**COOPERATION AGREEMENT**

Today, on Monday, First of September, two thousand and eight (2008-09-01) a Cooperation Agreement (“Agreement”) has been made and signed by and between:

1. PT. TRISULA KENCANA SAKTI, an incorporated company that was established based on the law of Republic of Indonesia, located at the North of Barito, Central Borneo.

----------------- will be thereafter called as “TKS” -----------------

1. PT. SAMUDERA BAHTERA KENCANA SAKTI, an incorporated company that was established based on the law of Republic of Indonesia, located in Surabaya.

----------------- will be thereafter called as “SBKS” -----------------

Both the TKS and SBKS, altogether, will be hereafter called as **the Parties**.

The parties are declaring the following matters beforehand:

1. That TKS has been permitted to do the processes of exploration, exploitation, transportation, and Vending of Coal in the areas located at the Dusun Tengah Sub-district, East Barito Region, Central Borneo(the area is also known as Ampah). The licenses of permission were issued by the Head of East Barito Region and stated in the following decrees:
* The Decree of the Head of East Barito Region No. 5 Year 2006 and dated as of January 21 2006 about the Authorization Renewal of the Coal Exploration as the Mining Material with Code Area of KPL-21/ZA/2006 and has a total area of 3,734.1 (three thousand seven hundred and thirty four point one) Acre (**“The Decree of Exploration”**)
* The Decree of the Head of East Barito Region No. 13 Year 2005 and dated as of February 7 2005 about the Issuance of Mining Exploitation License which is valid for 3 (three) consecutive years until February 6, 2008 with Code Area of KPL-19/ZA/2005 and the land has a total area of 611.9 (six hundred and eleven point nine) Acre (**“The Decree of Exploitation**”)
* The Decree of the Head of East Barito Region No. 26 Year 2005 and dated as of February 18, 2005 about the Issuance of Mining Transportation and Vending License which is valid for 3 (three) consecutive years until February 17, 2008 with Code Area of KPL-19/ZA/2005 and the land has a total area of 611.9 (six hundred and eleven point nine) Acre (**“The Decree of Transportation and Vending**”)

From hereafter, the term of the Decree of Exploration, the Decree of Exploitation and the Decree of Transportation and Vending will be stated as (**“The Decree of Ampah”**).

1. That TKS is desired to have a cooperation with the SBKS for the whole processes of coal mining activities, and is not only limited to transporting the coal to the stockpile (hauling), the road maintenance, mine drainage, until the process of reclamation. This entity is going to be elaborated in details in the Section of Working Scope in this Agreement.

On the basis of adhering the above declarations, the Parties have agreed to sign this Cooperation Agreement (will be hereafter called as “**The Agreement**”) under the following conditions:

**Section 1**

**THE WORKING SCOPE OF SBKS**

1. SBKS has vowed and bound itself exclusively to TKS to execute the Working Scope in accordance with the points of agreement in this Section in the Decree of Ampah. The mining area is as depicted in the inserted map (will be thereafter called as “**The Mining Area**”)
2. The Working Scope of SBKS includes the following:
3. Performing the reclamation process of the Mining Area, and being responsible for the entire expenses of the reclamation process.
4. Being responsible for the entire expenses from the process of performing the Working Scope, including and is not only limited to the villagedues, the collection from the local citizens or central and/or regional government, and the expenses for covering the Community Development admissions, except for the royalty that has been officially settled by the regional government.
5. Handling and procuring the licenses that should be needed from the Minister of Forestry and/or other authorized institutions in order to be able to conduct the mining process in the Mining Area including the responsibilities that might appear related with the issuance of the licenses.
6. Performing the entire activities of socialization and community development for the local citizens in the Mining Area.
7. Conducting the mobilization and demobilization activities.
8. Being responsible for the camp construction for the interests of SBKS side.
9. Being responsible for the construction and the maintenance of infrastructures in the Mining Area, including and is not only limited to the maintenance of the equipment, radio communication, first aid facilities, and electricity power for the Mining Area.
10. Accomodating the management of the mining, the maping of mining process, and arranging the mining plan.
11. Procuring the license of approval for using the explosive device.
12. Being responsible for the road construction including roads to disposal.
13. Being responsible for the land clearing in the Mining Area and in other supporting facilities.
14. Reserving the Mining Area and its surrounding
15. Perfoming the activities of overburden land removal.
16. Conducting the mining activities.
17. Re-handling and maintaining the stockpile.
18. Exercising the road maintenance.
19. Constructing and maintaining the mine drainage in the Mining Area.
20. Performing the reclamation process until the process of top soil spreading
21. SBKS is obligated to arrange a report for the whole activities of the mining process that have been conducted in the Mining Area adhering to the law of mining that still prevails, which thereafter to be submitted to the authorized institutions with a carbon copy for the TKS party. SBKS is entirily responsible for the result of the report and sets the TKS party free from any law indictments and/or arraignments and/or charge claimming that might appear as the results of the report inappropriateness.
22. The SBKS party herewith agrees and approves to execute the Working Scope with its terms and conditions entirily and adheres to the Mining Regulation, the Mining Procedural Operation Standard and other technical conditions that will be informed by the TKS party to SBKS party, including the law stated in the statutes both in the central level and in the regional level regarding mining and environment.

