



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

For the three months ending 31 March, 2006

ARBN - 087 423 998

### **FURTHER INFORMATION:**

**Ashur Wasif (Corporate Secretary)**

Gedung Aneka Tambang

Jl. Letjen T.B. Simatupang No. 1

Lingkar Selatan/Tanjung Barat

Jakarta 12530, Indonesia

Visit our webpage at

[www.antam.com](http://www.antam.com)

Tel: (6221) 780-5119

Fax: (6221) 781-2822

Email: [corsec@antam.com](mailto:corsec@antam.com)

### **PRODUCTION**

- Antam produced 2,706 tonnes of contained nickel in ferronickel, a 104% increase compared to 1Q05.
- Production of saprolite nickel ore reached 671,770 wet metric tons (wmt), a 15% increase compared to 1Q05. Meanwhile, production of limonite, including LGSO, was 29% lower at 221,982 wmt.
- Antam's gold production decreased by 17% to 466 kg compared to 1Q05 due to redesign of Pongkor gold mine.

### **DEVELOPMENT**

- Antam switches on FeNi III smelting plant
- Antam optimizes stope design at Pongkor gold mine to improve safety and extraction rate

### **EXPLORATION**

- Antam continued exploration activities on lateritic nickel, gold and bauxite.
- Total expenditure increased 56% to Rp12 billion compared to 1Q06.

## Shareholder Sum-Up: 1Q06 Relative Share Price Performance over the Quarter (Arrow indicates comparison to previous quarter).

During 1Q06 Antam's share price increased **20.8%** from Rp3600 to Rp4350

Source: Bloomberg and Antam

### VS. PEERS...

PT Timah	12	▲
PT Inco	-8	▼
Inco Ltd	5	▲
Falconbridge	20	▲
BHP-B Ltd	6	▲
Rio Tinto Plc	18	▲
AngloAmerican	17	▲
Harmony	11	▲
Barrick Gold	31	▲
Newcrest	36	▲
Alumina Ltd	27	▲
Freeport	17	▲

### VS. INDICES...

LQ45	9	▲
JSE Composite	11	▲
JSE Mining Index	0	▲
ASX All Ordinaries	15	▲
Dow Jones	19	▲
TS Composite	16	▲
NASDAQ	18	▲
Hang Seng	17	▲
S&P 500	20	▲
DAX	14	▲
FTSE	17	▲
FTSE All Share Mine	12	▲

### VS.

### COMMODITIES...

Gold	15	▲
Nickel	14	▲

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

### Analyst Recommendations:

Macquarie	Neutral	3/21	BNI Securities	Buy	2/6
DBS Vickers	Hold	3/20	BNP Paribas	Reduce	2/3
Merrill Lynch	Buy	3/17	NC Securities	Sell	1/25
Mandiri	Sell	3/16	CLSA	Sell	1/24
Danareksa	Sell	3/2	Merrill Lynch	Buy	1/5
Merrill Lynch	Buy	3/1	Trimegah	Buy	1/3

<b>Shares in Issue</b>	1,907,691,950
<b>Market Capitalization</b>	Rp8,298 bn (USD914 mn)
<b>Price Range</b>	Rp3565 – Rp4675
<b>Average Price</b>	Rp4249
<b>Trading Volume</b>	393.9 mn
<b>Average Daily Volume</b>	6,458,115

### Major Shareholder:

Government of Indonesia (65%)

### Substantial Shareholders:

OppenheimerFunds, Inc. USA (9.35%)

### Final Dividend Payment Date:

June 30, 2005

### Final Dividend Amount:

Rp148.08/share,

AUD0.0991 per CDI

<b>Nickel Price on 03/31/06</b>	US\$6.87/lb
<b>Nickel Price Range</b>	US\$6.25/lb (01/03/06) - US\$7.09/lb (02/09/06)
<b>Gold Price on 03/31/06</b>	US\$583.65/oz
<b>Gold Price Range</b>	US\$516.88/oz (01/02/06) - US\$588.65/oz (03/30/06)
<b>Rupiah on 03/31/06</b>	Rp9,070/US\$
<b>Rupiah Range</b>	Rp9,045/US\$ (03/28/06) – Rp9,815/US\$ (01/02/06)

