

Contract



Management in Mining Industry

19 - 22 October 2009

Jakarta, Indonesia

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Mitigate Risk against Changing Mining Regulations and Volatile Market through Effective Contract Strategies and Legal Devices



Save over 300 USD
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Fri 11th September
2009!

Register 3 Delegates and the 4th comes free!

Achieving a 'water-tight' contract is nearly impossible especially when the regulations are constantly changing and uncertainties remain prevalent. There is no denying that 2009 is the tough year for people in the mining industry. Despite compounding issue from volatile commodity price, mining activities must go on.

Contract Risk Management in Mining Industry will take you through the crucial steps of identifying, allocation, and managing contract risk to counter this adverse landscape to the industry.



2- Day Main Conference At-a-Glance:

20 - 21 October 2009

- **Discover** the most **effective risk mitigation approach** for your company by adopting top practices of leading mining companies including **Banpu** and **Indominco Mandiri**
- Learn how **Hasnur group** successfully develops alliance contract model and how **PT Bukit Asam** synchronizes their coal supply chain to mitigate their contract risk
- Get the **latest update** on **enforcement timeline** and clarify your understanding on **implementation procedure** of the **new mining law** from MEMR, provincial governments, and electricity producers.
- Obtain **essential legal knowledge** and equip yourself with **negotiation skill** to counter risks of uncertain regulation and commodity price
- Find out different pragmatic **contract risk strategies** implemented in the **Asia Pacific** region and **South Africa** to help you and your organization mitigate risks.

Opening Remark

Dr. Ir. Bambang Setiawan
*Director General of Mineral,
Coal and Geothermal
Ministry of Energy and Mineral Resources*

Technical Advisors

Harry Asmar
*GM – Mining
PT INCO*

Muhammad Rudy
*GM - Mining Contracts
PT KALTIM PRIMA COAL*

Speakers and Panellists

Andreas Uguy
*Mine Operations Manager
PT Indominco Mandiri*

Dr. Suseno Kramadibrata
*Associate Professor
Institut Teknologi Bandung*

Hendra Sinadia
*Member of Legal Committee
Indonesian Mining Association*

Iskandar Surya Alam
*Distribution Manager
PT Bukit Asam (Persero) Tbk*

Joe Luxford
*Principal
Trident Project and Mining Services
Australia*

Johnson Har Anom
*Senior Officer – Corporate System
Banpu (Thailand)*

Kevin Irving
*General Manager - Engineering and
Principal Consultant
Xstract Group (Australia)*

Sarel Blaauw
*Chief Executive Officer (CEO)
Tacmin Group (South Africa)*

Zulfikar Alimuddin
*Director of Corporate Planning & Strategy
Hasnur Group*

Dendi Adisuryo
*Legal Consultant
Adisuryo Sudjana & Associates*

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Mitigate Risk against Changing Mining Regulations and Volatile Market through Effective Contract Strategies and Legal Devices

Pre-conference Workshops: 19 October 2009

Workshop A: Improving your Tender: what the mine owner is looking for at evaluation time 09.00 - 12.00

This three hour workshop will deliver the necessary skills to anticipate the other party's reaction and response to a given proposal and pro-actively counteract any objections to achieve the desired outcome. Delegates will have the opportunity through active participation to learn how to investigate what each party objectives are in the negotiation and how to propose alternative solutions to meet as far as possible the objective of both parties.

Issues / Topics covered in the workshop

- Differing styles of contract
- Alignment of goals
- Tendering process
- Negotiation
- How to achieve a 'win-win'

Outcomes of the workshop

At the end of the workshop participants shall be able to:

- Prepare for any negotiation by completing the necessary groundwork
- Understand the position of the other party to create an attractive proposition
- Recognize the potential difficulties and have a strategy to counteract them
- Achieve a 'win-win' outcome

Workshop Leader

Kevin Irving,
General Manager - Engineering and Principal Consultant,
Xstract Group (Australia)

Kevin has some 30 years mining engineering experience in mine management, corporate roles and consulting. Before joining Xstract he was Group Manager – Coal at Snowden Mining Industry Consultants, based in Brisbane. Previous to this, Kevin was Vice President Operations for UK Coal Plc where he had a successful track record of managing a group of coal mines with a combined turnover of circa AU\$1,200m. Kevin's experience includes an in depth knowledge of leading people, financial management, planning, scheduling and forecasting. His skills lie in establishing teams of diverse personnel to become focussed on meeting targets through involvement. Kevin is a CEng with a MBA, BSc (Hons) and is a FAusIMM and FIMMM.

