports by EU from Russia in August.

PT Mifa Bersaudara, a coal mining companies in Aceh Province, plans coal output of 10 million tonnes this year, up from 8 million tonnes last year. About 8 million tonnes of the output will be exported and the remainder allocated for the domestic market.

Mifa Bersaudara, a subsidiary company of PT Media Djaya Bersama (MDB), is on the track to achieve a 15 million tons coal production target. "Within 5 years, we will boost the coal production volume up to the maximum level of 15 million tons," Irsan Sosiawan, President Director of PT Media Djaya Bersama, said to *CoalMetalAsia Magz*, recently.

To support the mine production operations, Mifa Bersaudara allocates Rp77 billions of capital expenditure this year for jobsite development, such as jetty improvement, fuel station and fuel storage development and mess for employees who work at the port.

Mifa Bersaudara operates a coal mine in Aceh Barat regency, producing coal with calorific value of 3,400 kcal/kg GAR. It started coal export in 2015. The company's export markets are India, Vietnam and China, while its

domestic customer is a cement plant in Aceh owned by PT Semen Indonesia.

Irsan expected a stable coal industry outlook by the end of 2022 supported by a number of factors such as prolonged energy crisis in Europe, uncertainty of Russia-Ukraine war and the increasing coal demand from India. “India is our major export market which contributes about 90 percent of coal export volume, but we also export to Southeast Asia nations, such as Thailand and Vietnam.

The Indian government has directed state-owned Coal India Ltd (CIL) to be prepared to import 12 million tonnes (MT) of coal for power utilities for the next 13 months. According to industry experts, the Indian government is making all efforts to build up stock of coal to avoid the reoccurrence of power outages which happened in April on account of shortage of the fossil fuel.

As of the first half of this year, Mifa Bersaudara produced 3.68 million tonne of coal of which 3.64 million tons were exported and 40,000 tonne were dedicated for domestic market. “Our actual target in the first semester is 4.7 million tonnes, the realization is only 85 percent due to the (bad) weather. Some shipments were delayed because sea conditions were not safe for transshipment,” said Irsan.

Irsan admitted that Mifa Bersaudara’s coal quality has limited demand in domestic market and the company has to deal with complying Domestic Market Obligation (DMO). According to the government’s DMO policy, the country’s coal miners are required to allocate at least 25 percent of annual production for the domestic market including the power plant sector. Coal price for domestic power plants is capped at $70 per tonne, much lower than current thermal coal prices overseas of near $400 per tonne.

“As of now, we supply coal for PT Solusi Bangun Andalas Plant Lhoknga, a cement industry in Aceh. We are also undergoing negotiations with some potential domestic buyers, such as coal-fired power plants in Sumatra and Java area, including a testing at a coal-fired power plant in Bengkulu,” Irsan said.

Minister of Energy and Mineral Resources Arifin Tasrif warned the country’s coal miners to fulfill their respective domestic market obligation (DMO) quotas or risk sanctions including export ban.

Speaking at a hearing with the House of Representatives Commission VII on energy and mining, Arifin said that the ministry is closely monitoring the realization of the coal miner’s DMO, particularly to ensure coal supply for domestic power plants.

Coal downstream

In the current energy transition era, Irsan stated that coal is not only utilized as the source of power energy generation but coal can also be developed for coal downstream industry, including coal upgrading, coal liquefaction and coal gasification.

The government projected coal consumption of the domestic coal downstream industry to reach 36 million tonnes in 2030 when 13 new downstream projects have all been completed.

"Currently, there are 13 coal downstream projects in progress in Indonesia. It is estimated that (a number of the downstream projects) will start operation in 2025, marked with increasing coal consumption (of the downstream industry) from 1.15 million tonnes in 2024 to 11.8 million tonnes in 2025," said Special Staff to the Minister of Energy and Mineral Resources, Irwandy Arif.

The government has been pushing the country's coal sector to develop downstream businesses to generate greater value from the commodity. "The coal requirement (of the coal downstream industry) will probably increase to 36 million tonnes in 2030," he added.

Irsan had mentioned that Mifa's coal, and Aceh coal in general, is quite suitable to be processed into syngas (synthetic

gas) and our position is quite good in terms of logistics, and the distribution of the gas will be easy because of the presence of Pupuk Iskandar Muda, referring to the Aceh-based fertilizer manufacturer, which requires gas as raw material in fertilizer production.

He added that there have been interests coming from technology providers in Germany, Japan, and other countries in Europe to cooperate with Mifa developing coal gasification project. Irsan explained that a syngas plant will require minimum coal reserves of 200 million tons, with plant operating life time of about 50 years. Mifa's coal concession in Aceh has reserves of 210 million tons, and resources estimated at 383 million tons of coal with calorific value of 3,400 kcal/kg. C


LIUGONG
INDONESIA
SOLUTION

LiuGong Indonesia continues to intensify after-sales and partnership escalation

LiuGong Indonesia has recently held a Customer Gathering event in Jakarta with about 300 people attending the event, including LiuGong dealers, key customers, leasing partner, and government dignitaries.

Indonesia is one of LiuGong's strategic core markets. To give better support local partners and create value for more customers, LiuGong made a strong move by establishing LiuGong Indonesia in 2019 and has spent over $150 million to invest in the Indonesian market over the past three years.

Currently, LiuGong has established complete marketing capabilities and After Sales Support in Indonesia. More than 9,000 units of LiuGong equipment operate in agriculture, forestry, mining, infrastructure and other industries in Indonesia. During the event, LiuGong Indonesia announced the inauguration of the new After Sales Center & National Parts Center and ensured its long-term stability. National Parts Center will be the main connectivity point to fulfilled all spare part distribution to dealers and customers all around Indonesia.

LiuGong Indonesia also signed an MOU of Cooperation with the Politeknik Negeri Jakarta and Liuzhou Vocational and Technical College (LVTC). Politeknik Negeri Jakarta is the first university to collaborate with LiuGong Indonesia and Liuzhou Vocational and Technical College to undertake a vocational study on sustainable development goals in improving the competence of human resources in Indonesia, especially in the heavy equipment sector, that support the improvement of Indonesia's heavy equipment machinery industries.

On this event, LiuGong also signed a partnership collaboration with TotalEnergies in the After Sales sector to develop LiuGong Geniune products related to lubricant, which specialized in LiuGong's characteristics, to prolong the life span and best performance of the machine and fulfill the demand of the customer.

With more than 20 machines on display during the event, including the newly launched flagships Excavator 970E, Wide Body Dump Truck DW90, Wheel Loader 890H, and Bulldozer Dressta TD25M, customers can witness and feel the power of LiuGong's machines, which generate numerous of potential collaborations.

"As LiuGong's 13th overseas subsidiary, with the support and concerted efforts of the Indonesian government and local partners, LiuGong Indonesia has achieved rapid development in the past two years," said Mr. Luo Guobing, Vice President of LiuGong during the event, "Over the 20th In commemoration of LiuGong's globalization, LiuGong Indonesia gathers customers together to show its appreciation and will continue to build mutual trust with customers and contribute to economic development in various sectors such as forestry, mining and construction.

The event went smoothly with all the product demos, lunch party, and entertainment by Alena Wu performance that mesmerized all the guests. C