## 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

- Currently our largest shareholder aside from the Government is Oppenheimer Developing Market Fund with 9,35% interest:
  - Antam has 226 foreign and foreign institutional shareholders, which account for 81.57% of the shares trading on the JSX.
  - Antam is held by 174 foreign institutions, which together have 28.49% of Antam's shares.
- The top 5 countries of origin for our foreign shareholders in terms of shares held:
  1. USA
  2. UK
  3. Luxembourg
  4. Singapore
  5. Netherland

### Top 20 Shareholders (90% are foreign investors):

1. Government of The Republic of Indonesia	11. CB London S/A Sticht Pens Met En Tech
2. JP Morgan Chase Bank US Resident (Norbax Inc)	12. JP Morgan Chase Bank UK Residents (Chase NL)
3. Investor Bank and Trust Company (West)	13. MS + Co In Ltd Client AC
4. MS + Co Inc. Client AC	14. BBH Luxembourg S/A Fidelity Funds Emerging
5. SSB PS10 Pacific Select Fund Emerging Mkt.	15. SSB TC45 California State Teachers Retirement
6. CB Intl Plc (Lux Branch) S/A Pioneer Asset Mkt.	16. UBS AG, Singapore – UBS Equities
7. Pertamina Pension Fund	17. SSB JY64 SSL Co SSB Frank Russell Inv. Co.
8. Gov. of Singapore Inv. Corp Pte Ltd	18. CB London S/A Stichting Shell Pensioenfonds
9. CB London S/A 2S Banca Milano	19. UBS AG
10. CB London S/A Hauck and Aufhaeuser Banquiers	20. Gov. of Singapore Inv. Corp Pte Ltd

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

Antam's total consolidated net sales decreased 6% to Rp563 billion. Revenues from the nickel division dropped 4% to Rp439 billion and accounted for 78% of net sales. The net sales from Antam's gold division, which includes gold, silver and precious metals refining decreased 23% to Rp80 billion and accounted for 14% of total sales.

### **NICKEL**

During 1Q06, Antam produced 2,706 tonnes of contained nickel in ferronickel, a 104% increase compared to the same quarter last year due to the resumption of normal operations of the FeNi II smelter following repairs last year. Due to the good production results, and with the FeNi III nickel expansion due to begin commercial operations in May 2006, Antam is confident that it can attain its 2006 production volume target of 20,000 tonnes.

Exports of ferronickel, amounted to 1,576 tonnes, a 15% increase compared to the same period last year. The ferronickel sales would have been higher if production in transit to Antam's customers had arrived before the end of the quarter. Due to higher sales volume, ferronickel revenues increased 8% to Rp197 billion despite the nickel price decreasing to US\$6.13 per pound. Ferronickel accounted for 35% of Antam's net sales.

Production of high grade nickel ore increased 15% to 671,770 wet metric tons (wmt), compared to the same period last year. Increased production of high grade nickel ore from Pomalaa to 196,363 wmt offset 14% lower production of high grade nickel ore at Gee. Meanwhile, production of high grade nickel ore at Antam's new nickel mine of Mornopo amounted to 66,712 wmt.

In 1Q06, the production of limonite amounted to 221,982 wmt, a 29% decrease compared to 1Q05. LGSO production from Pomalaa was 12% lower at 221,982 wmt while Antam did not produce any low grade nickel ore due to sufficient low grade inventory.

