



## Quarterly Report to Shareholders (ASX: ATM, JSX: ANTM)

For the three months ending 31 June, 2005

ARBN - 087 423 998

### **FURTHER INFORMATION:**

#### **Ashur Wasif (Corporate Secretary)**

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## **PRODUCTION**

- During 2Q05, Antam produced 1,404 tonnes of contained nickel in ferronickel, a 6% increase compared to the previous quarter but a 40% decrease compared to the same quarter last year. The reduction was due to the shut down of FeNi II smelter in March after Antam detected abnormal metal levels during the commissioning period after the overhaul of the smelter. Antam expects commercial operation of FeNi II will begin in September 2005.
- Production of high grade nickel ore reached 598,103 wet metric tons (wmt), a slight increase compared to 1Q05 but a 33% decrease compared to the same period last year. During the June quarter, Antam produced 151,790 wmt of low grade nickel ore, which includes LGSO. Production of low grade ores was 51% lower compared to previous quarter.
- Production of gold reached 1,033 kg, an increase of 24% on higher gold grades as well as completion of several maintenance works at Pongkor gold factory, while silver production reached 8,046 kg.

## **DEVELOPMENT**

- Unplanned shut down of FeNi II smelter to last 5-6 months
- Antam pays cash dividend of Rp282.5 billion or Rp148.08 per share
- Antam evaluating potential investment in PT Freeport Indonesia
- Antam to begin due diligence of Freeport stake
- Antam's hedging activities
- Progress of construction of FeNi III smelter and repair of FeNi II smelter

## **EXPLORATION**

- Exploration activities for the June quarter remained focused on Antam's main commodities of nickel, gold and bauxite. Total exploration expenditure for the June quarter reached Rp18.2 billion.

Ashur Wasif  
Corporate Secretary  
July 29, 2005

• **Shareholder Sum-Up: 2Q05 Relative Share Price Performance over the Quarter (Arrow indicates comparison to previous quarter).**

During 2Q05 Antam's share price increased 5% from Rp2,275 to Rp2,400.

Source: *Bloomberg and Antam*

**VS. PEERS...**

PT Timah	-2	▼
PT Inco	6	▼
Inco Ltd	11	▼
Falconbridge	22	▲
WMC Resources	11	▼
BHP-B Ltd	6	▲
Rio Tinto Plc	5	▼
AngloAmerican	2	▼
Harmony	-11	▼
Barrick Gold	0.32	▼
Newcrest	5	▼
Alumina Ltd	14	▼

**VS. INDICES...**

LQ45	2	▼
JSE Composite	3	▼
JSE Mining Index	-5	▼
ASX All Ordinaries	3	▼
Dow Jones	7	▼
TS Composite	3	▼
NASDAQ	2	▼
Hang Seng	0.22	▼
S&P 500	4	▼
DAX	0.60	▼
FTSE	0.07	▼
FTSE All Share Mine	4	▼

**VS. COMMODITIES...**

Gold	3	▼
Nickel	15	▲

Price at end of Quarter on the ASX: AUD0.30/CDI

**Analyst Recommendations:**

CLSA	Underperform	06/30	Mandiri Sekuritas	Buy	05/10
Mandiri Sekuritas	Buy	06/17	Macquarie	Outperform	05/05
Mandiri Sekuritas	Buy	06/08	DBS Vickers	Buy	05/02
Mandiri Sekuritas	Buy	05/31	GK Goh	Hold	04/26
Mandiri Sekuritas	Buy	05/25	Macquarie	Outperform	04/21
Samuel Sekuritas	Buy	05/10	Samuel Sekuritas	Buy	04/06

<b>Shares in Issue</b>	1,907,691,950
<b>Market Capitalization</b>	Rp4,578bn (US\$469m)
<b>Price Range</b>	Rp2050 – Rp2500
<b>Average Price</b>	Rp2321
<b>Trading Volume</b>	278m
<b>Average Daily Volume</b>	4,489,702

**Major Shareholder:**

Government of Indonesia (65%)

**Substantial Shareholders:**

OppenheimerFunds, Inc. USA (9.20%)

**Final Dividend Payment Date:**

June 30, 2005

**Final Dividend Amount:**

Rp148.08/share,  
AUD0.0991 per CDI

<b>Nickel Price on 06/30/05</b>	US\$6.68/lb
<b>Nickel Price Range</b>	US\$6.66/lb (06/24/05) - US\$8.12/lb (05/12/05)
<b>Gold Price on 06/30/05</b>	US\$435.50/oz
<b>Gold Price Range</b>	US\$415.40/oz (06/01/05) - US\$441.30/oz (06/23/05)
<b>Rupiah on 06/30/05</b>	Rp9,760/US\$
<b>Rupiah Range</b>	Rp9,430/US\$ (05/17/05) – Rp9,760/US\$ (06/30/05)

## COMMISSIONERS AND DIRECTORS

### Board of Commissioners

Wisnu Askari Marantika	President Commissioner
Supriatna Suhala	Commissioner
S. Suryantoro	Commissioner
Yap Tjay Soen	Independent Commissioner
Irwandy Arif	Independent Commissioner

### Board of Directors

D. Aditya Sumanagara	President Director
Alwin Syah Loebis	Operations Director
Kurniadi Atmosasmito	Finance Director
Syahrir Ika	General Affairs and Human Resources Director
Darma Ambiar	Development Director

- As of June 30, 2005, our largest shareholder aside from the Government is Oppenheimer Developing Market Fund with 9.20% interest:
  - Antam has 185 foreign and foreign institutional shareholders, which account for 66% of the shares trading on the JSX.
  - Antam is held by 134 foreign institutions, which together have 23% of Antam's shares.
- The top 5 countries of origin for our foreign shareholders in terms of shares held:
  - 1 – USA
  - 2 – Netherlands
  - 3 – United Kingdom
  - 4 – Luxembourg
  - 5 – Singapore

