



# Press Release

## REPAIRS TO FENI III SMELTER TO TAKE LONGER THAN INI- TIALY ANTICIPATED

### For Immediate Release

**Jakarta, July 2nd, 2007** – PT Antam Tbk (ASX - ATM; JSX, SSX - ANTM) announced during a press conference held today in Jakarta that further investigation into the metal leak from the furnace wall of FeNi III, which occurred on June 16<sup>th</sup>, 2007, has revealed repairs may last longer than the initial expectation of three weeks, as publicly announced on June 18<sup>th</sup>, 2007. As a consequence, it is not likely Antam will produce 20,000 tonnes of nickel contained in ferro-nickel in 2007.

Antam's President Director, Mr. Dedi Aditya Sumanagara said:

**“We are disappointed to find the repairs to FeNi III may last longer than expected and that further investigation has indicated two waffle coolers were damaged by metal penetration through bricks below the coolers and need replacing. We pledge to do all that we can to uncover exactly what happened and to take appropriate action to see that it never happens again. We will also do all that we can to offset the potential loss of profits and prevent the erosion of shareholder value.”**

The metal leak occurred through bricks in the metal zone and was promptly arrested by Antam's operators. Due to the complicated technical nature of the furnace, no cause is evident. Following standard operating procedures, prior to the leak Antam was in the process of increasing the heat in the furnace back to optimal levels. At

the time of the leak the operation indicators, such as the temperature, power load, and water pressure were within allowed parameters. Specifically, the temperature was 1,522 degrees Centigrade, below 1,540 degrees and the power load was 28 megawatts. It was also found the erosion of the refractory bricks was within the limits of refractory wear and that cracking in local brickwork did not lead to the runout. Initial possible explanations are focused on design and construction of the furnace and cooling system and operator error.

A preliminary investigation conducted June 17<sup>th</sup>, 2007 by Antam's engineers and an international external advisor indicated the runout of metal was small, easily plugged and damage to the smelter was minimal and mainly to the instrument cables near the leak. The report of the international expert of June 17<sup>th</sup>, 2007 said the introduction of a special composition of ore into the furnace, to effectively cover the walls with a protective coat, would enable the furnace to continue operating. Based on our expert experience, under these circumstances normal operations could be achieved within a maximum three weeks.

However, further inspection revealed damage was also caused to the underside of two waffle coolers. Given the waffle coolers have been damaged they will need to be replaced, along with the refractory bricks

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that surround the coolers. The coolers were damaged when they came into contact with a “finger” of highly superheated molten crude ferronickel that had infiltrated the bricks below the coolers. Antam will have to order a number of new bricks, which must be manufactured abroad and it is for this reason the duration of full repairs may last longer than initially estimated. At this time Antam estimates full repairs in the range of four months from the date of the leak. However, the final estimate will be made following a visit next week by members of Antam’s management and staff to Hatch Ltd’s head quarters in Canada. Antam does not currently have an accurate estimate on the impact to forecast production, the costs for repairs, nor the volume of toll smelting Antam may conduct to offset lost production.

The copper cooling system was provided by Hatch Ltd of Canada. Hatch sent two supervisors to investigate the cause of the failure and to assist in developing a repair plan. They arrived to Pomalaa on Friday June 22<sup>nd</sup>, 2007 and presented their preliminary findings to Antam’s management and staff in the late afternoon of June 28<sup>th</sup>, 2007. The meeting was also attended by a representative of Kawasaki Heavy Industries Ltd, the builder of FeNi III smelter. The Hatch supervisors left for Canada on Friday June 29<sup>th</sup>, 2007 and have begun work on a formal report and recommendation.

Antam will make a more detailed public announcement in about two week’s time, based on the detailed

report to be submitted by the contractor. The announcement will include more information on the cause of the leak, duration of repairs and impact on Antam’s production and profits. Antam will assess its options, based upon the findings of the investigation, as regards filing claims under the warranty provided the engineering, construction and procurement (EPC) contractors and also under Antam’s insurance policies.

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