Workshop B: Contract Risk Management for Mine Owners under the new mining law 13.30 - 16.30

During the workshop, participant will discuss important features in the 'new mining law' which may affect the operation of their mining business. This workshop focuses on how to adjust the business to new environment brought by the new law.

Issues / Topics covered in the workshop

Important features in the new law that will affect the following issues:

- Operation of existing concession holders and mining services
- Domestic market obligation
- Payment requirement for international trading for coal
- Restructuring mining service and nominee arrangement

Outcomes of the workshop

At the end of the workshop participants shall be able to:

- Figuring out important features in the new law which will affect the operation of the concession holders
- Restructuring mining service arrangement and nominee to comply with the new law
- Renegotiating provision in the ongoing contract to adjust with the new law

Workshop Leader

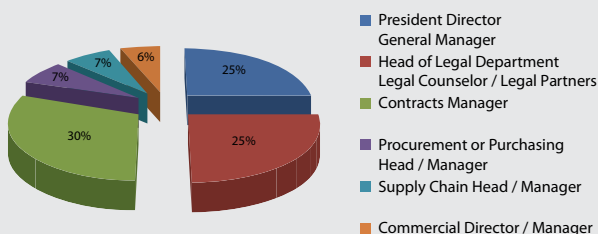
Dendi Adisuryo, Legal Consultant, Adisuryo, Sudjana & Associates

Dendi specializes and has practical experience in energy and mining projects and the banking/finance sector. Currently, he is advising the Indonesian Coal Mining Association in assisting the Government preparing the implementing regulations of the New Mining Law. As a transactional lawyer, he is actively involved in numerous mining projects in Indonesia. He graduated from the University of Indonesia with a Law Degree and was named 'Best Graduate'.

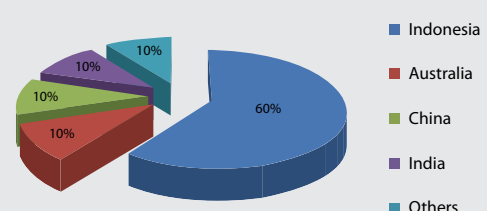
Workshop C: Mitigation Contract Risk in changing regulation & volatile market (Making the right choice in Multiple Dispute Resolution Processes) 13.30 - 16.30

- Enactment for the following processes: arbitration, court litigation, mediation, expert determination and adjudication
- Role Play Session: to gain experience in dealing with dispute resolution strategies for optimum results
- Choosing the right resolution process for a given dispute
- Examining an appropriate dispute resolution clauses to be incorporated in contracts

Who will meet?



Geographical Breakdown of Delegates





Mitigate Risk against Changing Mining Regulations and Volatile Market through Effective Contract Strategies and Legal Devices

Main Conference Day One - 20 October 2009

08:30 Registration

09:00 Opening Remark:

Dr. Ir. Bambang Setiawan
*Director General of Mineral, Coal and Geothermal
Ministry of Energy and Mineral Resources*

Updates on the Changes in Mining Law and Its Impact on Foreign Investments

09:15 Indonesian Mining Law & Regulation Update

Assessing the Changes in Indonesian Mining Law and Regulations – Timelines, Purchasing Contracts, and How it will Affect Future and Current Operators

09:45 Penetrating the Indonesian Mining Industry – What You Would Need to Essentially Know as a Foreign Investor and Operator

- Reviewing current policy towards foreign investors
- Assessing contract mining and access potentials
- Risk considerations in opportunity evaluation in the Indonesian mining industry

10:15 Regional & Provincial Implementation Timeline of the new mining law

An Outlook on the Regional and Provincial Implementation of Mining Law and the Risks Involved: What are the impacts if you are currently operating in the region?

11:00 Networking Coffee Break

11:30 Seizing Foreign Participation and Investments in the Indonesian Mining Industry: Understanding the Unwritten Meaning behind the Enactment of the New Laws and How You Can Improve Access to the Market

12:00 Break-out Roundtable Discussion: Mobilizing legal device to mitigate contract risk against changing mining regulation



In the session, every delegate will be divided into different groups to learn and have Q&A session with top legal experts on how to mitigate contract risk against changing mining regulations

Five groups are divided by their categories: (1) Local concession holders (KP, SIPD); (2) Cow / CCow holders; (3) Local contractors; (4) Foreign contractors; (5) New foreign investors & mining companies which do not operate in Indonesia

Moderators:

Dendi Adisuryo, *Legal Consultant, Adisuryo, Sudjana & Associates*
Hendra Sinadia, *Member of Legal Committee, Indonesian Mining Association*

12:30 Executive Networking Lunch

Negotiation, Re-negotiation, and Exit Strategies

14:00 Effective and Successful Contract Negotiating for mine owners and contractors

- Importance of maximizing the rapport with other parties and clear communication
- Building the sense of ownership from the mutual decision from all parties involved
- Formalizing the negotiated contract in a clear and concise manner.