### Top 20 Shareholders (eighty percent are foreign investors):

1 - Government of Indonesia	11 – CB London S/A Sticht Pens En Tech (Arrow)
2 - Oppenheimer Developing Market Fund	12 – Reksa Dana Schrodgers Dana Terpadu
3 – SSB PS10 Pacific Select Fund Emerging Mkt.	13 – Lautandhana Securindo
4 – Investor Bank and Trust Company (West)	14 – BONY II
5 – MS + Co Inc. Client AC	15 – SSB TC45 California State Teachers
6 – Pertamina Pension Fund	16 – Hongky Harjo
7 – Panin Sekuritas	17 – Clearstream Banking SA Luxembourg
8 – CB London S/A Unicredito Italiano	18 – SSB JY64 SSL CO SSB Frank Russell Inv.
9 – CB Intl. PLC (Lux Branch) S/A Pioneer Asset	19 – BOT-Mitsubishi (Lux) S/A BOT Luxembourg
10 – UBS AG	20 – GS LND SEG AC

## **PRODUCTION & SALES** (please refer to accompanying tables)

In 2Q05, Antam's sales revenue decreased by 2% compared to the same quarter last year to Rp715 billion largely due to lower sales volume of Antam's main commodity of nickel. Despite lower sales volume, the nickel segment remained Antam's biggest contributor to sales, amounting to 72% or Rp514 billion, while sales from the gold segment, amounted to 23% or Rp163 billion. In the first half of 2005, Antam's sales revenue reached Rp1,314 billion, a slight increase compared to 1H04. In 1H05, nickel ore was Antam's biggest contributor to total sales with a 49% contribution. Ferronickel was the second largest contributor with a 25% contribution while gold was the next largest contributor with an 18% contribution.

### **NICKEL**

During 2Q05, Antam produced 1,404 tonnes of contained nickel in ferronickel, a 40% decrease compared to the same quarter last year. The reduction was due to the unplanned shut down of the FeNi II smelter after Antam detected higher than normal hearth thermocouple temperatures during the commissioning period of the smelter following a five month overhaul which began in September 2004. Antam expects FeNi II smelter to recommence commercial operations in September 2005. Due to the shut down of FeNi II, Antam has lowered the ferronickel production target of Pomalaa by 30% to 6,800 tonnes, from 10,000 tonnes. To offset the loss of production, Antam will increase its volume of toll smelting with Pamco from 150 tonnes to 600 tonnes, such that total ferronickel production is estimated at 7,400 tonnes, 27% lower than the initial target of 10,150 tonnes. To offset lost revenues, Antam will boost its high grade nickel ore sales by 400,000 tonnes.

Due to lower production, sales of ferronickel, which are all exports, reached 939 tonnes, a 19% decrease compared to the same period last year. Despite lower sales volume, revenue only decreased by 1% to Rp144 billion as the reduction was offset by higher nickel prices. The average selling price of ferronickel rose 17% compared with the same period last year, to US\$7.27 per lb.

Production of high grade nickel ore decreased 33% to 598,103 wet metric tons (wmt), compared to the same period last year as Antam closed the Gebe nickel mine at the end of the 2004. Preparation was underway to open a new nickel mine to replace Gebe in the middle of 2005 called Mornopo. Antam expects 2005 production of high grade and low grade nickel ore from Mornopo will reach 300,000wmt and 100,000wmt respectively. Production of high grade nickel ore at Pomalaa was 41% lower at 116,793wmt due to depletion of high grade reserves at Pomalaa, which makes mining more difficult. Meanwhile, high rains at the eastern part of Indonesia caused a 19% reduction of high grade production at Buli to 208,432wmt.

Antam's total limonite production rose by 3% to 151,790wmt despite a 94% reduction of low grade production at Buli to 3,000wmt, and no production from Gebe, as production of Low Grade Saprolitic Ore (LGSO) increased by 74%.

In 2Q05, Antam sold 779,849wmt of high grade, a 19% increase compared to 2Q04, while limonite sales reached 201,273wmt, a 37% decrease compared to the same period last year. High grade sales were higher compared with 2Q04 inline with increased sales from Pomalaa and Gee nickel mines as

Antam increased shipments from these mines. Higher sales volume from Pomalaa and Gee offset decreased sales from Gebe and Buli. Although Antam has ceased mining activity at Gebe, sales of nickel ores from Gebe continued and will remain until Gebe's nickel ore stock is completely exhausted. Sales of high grade nickel ore from Gebe amounted to 86,809wmt, a 29% decrease compared to the same period last year. In Buli, sales were lower due to the rainy season. In 2Q05, LGSO sales from Pomalaa rose 21% to 153,963wmt while low grade sales from Gebe decreased 67% to 47,310wmt. There were no low grade shipments from Buli in 2Q05.

Revenue from nickel ore rose 34% to Rp369 billion with saprolite and limonite contributing Rp336 billion and Rp33 billion respectively. The average selling price of high grade reached US\$45.17 per wmt, 12% lower compared to 2Q04 due to lower price of high grade ores from Buli inline with a higher moisture content. Meanwhile the average selling price of limonite was 2% higher compared to 2Q04 at US\$17.46 per wmt.

