



INDONESIA'S PLACE IN THE GLOBAL COAL MARKET

NEIL LITTLE
SENIOR MARKETING MANAGER
PT ADARO INDONESIA

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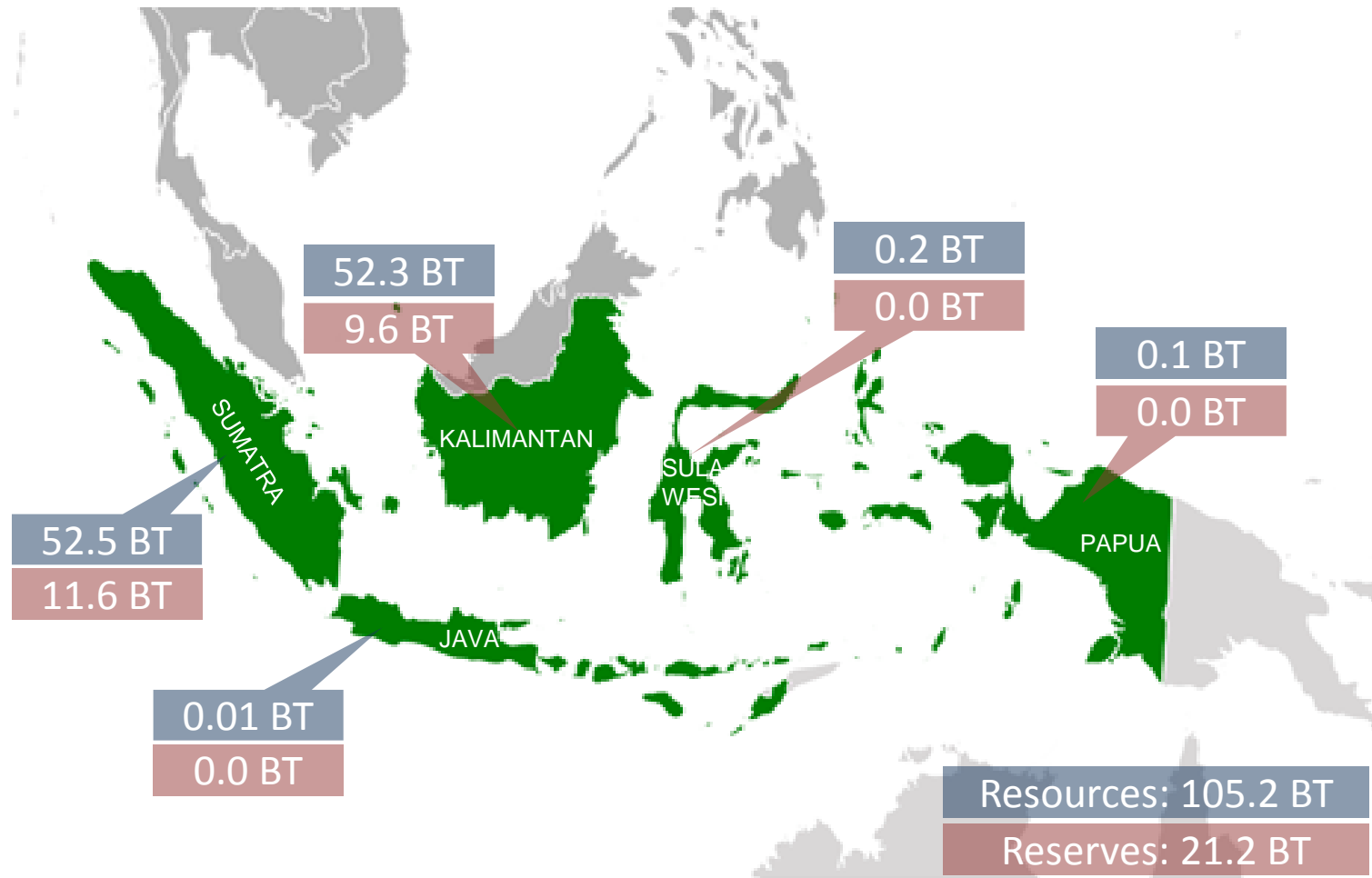
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- THE LEADING COAL EXPORTER: INDONESIA**
- INDONESIA'S LEADING EXPORTER: ADARO ENERGY**
- COAL SUPPLY, A COMPETITIVE BUSINESS**
- WHAT COAL WILL THE MARKET NEED?**
- MAINTAINING THE ADVANTAGE**

