



Aussie junior barges Kalimantan coal exports

Australian junior miner, Cokal has devised an audacious transshipment plan for its BBM coal project in Central Kalimantan, Indonesia. The bold play would defy significant logistical hurdles that have, so far, prevented development of the region's remote deposits. Oliver Probert reports.

COAL PROJECT DEVELOPMENT in Kalimantan, the Indonesian portion of the island of Borneo, has progressed in a trickle rather than a flood. Kalimantan's interior is scattered with rich deposits of coal. But they lay stranded, lacking infrastructure to access the tantalisingly close south-east Asian markets.

Some big players such as BHP Billiton and Rio Tinto have managed to export coal from Kalimantan, and a clutch of local miners produce coal for domestic energy plants. But smaller mining companies lack the capital to build the export, infrastructure required to gain a foothold in Indonesia.

The Bumi Barito Mineral (BBM) project is 60% owned, and wholly operated, by Cokal.

Indonesian companies have invested to hold the remainder.

Cokal's chairman and chief executive, Chris Lynch, said the BBM project has received all but one of the approvals needed to commence operations, including its exploration license.

The Indonesian government has also given BBM the tick on its mining licence and haul road and barge-loading jetty plans.

BBM houses a JORC resource of 77mt in multiple seams, comprised of 70mt inferred and 7mt indicated, which Cokal plans to export at a rate of 2mtpa in the first phase.

Cokal has not delineated its plans for further development beyond the first phase, but Lynch has indicated on the company's website

that the project would be set up with the potential for future expansions in capacity.

On top of the 77mt JORC resource, the BBM project has an exploration target of 200 to 350mt in 13 seams within just the eastern section, representing only 40% of the BBM project area.

BBM's coal is 70% coking and 30% PCI; it is low ash, low sulphur and high calorific value, ready for direct shipping, without any processing.

But for all of its promise, especially to a junior miner like Cokal, the BBM project site poses a significant logistical challenge. It lies 300km inland, meaning any coal leaving the site will have to do so via a winding 774km barge journey down the Barito River to the sea, where there is no deepwater port.

On the upside, however, the mouth of the Barito River is only 3,450km from the Chinese mainland by sea, compared to the 8,000km trek by sea from Newcastle to China, for example.

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(left) The 774km barge route from mine site to deepwater. (right) Kalimantan is the Indonesian portion of the island of Borneo. Credit Google Earth.



Transfer points along Cokal's 774km supply chain

- One: 55km haul road from mine to the Purnama Port, on the upper Barito River.
- Two: 500km barge journey down the Barito River to an established intermediate stockpile port at Kelanis, where coal is unloaded, awaiting the final stage of transshipment.
- Three: Ocean going barges loaded from intermediate stockpiles. Coal is transported the final 200km down river to panamax or capesize vessels at an open sea anchorage at Taboneo in the Java Sea.

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Cokal's transshipment operation

Up to 2mtpa of coal will be transported 774km from a new barge loading facility at Purnama, on the Upper Barito River, to final loading into export vessels at an open sea anchorage in the Java Sea at the Port of Taboneo.

The transshipping operation comprises three elements, with several transshipment loading-and-unloading points (see info box).

On May 22, Cokal announced it had signed a 50/50 joint venture (JV) agreement with Indonesian maritime engineers Meratus Advance Maritime, for the transport of BBM coal down the Barito River.

Some companies have experienced navigability issues in the Barito River during dry season. The shipping channel within what is a very wide river narrows and becomes relatively shallow, which has hindered local miners' deep-draught barging operations in the past.

Cokal has developed a plan to circumnavigate this problem, proposing the shallow-river barges similar to those used extensively on the Mississippi River. In fact, some 600mt plies Old Man River in this way each year.

Traditionally, barges on the Barito River have been towed deep-draught ocean going vessels. The Mississippi style push-barges that Cokal plans to employ will be vessels designed for river traverses. They are shallow running, in this case drawing a draft of just 2.7m. An added benefit of Mississippi style barges is increased manoeuvrability compared to ocean going barges.

Capital requirements for stage one of the Mississippi style barging operation are \$44m, with costs shared evenly between the JV partners.

Cokal is seeking a strategic partner for the BBM mining operation. According to Lynch, the company is getting close to finalising a deal. His preference is for a large and long term partner that will take up a minority stake in the operation. □

The BBM project site poses a significant logistical challenge.