## **GOLD**

Gold production in 2Q05 was 24% higher compared to the same period last year, reaching 1,033kg due to the completion of maintenance on the second ball mill at the Pongkor gold factory coupled with higher gold grades. Inline with higher gold production, silver production was 43% higher at 8,046kg. Maintenance on Antam's first ball mill at Pongkor continued. In 1Q05, Antam excavated from a lower grade area of around 7 grams per ton (gpt). Antam then reinitiated mining at a higher grade area of around 11-12 gpt in 2Q05. Antam has revised its yearly production target from 4,139kg to 3,700kg due to the maintenance on the ball mills and the lower grades.

During the June quarter, Antam sold 1,151 kg of gold, 4% higher than the previous quarter. Revenue from gold rose 19% to Rp150 billion due to higher sales volumes and price. In 2Q05, the average selling price of gold increased 7% to US\$425.37 per t.oz. Revenue from silver was 26% lower compared to 2Q04 at Rp9 billion, due to decreased sales volume. During the June quarter, Antam sold 4,148kg of silver, 41% lower compared to the same period last year. Decreased silver sales were not offset by the higher silver price, which rose 13% to US\$7.25 per t.oz. Revenues from precious metals refinery services dropped by 41% compared to 2Q04 to Rp3 billion inline with lower customer orders.

## **BAUXITE**

In 2Q05, production of bauxite reached 358,914wmt with first half 2005 production of 700,459wmt, inline with the company's internal target. During the June quarter, sales of bauxite decreased 11% to 370,003 wmt, earning Rp38 billion. Revenue from bauxite decreased 13% compared to the same period last year inline with lower sales volume coupled with a lower average sales price of bauxite, which decreased by 8% to an average of US\$10.78 per wmt. Revenues from bauxite contributed 6% to total first half 2005 revenues.

## Production and Sales Summary of Second Quarter 2005 and 2004

DESCRIPTION		2004		2005			2Q05/ 1Q05 (%)	2Q05/ 2Q04 (%)	1H05/ 1H04 (%)
		2 <sup>nd</sup> Quarter	6 Months	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	6 Months			
<b>PRODUCTION VOLUME</b>									
<b>Ferronickel</b>	Ton Ni	2,357	4,286	1,326	1,404	2,730	6	(40)	(36)
<b>Nickel Ore:</b>									
<b>Saprolite</b>									
- Pomalaa	Wmt	198,347	328,708	152,348	116,793	269,141	(23)	(41)	(18)
- Gebe	Wmt	160,878	277,176	0	0	0	N/A	(100)	(100)
- Gee	Wmt	269,373	589,474	225,886	272,878	498,764	21	1	(15)
- Buli	Wmt	258,778	451,170	208,094	208,432	416,526	0	(19)	(8)
<i>Total Saprolite</i>	<i>Wmt</i>	<i>887,376</i>	<i>1,646,528</i>	<i>586,328</i>	<i>598,103</i>	<i>1,184,431</i>	<i>2</i>	<i>(33)</i>	<i>(28)</i>
<b>Limonite</b>									
- LGSO Pomalaa	Wmt	85,568	263,840	251,096	148,790	399,886	(41)	74	52
- Gebe	Wmt	9,988	33,999	0	0	0	N/A	(100)	(100)
- Buli	Wmt	51,418	160,422	59,814	3,000	62,814	(95)	(94)	(61)
<i>Total Limonite</i>	<i>Wmt</i>	<i>146,974</i>	<i>458,261</i>	<i>310,910</i>	<i>151,790</i>	<i>462,700</i>	<i>(51)</i>	<i>3</i>	<i>1</i>
<b>Total Nickel Ore</b>	<b>Wmt</b>	<b>1,034,350</b>	<b>2,104,789</b>	<b>897,238</b>	<b>749,893</b>	<b>1,647,131</b>	<b>(16)</b>	<b>(28)</b>	<b>(22)</b>
<b>Gold</b>	Kg	834	1,676	563	1,033	1,596	84	24	(5)
<b>Silver</b>	Kg	5,625	11,851	4,770	8,046	12,816	69	43	8
<b>Bauxite</b>	Wmt	338,642	628,259	341,545	358,914	700,459	5	6	11
<b>Iron Sands</b>									
- Cilacap	Wmt	0	0	0	0	0	N/A	N/A	N/A
- Kutoarjo	Wmt	34,645	66,303	16,217	5,684	21,901	(65)	(84)	(67)
- Lumajang	Wmt	0	0	0	0	0	N/A	N/A	N/A
<b>Total Iron Sands</b>	<b>Wmt</b>	<b>34,645</b>	<b>66,303</b>	<b>16,217</b>	<b>5,684</b>	<b>21,901</b>	<b>(65)</b>	<b>(84)</b>	<b>(67)</b>