INTRODUCTION TO INDONESIA

STRONG, ACCESSIBLE RESOURCE BASE

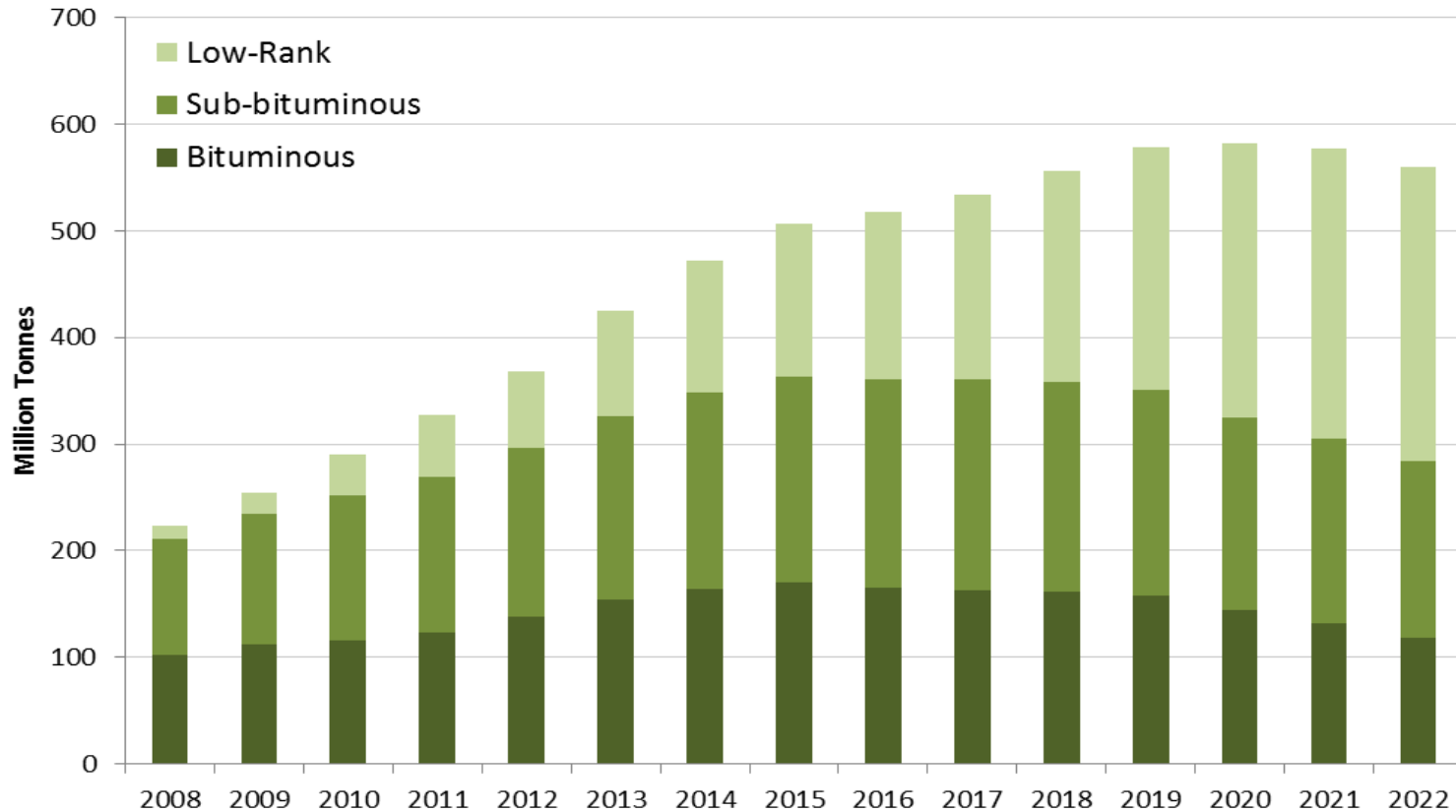


Source: Geological Agency of ESDM (2010)