Although production volumes of high grade nickel ore increased by 15%, high grade nickel ore sales volumes decreased by 5% to 561,811 wmt. In combination with an average price which decreased 7% to US\$41.88 per wmt, high grade nickel ore revenues decreased 11% to Rp218 billion which accounted for 39% of total sales. Meanwhile, inline with lower production of low grade nickel ore, sales volumes of limonite decreased a similar 29% to 151,029 wmt. In combination with an average price which decreased 6% to US\$14.23 per wmt, low grade nickel ore revenues decreased 22% to Rp23 billion and accounted for 4% of total sales. Due to lower volumes and prices, Antam's nickel ore revenues, which accounted for 43% of total net sales, decreased 12% to Rp242 billion. Although not reflected in the first quarter performance, Antam is optimistic of achieving its annual sales target of 3.1 million wmt of high grade and 1.3 million wmt of low grade.

### **GOLD**

Due to geotechnical problems at Antam's Pongkor mine, such as lower grades and softer tunnel walls, Antam's production has been struggling. Antam has redesigned the mine plan and is building new stopes,

or rooms, to excavate ore from the underground vein. As such, Antam's gold and silver production decreased 17% and 24% to 466 kg and 3,603 kg respectively.

In 1Q06 Antam sold 412 kg of gold, 39% lower than the same period last year due to decreased production. Correspondingly, Antam's sales volume of silver decreased 17% to 5,893 kg. Antam's silver sales exceeded production due to engaging in trading activities. Although the sales price of gold increased 28% to US\$550.87 per troy ounce, inline with lower sales volumes, sales revenues decreased 22% to Rp68 billion. Meanwhile, the price of silver, which is sold mostly to domestic jewelry makers, decreased 32% to US\$4.71 per troy ounce and in combination with lower volumes, revenues from silver fell 43% to Rp8 billion. Despite the inferior conditions and having to remodel the mine, Antam is hopeful of achieving the 2006 gold sales volume target of 2,360 kg.

## **BAUXITE**

Antam's export revenues from bauxite, reached Rp45 billion, a 28% increase compared to 1Q05 in line with the higher sales volume. This was despite a lower production of bauxite, which decreased 7% compared to the same quarter last year to 318,325 wmt. Bauxite sales volumes increased by 2% compared to 1Q05 to 371,995 wmt. Increased bauxite revenues was also due to a 26% higher sales price at US\$13 per wmt, with bauxite contributed 8% to total sales.

## HEDGE BOOK

### Gold Hedge Book

Counterparty: Deutsche Bank, AG London via Jakarta Branch

As of 31st of March 2006, the following contracts were outstanding:

Description	Period	t.oz	kg	Avg Rate (USD)	Amount (USD)
Gold/USD Forward	Calendar'06	9,000	279.9	441.00	3,969,000
Production of year 2006		96,902	3,014.00		
% hedging 2006		9%	9%		

The following profits were realized in 1Q06:

Description	Value Date	t.oz	Avg.Sales Price/t.oz (US\$)	Avg.Buyback Price/t.oz (US\$)	ITM/OTM (-) in US\$
Gold/USD Forward	January'05	2,000	440.50	427.00	27,000
Gold/USD Forward	February'05	2,000	440.50	426.60	27,800
Gold/USD Forward	March'05	2,000	440.50	428.00	25,000
Gold/USD Forward	April'05	2,000	440.50	426.50	28,000
Gold/USD Forward	May'05	2,000	440.50	425.50	30,000
Gold/USD Forward	June'05	2,000	440.50	433.00	15,000
Gold/USD Forward	July'05	2,000	440.50	430.25	20,500
Gold/USD Forward	August'05	2,000	440.50	424.88	31,250
Gold/USD Forward	September'05	2,000	440.50	424.38	32,250
Gold/USD Forward	October'05	2,000	440.50	429.88	21,250
Gold/USD Forward	November'05	2,000	440.50	429.88	21,250
Gold/USD Forward	December'05	2,000	440.50	459.38	-37,750
Gold/USD Forward	January'06	1,000	441.00	495.00	-54,000
Gold/USD Forward	February'06	1,000	441.00	495.00	-54,000
Gold/USD Forward	March'06	1,000	441.00	551.00	-110,000
Total		27,000	440.56	439.68	23,550