LIUGONG

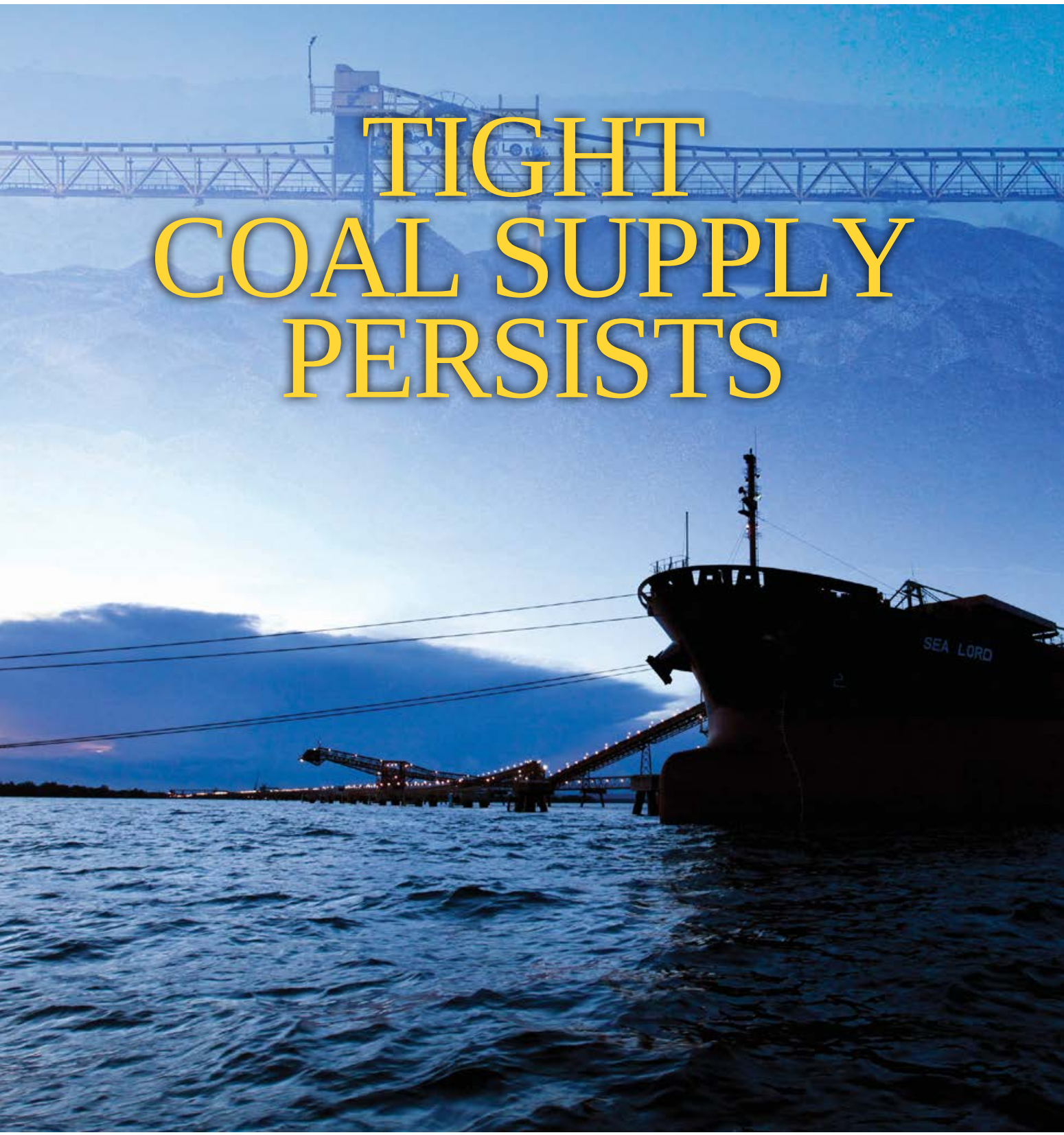
About Liugong Indonesia

LiuGong Indonesia was established in Indonesia to support its dealers and customers closer and faster. In 2019, LiuGong as one of the largest heavy equipment manufacturers in the world, opened a subsidiary office in Jakarta, Indonesia.

LiuGong Indonesia plays an important role as a point of contact with LiuGong's customers in Indonesia and enables the company to meet customer needs more efficiently.

PT. LiuGong Machinery Indonesia also established a complete after sales capabilities that include spare parts distribution center to enable faster delivery of spare parts for Indonesian customers, a capability that significantly reducing downtime.

TIGHT COAL SUPPLY PERSISTS



The world is now seeing two key factors that are mainly affecting the global energy market. The first is the Russia's decision to ban gas flow to Europe as part of its military campaign against Ukraine. The second, the extreme drought in China, the world's largest coal consumer and producer, which has significantly drained the generation capacity of its hydropower plants.

By **CoalMetalAsia Team**

As a result, some countries in Europe have reactivated their coal-fired power plants, while China has increased demand for coal as part of their efforts to deal with the global energy crisis.

These factors, according to some experts, are expected to support the global coal prices during the second half of the year, and might stay on high level up to the first quarter of 2023. On the other hand, the coal supply from producing countries, including Indonesia, may not offset the higher demand volume, particularly driven by the incoming winter season.

Irwandy Arif, Special Staff of Minister of Energy and Mineral Resources for Mineral and Coal Governance, stated that some European countries, such as Germany, Poland, Italy, Switzerland and the Netherlands, are seeking to buy Indonesian coal in the aftermath of Russia-Ukraine war.

Germany's coal demand for 2022 is 31.5 million tons, of which 50 percent was planned to be supplied from Russia. However, Russia was expected to stop its coal supply of coal from August 2022. To substitute the losing supply, Germany plans to import around 5-6 million tons of coal from Indonesia.

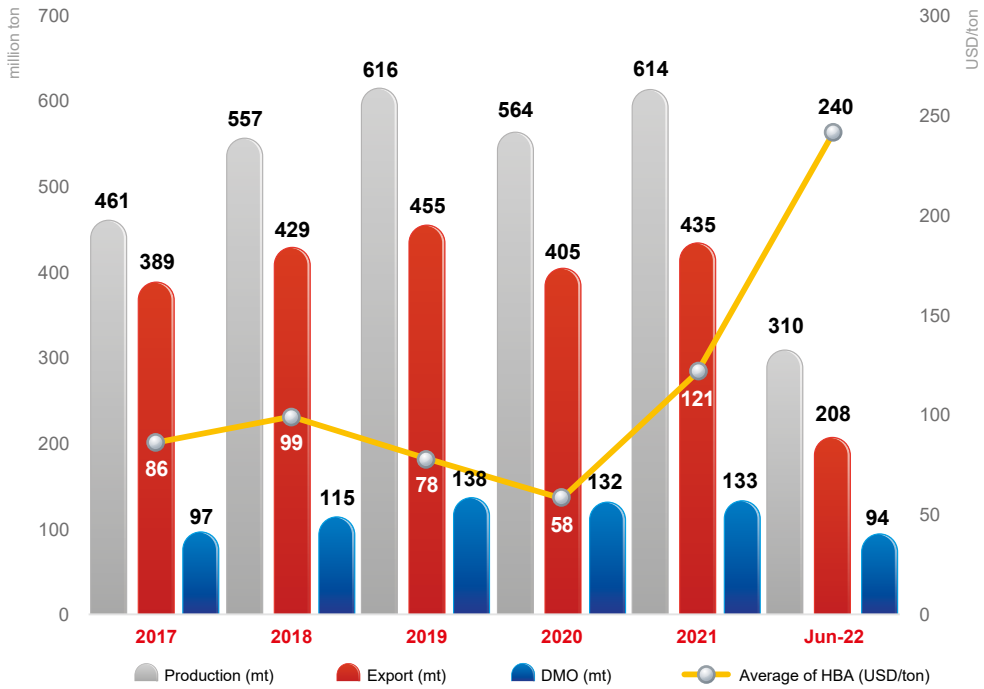
"Indonesian coal exports to European countries may not be much, due to the long distance of shipping and the coal needed by European countries is generally high-calorie coal," Irwandy said recently in a webinar hosted by petromindo.com and *CoalMetalAsia* Magz.

Indonesia plans to produce 663 million tons this year, of which 484 million tons will be dedicated for export markets. As of June 2022, the realization of coal production volume was 310 million tons or 47 percent of total target and the export volume was 208 million tons or 43 percent of total target.

However, coal producing countries, such as Indonesia and Australia, are expected to experience three consecutive years of meteorological challenge, which is extreme La Nina phenomenon. Wet season in these producing countries will further reduce productive hours at the jobsites.

"These La Nina phenomenon will be bullish story for global coal prices," Freddie Staermose, Vice President Generation Fuels & Dry Bulks of Argus Media, said recently in the same occasion. On the other hand, the cold weather in demand hubs coupled with

Indonesia's coal production, export & DMO



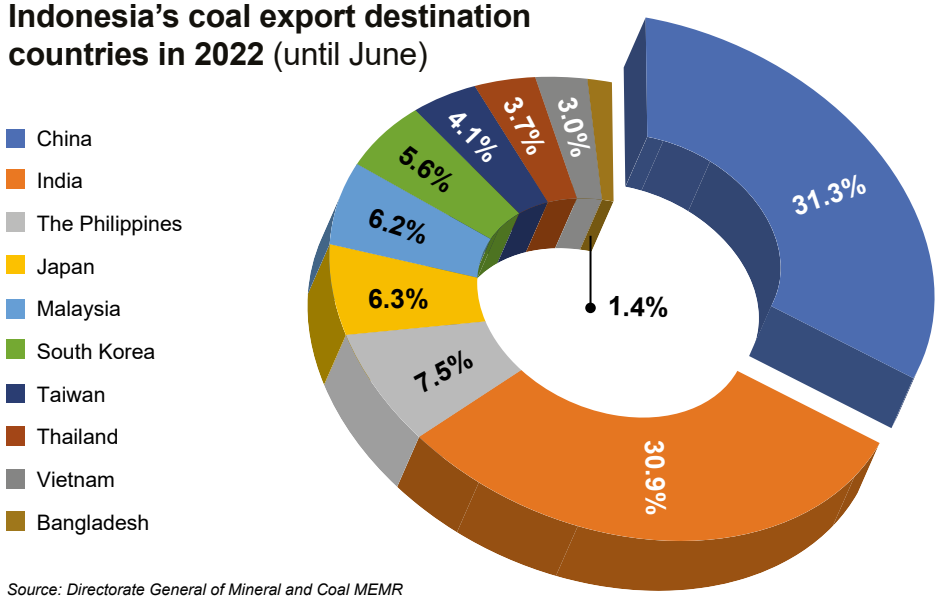
Target 2022

Production	: 663 Million tons
DMO	: 166 million tons
Export	: 484 million tons
Export value	: USD 53 billion

Realization Until June 2022

Production	: 310 million tons (47% of target)
Export Volume	: 208 million tons (43% of target)
Value	: USD 23 billion
DMO	: 94 million tons (57% Of Target)

Indonesia's coal export destination countries in 2022 (until June)



Source: Directorate General of Mineral and Coal MEMR

drought in some countries will also add the bullish story of coal prices during the year.

European market, according to Staermose, also imports coal from South Africa and Colombia. However, the Russian embargo and tight gas supply to Europe will continue supporting the coal prices through 2022 and early 2023.