INTRODUCTION TO INDONESIA

DIVERSITY OF COALS – ALL GRADES AVAILABLE

Production by Type of Coal

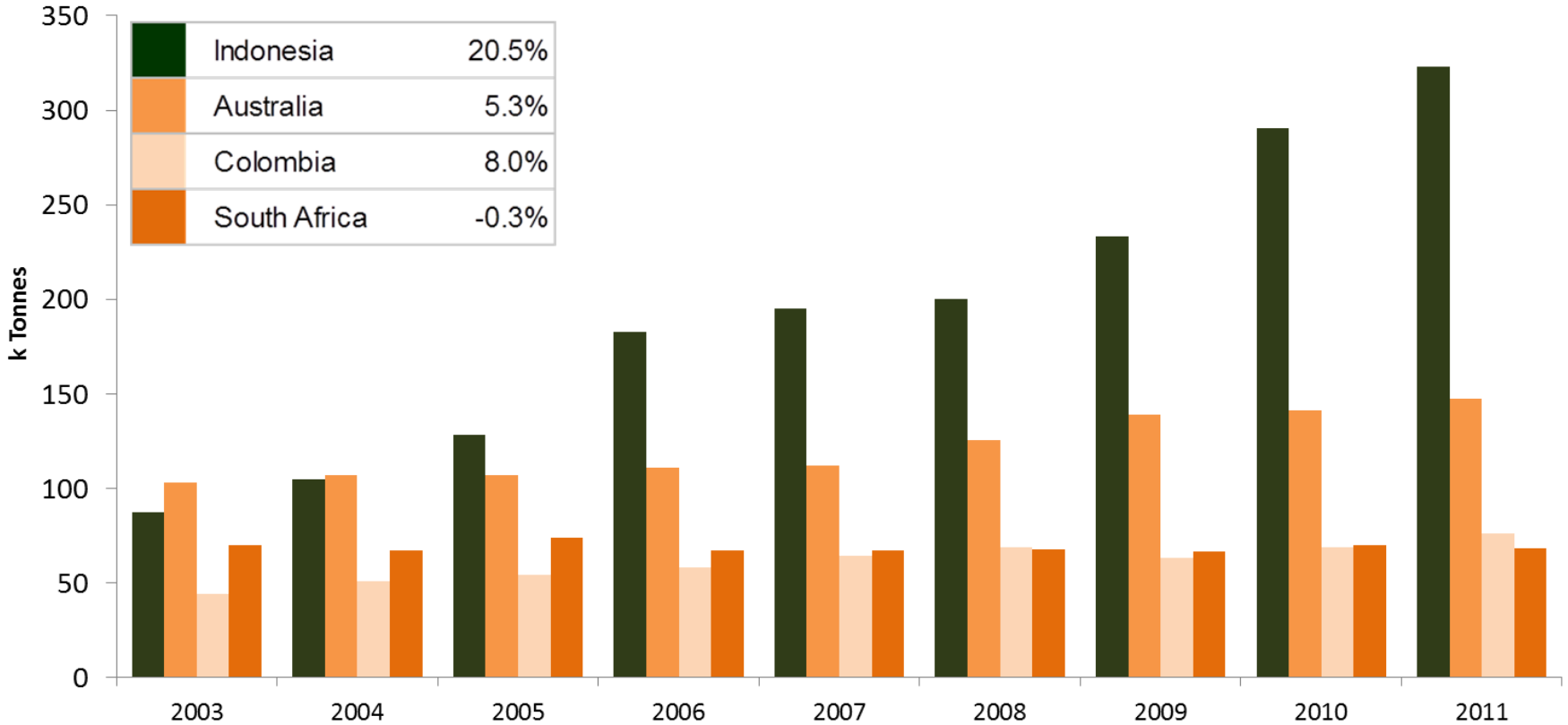


Source: WoodMackenzie

INTRODUCTION TO INDONESIA

FAST GROWTH - FLEXIBLE GROWTH TO MEET MARKET DEMAND

Major Coal Exporters



Source: McCloskey

INTRODUCTION TO INDONESIA

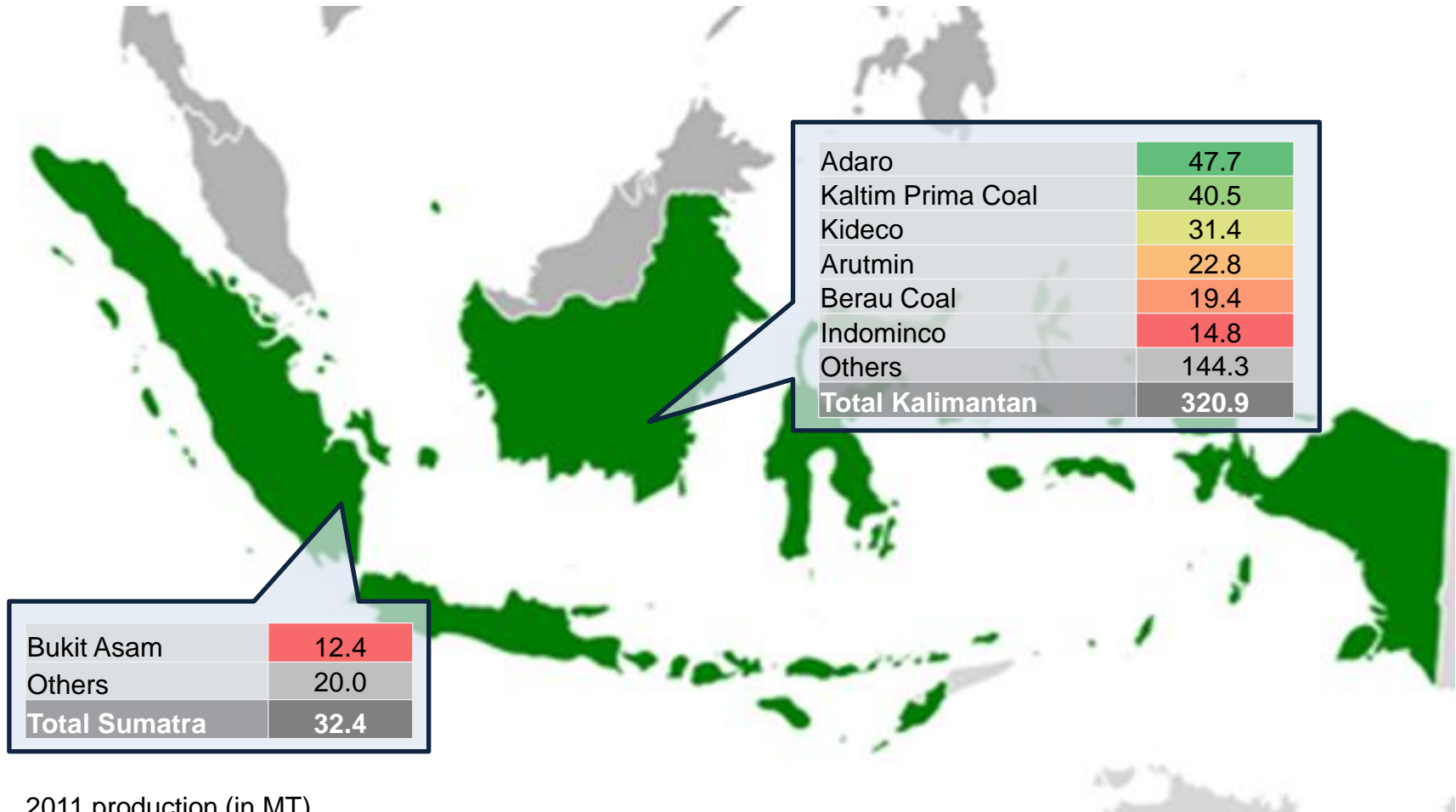
SIMPLE SUPPLY CHAIN - COST-EFFECTIVE & ACCESSIBLE



- Open-pit, truck and shovel
- Low-cost logistics
- Low processing costs (no washing required)
- Relatively low stripping ratio
- Not > 500k from vessel loading point
- Navigable river systems (Mahakam, Barito and other)
- Vertically integrated supply
- Minimal capital requirements for expansion

INTRODUCTION TO INDONESIA

2011 MARKET LEADERS >10MTPA



2011 production (in MT)

Source: Petromindo

THE LEADING COAL EXPORTER: INDONESIA

INDONESIA'S LEADING EXPORTER: ADARO ENERGY

COAL SUPPLY, A COMPETITIVE BUSINESS

WHAT COAL WILL THE MARKET NEED?

MAINTAINING THE ADVANTAGE

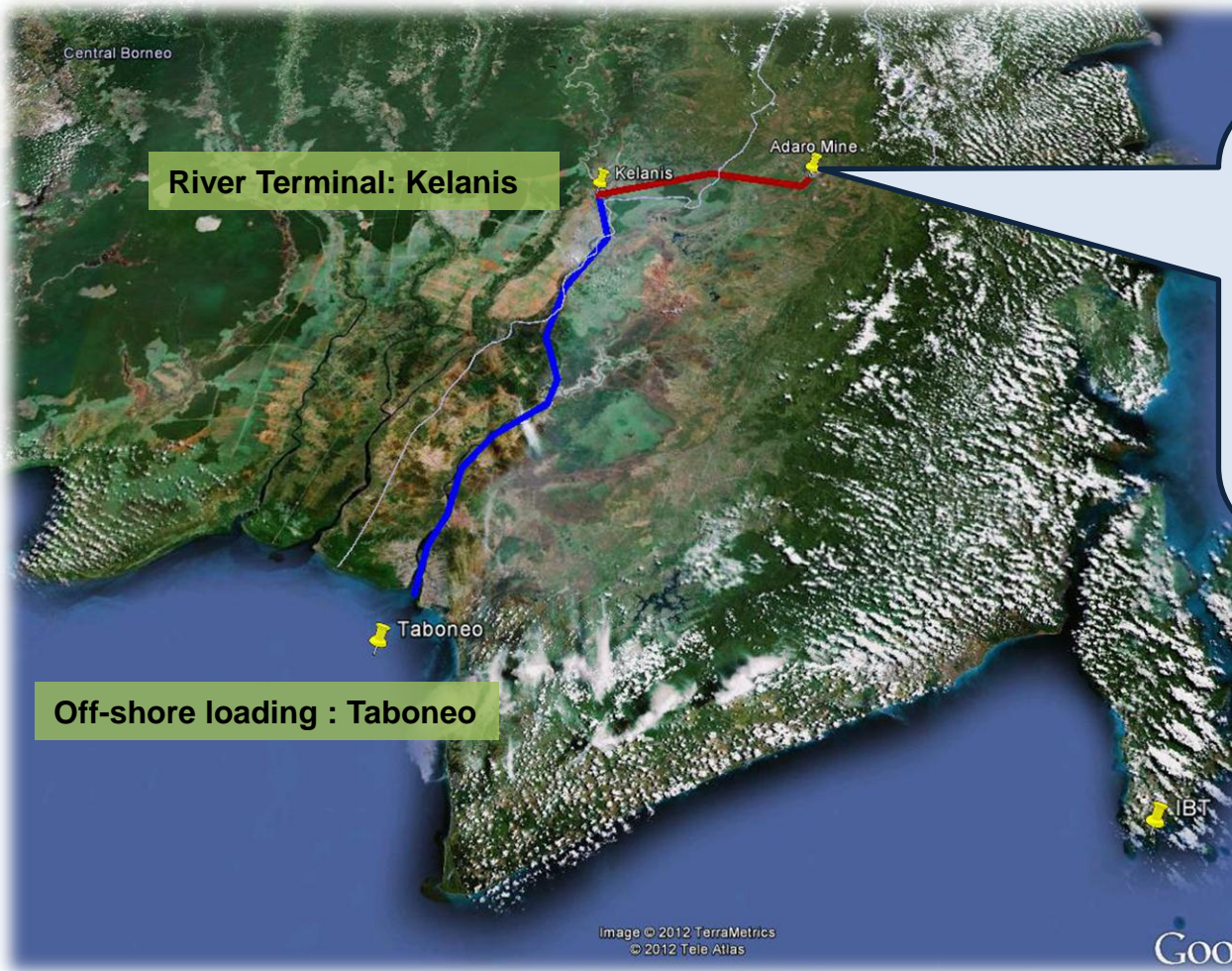
PT ADARO ENERGY

PIT TO POWER



PT ADARO INDONESIA

PIT TO PORT – THE SUPPLY CHAIN



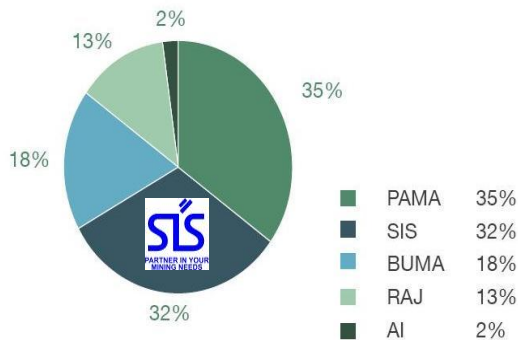
Adaro Mines : Tutupan and Wara



Tutupan	40-42MT
Wara	8-10MT
Total	48-52MT

1. Open Pit Mining - Blasting, OB removal and coal extraction

Supported by 5 reliable mining contractors including our subsidiary, PT SIS. 1,130 units of OB and coal extraction heavy equipment including up to 250 tonnes dump trucks and 24m³ face shovels