DESCRIPTION		2004		2005			2Q05/ 1Q05 (%)	2Q05/ 2Q04 (%)	1H05/ 1H04 (%)
		2 <sup>nd</sup> Quarter	6 Months	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	6 Months			
<b>SALES VOLUME</b>									
<b>Ferronickel</b>	Ton Ni	1,153	3,080	1,366	939	2,305	(31)	(19)	(25)
<b>Nickel Ore:</b>									
<b>Saprolite</b>									
- Pomalaa	Wmt	78,404	164,810	66,596	201,049	267,645	202	156	62
- Gebe	Wmt	122,200	216,462	94,484	86,809	181,293	(8)	(29)	(16)
- Gee	Wmt	180,043	409,405	219,507	283,559	503,066	29	57	23
- Buli	Wmt	276,506	439,231	208,094	208,432	416,526	0	(25)	(5)
<i>Total Saprolite</i>	<i>Wmt</i>	<i>657,153</i>	<i>1,229,908</i>	<i>588,681</i>	<i>779,849</i>	<i>1,368,530</i>	<i>32</i>	<i>19</i>	<i>11</i>
<b>Limonite</b>									
- LGSO Pomalaa	Wmt	126,900	280,717	91,835	153,963	245,798	68	21	(12)
- Gebe	Wmt	141,504	188,391	60,166	47,310	107,476	(21)	(67)	(43)
- Buli	Wmt	51,418	160,422	59,814	0	59,814	(100)	(100)	(63)
<i>Total Limonite</i>	<i>Wmt</i>	<i>319,822</i>	<i>629,530</i>	<i>211,815</i>	<i>201,273</i>	<i>413,088</i>	<i>(5)</i>	<i>(37)</i>	<i>(34)</i>
<b>Total Nickel Ore</b>	<b>Wmt</b>	<b>976,975</b>	<b>1,859,438</b>	<b>800,496</b>	<b>981,122</b>	<b>1,781,618</b>	<b>23</b>	<b>0</b>	<b>(4)</b>
<b>Gold</b>	Kg.	1,111	1,770	679	1,151	1,830	70	4	3
<b>Silver</b>	Kg.	7,071	12,278	7,083	4,148	11,232	(41)	(41)	(9)
<b>Bauxite</b>	Wmt	413,759	686,256	366,245	370,003	736,248	1	(11)	7
<b>Iron Sands:</b>									
- Cilacap	Wmt	4,007	94,495	0	0	0	N/A	(100)	(100)
- Kutoarjo	Wmt	37,427	37,658	23,065	5	23,070	(100)	(100)	(39)
- Lumajang	Wmt	8,077	8,123	82	64	146	(21)	(99)	(98)
<b>Total Iron Sands</b>	<b>Wmt</b>	<b>49,511</b>	<b>140,275</b>	<b>23,147</b>	<b>69</b>	<b>23,216</b>	<b>(100)</b>	<b>(100)</b>	<b>(83)</b>

DESCRIPTION		2004		2005			2Q05/ 1Q05 (%)	2Q05/ 2Q04 (%)	1H05/ 1H04 (%)
		2 <sup>nd</sup> Quarter	6 Months	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	6 Months			
<b>SALES PRICE</b>									
<b>Ferronickel Nickel Ore</b>	US\$/Lb	6.21	6.16	6.56	7.27	6.85	11	17	11
<i>Saprolite</i>	US\$/Wmt	51.53	42.38	44.99	45.17	45.09	0	(12)	6
- Pomalaa	US\$/Wmt	51.68	39.74	43.02	49.97	48.24	16	(3)	21
- Gebe	US\$/Wmt	43.86	40.12	42.81	44.68	43.70	4	2	9
- Gee	US\$/Wmt	56.55	44.38	48.05	50.19	49.25	4	(11)	11
- Buli	US\$/Wmt	51.62	42.63	43.37	33.91	38.64	(22)	(34)	(9)
<i>Limonite</i>	US\$/Wmt	17.13	18.52	15.16	17.46	16.28	15	2	(12)
- LGSO Pomalaa	US\$/Wmt	14.87	16.28	17.59	18.33	18.06	4	23	11
- Gebe	US\$/Wmt	20.24	17.85	14.31	14.62	14.44	2	(28)	(19)
- Buli	US\$/Wmt	14.15	23.21	12.30	12.30	12.30	0	(13)	(47)
<b>Gold</b>	US\$/T.oz	397.32	412.12	430.79	425.37	427.38	(1)	7	4
<b>Silver</b>	US\$/T.oz	6.41	6.46	6.94	7.25	7.06	4	13	9
<b>Bauxite</b>	US\$/Wmt	11.73	11.38	10.34	10.78	10.56	4	(8)	(7)
<b>Iron Sands</b>	IDR/Wmt	119,456	115,654	101,732	105,086	105,086	3	(12)	(9)
<b>Exchange rate (for revenue)</b>	IDR/US\$	9,159	8,725	9,276	9,415	9,415	1	3	8



DESCRIPTION	2004		2005			2Q05/ 1Q05 (%)	2Q05/ 2Q04 (%)	1H05/ 1H04 (%)
	2 <sup>nd</sup> Quarter	6 Months	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	6 Months			
<b>SALES REVENUE (Rp million)</b>								
<b>EXPORT SALES:</b>								
<b>Ferronickel Nickel Ore Saprolite</b>	144,933	366,546	182,816	144,117	326,933	(21)	(1)	(11)
- Pomalaa	39,070	60,281	26,528	95,720	122,248	261	145	103
- Gebe	62,432	90,684	37,168	37,100	74,268	(0)	(41)	(18)
- Gee	99,377	167,418	97,953	135,707	233,660	39	37	40
- Buli	138,343	176,120	83,456	67,599	151,055	(19)	(51)	(14)
<i>Total Saprolite</i>	<i>339,222</i>	<i>494,503</i>	<i>245,105</i>	<i>336,126</i>	<i>581,231</i>	<i>37</i>	<i>(1)</i>	<i>18</i>
<b>Limonite</b>								
- Gebe	34,651	38,869	8,072	6,557	14,629	(19)	(81)	(62)
- Buli	7,711	33,305	6,892	0	6,892	(100)	(100)	(79)
- LGSO Pomalaa	9,087	41,124	15,054	26,775	41,829	78	195	2
<i>Total Limonite</i>	<i>51,449</i>	<i>113,298</i>	<i>30,018</i>	<i>33,333</i>	<i>63,351</i>	<i>11</i>	<i>(35)</i>	<i>(44)</i>
<b>Gold</b>	72,467	97,711	25,171	22,585	47,756	(10)	(69)	(51)
<b>Bauxite</b>	43,919	68,918	35,089	38,118	73,207	9	(13)	6
<b>Silver</b>	5,980	9,944	0	338	338	N/A	(94)	(97)
<b>Iron sands</b>	(0)	12,104	0	0	0	N/A	(100)	(100)
<b>TOTAL EXPORT REVENUE</b>	<b>657,970</b>	<b>1,163,024</b>	<b>518,199</b>	<b>574,616</b>	<b>1,092,815</b>	<b>11</b>	<b>(13)</b>	<b>(6)</b>
<b>DOMESTIC SALES:</b>								
<b>Gold</b>	54,071	102,256	61,822	127,487	189,309	106	136	85
<b>Silver</b>	6,425	13,026	14,595	8,894	23,489	(39)	38	80
<b>Ferronickel</b>	501	1,010	0	0	0	N/A	(100)	(100)
<b>Iron sands</b>	4,558	5,845	2,355	85	2,440	(96)	(98)	(58)
<b>Gold Refining Services</b>	5,666	9,444	2,854	3,215	6,069	13	(43)	(36)
<b>Other</b>	330	482	105	318	423	203	(3)	(12)
<b>TOTAL DOMESTIC REVENUE</b>	<b>71,552</b>	<b>132,063</b>	<b>81,731</b>	<b>139,999</b>	<b>221,730</b>	<b>71</b>	<b>96</b>	<b>68</b>
<b>TOTAL SALES REVENUE</b>	<b>729,522</b>	<b>1,295,087</b>	<b>599,930</b>	<b>714,615</b>	<b>1,314,545</b>	<b>19</b>	<b>(2)</b>	<b>2</b>