Regarding seaborne coal trade, Ghee Peh, Financial Analyst at the Institute for Energy Economics and Financial Analysis (IEEFA), stated that shipping route of coal cargoes is currently going back and forth to the wrong way, which means ships take much longer time sailing on the sea.

Japan, South Korea and Taiwan are phasing out of Russian coal and buying more coal from Indonesia and Australia instead. The fact is the voyage time from Russia to North Asia is 4-7 days while voyage time from Indonesia to North Asia is 7-13 days. On the other hand, India imports more coal from Russia which takes 24 days while imports from Indonesia takes 13 days.

"The global coal market is expected to remain tight and cyclical high coal prices are likely to persist," he said.

China's import appetite

Amid the global condition of high coal prices, China boosts the domestic coal production to tame the prices. In the first half of 2022, China produced about 2.56 billion tons of coal, or about 11.5 percent increase year-on-year.

"On the other hand, the increase of coal production but lower coal power generation in China leaves less room

for coal imports," Jimmy Deng, General Manager of Century Commodities Solution, said in the same occasion. He added that China imported about 140 million tons of coal in the first half of this year, or 20 percent lower than the same period in 2021.

The pressure on China's coal import market, according to Jimmy Deng, is getting higher as the power generation from renewable energy sources increases significantly.

Indonesia is the largest coal suppliers to China markets followed by Russia and Mongolia. As of the first half of this year, China's coal import from Indonesia was 53.4 million tons or 16 percent lower year-on-year. The lower performance in the first half, according to Jimmy Deng, was due to the ramp up production by China's coal producers.

"Indonesian coal quality was less competitive in terms of the prices compared to China's domestic coal in the second and third quarter this year," Jimmy Deng said. In addition, Jimmy Deng noted that China's coal import from Russia was also decreased although Russia offers discount prices for its coal. Again, Jimmy Deng, stated that China's domestic coal prices were more competitive. Jimmy Deng estimated that China's total coal import will be about 250 – 270 million tons in 2022.

India's demand

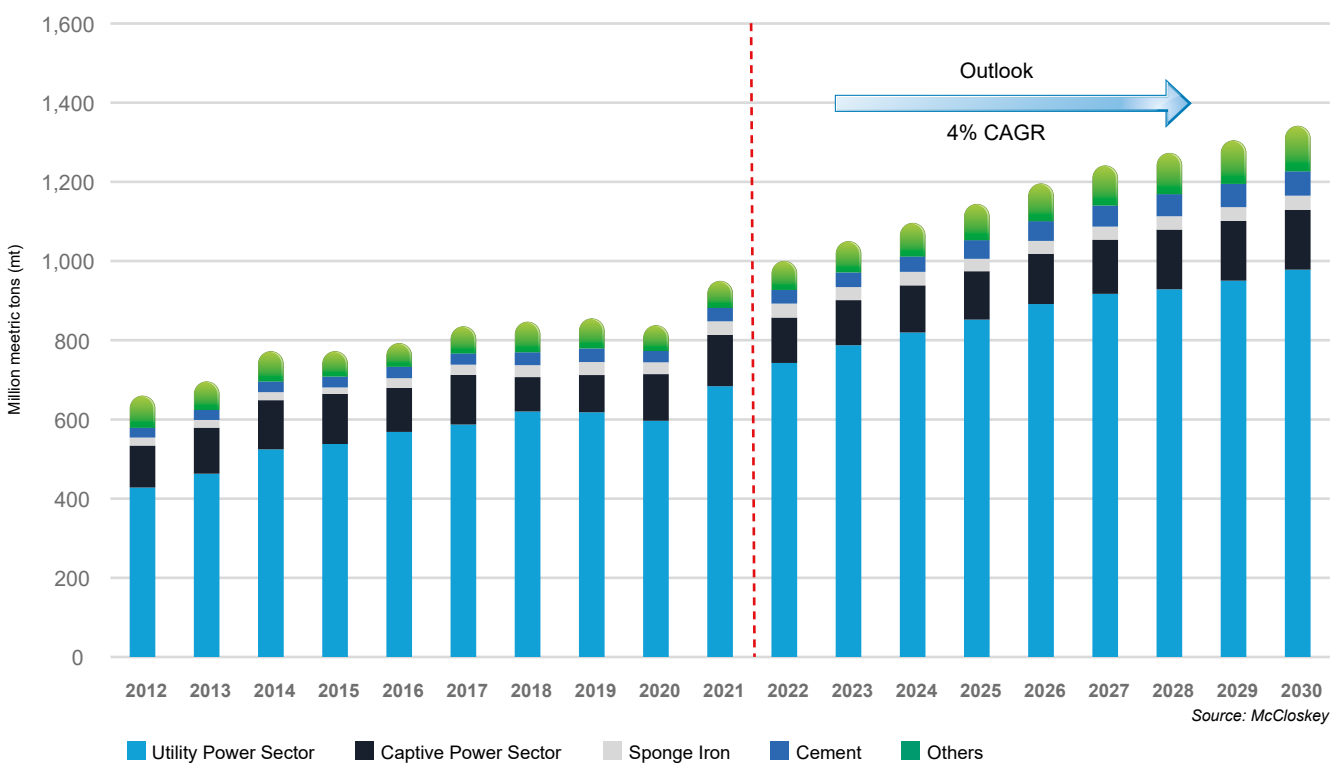
India is expected to surpass the 1 billion tons of coal demand this year which 85 percent of the demand will be absorbed by coal-fired power plants while the remainder will be allocated for sponge iron and cement industries.

Dhruv Dhir, Senior Research Analyst of Indian Coal Market for McCloskey, stated that India's economy grows and industries require more energy supplies. "The coal demand is expected to keep growing by 4 percent per year until 2030," he said. To supply the growing domestic demand, India ramps up the domestic coal production mostly conducted by Coal India Limited (CIL), a state-owned coal producer.

Dhruv Dhir mentioned that India still requires coal imports for blending purpose and the coal import is estimated to grow by 2 percent per year until 2030 amounting to 180 million tons. Indonesia is the largest coal supplier to India, accounting for 65 percent of total India's import, followed by Russia and Australia. C

India's thermal coal demand to cross 1-billion-ton mark in 2022

India's thermal coal demand by sector



Eramet commits to responsible development of the mining industry in Indonesia

In response to Indonesia's vision of strengthening Environment, Social and Governance (ESG) principles in Indonesian mining operations, the Initiative for Responsible Mining Assurance (IRMA) and Eramet, a global French mining company, along with representatives of industry and civil society organizations, participated in an industry-focused forum led by the Indonesian Coordinating Ministry of Maritime Affairs and Investment (Kemenko Marves) titled "Introducing IRMA to Indonesian Mining Companies."

Deputy Minister for Investment Coordination and Mining at Kemenko Marves, Septian Seto, in his opening remarks, encouraged companies to do their part to contribute to the sector's sustainability principles as it will be an increasingly important requirement to access the market in the future. "Kemenko Marves is conducting gap analysis on existing regulations and the IRMA standard. We would like to develop the right instruments to improve the governance from production to commercial phase of various commodities, including coal, tin, and nickel," he conveyed.

Similar statement was shared by the Special Staff of the Minister of Energy and Mineral Resources, Irwandy Arif, who reminded that investors may consider ESG elements in evaluating potential investment and predicting future performance.

Eramet Indonesia Director Bruno Faour stated "Eramet is committed to support the Government of Indonesia in reaching its sustainability goals. We acknowledge and want to continue to be part of Indonesia's journey. We hope this forum can catalyze further the shift towards a more responsible mining practice".

During the forum, Eramet also shared perspectives from its current work to prepare for audits of its global operations against the IRMA Standard, including at New Caledonia and its

nickel mine operations in Weda Bay Industrial Park, North Maluku. Eramet also plans IRMA audits for its future mining development and exploration projects in the country.

IRMA Senior Policy Advisor Kristi Disney Bruckner explained, "IRMA offers independent third-party verification and scoring against the world's strongest independent mining standard. The IRMA Standard for Responsible Mining covers all mined materials, with the exception of the energy materials thermal coal and uranium, and includes the full range of environmental and social issues." IRMA is a multi-stakeholder coalition with over 50 members including mining companies, purchasing companies, organized labor, NGOs, affected communities, and the investor and finance sector. Some familiar names of IRMA members seeking to purchase materials from mines audited by IRMA include BMW Group, Ford Motor Company, General Motors Company, Microsoft Corporation, Ørsted, Tesla, Tiffany & Co, and many more. IRMA is committed to audits of mine operations that are publicly noticed, which support engagement of diverse stakeholders in the review, and which result in detailed audit reports from which companies can share areas of strength in performance and also consider ways to improve.

To achieve inclusivity, Kemenko Marves invited key stakeholders across the mining value chain. Observed in attendance were the Ministry of Environment and Forestry (KLHK), Ministry of Investment (BKPM), Directorate General for Mining and Coal, and Ministry of Energy and Mineral Resources as well as various mining, mineral processing, chemical companies, industry associations and NGOs.

The high level of interest in this event shows Indonesia's commitment to shifting towards a more sustainable stance, and this forum may just be the first step to concrete action plans for Indonesia's mining sector. C

By **Ian Wollff** | The author is an expatriate principal geologist of about 30 years' experience in the Indonesian exploration and mining industry. The authors' web site is www.ianwollff.com

Notes from a Petromindo.com webinar

Coal market price outlook on impact of Russia - Ukraine conflict

On the 26th August 2022, *Petromindo.com* hosted a half day webinar on "Coal Market Price Outlook on Impact of Russia – Ukraine Conflict". The event was beamed out of Jakarta, and the presentations were held in English.

