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Serendipity: future looks bright for Sumatra's accidental coal miner

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Resources

IBU Ratna Handini thought her land in Sumatra was destined to become a palm oil plantation but a kick of the black rocks onsite started a journey into the mining game.

Mrs Handini said she never intended to stumble across a coal mine — her family came from a farming background — but after uncovering the resource on her land, she started to explore the historic industry.

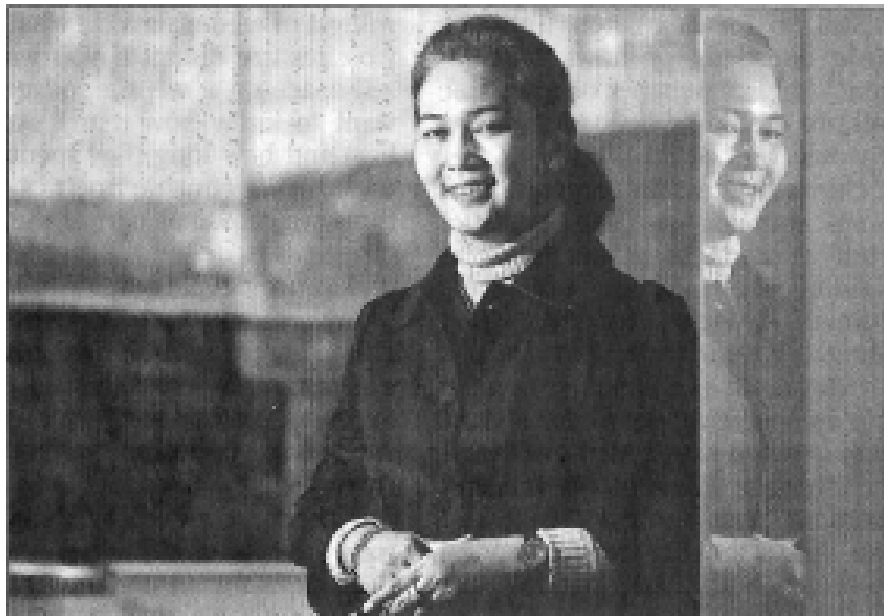
Her research informed her of the need for a mining licence, and it then became apparent that state-owned Thai company

Banpu Group already had the rights to mine her land. By the end of 2004, she had bought the licence from Banpu and focused all her money and efforts on mining, including building roads to the mine and recruiting staff from nearby villages.

Mrs Handini, through her private company, initially developed the mine privately as a niche thermal coal export operation.

Located about 20km west of the city of Muara Bungo, the mine produces about 1.4 million tonnes a year, but some limits are imposed by the infrastructure.

The Perth coal producer has issued a \$10 million initial public offering and aims to list on the



Unexpected field: Ibu Ratna Handini

Picture: Andy Tyndall

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Australian Securities Exchange later this month.

The company plans to use some of the funds to build an all-weather road to enable it to increase production to about 2.4 million tonnes a year, starting in two years.

“The money will be used for expansion and to look at other coal projects, as our focus will be coal,” Mrs Handini said.

Corporate manager Abdul Rahman Hamzah said all sales to date had been in Indonesia, but they expectED to sign an offtake agreement with either a Chinese or an Indian power supplier. Initial approaches have already been made.

“We hope to sign at least one major player to a long-term contract for our coal,” he said.

The company said it was too soon to speculate on whether it would become a takeover target, but the business was firmly in the hands of Mrs Handini, who maintained a 60 per cent stake.

With coal prices expected to rise as demand increased, chairman Antony Goldfinch said Mrs Handini was well positioned to capitalise on the opportunity.

“Delays in bringing on new capacity, along with large potential upside to both Chinese and Indian imports, are expected to keep markets high for several years to come,” he said.