DESCRIPTION	2004		2005			2Q05/ 1Q05	2Q05/ 2Q04	1H05/ 1H04 (%)
	2 <sup>nd</sup> Quarter	6 Months	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	6 Months			
<b>EXPORT SALES (Thousand US\$)</b>								
<b>Ferronickel Nickel Ore Saprolite</b>	15,743	41,697	19,765	15,053	34,818	(24)	(4)	(16)
- Pomalaa	4,270	6,768	2,865	10,047	12,912	251	135	91
- Gebe	6,828	10,153	4,045	3,878	7,923	(4)	(43)	(22)
- Gee	10,590	18,578	10,547	14,231	24,778	35	34	33
- Buli	15,151	19,602	9,025	7,069	16,094	(22)	(53)	(18)
<i>Total Saprolite</i>	<i>36,839</i>	<i>55,101</i>	<i>26,482</i>	<i>35,225</i>	<i>61,707</i>	<i>33</i>	<i>(4)</i>	<i>12</i>
<b>Low grade</b>								
- LGSO Pomalaa	800	4,569	1,615	2,823	4,438	75	253	(3)
- Gebe	3,796	4,295	861	692	1,553	(20)	(82)	(64)
- Buli	727	3,723	736	0	736	(100)	(100)	(80)
<i>Total Limonite</i>	<i>5,323</i>	<i>12,587</i>	<i>3,212</i>	<i>3,515</i>	<i>6,727</i>	<i>9</i>	<i>(34)</i>	<i>(47)</i>
<b>Gold</b>	8,181	11,130	2,721	2,356	5,077	(13)	(71)	(54)
<b>Bauxite</b>	6,395	9,350	3,787	3,990	7,777	5	(38)	(17)
<b>Silver</b>	650	1,111	0	35	35	N/A	(95)	(97)
<b>Iron sands</b>	0	1,412	0	0	0	N/A	(100)	(100)
<b>TOTAL EXPORT REVENUES</b>	<b>73,132</b>	<b>132,388</b>	<b>55,967</b>	<b>60,174</b>	<b>116,141</b>	<b>8</b>	<b>(18)</b>	<b>(12)</b>

#### A NOTE ON NICKEL PRICING:

Sometimes you'll notice slight changes in the nickel prices of the current and previous quarter, in the corresponding quarterly reports (i.e. the price of low grade nickel ore for 1Q02 as reported in the 1Q02 quarterly report is different from as reported in the 2Q02 quarterly report). This is because the latest figures reflect the prices of our nickel products as invoiced to customers in a professional invoice. Later, after the shipment arrives the cargo is re-analyzed for moisture content and nickel grade and the price may increase or decrease in the final invoice.

FOR YOUR REFERENCE:

The nickel ore price is calculated as follows:

- 1 WMT X Ni Content (2.24% to 2.28%) X MC (100-35%) X 2204.62 X LME price/lb X payable nickel (ave. 24%).
- The nickel payable is the discount to the nickel spot price, as the nickel must be extracted from the ore.
- For high-grade the LME price that is used is the average price from the previous quarter.

1 ton of nickel in ferronickel is equivalent to about 75 wmt of ore.

## HEDGING

Antam's Corporate Policy Manual states that healthy financial management drives growth and value creation and must reflect good risk management practices and balanced management of assets and liabilities. Antam's diverse portfolio of commodities provides a natural hedge against commodity price fluctuations. This is supplemented by proactive hedging activities to provide further risk management. Hedging is undertaken to protect revenues and to create more certainty as regards the selling prices of nickel and gold and the value of the Rupiah compared to the US dollar.

Antam's past gold hedging, which never exceeded 30% of annual production, was conducted to protect repayments of its borrowing to fund the gold expansion and today is conducted to ensure budget revenue assumptions. Antam conducted very minimal nickel hedging in the past but has now decided to engage in limited nickel hedging to ensure cash for coupon and interest payments on Antam's borrowings to fund the nickel expansion. Antam for the first time has begun some limited currency hedging to limit the risk created by a currency mismatch, where Antam earns 99% of its revenues in US dollars, yet the majority of its working capital expenses are in Rupiah.