I apologize for any errors or omissions. The author is not a specialist in coal trading, wherein this article should not be used for commercial decisions.

Hendra Sinadia, Executive Director of the Indonesian Coal Mining Association undertook the role of moderator. Hendra noted that there is a change in market dynamics with Russian coal diversifying into China and India in competition to Indonesian export coal. However, there are new markets opening up for Indonesian coal into the EU. The Indonesian Coal Miners Association has had a number of visits by EU countries seeking Indonesian coals.

Prof. Irwandy Arif, Special Staff to the Minister of Energy and Mineral Resources for Acceleration of Mineral and Coal Governance, presented on "Implication on Rising Coal Demand in Global Markets to Indonesia's Coal Production in 2022". Indonesia's coal production targets for 2022 are total production of 663 mill ton, of which Domestic Market Obligation (DMO) is 166 mill ton, export of 484 mill ton, with export value of USD 53 billion. Three of the top 10 export destinations for Indonesia coals are China (62 mill), India (61 mill), Philippines (15 mill). Coal exports to EU (Poland, Italy Switzerland Netherlands) is expected to grow significantly in 2022. Russian coal production increased from 400 mill in 2020 to 433 million in 2021, with top export destinations to China and the EU followed by some East Asia countries. European coal demand is mostly in the >5,500 CV range. According to Wood McKenzie, global coal demand will increase by 0.6% in 2022.

Mr, Friddie Staermose, Vice President Generation Fuels & Dry Bulks of Argus Media, presented on "Russia/ Ukraine impact on global supply and demand". Great presentation with numerous detailed slides showing global coal market trends. Russian coals are causing a detached market between high and medium CV coals. The long shipping from east coast Russia to India is placing stress on the global shipping markets, pushing up global freight rates. There is still tightness on the global coal suppliers due to wet weather, rail maintenance (South Africa) and slow supply of large mining equipment. Discounted Russian coal is collapsing the mid CV market. Options for power utilities to switch to gas is still far more expensive than coal. Tight gas supply continues as there is little new LNG capacity coming on. EU coal plants are coming back on stream, and are building stockpiles ready for winter. This is complicated by excessively shallow river barging in the EU due to drought. Russian coal supply coal contract are finishing soon, with EU expected to need coal for the next two years. Germany recently turned off some of its nuclear reactors, and is rethinking the nuclear option. French nuclear plants are keeping much of EU's lights on. The La Nina global weather pattern is looking like extending into its third year, with rain affecting coal production in Indonesia and Australia along with hot summers and cold winters in the EU.

Mr. Jimmy Deng, General Manager of Century Commodities Solution (CCS), presented on "Coal Market outlook in 2H Impact of Russia – Ukraine conflict from Chinese perspective". An overview of the China economy, and power consumption, is a trend to slow down due to covid restrictions and the drought in reducing

hydropower supplies, and impact on some crops. China's domestic coal production is up by around 16% YoY (around 372 mill tpm), while imports are down by some 21.8% YoY (around 23.5 mill tpm). In June 2022, Indonesia exported 8.5 mill ton (mostly low CV), being an overall decrease of 32.6% YoY, while China imported Russian coal was 4.1 mill ton in June, being an overall decrease of 20.5% YoY. Only recently has coal imports from Indonesia & Russia to China fallen below China's domestic coal price cap.

Mr. Dhruv Dhir, Senior research Analysist of Indian Coal Market, presented on "Changing Indian Coal Demand and its Impact on Indonesian Supply". The Russian war has led to a significant change / increase in seaborn Russian coal exports to Europe and India. All coal producing countries are seeking to increase coal supplies to Europe. The Indian government is encouraging domestic growth, including increased steel & cement production that requires coal. Coal power plants are being encouraged to produce more power, through changing the cost passthrough mechanism that kept electricity prices low. Russian coal may replace some South African coal for steel production. There is some resistance to use high CV Russian coals for power, as the hardness impacts on grinders, and Russia's high volatile coals have a different boiler burning profile, tough some blending is likely. India's domestic coal supply is increasing (about 600 mill ton in 2021), along with coal power demand now to reach 1 billion ton in 2022. Indian coal stocks have improved. Indian coal prices are expected to cool off by 2025.


CA | Khalsa

Mr. Ghee Peh, at the Institute for Energy Economics and Financial Analysis (IEEFA) presented on "Bangladesh and Pakistan Coal Market Outlook – what does it mean for Indonesian coal?" The global coal market is expected to remain tight with high coal prices for some time. Shipping Russian coal to India takes 24 days compared to 13 days from Indonesia, while Russian shipping to north Asia (Japan, South Korea) takes 4-7 days compared to Australian shipping of 19-22 days to north Asia. The bulk shipping market is tight. Coal power generation in Bangladesh increased by 68% from last YoY figures. Bangladesh has another 6.7 GW coal power under construction, with a new master plan coming next year. Coal imports are planned to be reduced. Coal power in Pakistan accounted for 20% of national power supply. The 2030 master plan calls for 58% coal imported and 42% from domestic production, though utilization will favour hydro power & renewables. Coal demand is expected to remain relatively stable.

Discussion Points included;

- The Indonesian government continues to appraise the DMO system, and a legislated system for companies to make some compensation payments into a state entity is yet to be implemented.
- Global coal demand is now more even between northern hemispheres winter (heating) and summer (AC for cooling).
- 5,800 GAR into China & India is expected to be relatively stable in the short term, but may soften by around 5%.
- Coal is an immediate choice for power, as building more hydro power takes time.
- Bangladesh coal importers are required to place 75% of payment on deposit, that reduces options of small players (brick making etc), with total market potential of 2-3 mill ton.
- Once the Russia – Ukraine war ends, the global coal trade pattern not likely to change quickly, as time required to lift sanctions, develop coal contracts, and some trade patterns will linger. EU may rethink its diversification of energy sources.
- Most Indonesian coal producers are recording windfall cash profits, and are continuing to reinvest in coal.
- The EU population is being called upon to consume less power – and this may offset CO2 produced by the extra burning for coal power generation. C

*By **Ian Wollff***
The author is an expatriate principal geologist of about 30 years' experience in the Indonesian exploration and mining industry.
The authors' web site is www.ianwollff.com

Nickel Summit Conference Notes

The Nickel Summit was held in Jakarta on the 24th – 25th August, 2022 with the media partner of The Indonesian Miner. The two-day event was held in English, with a packed conference room of 150, and 550 on line attendance for each day. The attendees were provided with great many tables with facts and figures on many different projects, whereas this article is limited towards the general nature of the industry participants. The presentations were all very professionally prepared.

I apologize if these personal notes contain errors or omissions. This article should not be used for commercial decisions.

Ben Lawson undertook the moderator's role and opened with a few remarks;

- There is a need to grow the reserves of lateritic nickel ore (saprolite & limonite) to match the longer term needs of the rapidly growing smelter plants, and manage the high grading practices to ensure a sustainable industry.
- Indonesia does not lend itself to meaningful renewable energy (solar, wind) power supply, wherein a range of ESG issues need to be approached in a practical manner.
- The present popular trend to emphasize the battery industry should become more focussed on what is practical and what is needed.
- Congratulations to the China investors that were the industry for-runners to respond positively to the Governments ban on raw ore exports, in building the new generation of nickel (Ni) smelters. Many now follow this successful path.

Minister address

Luhut Binsar Pandjaitan, Coordinating Minister of Maritime Affairs and Investment RI, spoke via zoom (without slides) on "How the Indonesian government leverages nickel reserve to support the world EV supply chains". He read a prepared text in English to outline the significant tax and royalty contributions from the nickel industry to the government, and nickels boost to the overall economy. Luhut is keen to get more involvement from American companies. Later this year there will be a special trade meeting in Bali with US companies and key nickel industry executives and government parties.

Nickel companies

Several smelter projects were introduced, including Justin Werner of Nickel Industry Limited; Simon Milroy, chief Executive Office, PT. Merdeka Copper & Gold (Ni projects); Wahyu Budi Santoso, GM External Relations PT. Indonesia Weda Bay Industrial Park [IWIP]; Aldo Namora, Head of business development PT. Ceria Nugraha Indotama; Dr. R. Sukhyar, commissioner PT. Kendari Kawasan Industri Terpadu. There are a number of common factors;

- Indonesia has the largest resources and reserves of nickel ore in the world. Indonesia is seen as the principal growth centre for new nickel production, with most new projects being completed by 2025.
- Indonesian smelters are amongst the lowest cost producers of Nickel Pig Iron (NPI), stainless steel, nickel Matt.

Antam

- Expansion, modification and new nickel smelting plants are constructed and commissioned in record short time.
- Nickel smelting complexes are developed in “Industrial Parks” that have numerous tax, administrative and operational advantages that are conducive to the rapid growth of this industry.
- The present high prices for nickel products indicate such billion-dollar smelter complexes can have Return On Investment (ROI) in a short period (2-5 years).
- Most new capital investment comes from Chinese companies, though one Australian company [Nickel Industry Limited] is a significant player.
- Nickel projects are considered as Class 1 for the production of stainless steel, NPI etc, and Class 2 for supply of precursors for the battery market. Note that this terminology of class 1 & 2 is apparently a marketing term directed at end products, whereas other nickel industry players use the class 1 & 2 terms to denote the source of nickel, with class 1 being sulphides and class 2 for laterites.
- Nickel smelters adopt either the pyrometallurgy RKAF technology or the more capital intensive and complex HPAL technology.
- There is tight and comprehensive scrutiny by the ESDM to ensure a Feasibility Study and Construction Permit is approved for implementation. The review includes technical aspects, manpower, funding, contractors, ESG, permits, marketing and management credibility.