Kevin Irving, *General Manager - Engineering and Principal Consultant, Xstract Group (Australia)*

14:40 Contract Risk Mitigation on Domestic and Export Coal Distribution

Distribution is one of the riskiest sectors in coal sales chain because it needs to synchronize from coal supply chain, quantity, quality to schedule. To minimize the risk, the sector needs to mitigate potential risk in each sector and prepare action plan to counter it.

- Coal Supply Chain: Resource, Production, and Sales
- Risk Identification in Coal Sales, Cargo Preparation, Transportation, Coal Handling, and Shipment
- Risk Analysis, Evaluation and Treats



Iskandar Surya Alam, *Distribution Manager, PT Bukit Asam (Persero) Tbk*

15:20 Networking Coffee Break

15:50 Effective Contractors Management: does legal device the only way to go?

- What are the other tools?
- How can contractors management be a very effective tool to solve the problem?
- Critical factors in contractors management
- How to achieve a win-win situation across the parties in contract managing process?
- Case studies of successful contractors management: partnership, co-ordination, and risk sharing



Johnson Har Anom, *Senior Officer – Corporate System, Banpu (Thailand)*

16:30 Effective Negotiation & Re-negotiation Skill to Counter Financial & Regulatory Risks

Delegates will be divided into groups and asked to role-play different scenarios. Some groups will have to work on a hypothetical exercise (Operators VS Contractors). Other groups will examine and suggest suitable contract clauses of a new mining project to protect against potential future financial & regulatory risk.



The interactive session is intended to help delegates gain a deep clear understanding of when and where to include clauses into a new contracts and when to request for the re-negotiation on the on-going contract.

Dendi Adisuryo, *Legal Consultant, Adisuryo, Sudjana & Associates*

17:30 Chairman's Summary and Close of Conference

Main Conference Day Two - 21 October 2009

08:30 Registration

08:45 Chairman's Welcome and Recap

Effective Contract Risk Management

09:00 Effective Contract Management: It is more than legal device to minimize risk

There is more to achieving successful contract outcomes than cleverly worded contracts. Mr Luxford will share his experiences in delivering 'win – win' contract outcomes for both Principals and Contractors from drafting, negotiation, and managing the contract.



Joe Luxford, *Principal, Trident Project and Mining Services* (Australia)

09:40 Risk Mitigation Techniques: Case study of PT Indominco Mandiri

- Risk identification & evaluation from constant communication with different stakeholders
- Legal and non-legal devices in mitigation risk with changing mining regulation and volatile commodity price
- Minimizing associated risks when working with different contractors

Andreas Uguy, *Mine Operations Manager, PT Indominco Mandiri*

10:20 Networking Coffee Break

10:50 Developing a Successful Alliance Contract

- Identifying & mitigating risk in mining companies : a case in a KP's holder company at its early production stage
- Comparative analysis of different alliance models : aligning risk and competence
- Benefits & Challenges in using alliance contract to mitigate risks from commodity price fluctuation & legal uncertainty : cost management approach
- Lesson learned through contract coordination process : the importance of documentation



Zulfikar Alimuddin, *Director of Corporate Planning & Strategy, Hasnur Group*

11:30 Contract Risk Management in the mining industry

- How to align your goals within the contracts and appropriate indemnify each party's risk?
- How to reduce the major uncertainties throughout the lifetime of the contract?
- What contract model suits your appetite of risks and different size of mining projects: small, medium, and large-scale?

12:10 Experience Sharing Session:
Contract Risk Management in the Present Credit Crunch & Changing Regulations

- Key factors in contract risk management
- Possible problematic areas & common loopholes in the contract which can highly affected your mining business
- How different stakeholders deal with this contract risk management?
- How can mining companies protect their business while safeguarding their customer relationship?