Nickel and gold and Rupiah/USD hedging are conducted selectively as part of a three year plan and are dependent on the company's view regarding current and future commodity and currency market conditions. Limits to hedging are as follows, with 2005 being "Year 1":

### Nickel:

Limit	% of Annual Planned Production	
	Minimum	Maximum
Year 1	15%	55%
Year 2	10%	45%
Year 3	5%	35%

### Gold:

Limit	% of Annual Planned Production	
	Minimum	Minimum
Year 1	30%	50%
Year 2	20%	40%
Year 3	10%	30%

### Rupiah/USD:

Limit	% of Working Capital Required for Operations	
	Minimum	Minimum
Year 1	30%	50%
Year 2	20%	40%
Year 3	10%	30%

## GOLD

To hedge against a drop in gold prices, Antam has for sometime used forward contracts, which are non-standardized contracts with bank counterparties that specify the price and quantity to be delivered in the future. If the contract is out of the money, or in a loss making position upon the monthly value date, Antam can choose to extend, or roll over, its contract to a new value date, for a slight charge. At the beginning of 2005, Antam hedged 24,000 t.oz, or 18% of the estimated production of 133,072 t.oz, at an average rate of USD440.50/t.oz (the gold production estimate for 2005 has been revised down to 119,536 t.oz due to lower grades). As the end of June 30, the 2005 hedge book had been reduced to 6,000 t.oz worth of forward contracts and trading had resulted in a higher average price than the average spot market price, such that Antam was in the money USD183,550.

As of 30 of June 2005, the following contract were outstanding, with counterparty Deutsche Bank, AG London via Jakarta Branch

Description	Counterparty	Period	t.oz	Avg Rate (USD)	Amount (USD)
Gold/USD Forward	Deutsche Bank	Jul-Dec'05*	6,000	451.00	2,706,000.00
Gold/USD Forward	Deutsche Bank	Calendar'06	12,000	441.00	5,292,000.00
			<b>18,000</b>	<b>443.00</b>	<b>7,998,000.00</b>
Estimated remaining 2005 production			68,223		
Hedging as % of estimated remaining 2005 production			9%		

The following profits of gold hedging were realized up to June 30 2005

Description	t.oz	Avg.Sales Price/t.oz (USD)	Avg.Buyback Price/t.oz (USD)	ITM/OTM (USD)
Gold/USD Forward	<b>18,000</b>	<b>437.00</b>	<b>426.80</b>	<b>183,550</b>

## NICKEL

To hedge against a drop in nickel prices, and to cover financial charges on its bond and loan which are funding Antam's ferronickel expansion, Antam has begun to use zero-cost collar options. Zero cost collars combine the purchase of a put option (which gives the buyer the right to sell) and the sale of a call option (which gives the buyer the right to buy). The price of each option is the same, such that there is no cost to Antam. In February 2005, Antam engaged in three zero cost collar options with two banks, worth a total of 3,000 tonnes, to engage in monthly hedging for the remaining 10 months of the year. This amounted to 30% of the estimated production of 10,150 tonnes (the nickel production estimate for 2005 has been revised down to 7,400 tonnes due to the unplanned shutdown of FeNi II for repairs). The three zero cost collar options are each for an amount of 100 tonnes of nickel and mature on a monthly basis, such that the total hedge position is reduced by 300 tonnes per month.

The average rate of the put option is \$5.08/lb while the average rate of the call option is \$8.37. If the spot nickel price falls below, on average, \$5.08/lb, Antam has the right to sell at the higher price. If the spot nickel price increases above, on average \$8.37/lb, the bank has the right to buy at

the lower price. From January until the end of June the spot nickel price averaged USD7.22/lb. As the spot nickel price did not decrease below the rate of the put option, Antam did not exercise its right to sell. As the spot nickel price did not increase above the rate of the call option, the bank did not exercise its right to buy. No options were executed and there was no cost to Antam.

As of 30th of June 2005, the following contract were outstanding:

Description	Counterparty	Period	Ton Ni	Bought Put option		Sold Call option	
				Rate (USD/t)	Rate (USD/lbs)	Rate (USD/t)	Rate (USD/lbs)
Nickel bought put/sold call	Barclays	Jul-Dec'05	600	11,574.00	5.25	18,000.00	8.16
Nickel bought put/sold call	Barclays	Jul-Dec'05	600	11,023.00	5.00	18,600.00	8.44
Nickel bought put/sold call	Deutsche	Jul-Dec'05	600	11,023.00	5.00	18,750.00	8.50
			<b>1,800</b>	<b>11,206.67</b>	<b>5.08</b>	<b>18,450.00</b>	<b>8.37</b>
Estimated remaining 2005 production			4,670				
Hedging as % of estimated remaining 2005 production			39%				

## RUPIAH/USD

Antam conducts limited currency hedging to safeguard against steep fluctuations in the Rupiah/USD exchange rate that could adversely affect the funding of Rupiah-denominated working capital, which must be funded by converting USD cash deposits from revenues. To implement currency hedges, Antam buys Rupiah/sells USD forward as well as depositing USD in dual currency deposits (DCD). A dual currency deposit is similar to an option in that Antam has the option to exchange dollars for Rupiah depending upon whether the spot price goes below or surpasses previously determined thresholds.