## Production and Sales Summary of First Quarter 2006 and 2005

DESCRIPTION		2005			2006	1Q06/4Q05 (%)	1Q06/1Q05 (%)
		12 months	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter		
<b>PRODUCTION VOLUME</b>							
<b>Ferronickel</b>	Ton Ni	7,338	3,337	1,326	2,706	(19)	104
<b>Nickel Ore:</b>							
<b>Saprolite</b>							
- Pomalaa	Wmt	1,074,579	683,031	152,348	196,363	(71)	29
- Gee	Wmt	1,177,589	402,057	225,886	194,922	(52)	(14)
- Buli	Wmt	1,035,089	365,401	208,094	213,773	(41)	3
- Mornopo	Wmt	120,995	120,995	0	66,712	(45)	-
<i>Total Saprolite</i>	<i>Wmt</i>	<i>3,408,252</i>	<i>1,571,484</i>	<i>586,328</i>	<i>671,770</i>	<i>(57)</i>	<i>15</i>
<b>Limonite</b>							
- LGSO Pomalaa	Wmt	510,529	(84,913)	251,096	221,982	-	(12)
- Buli	Wmt	162,019	51,450	59,814	0	(100)	(100)
<i>Total Limonite</i>	<i>Wmt</i>	<i>672,548</i>	<i>(33,463)</i>	<i>310,910</i>	<i>221,982</i>	<i>-</i>	<i>(29)</i>
<b>Total Nickel Ore</b>	<b>Wmt</b>	<b>4,080,800</b>	<b>1,538,021</b>	<b>897,238</b>	<b>893,752</b>	<b>(42)</b>	<b>(0)</b>
<b>Gold</b>	Kg	2,911	558	563	466	(17)	(17)
<b>Silver</b>	Kg	24,605	5,150	4,770	3,603	(30)	(24)
<b>Bauxite</b>	Wmt	1,441,899	360,557	341,545	318,325	(12)	(7)
<b>Iron Sands</b>							
- Cilacap	Wmt	0	0	0	0	0	0
- Kutoarjo	Wmt	21,901	0	16,217	0	0	(100)
- Lumajang	Wmt	0	0	0	0	0	0
<b>Total Iron Sands</b>	<b>Wmt</b>	<b>21,901</b>	<b>0</b>	<b>16,217</b>	<b>0</b>	<b>0</b>	<b>(100)</b>

DESCRIPTION		2005			2006		1Q06/4Q05 (%)	1Q06/1Q05 (%)
		12 months	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter			
<b>SALES VOLUME</b>								
<b>Ferronickel Nickel Ore:</b>	Ton Ni	6,988	2,791	1,366	1,576	(44)	15	
<b>Saprolite</b>								
- Pomalaa	Wmt	780,716	336,881	66,596	86,404	(74)	30	
- Gebe	Wmt	181,744	0	94,484	0	0	(100)	
- Gee	Wmt	1,059,585	325,489	219,507	194,922	(40)	(11)	
- Buli	Wmt	923,379	253,691	208,094	213,773	(16)	3	
- Mornopo	Wmt	80,417	80,417	0	66,712	(17)	0	
<i>Total Saprolite</i>	<i>Wmt</i>	<i>3,025,841</i>	<i>996,478</i>	<i>588,681</i>	<i>561,811</i>	<i>(44)</i>	<i>(5)</i>	
<b>Limonite</b>								
- LGSO Pomalaa	Wmt	495,105	98,503	91,835	51,762	(47)	(44)	
- Gebe	Wmt	406,116	218,644	60,166	99,267	(55)	65	
- Buli	Wmt	159,019	51,450	59,814	0	(100)	(100)	
<i>Total Limonite</i>	<i>Wmt</i>	<i>1,060,240</i>	<i>368,597</i>	<i>211,815</i>	<i>151,029</i>	<i>(59)</i>	<i>(29)</i>	
<b>Total Nickel Ore</b>	<b>Wmt</b>	<b>4,086,081</b>	<b>1,365,075</b>	<b>800,496</b>	<b>712,840</b>	<b>(48)</b>	<b>(11)</b>	
<b>Gold</b>	Kg.	3,639	706	679	412	(42)	(39)	
<b>Silver</b>	Kg.	29,823	7,280	7,083	5,893	(19)	(17)	
<b>Bauxite</b>	Wmt	1,617,566	398,414	366,245	371,995	(7)	2	
<b>Iron Sands:</b>								
- Cilacap	Wmt	0	0	0	0	0	0	
- Kutoarjo	Wmt	23,122	0	23,065	0	0	(100)	
- Lumajang	Wmt	146	0	82	0	0	(100)	
<b>Total Iron Sands</b>	<b>Wmt</b>	<b>23,268</b>	<b>0</b>	<b>23,147</b>	<b>0</b>	<b>0</b>	<b>(100)</b>	