2. Coal Hauling

- 80 Km **private paved haul road** by using chipseal technology which will improve the operational efficiency
- More than 320 units of 130 tonnes capacity truck trailers in operation



3. Coal Processing & Barge Loading

At Kelanis river terminal :

- 70 MT coal handling capacity/year
- 450,000KT stockpile + 80,000 tonnes ROM capacity
- 2 barge loading jetties with a loading rate of 7,500 KT/hr each



4. Barging

- Supported by 6 marine contractors including our subsidiary, PT Maritim Barito Perkasa
- 55 units of typical 10,000 DWT and 3 units of 12,000 DWT class barges in operation, 2 units of 15,000 DWT towed barges and self-propelled barge to commence operations



5. Offshore Loading - Taboneo

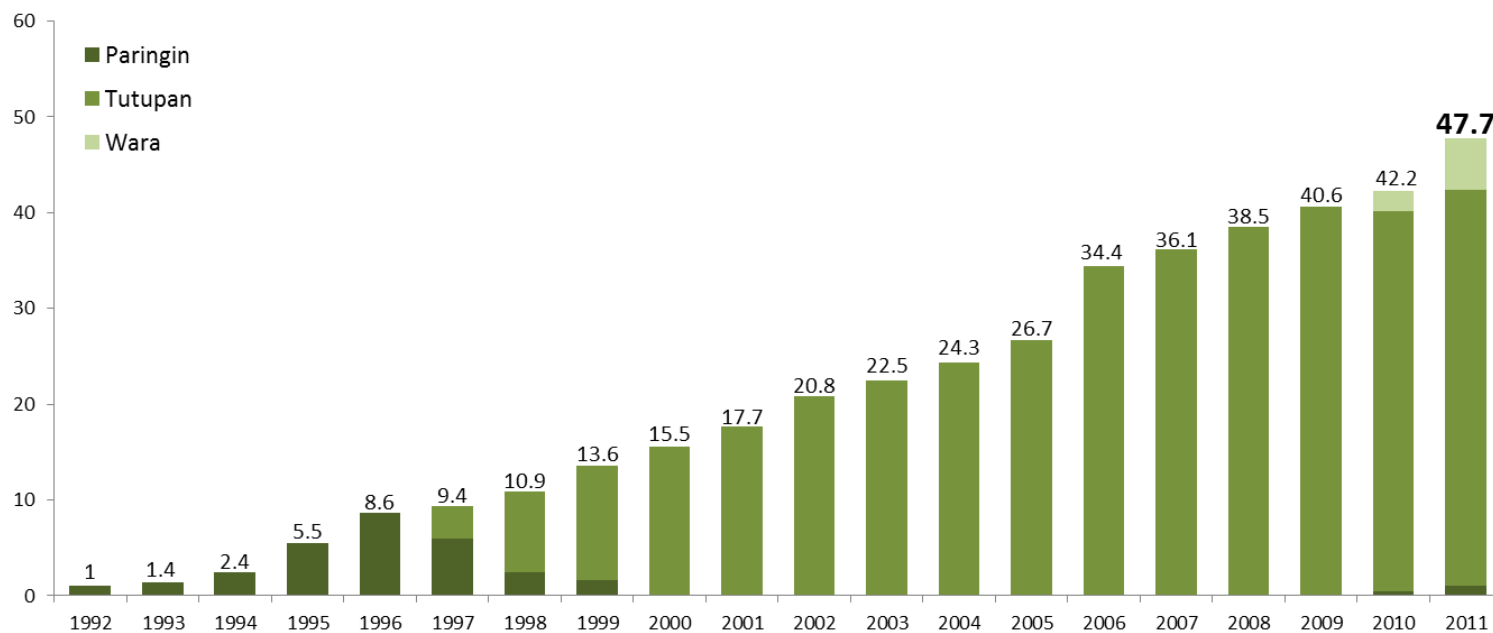


- Total capacity up to 165,000 tonnes/day, up to cape size vessel in excess of 200,000 DWT utilizing :
 - 5 floating cranes, loading capacity 15,000 to 20,000 tonnes/day
 - 1 trans-shipper, loading rate 35,000 tonnes/day
 - Capability to load up to 4 self loading geared vessels

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PRODUCTION GROWTH

	Units	2012 Guidance	2011 Actual	2010 Actual
Production volume	Mt	48-50	47.7	42.2
Envirocoal 5000	Mt	39-40	41.3	39.2
Envirocoal 4500	Mt	1-2	1.0	0.5
Envirocoal 4000	Mt	8	5.4	2.5