Moderator:
Hendra Sinadia, *Member of Legal Committee, Indonesian Mining Association*



Panellists:
- Iskandar Surya Alam, *Distribution Manager, PT Bukit Asam (Persero) Tbk*
- Johnson Har Anom, *Senior Officer – Corporate System, Banpu* (Thailand)
- Luke Thomas, *Chief Executive Officer (CEO), Sembawang Corporation*
- Wijayanto, *Commissioner, PT Anggadarma Nusa Persada*



12:40 Executive Networking Lunch

Alternative Solutions to Mitigate Contract Risk

14:10 Risk Management in Changing Regulation

- Risk assessment mechanism
- Risk identification: today's risk environment
- Risk Management in changing regulation: financial loss and non financial loss
- Mitigating risk in multi-level regulatory authority framework (central & regional governments)
- Mitigating risk from volatile commodity price
- Case study of a potential open-pit mine



Dr. Suseno Kramadibrata, *Associate Professor, Institut Teknologi Bandung*

14:50 Strategies for Mining Operators & Contractors to Mitigate Risks from OEM

- How to mitigate your risk when collaboration with OEM
- Overview of Legal & Non-legal strategies (Advantages and Disadvantages)
- Is legal strategy the only way to go when working with OEM?

Wijayanto, *Commissioner, PT Anggadarma Nusa Persada*

15:30 Networking Coffee Break

16:00 Risk Assessment of Transforming the Mining Type during Changing Regulations & Volatile Commodity Price in African Countries

Whether you need to compare owner- with contract mining, procure a contractor, change your contract type or move from contract- to owner mining – economic evaluation is the most critical element in your decision making process.

- Economic evaluation during risk assessment, procurement and implementation
- Economic evaluation as integral part of your legal process and contract agreement



Sarel Blaauw, *Chief Executive Officer (CEO), Tacmin Group* (South Africa)

16:40 Panel Discussion: The Most Effective Alternative Solution to Mitigate Contract Risk



- Experience of different companies in using alternative solutions to mitigate contract risks
- Pros and Cons of different devices
- Legal VS non-legal: which one is more effective in mitigating the risks and solving the problem in the contract mining



Moderator:
Joe Luxford, *Principal, Trident Project and Mining Services* (Australia)



Panellists:
- Andreas Uguy, *Mine Operations Manager, PT Indominco Mandiri*
- Dr. Suseno Kramadibrata, *Associate Professor, Institut Teknologi Bandung*
- Kevin Irving, *General Manager - Engineering and Principal Consultant, Xstract Group* (Australia)
- Sarel Blaauw, *Chief Executive Officer (CEO), Tacmin Group* (South Africa)
- Zulfikar Alimuddin, *Director of Corporate Planning & Strategy, Hasnur Group*



17:10 Chairman's Summary and Close of Conference





Post-conference Workshops: 22 October 2009

Workshop D: A practitioner's guide to successful mining contracts against changing mining regulation and volatile commodity price
09:00 - 12.00

Issues / Topics covered in the workshop

- Matching the contracting model to your business needs
- Essential contract clauses to manage risks
- Negotiating strategies to minimize contract risk
- Contract management strategies to minimize contract risks
- Dispute resolution options if risks eventuate

Outcomes of the workshop

At the end of the workshop participants shall be able to:

- Identify the appropriate form of contract for their business needs
- Understand the clauses that they require in their contracts
- Approach contract negotiations with confidence
- Manage contracts to deliver successful outcomes
- Know the dispute resolution options available

Workshop Leader

Joe Luxford

Principal

Trident Project and Mining Services (Australia)

Joe graduated in mining engineering from RMIT and joined the Zinc Corporation at Broken Hill in 1974. Since then, his mining and project management experience around Australia includes mine development, construction and operations management in coal and hard rock mining operations. He holds both metalliferous and colliery manager's certificates.

Joe provides contract and project management services in Australia and internationally through Trident Project and Mining Services. He has been involved in drafting, negotiating and managing many different types of mining contracts in the last 15 years. He is also a graded arbitrator and mediator and in addition to conducting arbitrations, mediations and expert determinations, also assists contractors to prepare claims and mining companies to defend against them.

Workshop E: Legal Devices to minimize contract risk for foreign contractors and sub-contractors in the changing regulation and volatile market landscape
13:30 - 16:30

Under the new mining law, local mining service companies will be given priority in operation & implementation. Only if there is no local mining service available, foreign mining service companies will be able to operate. This workshop will focus on how foreign contractors & sub-contractors will mobilize legal device to adjust their business to the new environment.

- The latest update of the new mining law
- Important features in the new mining law which will affect mining service of foreign contractors & subcontractors
- Overview of legal devices to mitigate contract risk
- Strategies to adjust your business to the new environment



“One can only take what he or she can chew, but more importantly to know : what are there to take (not to chew)? Oversimplifying issues and risks are the receipts for failures in many mining companies.”

Zulfikar Alimuddin, *Director of Corporate Planning & Strategy, Hasnur Group*



“This conference brings together a range of speakers with wide experience in managing the many mine contracting risks faced by mining companies. I am really looking forward to hearing what the speakers have to say.”

Joe Luxford, *Managing Director, Trident Project & Mining Services*