As of 30 of June 2005, the following contracts were outstanding:

Description	Counterparty	Period	USD Amount	Avg. FX Rate	IDR Amount
IDR/USD sell forward	ABN Amro	Jul-Sep'05	1,500,000	9,528	14,292,000,000
IDR/USD sell forward	Standard Chartered	Jul-Sep'05	5,000,000	9,546	47,730,000,000
			6,500,000	9,542	62,022,000,000
Sell Call Option	ABN Amro	Jul-Sep'05	3,000,000	9,722	29,165,000,000
Total outstanding hedging			9,500,000	9,599	91,187,000,000
Total FX Hedging			<b>13,500,000</b>	<b>9,561</b>	<b>129,071,500,000</b>

## Realized FX Transactions (Spot, Forward &amp; DCD Strike):

Period	Spot			Hedging		
	USD Amount	FX Rate	IDR Amount	USD Amount	FX Rate	IDR Amount
Jan (DCD)	16,500,000	9,178	151,442,500,000	2,000,000	9,200	18,451,520,000
Feb	28,500,000	9,228	263,006,500,000	0		0
Mar	25,500,000	9,364	238,789,000,000	0		0
Mar (DCD)				2,000,000	9,375	18,750,000,000
Apr	13,000,000	9,546	124,096,000,000	2,000,000	9,444	18,887,500,000
May	14,200,000	9,478	134,580,700,000	1,500,000	9,491	14,236,000,000
Jun	15,500,000	9,617	149,057,000,000	1,000,000	9,536	9,536,000,000
Jun (DCD)				1,000,000	9,725	9,763,367,123
	<b>113,200,000</b>	<b>9,373</b>	<b>1,060,971,700,000</b>	<b>9,500,000</b>	<b>9,434</b>	<b>89,624,387,123</b>

## EXPLORATION

### COMPETENT PERSON

Where in the following report there are statements that relate to Antam's Mineral Resources or Ore Reserves, they are based on and accurately reflect information that has been compiled by Mr. Trenggono Sutioso. Mr. Sutioso is a member of the Australasian Institute of Mining and Metallurgy and has the appropriate experience to be considered a Competent Person as defined in the Australasian Code for Reporting on Identified Mineral Resources and Ore Reserves.

In 2Q05, Antam conducted exploration activities of lateritic nickel, gold and bauxite. Total exploration expenditures excluding joint ventures, reached Rp18.2 billion, 5% higher than the Rp17.3 billion spent during the same quarter last year. Nickel exploration occurred at Buli, Halmahera, Southeast Sulawesi and Obi Island. Antam conducted gold exploration on Java, Sumatra, Sulawesi and Flores, while bauxite exploration activities were conducted in areas within the Kijang bauxite mine.

### NICKEL

At the Buli, Halmahera nickel deposits, which include Pakal and Sangaji area, Antam conducted 19,040 metres of drilling at a total cost of Rp7.98 billion. To support mine planning program at Mornopo, Halmahera, Antam conducted a study on the continuity of lateritic nickel deposits using the infill drilling method. Antam conducted a georadar study on several mining blocks within Mornopo. Antam conducted 1,652 metres of infill drilling at Tanjung Buli area at a total cost of Rp696 million, georadar activities at a cost of Rp11.7 million as well as mine design activities at a cost of Rp355 million.

Antam also continued exploration of lateritic nickel at Tapunopaka, Mandiodo and Bahubulu in Southeast Sulawesi. Drilling at these areas amounted to 9,529 metres at a cost of Rp5.5 billion.

Drilling activities at Obi Island reached 4,350 metres at a cost of Rp1.6 billion.

## **GOLD**

Exploration activities in Mranggu, East Java, focused on data analysis in cooperation with the Bandung Institute of Technology. The analysis is intended to detect other potential mineralizations within the area

Antam completed exploration activities at Kalamiseng, South Sulawesi at a total cost of Rp148 million. After a thorough analysis, Antam decided to not extend the mineral license for Kalamiseng.

In Arsejulu, North Sumatra, Antam conducted 16,500 hectares of regional geological mapping and collected 15 rock samples and 3 XRD samples from Arsejulu. The exploration costs at Arsejulu amounted to Rp59.7 million. Antam also began initial exploration activities at Lebong Kandis-Bengkulu and Nabire at a total cost of Rp10 million.

Antam conducted 653.45 metres of technical geological drilling at the Pongkor gold mine at a total cost of Rp470.1 million. Antam conducted 1,501.7 meters of drilling at Pongkor at a total cost of Rp629.8 million.

Gold exploration at Flores, East Nusa Tenggara and Cikotok Banten, also continued in cooperation and with funding provided by a third party,.

## **BAUXITE**

Antam conducted bauxite exploration at Wacopek, Kijang which included 32.5 kilometres of grid measurements and 1,211.3 meters of test pitting. Antam took 679 samples and 701 preparation samples at a total cost of exploration at Wacopek of Rp245 million.

At Tayan, Antam started a detailed exploration plan by preparing test pitting activities with a 25m x 25m grid. Antam began test pitting preparation at the end of March 2005 and completed 45.13 km of grid measurements, 4,752 km of test pitting and collected 1,412 samples. The total cost for exploration at Tayan amounted to Rp434 million.

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## **DEVELOPMENT - Corporate**

### **Unplanned shut down and repair of FeNi II**

On March 23, 2005, at the end of the commissioning period of its refurbished FeNi II smelter, Antam halted the commissioning of FeNi II for safety reasons due to abnormal metal levels measured against reference dimensions in the furnace and higher than normal hearth thermocouple temperatures. The repairs are expected to cost around US\$5 million.

On April 3, Antam began the repairs on the smelter, expected to last five months. Antam is conducting the repairs in consultation with other nickel producers and Hatch Ltd., which advised Antam on the original overhaul and manufactured the new more efficient copper cooling system that was installed during the overhaul. After removing the slag and “frozen” metal from inside the furnace, Antam began to install the new lower spherical and sidewall bricks and to reinstall the

copper cooling system. The installation phase is scheduled from mid-July until mid-August. The final phase will involve a final check, initial charge and preheating of the furnace as well as the load up process. Antam expects to begin commercial operations of FeNi II smelter in September 2005.