PT ADARO INDONESIA

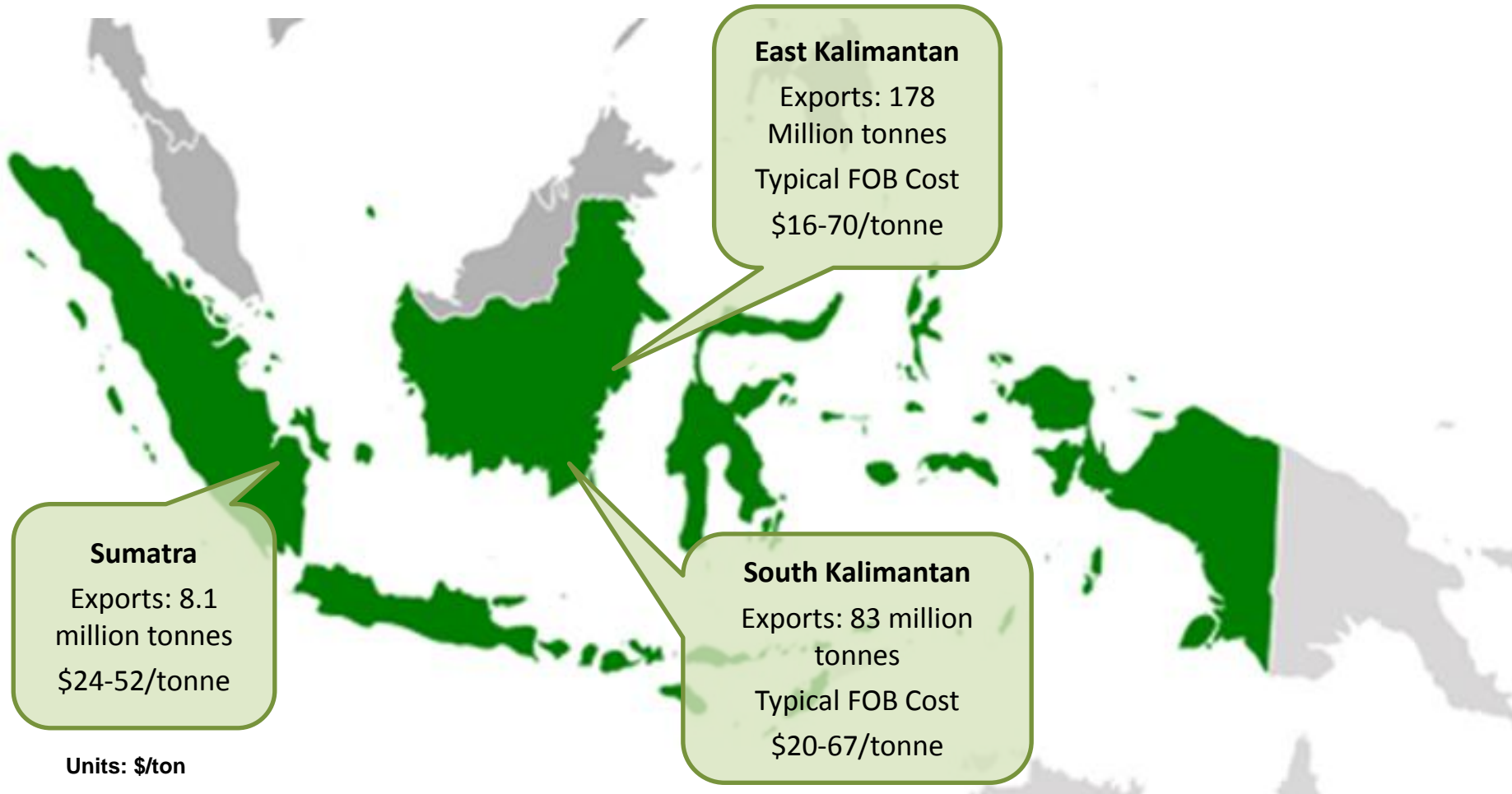
ENVIROCOAL SPECIFICATIONS

ENVIROCOAL				
		5000	4500	4000
		Typical	Typical	Typical
	Unit			
Calorific Value	GAR	5,100 kcal/kg	4,500 kcal/kg	4,050 kcal/kg
Total Moisture	GAR	26.5%	33.5%	38.0%
Ash	ARB	2.5%	3.0%	3.5%
Sulphur	ARB	0.15%	0.2%	0.25%
Volatile Matter	ARB	43.0%	42.0%	40.0%
HGI		50	55	65
Size	0 - 50mm	<95%	<95%	<95%
Ash Fusion Temperature (reducing atmosphere)	Initial deformation deg. C	1200	1150	1150