**Section 2**

**DURATION**

This agreement is valid hereof and after upon the signing of the Agreement and will be terminated when the mineable coal reserve in the Mining Area has reached its naught point.

**Section 3**

**THE MINING EXPENSES**

1. The entire expenses that appear upon the the execution of the Working Scope of SBKS in the Mining Area becomes the responsibility of SBKS party (“**Mining Expenses**”)
2. The taxes that appear upon the execution of the Working Scope of SBKS becomes the responsibility of SBKS party.
3. The payment for Jamsostek, insurances and income taxes of all the workers that are hired and employed in the process of coal mining activities in the Mining Area becomes the responsibilty of SBKS entirely.

**Section 4**

**COAL AS THE MINING PRODUCT**

1. The amount of coal mined from the Mining Area will be purchased by SBKS entirily, with the purchase price of coal (will hereafter be cited as “**PP**”) that has been approved by the Parties as much as the royalty of the coal selling paid by the TKS to the local government, the royalty paid to the regional government (if there is any), the expenses for the Land and Building Taxes, land rent, fixed dues, reclamation process expenses, the expenses for the Community Development, and transportation expenses (will hereafter be stated as “**Expenses**”) added with margin. Should there be any components of the Expenses which are considered as fixed cost, then the parties should perform a conversion for the particular components of Expenses and change it into production expenses of Coal per metric ton.
2. Should the SBKS party sell the Coal on behalf of TKS, then in order to meet the responsibilities based on the rules cited in the statute and/or upon the payment of Coal vending royalty, the SBKS is obligated to arrange a report upon the amount/quantity of the Coal that is produced by SBKS from the Mining Area. The report will then be submitted to the government through the authorized institutions (will hereafter be cited as “**Report**”). The submitting of the Report by SBKS to the government should be on behalf of TKS however the expenses are to be fully taken by the SBKS party.
3. SBKS is obligated to submit a carbon copy for the Report as it was stated in subsection (2) above to the TKS party, and TKS has the full right to asses the accuracy of the Report by investigating the Mining Area to ensure the amount/quantity of Coal.
4. TKS will issue an invoice or claim form for the amount/quantity of Coal that is mined and purchased by SBKS based on the approved price.
5. Thereafter, SBKS can vend the Coal to other parties with price, terms and conditions that should be settled by the SBKS party and therefore SBKS should make independent coal Vending agreement with the purchasers alone. The points that SBKS settle should include the agreement of transportation and independent bookkeeping and tax report.

**Section 5**

**THE EQUIPMENT PROCUREMENT**

1. SBKS will provide the equipments and mining tools along with its suppporting facilities on its own expenses (will hereafter be stated as “**Equipments**”) needed for the execution of the Working Scope in the Mining Area.
2. SBKS is obligated to provide spare parts, gas and fuel, oil and other material needed for the equipments to run well in sufficient amount on its expenses.