### **Antam pays cash dividend of Rp282.5 billion or Rp148.08 per share**

During its Annual General Meeting of Shareholders held on May 30th, it was resolved to pay a cash dividend in the amount of Rp282.5 billion, or 35% of Antam's net profits after tax for the year ended December 31st, 2004. The final cash dividend, which is equivalent to Rp148.08 per share, includes the interim dividend distributed January 10th, 2005 and the remaining dividend of Rp128.48 per share paid on June 30th, 2005.

### **Antam to begin due diligence of acquisition of Freeport stake**

On June 30<sup>th</sup>, Antam announced it received a letter from the Ministry of State-Owned Enterprises, which requests Antam carry out a due diligence of the possible acquisition by Antam of the 9.36% stake in PT Freeport Indonesia ("PT FI") held by the government. Antam is in the process of appointing independent advisors to begin a full detailed evaluation of the possible acquisition. Antam will only make such an acquisition if it will create value for Antam and its shareholders. As well, following a preliminary evaluation, and in consideration of the input of various market participants, Antam has decided to prioritize the acquisition of the government's stake in PT FI, rather than the stake held by PT Indocopper Investama. Currently, the acquisition of the government's stake appears more feasible than acquiring both stakes and is a unique opportunity for Antam.

### **Progress of construction of FeNi III**

On April 26, 2005 construction of the new 102MW Power Plant III was officially complete. The six new 17MW diesel-fired gensets will support all the ferronickel smelters (FeNi I, FeNi II and FeNi III), providing a more stable and efficient power load than the existing 50MW facility, which will now serve as for auxiliary and back up purposes. Antam has outsourced the operation and maintenance of its entire power facility to Wärtsilä Corporation of Finland, which built the new power plant. By outsourcing the operation of the power facility, Antam can concentrate on ferronickel processing activities.

As of the end of June 2005, construction of FeNi III was on time and on schedule. The actual construction phase (civil work and steel structure, mechanical erection and electrical installation) was ahead of schedule. Antam expects FeNi III load-up and commissioning to begin in the fourth quarter of 2005. Commercial operation will begin in the first quarter of 2006.

## **DEVELOPMENT – Joint Ventures**

### **PT SORIKMAS MINING (Antam 25%)**

*-From Oropa Limited ASX Announcement dated 28 June 2005*

The Company is pleased to announce mineralised intercepts in diamond drill holes completed south-east and outside of the current Sihayo 1 Resource envelope.



It is thought that the high degree of faulting has offset mineralization in this area. The Company is greatly encouraged by these results, which provide conclusive evidence that the resource remains open towards the southeast. These results add further weight to the exploration concept that mineralization encountered in holes SHDD024 and SHDD025, some 350 – 450m away is part of the same system.

**PT NUSA HALMAHERA MINERALS (Antam 17.5%)**

*-From Newcrest Quarterly Report ending 30 June 2005*

At Toguraci mine, gold production was 51,599oz (57,361oz) at a cash cost of US\$274/oz (US\$230/oz) and a total cost of US\$313/oz (US\$259/oz). 72,100t (57,100t) of ore was processed at a head grade of 22.86g/t Au (31.84g/t Au) with a gold recovery of 97.3% (98.2%). Lower processed gold grades resulted from mining lower grade areas of the Damar and Kayu Manis ore bodies and the processing of lower grade stockpiles. (numbers in brackets reflect the comparable figures for the March 2005 Quarter)

The portal site for the Kencana underground mine development was completed including ground support. All equipment for decline development is on site with underground mining equipment commissioned. The shot Crete plant was installed and commissioned. The final decline design was completed allowing work to progress on the layout of services.

Discovery and resource definition drilling continued on the Kencana vein system.

**PT WEDA BAY NICKEL (Antam 10%)**

*-Excerpt from Weda Bay Minerals Inc. press release dated May 31, 2005-*

Weda Bay Minerals Inc (TSX-WDA) announced May 25, 2005 that an agreement had been reached to terminate the Product Supply Agreement (PSA) between the Company and OM Group Inc. which gave OMG exclusive rights to nickel and cobalt product from Weda Bay's project in Indonesia. Other agreements between the Companies were also terminated or amended.

In light of these developments the Company is now in discussions with a number of parties that have expressed an interest in the Halmahera Nickel Cobalt Project.

**PT CIBALIUNG SUMBER DAYA (Antam 16.24%)**

*-Excerpt from Austindo press release dated June 17, 2005-*

Austindo Resources Corporation NL (Austindo) is pleased to announce that it has agreed to purchase the gold processing plant located at the Mount Olympus Mine near Paraburdoo, Western Australia from Sipa Exploration NL.

Austindo has had the processing plant independently inspected revealing that it in very good condition having been on care and maintenance for the past 12 months. The processing plant will be relocated to the Cibaliung Gold Project (84% Austindo at 31 December 2004) in Banten Province Western Java, Indonesia.

The purchase price of the Mount Olympus processing plant is AUD\$2.575 million. The overall cost, including modifications and transportation, is expected to be less than that allowed for in the CibaliungGold Project Feasibility Study where costs estimates were based on all new equipment.

The Company announced on 15 June 2005 that it had successfully arranged to raise A\$16.1 million by way of placement for the development of the Cibaliung Gold Project and the Company's exploration activities in Indonesia. With the completion of this equity funding and the US\$26.0 million (A\$34.0 million) project finance to be provided by ANZ Investment Bank, the Company will be in a position to fund the development of the Cibaliung Gold Project.