Nickel Association

Meidy Katrin Lengkey, Secretary General Indonesia Nickel Miners Association (APNI). There were 338 Nickel tenements (IUP) that were recently reduced by 112 (non-compliant) to have 226 remaining. Pyrometallurgy smelters are 27 operational, 28 in construction, and 6 in Feasibility Study [FS] stage. Pyrometallurgy smelter investment in operation is US$ 15.7 billion, to produce 4.7 million tpa of Nickel Pig Iron [NPI], with a workforce of 50,000. The 71 pyrometallurgy smelters will require 185,780,000 t/y saprolite, and 28,740,000 t/y limonite ore. Hydrometallurgy smelters are 2 in operation, 5 in construction and 2 in planning stage. The 10 pyrometallurgy smelters will require 50,570,00 p/y limonite and 1,200,000 t/y saprolite. Indonesia’s present nickel resource is

11.78 billion ton containing 170 million ton of Ni. Reserves are estimated at 4.6 billion ton with contained nickel content of 72 million ton.

APNI discussion emphasized the need to consider the speed at which Indonesia's nickel resources shall be consumed, and the need to conduct further exploration. There is concerns of malpractice where some production tenement holders seem to be renting out their annual work plan approved production tonnages (RKAB) to other miners. There are ongoing concerns about standardizing the grade and price estimation as defined by seller, and accepted by buyer. There is some urging that there should be more on ground inspections by the various government agencies.

New refinery technology

Romy Ramadhani, corporate finance for Trinitan Green Energy Metals (TGEM) introduced their new STAL technology [Step Temperature Acid Leach]. A trial operation plant (STAL ONE) is built near Jakarta where research can be undertaken efficiently. The second phase (IGNITE) is to install a modular commercial operation plant in West Papua, with ore sourced locally and barged in from nearby islands. The modules are to be built with input of 600 DMT/day of limonite, have temperature of 300- 700deg C, pressure of about 1 atmosphere, electricity 5.5 Mw, with output of 2,450 tpy as Ni, along with output products of MnO2, MgSO4, and Fe/Al residue. This technology is anticipated to have a lower carbon footprint, and cheaper capital at around US$20,000/ton feed modules. STAL ONE is scheduled for construction in Q4 of 2022, and commissioning in Q4 2024. IGNITE commercial plant is planned to undertake commissioning late 2026.

Nickel exploration

Tobias Maya of PT. Geo Search presented on the UltraGPR [Ground Penetrating Radar] for nickel laterites. Indonesia has the world's largest resources / reserves of nickel in the form of laterites. These are surface weathering features of tropical soils over ophiolite sequences. GIS remote sensing can identify topography areas suited to the development of significant laterite ore bodies. Steep slopes (18 – 35 deg) tend to reduce ore potential through physical erosion. The high variability of the basal weathering profile can be mapped using GPR, and thereby focus drilling, and providing an interpretive modal for the base of the resource.

Keith Whitchurch, President Director PT. SMG Consultants Indonesia, presented on "Implications of ESG on Mine Planning and Equipment Selection". The typical reserve / mine plan model is based around NPV [Nett Present Value]. Carbon emissions are rated as Scope 1 (on site emissions), Scope 2 (off site electricity production), Scope 3 is upstream emissions from the supply chain, and also Scope 3 downstream

emissions in transporting product to market. Each step for mine production has its own ESG impacts that can be optimized through modelling of the measurable ESG factors. Some shareholders and investors now consider the ESG factors as more important than NPN, and require such modelling, and monitoring.

Agus Superiadi, Expert council association of Indonesian Mining Professionals (PERHAPI). Nickel reserves spread over 371 tenements have increased 5-fold in the last 10 years, and continues to grow. This has created a flood of job opportunities in the exploration, mining, smelting and support sectors. Indonesia has over 100 university courses to supply mine engineers, geologists, geophysists and metallurgists. Despite these numbers there is a critical shortage of skilled and experienced workers, leading to increased hijacking of manpower from established companies. PERHAPI propose a development program for mining industries, universities, professional associations and government to ensure an adequate future workforce.

Simon Bailey, Senior sales specialist, Evident. The new portable XRF analyser can now reliably detect trace amounts of Cobolt (Co), and overcome iron (Fe) and nickel (Ni) interferences. XRF analysis allow for fast decisions in exploration and in mineral processing lines, though full assay results may still be required for JORC reporting of resources & reserves.

ESG

Prof. Mohan Yellishetty, associate professor – resources engineering at Monash University delivered the main part of his on-line talk about using artificial soil for revegetation old coal mines in Victoria.

Andrew Digges, Partner Norton Rose Fulbright spoke on decarbonization in the nickel EV battery industry. Average Green House Gas [GHG] emissions for sulphides is about 10 tCO2eq/tonne Ni, Laterite (HPAL) is about 19, and laterite (matte via NPI) is about 59. There are growing international trade regulations to examine the total GHG emission footprint of commodities. Options to reduce GHG emissions largely focus on rationalizing power supply to the smelters.

Muchtazar, Sustainability Manager, Nickel Industries Limited presented on incorporating ESG factors into nickel production. A number of entities now emphasize ESG project risk, along with UN sustainable Development Goals, Carbon footprint and such factors are strongly linked to economic development. Environmental best practices are recognized in Indonesia through “Proper” colour ratings, and various awards.

Rico Syah Alam, President Director, SESNA. Presented on “Solar project as future energy collaboration”. Nickel projects can reduce their CO2 emissions through adding solar panels to their energy generation package. They propose what looks like a BOOT system to provide solar power. Typically, 1 GW needs 1 Ha of land / roof top etc. They have installed some solar power systems in a few Indonesian mines.

Ni market analysis

Nikhil Shah, Principal analyst-Nickel Market CRU Group. His presentation started with outlining recent market development, then looked at EV’s as the biggest contributor to medium term demand growth. Indonesia is critical to supply growth, though some caution as the market may shortly move into surplus for a year or so.

Ni battery

Joko Umar, CEO & Founder PT. Sinergi Mutual Globalindo spoke on key drivers for nickel investment. Nickel for batteries is a global hot topic that is encouraging for investors. The strength for Indonesia to become a hub for battery development includes its abundant resources and proven track record of extraction and smelting. Weakness included the perceived slow expansion in nickel supply compared relative to the aggressive growth projections for nickel demand. The opportunity includes being seen as a global leader in the new energy market. The threat is market volatility, and potential for other cheaper battery technologies to overtake the Ni battery.

Yunan Fajar Ariyanto, Senior vice president of finance and portfolio management, Indonesia Battery Corporation (IBC). Yunan spoke of the IBC master plan to develop EV & EV battery ecosystem. There are two main investors in JV with SOE’s to mine, refine, and manufacture EV batteries in Indonesia. The government is urging priority towards batteries for 2 wheels vehicles, though foreign investors (with their technology) want to emphasise the production and export batteries for 4 wheeled vehicles

Prof Dr. Rer Nat Evvy Kartini, foundary, National Battery Research Indonesia (NBRI). This organization carries our training & education for future nickel industries, including future battery manufacture in Indonesia. This was an exciting and detailed presentation on battery research and technology at the Research Institute. Battery components of cathode, anode, electrolytic solution, separator and casing are each complex items. For example; Small trace elements in some Indonesian nickel products can inhibit

the performance of a battery. A small defect in the separator can lead to spontaneous combustion.

General discussion

- Some general concerns include; the volatile coal price; the nature & timing of a future carbon tax; and talk about restrictions on stainless steel production; smelter waste disposal.
- It would seem the nickel smelter industrial parks are significant new growth areas for PLN electricity supply.
- The supply of sulphuric acid may become a future bottleneck, and at the same time an opportunity for new industries in Indonesia.
- EV car production bottlenecks, possible recessions and inflation may flatten take up of EV cars to slow down overall market sentiment towards EV cars.
- The present SOE concept is for long barging of a few percent nickel / bauxite ore to North Kalimantan for processing using hydroelectricity. However, the economic and environmental cost may be better to use local coal power, or to place long power lines from North Kalimantan to the mining areas.
- Implementing EV battery for two wheelers in Jakarta is not so simple. It will take time. There are now about 40 different commercial 2-wheel EV brands in the Jakarta market, though reliability is not assured. It is expected to take about 3 years before the 2wheel EV models become a more settled market. The master plan for 4 wheeled EV cars is looking at using Pertamina petrol stations as a starting point for electric recharging. A domestic battery industry, or EV bike / car needs to find a way to reduce construction coast before becoming a mass consumer item.
- It is suggested to encourage exploration for graphite, manganese and other consumables to support the domestic battery industry. C

BOOK REVIEW By Ian Wollff

"ERA BARU BATUBARA INDONESIA"

Prof. Dr. Ir. Irwandy Arif, M.Sc. has produced another outstanding book that is available for Rp 240,000 in Gramedia bookshops, and other selected outlets. "Era Baru BATUBARA INDONESIA" is a 700-page book written in Indonesia for a public audience seeking a broader understanding of the coal business in Indonesia, such as students, teachers, politicians, government agencies, NGO's and the concerned public. The purpose of the book is to supplement the growing the public awareness of how the coal industry fits into the government's strategy for Good Mining Practice. The book provides a readable background of the Indonesian coal industry as it addresses national and international concerns about the future of the coal industry. The books chapters are;

1. Introduction
2. Defining Coal
3. Coal in Indonesia
4. Mining of Coal
5. Coal Uses
6. Value Adding of Coal
7. Coal Industry
8. Domestic Market Obligation
9. Net-Zero Emissions
10. Energy Transition Towards Net Zero Emissions
11. Decarbonization
12. Carbon Pricing, Carbon Trading & Carbon Tax
13. Future of Coal in Indonesia

coalmetal asia

Highlight |
Meeting with the Coordinating Ministry for Maritime and Investment Affairs

Nickel Price |
LME Legal Cases

Production |
Income in Nickel Sector

Nickel Export |
Tsingshan's Matte to Europe?
VDNI to Lower Export?