**Section 6**

**LICENSES**

1. SBKS is responsible for the renewal of the entire licenses that will be needed for the execution of the Working Scope in the Mining Area, including and is not only limited to the licenses of exploitation until the process of transportation and vending, other licenses that might be needed, including the license from the Minister of Forestry and/or other related authorized institutions and will be paid fully on the expenses of SBKS.
2. The bail of reclamation and other legal and official dues from the local government are the responsibilities of SBKS entirily and to be paid on its own expenses. However, the payment should be done by SBKS on behalf of PT. TKS.
3. SBKS will execute and adhere to the entire procedures and rules regarding the activities of mining process, either the law and rules issued by the central governments in the level of Mining and Energy Department of Republic of Indonesia or the regional statutes and decrees that are set and settled by the local government in the level of province/region/district area.
4. Should there be any mistakes and errors due to negligence done by SBKS in the execution of Working Scope that result in the issuance of warning notification, fines or other penalties from the government to TKS, then the SBKS party is fully responsible for the entire negligences that have occured. SBKS should also approve to pay for the compensation for the loss resulted from the particular negligence to the TKS party as much as the loss that TKS have get from getting the warning notification, fines and penalties.

**Section 7**

**THE RELATIONSHIP WITH THE LOCAL CITIZENS IN THE AREA OF MINING**

1. For the continuity of the working activities in the Mining Area, SBKS is obligated to have a cooperation or to perform an approach to the citizens and/or the organizations and/or the institutions and/or the related departments in the area of Mining activities. The expenses that might appear from the efforts of building communication with the citizens become the responsibility of SBKS party.
2. SBKS is obligated to execute Community Development programs for the citizens and communities live in the area of Mining activities and the entire expenses from this program become the responsibility of SBKS.
3. Should SBKS make any errors due to negligence in the execution of Working Scope and/or mistakes that might lead to damages and/or loss for the third party, then SBKS is responsible for the damages and/or to compensate the loss.

**Section 8**

**MINING AREA SUPERVISING**

1. TKS has the full right to know and supervise the entire activities that SBKS conduct in the Mining Area.
2. SBKS is obligated to have several staffs that have thier own respective obligations and functions. Some are:
3. The Head of Mining Engineering in accordance to the prevailing conditions, with the approval or recommendation of the the Head of Mining, Energy and Environment Department of East Barito Region.
4. Safety Officer who has the knowledge and expertise of Safety and Health in Working Place in the Mining Area. It is obligatory for the Safety Officer to supervise the execution of Safety and Health in Working Place in the Mining Area and report every mining accident to TKS that happens in the Mining Area and in the other areas of supporting facilities 21 (twenty one) hours after the incident at the latest.
5. Administrative and/or production supervisor who has the responsibility to have the land reclamation, coal mining, and its loading.
6. Supervising other activities in the Mining Area which are related to the environment and public facilities maintanence.
7. Surveillance Team should asses the progress of the work. The execution of joint surveillance with TKS should be conducted at the end of every month. The Joint Surveillance Team that is established will have to arrange a periodic report in order to find out the processes of mining progress and will have to report the result of the mining activities to the management of TKS and to related government institutions to be made as Quarter and Annual report of the Exploitation activities that are conducted in the Mining Area which should be submitted to the Head of East Barito Region Up. The Head of Mining, Energy and Environment Department with carbon copies to be submitted to:
8. The Minister of Energy and Natural Resources in Jakarta Up. The Director General of Geology and Mineral Natural Resources.
9. The Governor of Central Borneo in Palangka Raya Up. The Head of Mining and Energy Department of Central Borneo.
10. The Head of Dusun Tengah Sub-district in Ampah

**Section 9**

**HUMAN RESOURCES**

1. SKBS should find the human resources who are expert in their own fields to be employed in the Mining Area on its own expenses.
2. SKBS is responsible for the salary/wage that should be paid and should be in accordance with the local minimum standard wage or salary, as it has been set by the authorized institutions for the entire employees with no exceptions.
3. SBKS is obligated to administer a workshop or training for the employees, particularly to the equipment operators regarding the importance of safety and health in working place in the Mining Area.
4. SBKS holds responsible for every working accidents, disasters or diseases befalling to the employees and sets TKS free from any responsibilities appear from the incidents and should adhere to every rule prevailing.