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COMPETITIVENESS

BITUMINOUS/SUB-BITUMINOUS FOB

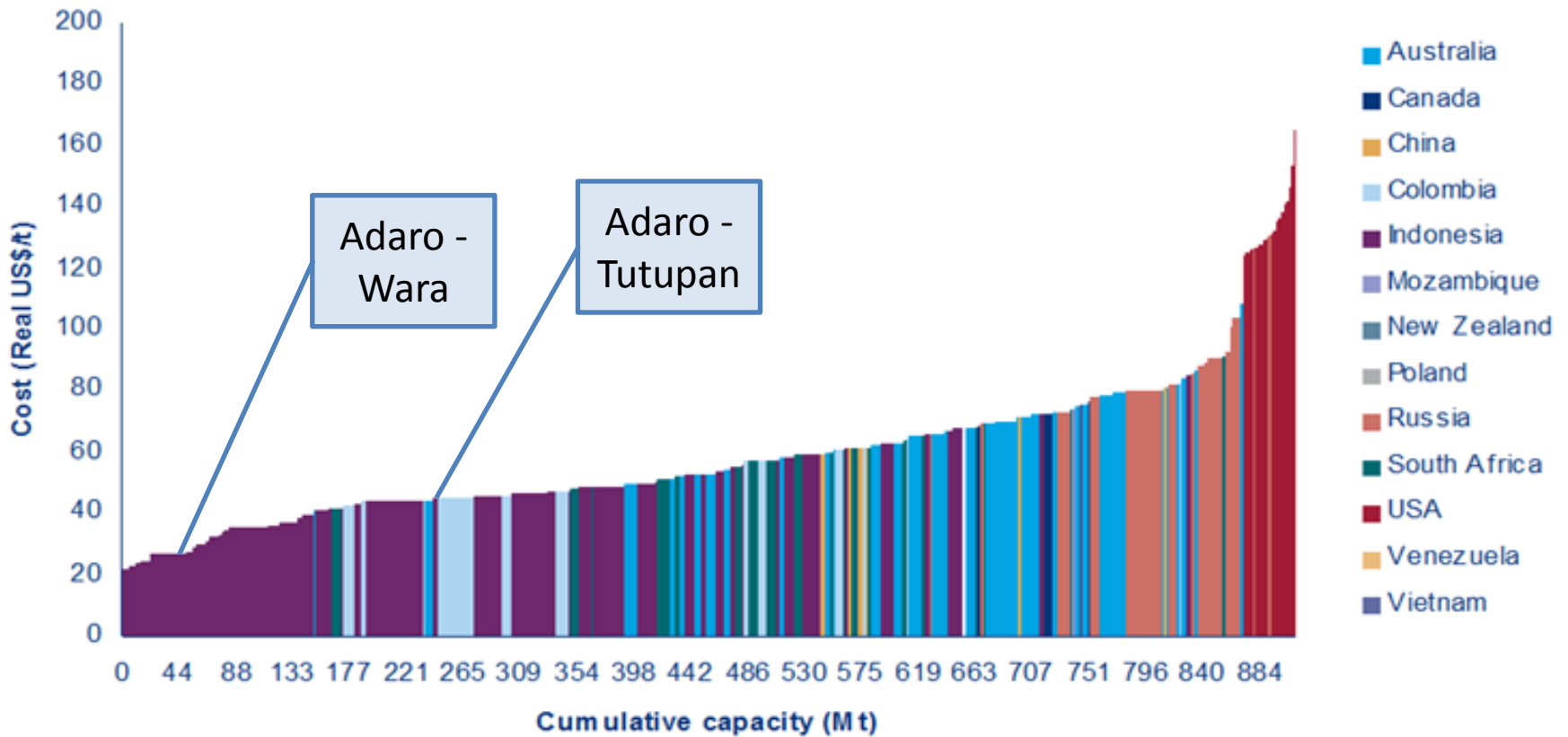


Units: \$/ton

Source: WoodMackenzie

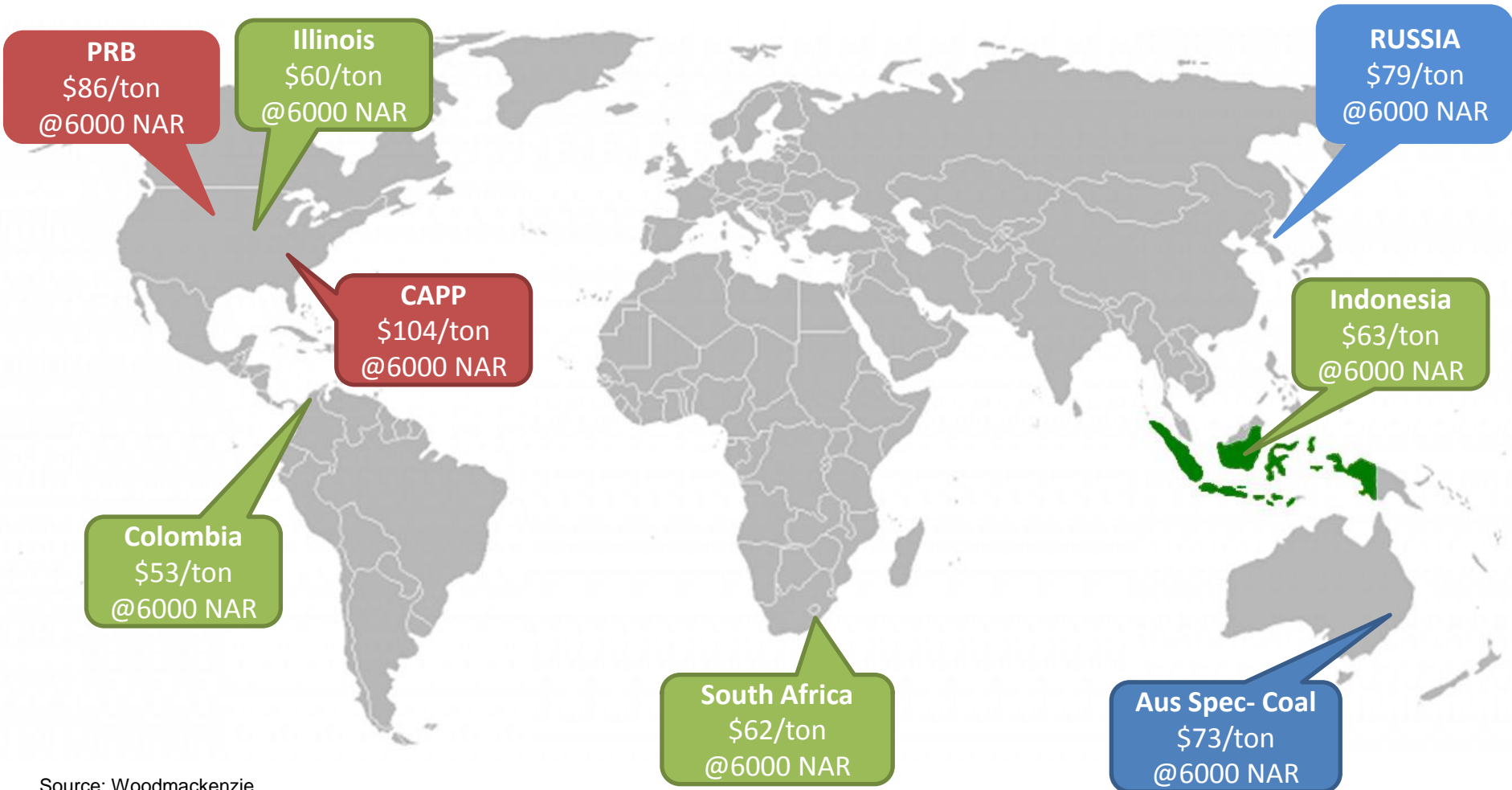
COMPETITIVENESS

ENERGY-ADJUSTED CASH COST CURVE



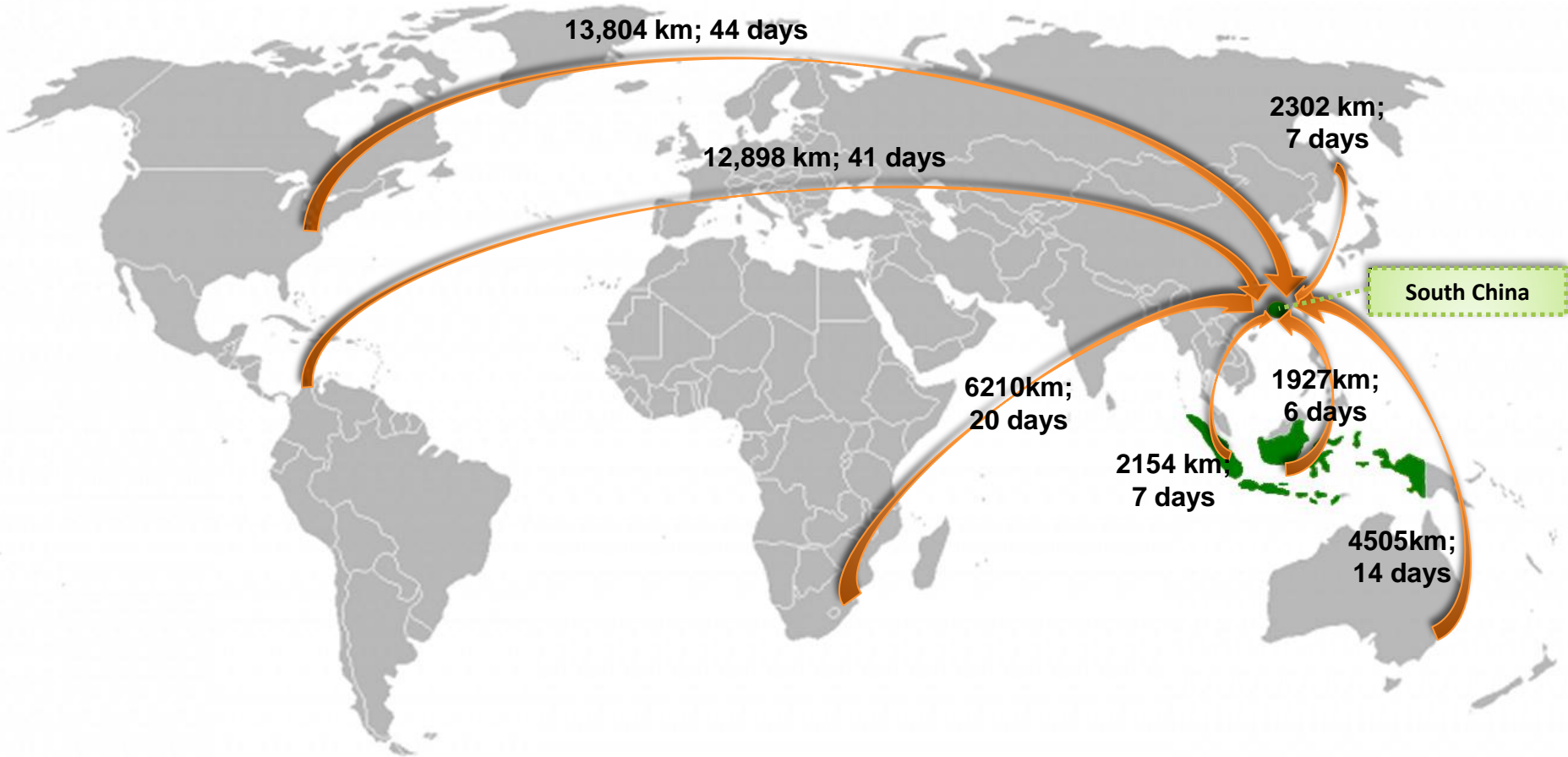
COMPETITIVENESS

TYPICAL FOB CASH COST



Source: Woodmackenzie

COMPETITIVENESS FREIGHT 2013



Source: AXSMarine

COMPETITIVENESS

LANDED COST BY ORIGIN

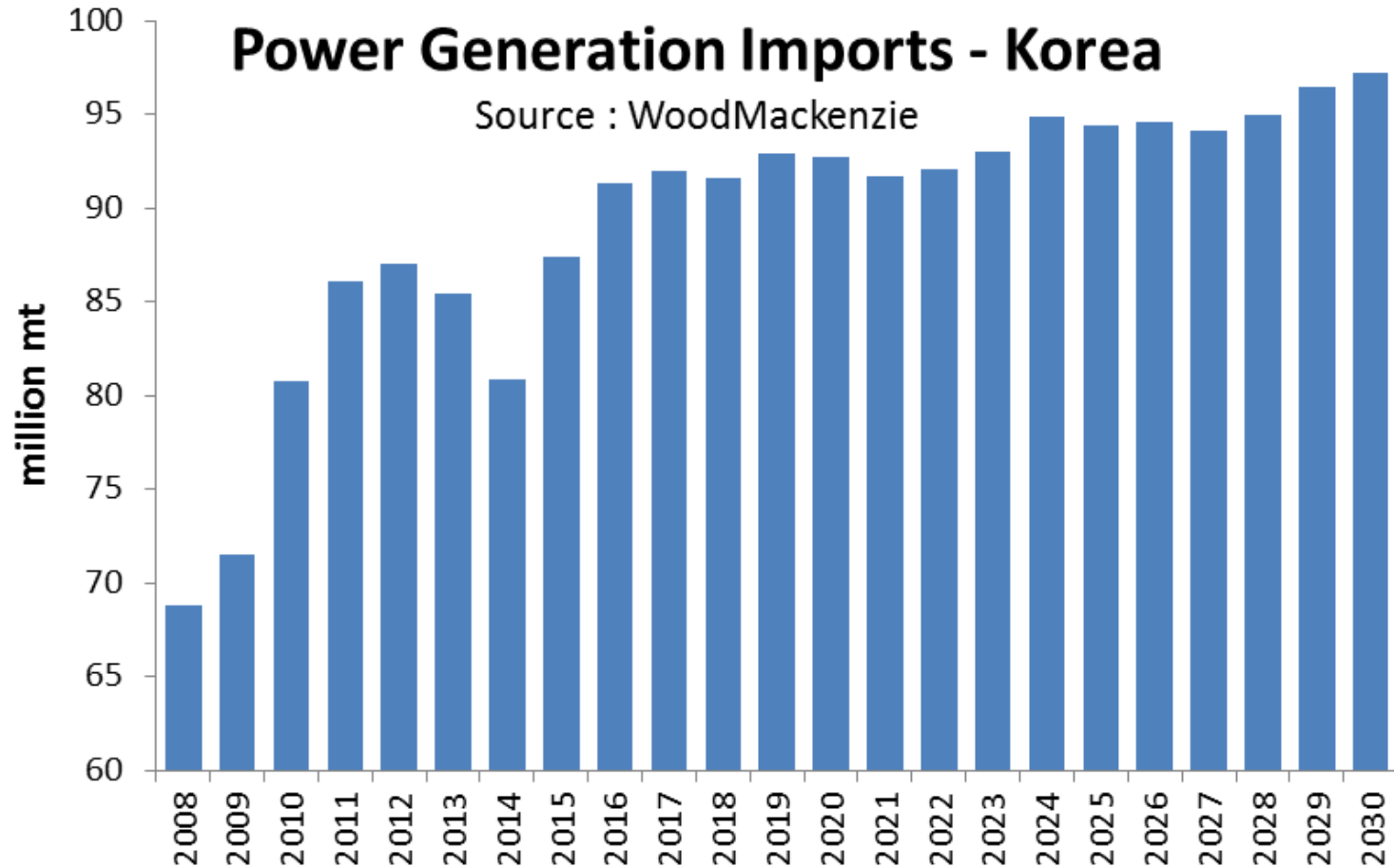
Origin	CV	FOB cost	Freight	CIF	CIF South China @ 6000
Indonesia	4700	\$ 49.00	\$ 8.00	\$ 57.00	\$ 72.77
South Africa	6000	\$ 62.00	\$ 15.00	\$ 77.00	\$ 77.00
Colombia	6000	\$ 53.00	\$ 24.50	\$ 77.50	\$ 77.50
USA - Illinios	6000	\$ 60.00	\$ 25.00	\$ 85.00	\$ 85.00
Australia	6000	\$ 73.00	\$ 13.50	\$ 86.50	\$ 86.50
Russia	6000	\$ 79.00	\$ 8.00	\$ 87.00	\$ 87.00
USA - PRB	4700	\$ 67.00	\$ 15.50	\$ 82.50	\$ 105.32
USA - CAPP	6500	\$ 112.00	\$ 27.00	\$ 139.00	\$ 128.31

Source: WoodMackenzie and AXS Marine

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WHAT THE MARKET NEEDS

The Future of Coal Imports in Korea



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The Future of Coal Imports in Korea