Infrastructure |
Tesla to Invest in Konawe?

INDONESIAN NICKEL REPORT

Meeting with the Coordinating Ministry for Maritime and Investment Affairs

About the Nickel Industry

Report from the Ministry

The Coordinating Ministry for Maritime and Investment Affairs (Marvest) in its report to the House of Representatives (DPR) said it has assigned several tasks by the President to support government programs for Indonesia to become a developed country before 2045. And one of the major tasks is to transform Indonesia's economy from commodity-based to an industrial country as currently happens in the nickel sector, and this program has made the export of industrial products jump from only US$ 1.5 billion in 2015/2016 to US$ 30.0 billion per year.

The Minister of Marvest, Luhut B. Pandjaitan claimed negotiation with Tesla to build electric vehicles in Indonesia was still on going and could not be shared with the public, and based on the latest visit of the Tesla team to IMIP in May 2022, he is confident that this company will consider Indonesia as a place for investment in the near time. Luhut also claimed to have offered the industrial estate in North Kalimantan to Tesla to build its electric vehicle industry as this industrial area provides clean energy with a total capacity of 20.0 GW and with a price of only ₵ 5.0/Kwh that will make Tesla able to produce batteries with a capacity of 265 GWh per annum or adequate to produce 3.0 million new modern cars with the lowest cost of production compared to other producers in the world. Luhut said Ford will visit Indonesia on 20th June 2022 for possible investment as this company considers Indonesia, especially the North Kalimantan industrial area, as the best place to invest in green energy automobiles.

Table 1. North Kalimantan Industrial areas

Name	Green Industrial Park and Blue Industrial Park
Ownership	PT Kalimantan Industrial Park Indonesia (KIPI) & Kawasan Industry Kalimantan Indonesia (KIKI)
Investment	US$ 132.0 Billion
Size	16,400 Ha – 19,000 Ha in first stage; 30,000 in 2nd stage
Industries type	Green Aluminium, Steel, Polysilicon, Graphite
	New Battery, nickel-based & LFP
	Petrochemicals
	Solar panels
Power Source	Hydropower 10 GW
	Solar Cells 10 GW
	CFPP for transition
Supporting facility	Ports, Airport, Hotels, and Polytechnique

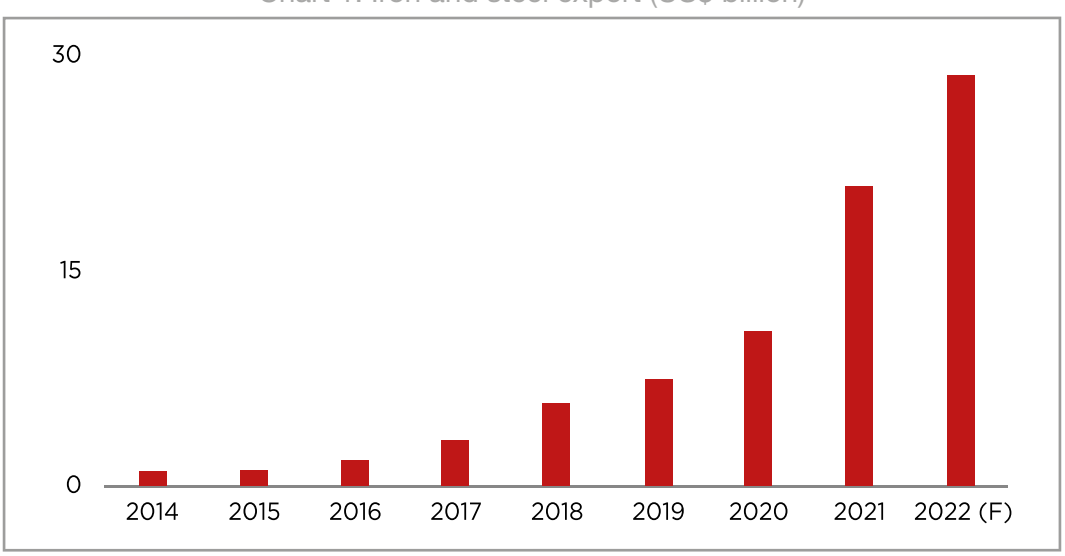
Source: Marvest, worked by IKI

Luhut, in his presentation, said this industrial area is dedicated to petrochemical and new energy battery factory with investments of US$ 56.0 billion and US$ 43.0 billion and total production capacities of 64.0 Mt and 265 Gwh. He also said this Green Industrial Park will also produce other green products, like electronic alumina, steel, industrial silicon, and polycrystalline silicon with a production capacity of 3.0 Mt, 5.0 Mt, 1.2 Mt, and 0.2 Mt per annum with a total investment of US$ 32.0 billion. Meanwhile, the latest statement from the government claims that the land acquisition process for this Kalimantan Industrial area has reached 90% to completion with the construction expected to be completed in 2024 for the first phase and 2029 for the second phase, and the government expects total revenue of US$ 113.0 billion per year to support the province's and the country's economic growth.

Progress in nickel industries

Luhut claimed when the government planned to develop downstream mining industry, especially nickel, more than a decade ago, the government didn't have the required technology and the experts that made Luhut invite China, because of its technology advantage, to develop nickel smelters under several terms such as investment will be business-to-business, transfer technology, and using local manpower with permission of using Chinese workers in the first five-six years. Therefore, the statement which mentioned Indonesia is being trapped by hidden debts from China in developing the domestic nickel downstream industry is not correct as all of the investments are made by companies.

Chart 1. Iron and steel export (US$ billion)



Source: Marvest, worked by IKI

Luhut admitted that he was bullied many times for supporting Chinese smelters, but acknowledged that China's nickel smelters, such as IMIP, IWIP, etc., are one of the engines that support Indonesia's economic growth in 2021 through exports of iron and steel products, which grew significantly to US$ 20.9 billion in 2021. And He predicted iron and steel esports will rise to US$ 28.5 billion in 2022. Luhut claimed that currently Indonesia has a complete and integrated downstream nickel industry that produces stainless steel, but does not yet have

a similar industry in the battery sector, and he hopes that the operation of a lithium plant in 2024 will not only support the development of nickel batteries but also increase the country's exports to US$ 0.40 trillion per year. Luhut is optimistic with lots of investments made in nickel batteries and lithium will make Indonesia the biggest battery producer in the world in 2027.

Meeting with Marvest

PT Indeks Komoditas (IKI) held a meeting with the Marvest Ministry on the 10th of June 2022 to discuss the nickel industries in Indonesia and the recent issues in the market:

I **IKI (I):** Could we know the latest information about the Indonesia nickel resources and reserves?

M **Marvest** (M): We got the information about the nickel deposits from ESDM, and it said that nickel resources and reserves in 2021 stood at 17.69 Bwt (billion wet tons) and 5.24 Bwt, which increased by 26.3% and 13.0% y-o-y.

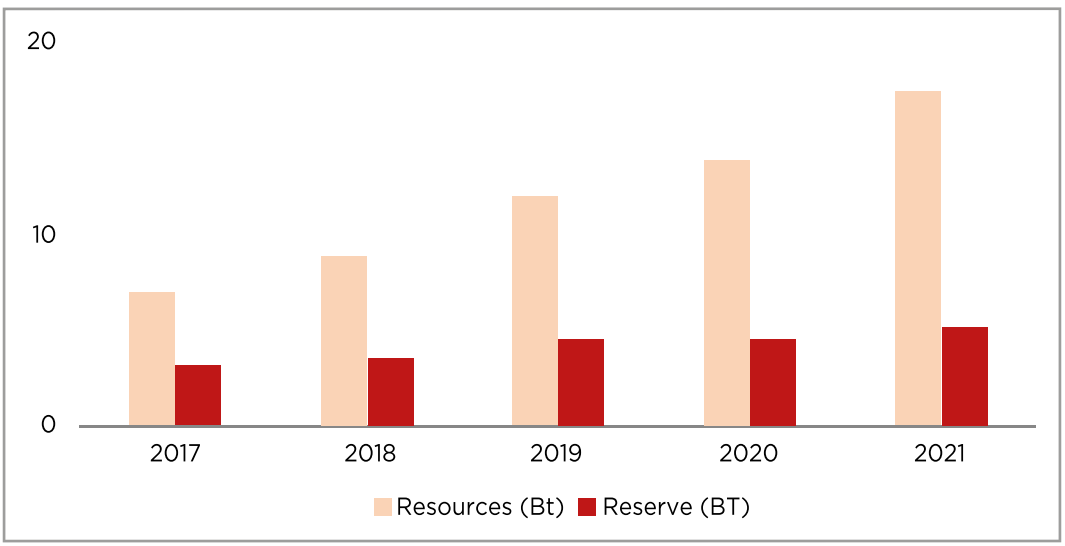
I We found the ESDM data have always mentioned the deposits in ore and metal, could we have the explanation?