**Section 10**

**THE SBKS STATEMENT AND WARRANTY**

1. SBKS is legal organization in a form of incorporated company (Perseroan Terbatas-PT) which is located in Surabaya.
2. SBKS is an experienced company in the field of Coal Mining that has procured its business license and employment license.
3. SBKS warrants that SBKS party is capable of completing the Coal mining activities based on the prevailing regulations and approves to bear the consequencies.
4. SBKS herewith warrants that the party will execute the entire responsibilities that might appear from the execution of the Agreement that is performed fully, based on the regulation of the prevailing statutes.
5. SBKS herewith warrants that every Report and other responsibilities that might appear from the execution of the Agreement will be exercised fully and appropriately on the basis of principal of equality, mutual benefits and supplementary advantage; this means that SBKS warrants that TKS will not accept any law indictments and/or arraignments and/or charge claimming from any parties in any kind of forms and furthermore warrants to set TKS free from any responsibilities, should there be such law indictments and/or arraignments and/or charge claimming occur from the execution of the Agreement.

**Section 11**

**FORCE MAJEURE**

The term Force Majeure in this Agreement means any incidents that might occur beyond the capabilities and authorization of The Parties that can impact the execution of the Agreement. This includes:

1. Earthquake, floods, landslides, or any other natural disasters, wars, fires, strikes, turmoils or mass commotions that might result in the incapability of either party from executing their respective duties and responsibilities that are stated in this Agreement either partially or the whole part of the Agreement, then the duration will be extended as much as the consumed time caused by the Force Majeure.
2. Should the Force Majeure occur more than 30 (thirty) days, under the condition that the party is obligated to give notification/report that is issued by the Head of the Mining Enginereeng, or the local authorized party or organizations about the occurence of the particular Force Majeure, then either party is obligated to complete their respective duties and responsibilities that have not been finished before the occurence of the Force Majeure and will have to hold a meeting regarding the continuance of the Agreement.

**Section 12**

**THE TERMINATION OF THE AGREEMENT**

The Agreement is considered terminated if:

1. It is legally written and approved by both Parties
2. The duration of the Agreement has come to an end, as it is stated in the Section 2 of the Agreement
3. The revocation/expiration of the Decree of Exploration, the Decree of Exploitation and the Decree of Transportation and Vending (as it was stated on the first page of the Agreement) by the authoritities.
4. It is terminated one-sidedly by TKS with written notification notified 30 (thirty) days beforehand to SBKS, should SBKS have performed any acts of negligence or have violated parts or the whole of the points of responsibilites as it is stated in the Agreement and/or have violated parts or the whole of regulations in the applied statutes prevailing in the Republic of Indonesia. The entire loss that might appear due the negligence and/or mistakes and errors of SBKS become the responsibilities of SBKS entirily, and TKS has the full right to calculate the consummate payment that becomes the responsibility of SBKS in order to cover the loss befalling to TKS due to the particular negligence and/or mistakes of SBKS.
5. SBKS hands over the execution of the Agreement either partially or fully to other parties without the written approval from TKS.

**Section 13**

**DISPUTES**

1. On the basis of goodwill, the parties should approve to negotiate the disputes or quarrels that might appear upon the execution of the Agreement in friendly manner.
2. Should there be no settlements that can be reached through the negotiation, either party may file a suit in the court and should approve to choose the fixed legal domicile which is not a subject of change that is in the Secretariat Office of the District Court in Surabaya.

**Section 14**

**OTHER PROVISIONS**

1. This Agreement is under the law that prevails in Indonesia
2. The Parties herewith have approved and agreed to ignore the provisions of Section 1266 subsection (2), (3) and (4) in the Civil Law that makes the court verdict as an obligatory when terminating the agreement one sidedly.
3. Every aditional provision that has not been regulated in this agreement, either in the form of amandement, addition, or abatement that are considered necessary will be regulated in an Addendum Agreement or Amandment Agreement which will become the insertion of the Agreement.

This Agreement is made in 2 (two) copies, signed on stamps and each of the copies has equal power.