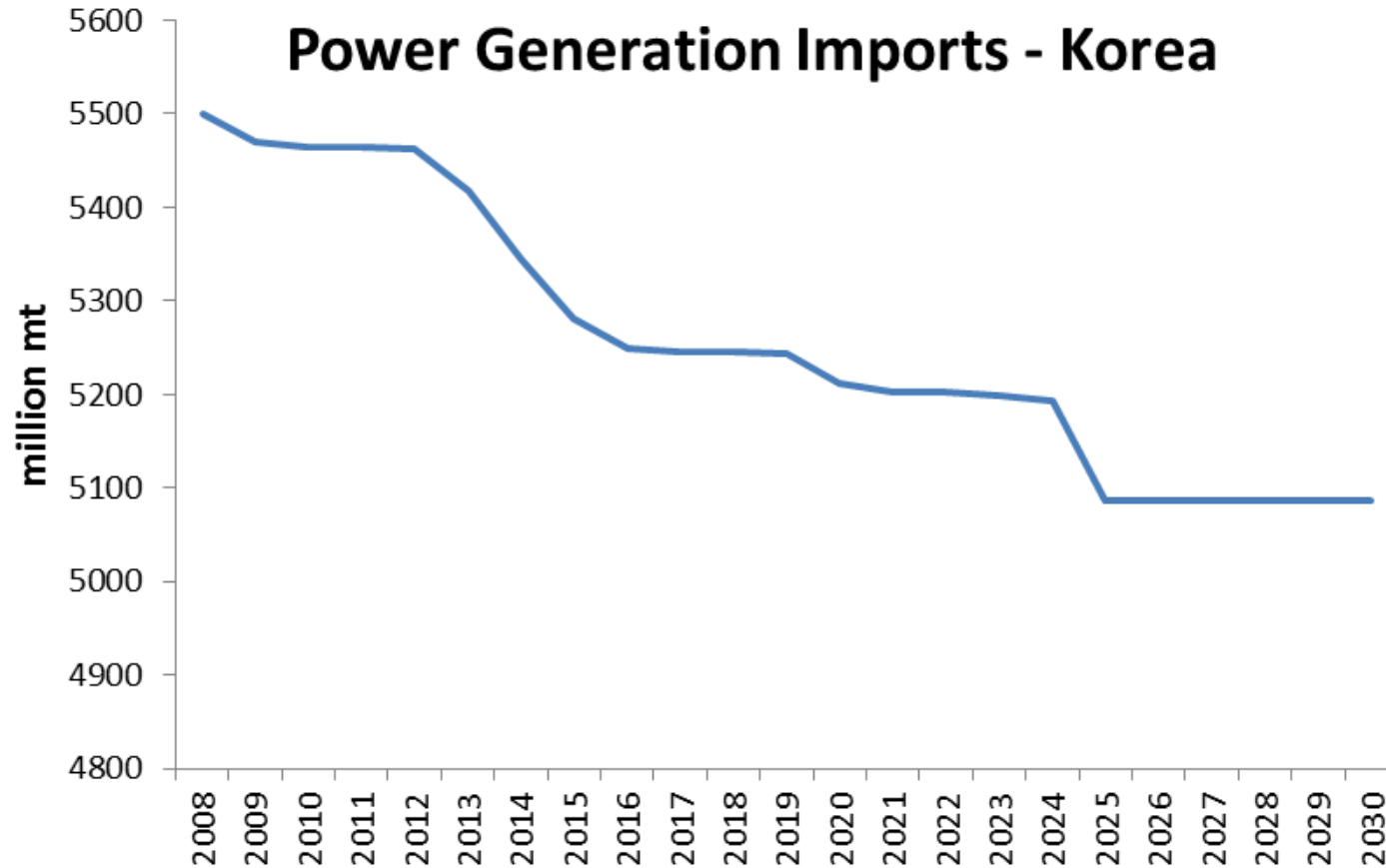
Genco's Coal Fired Capacity - Mw

Plant	Design CV	2008	2012	2013	2014	2015	2020	2025	2030
Dangjin 1-8	5500	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Dangjin 9-10	4500	-	-	83	1,083	2,000	2,000	2,000	2,000
Boryeong 1-10	5500	3,292	4,000	5,167	6,000	6,000	6,000	5,000	5,000
Samchonpo 1	5500	3,240	3,240	3,240	3,240	3,240	3,240	2,120	2,120
Younghung 1-2	5500	2,108	2,470	2,470	2,470	2,470	2,470	2,470	2,470
Younghung 4-10	4500	-	870	870	1,450	2,900	5,933	6,350	6,350
Hadong 1-8	5500	3,042	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Youngnam	5500	400	-	-	-	-	-	-	-
Namejeju	5500	240	240	240	240	240	240	240	240
Taeon 1-8	5500	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Taeon 9-10	4500	-	-	1,167	2,000	2,000	2,000	2,000	2,000
Honam 1-2	5500	500	500	500	500	500	500	250	250
Total Coal-fired capacity		20,821	23,320	25,737	28,983	31,350	34,383	33,030	33,030

Source: WoodMackenzie and Adaro CV Assumption

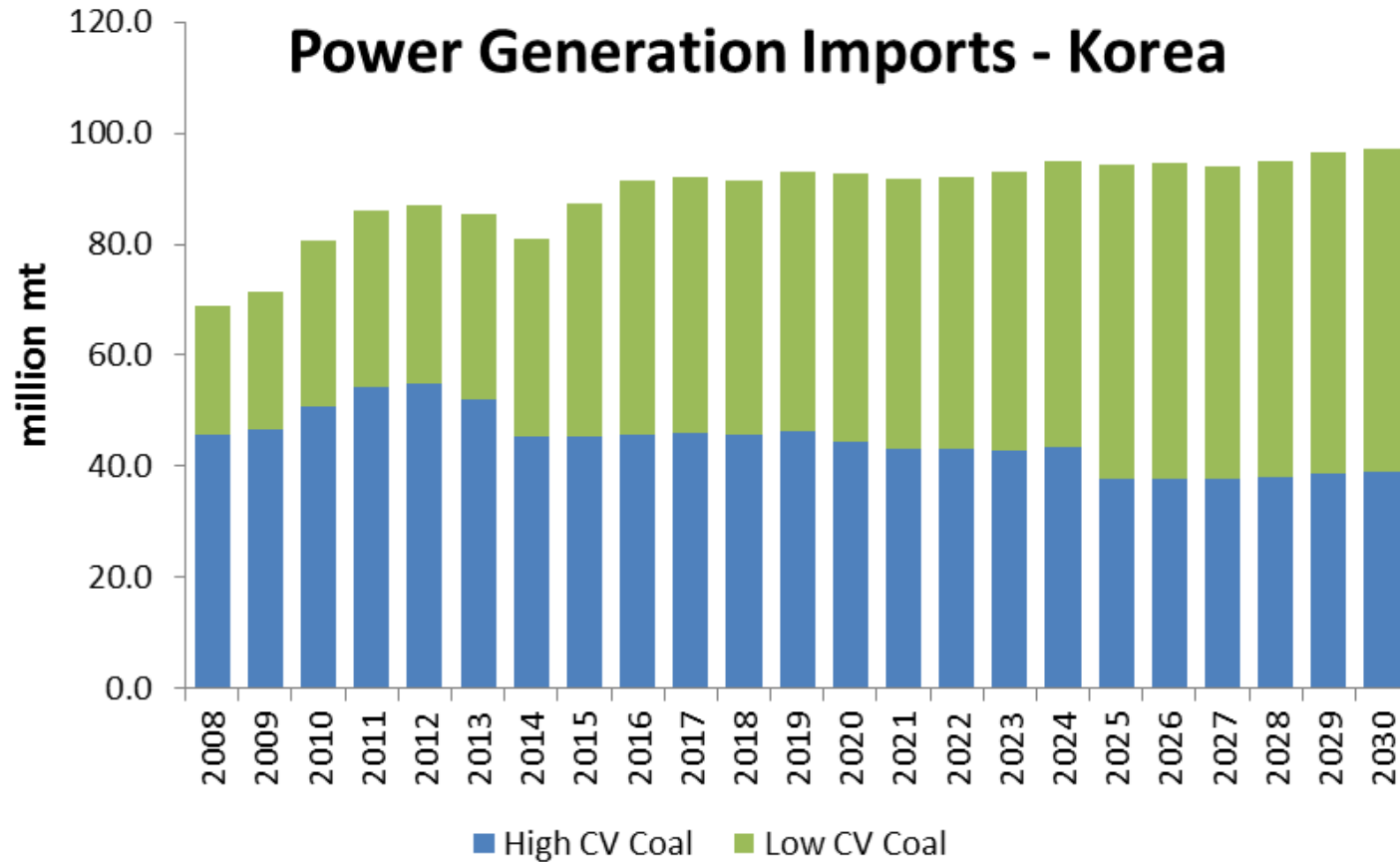
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The Future of Coal Imports in Korea



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MAINTAINING THE ADVANTAGE

- ❑ Indonesia remains a key player in the delivery of low cost fuel.
- ❑ Accessibility, diversity, cost and proximity to continue to play a significant role in competitive coal supply chains
- ❑ Adaro Energy is well positioned to take advantage of future international and domestic demand.
- ❑ Adaro Indonesia is a proven supplier with expertise in all aspects of the supply chain.
- ❑ The market will remain competitive and low cost production is only one element of the picture.
- ❑ Proximity to growth regions and potential for growth are key factors in identifying long term reliable supply partners.
- ❑ Sub-bituminous and low-rank coals are secure in the long term procurement plan of key growth regions.



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