M Deposits in ore means the size/tonnage of the ore than contains nickel together with the impurities, meanwhile deposit in metal refers to the quantity of nickel only in the ore

I We found ESDM numbers on nickel deposits, and also deposits of other natural resources like coal, are always increasing every year even through production/ consumption increases.

M Because of the continuing exploration made by the nickel miners that have found new potential reserves.

Chart 2. Indonesia nickel deposits (Bt)



Source: ESDM, Marvest, worked by IKI

I

IKI (I): the majority of nickel smelters in Indonesia are ferronickel and consume higher-grade ore (1.7%), but ESDM said this ore grade reserve grew by more than 47% y-o-y to 2.5 Bt which means in 2021 there was an extraordinary massive exploration happened in Indonesia. (IKI did not mention data from ESDM which does not support the increased ore reserves).

M

Marvest (M): Ore reserve and resource numbers are not absolute, but dynamic figures that can be changed. For example, at this moment, the soil in an area cannot be classified as ore, but next year or even in the next ten years, the soil can be classified as ore based on its economical value. The increased nickel reserves could be related to the high level of nickel prices (metal) that made some of the waste or resources can be classified as ore.

I

Could we know the number of operating smelters in Indonesia?

M

As per our data there are 35 smelters currently operating in Indonesia producing ferronickel, MHP, etc, and 34 smelters are under construction.

I We would like to know, in Indonesia, is it allowed for smelters to produce and export multiple products, for example, let's say smelter A according produces ferronickel based on its business license, but due to some business interest smelter A then produce/sell other nickel-metals like NPI, in the next few months. Does company A need another license or can be using its existing license?

M Based on its export license as it will relate to government income, but actually NPI and ferronickel are much different in taxes and characterization so….

I Apologies for the interruption, but our question about licenses is based on gossip in the market that said some smelters in IMIP that initially produced NPI/ferronickel have produced also nickel matte which has a different characterization.

M We know that this matter is still planned by IMIP

I We remind You, that the smelters had started operation several months ago and exported their products. What we would like to know, is that we found smelter A, IKI mentioned the exact name of the smelter, that exported ferronickel in the past and has become an exporter of nickel matte. is it allowed by the regulation?

M hmm… in our database this company uses the Rotary Kiln-Electric Furnace technology which means producing ferronickel. We don't know about this company's licenses for matte, we recommend you ask the related ministry. Where do you get your data from?

I from XXXXXXX (IKI censored the name as this report goes to the public)

M Then your data is valid, which means this company has all the necessary licenses to produce and export nickel matte. But we request further to the related Ministry

I How many smelters in your database produce nickel matte

M In our data only Vale

I In our data, there are five smelters that have produced nickel matte. In IKI's report, March edition, IMIP exported almost 16 Kt while Vale only exported 5.5 Kt

M That huge amount from IMIP, where did you say you get data from?

I from XXXXXXX (IKI censored the name as this report goes to the public)

M We know that GUANG CHING NICKEL planned to produce nickel matte but yet to start production.

I IKI mentioned the name of all smelters that produce nickel matte.

M But one smelter you mentioned, in our database, has yet to start production, and one smelter not even listed in our data…. We want to make a meeting with other ministries to get the recent status of all smelters in Indonesia, both operation and (under) construction.

I We heard the government will impose a moratorium on NPI and ferronickel smelter, could we get the update?

M The moratorium is still in the "planning" stage and the idea is to encourage downstream (industry) to produce metals with higher value.

I Could we know the status of the government's plan to impose export tax on ferronickel and NPI? And when will it be applied?

M This policy is still being discussed and studied by (related) ministries and is made to dis-incentive the development of intermediate smelters in order to drive smelters development to produce further downstream products. We don't know when exactly this policy will be imposed.

I We heard that Tsingshan plans to produce cathode for electric vehicles? Do you know about this plan?

M We don't know about this news.

I We have tried to ask IMIP Director, but he didn't reply, so we assume that this news is correct?

M We haven't heard about Tsingshan's plan to produce cathode, what we know is that Tsingshan is planning to produce nickel matte from Fe-Ni, and this matte will be processed further to produce batteries for electric vehicles (integrated process). But we will arrange a visit to IMIP to get more accurate information about its smelter development plan.

I This is our last question, we heard that Europe has imposed anti-dumping duties on Indonesian stainless steel products, especially those produced by Chinese-Indonesian joint venture companies. Could we get your response?

M The government will advocate regarding this case. We know the Europeans have made the anti-dumping (duty) based on their interpretation that the government has given plenty of subsidies to (domestic) nickel smelters to produce stainless steel. We will do an investigation about this, but we know that only a few steel products are sold to European countries.

I Our data show lots of Tsingshan's steel products are sold to Europe

M We have yet to get the exact data, but we will do the investigation. What is the rate of the anti-dumping (duty) imposed by Europe?

I In our research the total anti-dumping (duty) is 40% consisting of CVD of around 20% and anti-dumping of 20%. IKI showed the 28th edition report.

M Could you give this report to us? …. Reading IKI's report…… (upset)…… the rate is very high

I But we notice in its verdict, that the European made zero CVD for Jindal Steel as its thinks that this company has not enjoyed subsidies from the government, unlike the Chinese companies.

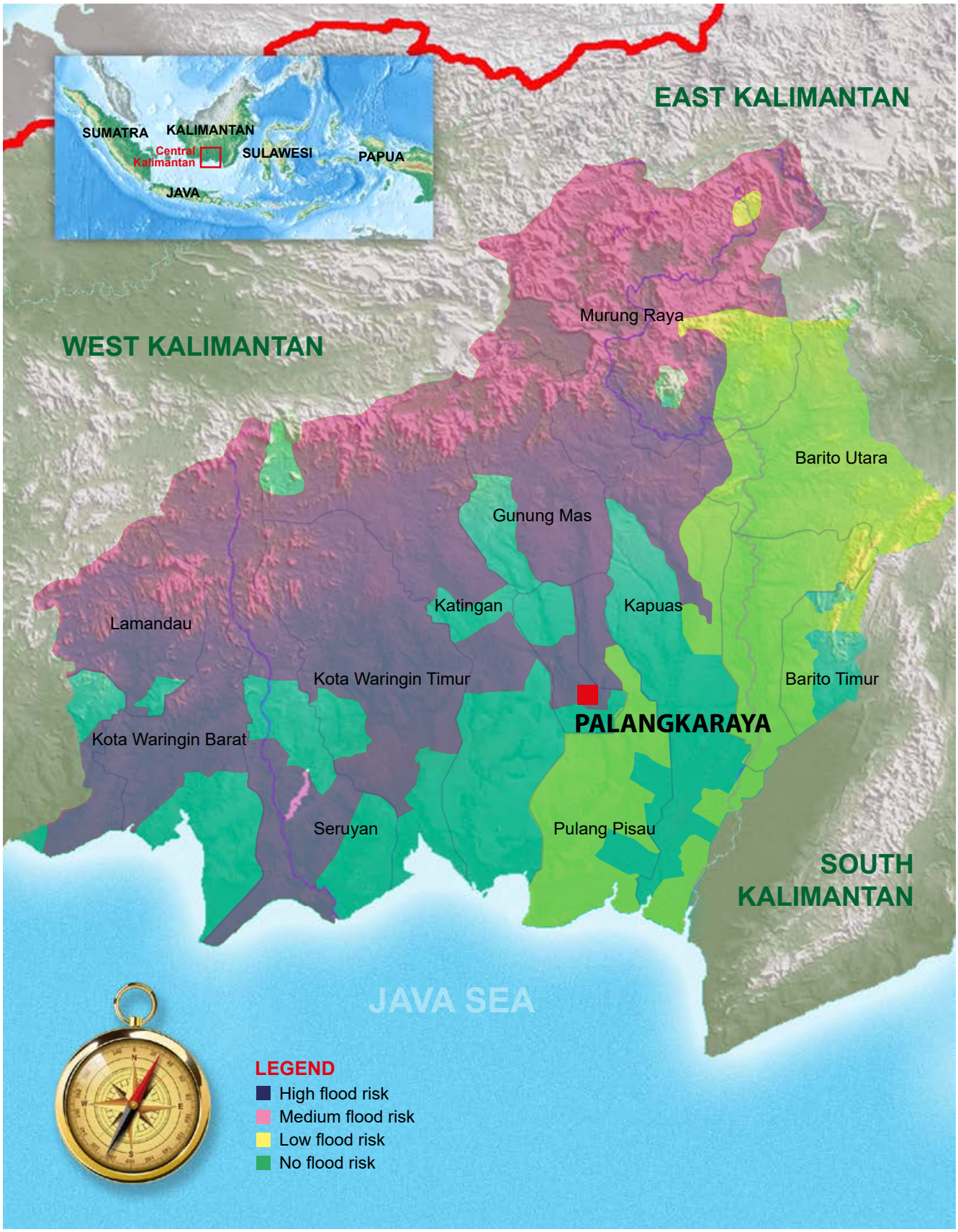
M ……. (very upset) ….

The heavy rains that fell across the archipelago throughout last year affected the operations of many coal miners. There are worries that Indonesia will continue having an extended wet season this year. In the following four pages, we publish maps provided by the government's Meteorological, Climatological and Geophysical Agency (BMKG) highlighting the areas in coal producing regions East Kalimantan, South Kalimantan and southern Sumatra that face flood risks in September 2022. Please check if your mining areas are among those prone to floods during the period.

Editors

Flood-prone areas in South Kalimantan

Flood-prone areas in Central Kalimantan



Flood-prone areas in East Kalimantan

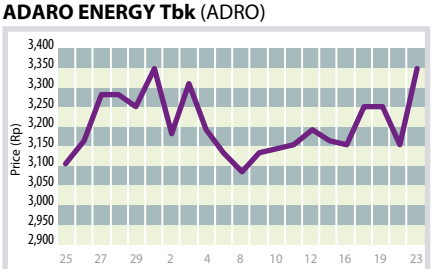
Flood-prone areas in Southern part of Sumatera

SHARESPERFORMANCE

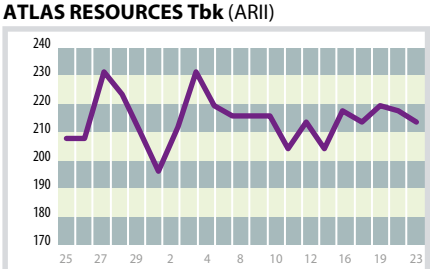
IDX-Listed coal miners shares performance

No	Company	JULY 2022			AUGUST 2022							
		25	27	29	2	4	8	10	12	16	19	23
1	ADARO ENERGY Tbk (ADRO)	3,100	3,280	3,250	3,180	3,190	3,080	3,140	3,190	3,150	3,250	3,350
2	ATLAS RESOURCES Tbk (ARII)	208	232	210	212	220	216	204	204	214	218	218
3	BAYAN RESOURCES Tbk (BYAN)	66,175	66,925	67,975	67,100	66,000	66500	66,100	66,100	65,800	65,800	64,175
4	BORNEO LUMBUNG ENERGI & METAL Tbk (BORN)											
5	BUMI RESOURCES Tbk (BUMI)	93	108	113	115	101	113	133	133	135	138	145
6	GOLEN ENERGY MINES Tbk (GEMS)	6,175	6,350	6,425	6,625	6,700	6,550	6,600	6,625	6,525	6,700	6,625
7	HARUM ENERGY Tbk (HRUM)	1,600	1,730	1,845	1,810	1,730	1,775	1,775	1,765	1,630	1,665	1,665
8	INDIKA ENERGY Tbk (INDY)	2,510	2,650	2,670	2,660	2,630	2,800	2,870	2,890	2,740	2,820	2,840
9	INDO TAMBANGRAYA MEGAH Tbk (ITMG)	35,050	38,900	39,600	39,750	39,400	39,600	40,300	37,750	36,700	37,500	38,250
10	RESOURCES ALAM INDONESIA Tbk (KKGI)	595	655	620	635	625	650	760	760	665	630	640
11	TAMBANG BATUBARA BUKIT ASAM (Persero) Tbk (PTBA)	4,060	4,270	4,300	4,190	4,110	4,040	4,170	4,150	4,080	4,210	4,250
12	ALFA ENERGI INVESTAMA TBK (FIRE)	210	214	214	208	210	210	208	210	202	210	210

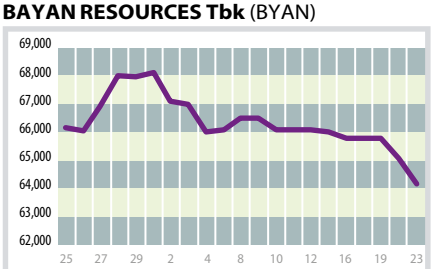
ADARO ENERGY Tbk (ADRO)



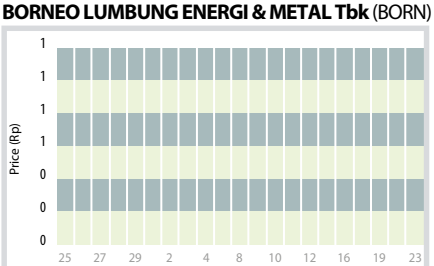
ATLAS RESOURCES Tbk (ARII)



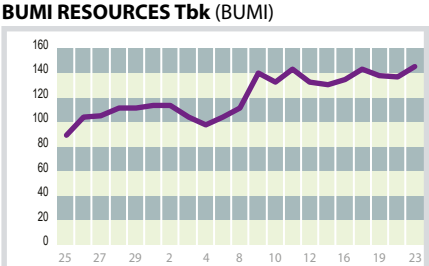
BAYAN RESOURCES Tbk (BYAN)



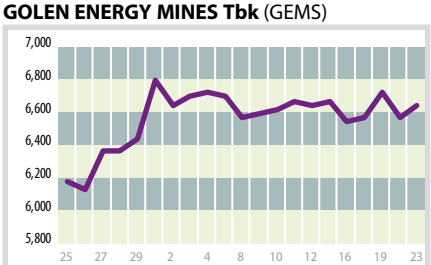
BORNEO LUMBUNG ENERGI & METAL Tbk (BORN)



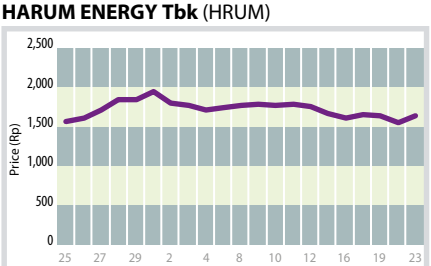
BUMI RESOURCES Tbk (BUMI)



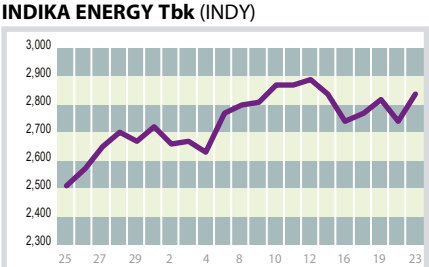
GOLEN ENERGY MINES Tbk (GEMS)



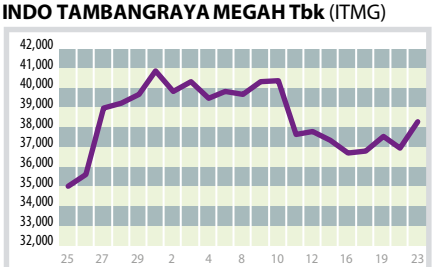
HARUM ENERGY Tbk (HRUM)



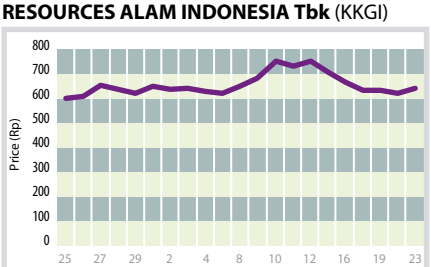
INDIKA ENERGY Tbk (INDY)



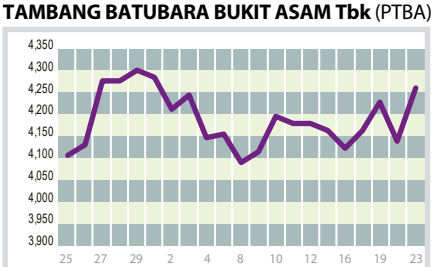
INDO TAMBANGRAYA MEGAH Tbk (ITMG)



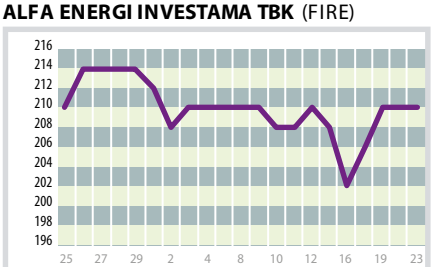
RESOURCES ALAM INDONESIA Tbk (KKGI)



TAMBANG BATUBARA BUKIT ASAM Tbk (PTBA)



ALFA ENERGI INVESTAMA TBK (FIRE)








Since 1971

PT. GEOSERVICES

COAL, NICKEL, GOLD & SILVER

EXPLORATION, LABORATORY SERVICES
&
CARGO INSPECTION FOR QUANTITY & QUALITY

ON ALL ISLANDS OF
SUMATERA, KALIMANTAN, JAVA, SULAWESI, MALUKU, NUSA TENGGARA, PAPUA

Head Office :
Jl. Dr. Setiabudhi 79-81 Bandung, Indonesia
Phone : +62 22 2031316
Fax : +62 22 2031890
Email : bdgoff@geoservices.co.id

www.geoservices.co.id






coalmetal asia

VOLUME 142 | SEPTEMBER 2022

ISSN 2087-3670
9 772087 367062
Rp 75.000 | USD 9

LIUGONG INDONESIA CONTINUES TO INTENSIFY AFTER-SALES AND PARTNERSHIP ESCALATION