DESCRIPTION		2005			2006	1Q06/4Q05 (%)	1Q06/1Q05 (%)
		12 months	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter		
<b>SALES PRICE</b>							
<b>Ferronickel</b>	US\$/Lb	6.45	5.82	6.56	6.13	5	(7)
<b>Nickel Ore</b>							
<i>Saprolite</i>	<i>US\$/Wmt</i>	<i>44.64</i>	<i>42.39</i>	<i>44.99</i>	<i>41.88</i>	<i>(1)</i>	<i>(7)</i>
- Pomalaa	US\$/Wmt	41.71	34.69	43.02	39.09	13	(9)
- Gebe	US\$/Wmt	40.84	0	42.81	0	0	(100)
- Gee	US\$/Wmt	48.91	46.73	48.05	43.68	(7)	(9)
- Buli	US\$/Wmt	43.47	48.11	43.37	41.64	(13)	(4)
- Mornopo	US\$/Wmt	38.99	38.99	0	41.00	5	0
<i>Limonite</i>	<i>US\$/Wmt</i>	<i>19.06</i>	<i>18.95</i>	<i>15.16</i>	<i>14.23</i>	<i>(25)</i>	<i>(6)</i>
- LGSO Pomalaa	US\$/Wmt	16.69	16.40	17.59	16.45	0	(6)
- Gebe	US\$/Wmt	21.28	19.66	14.31	13.08	(33)	(9)
- Buli	US\$/Wmt	20.78	20.78	12.30	0	(100)	(100)
<b>Gold</b>	US\$/T.oz	446.14	498.66	430.79	550.87	10	28
<b>Silver</b>	US\$/T.oz	7.27	8.09	6.94	4.71	(42)	(32)
<b>Bauxite</b>	US\$/Wmt	11.91	12.03	10.34	13.00	8	26
<b>Iron Sands</b>	IDR/Wmt	105,180	101,863	101,732	0	(100)	(100)
<b>Exchange rate (for revenue)</b>	IDR/US\$	9,712	9,992	9,289	9,304	(7)	0

DESCRIPTION	2005			2006		
	12 months	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	1Q06/4Q05 (%)	1Q06/1Q05 (%)
<b>SALES REVENUE (Rp million)</b>						
<b>EXPORT SALES:</b>						
<b>Ferronickel</b>	985,426	367,825	182,816	197,027	(46)	8
<b>Nickel Ore</b>						
<b>Saprolite</b>						
- Pomalaa	318,820	115,670	26,528	31,912	(72)	20
- Gebe	69,500	0	37,168	0	0	(100)
- Gee	505,220	152,025	97,953	78,806	(48)	(20)
- Buli	401,083	110,410	83,456	82,445	(25)	(1)
- Mornopo	31,275	31,275	0	25,163	(20)	0
<i>Total Saprolite</i>	<i>1,325,899</i>	<i>409,380</i>	<i>245,105</i>	<i>218,326</i>	<i>(47)</i>	<i>(11)</i>
<b>Limonite</b>						
- Gebe	84,763	43,295	8,072	15,395	(64)	91
- Buli	31,824	19,813	6,892	0	(100)	(100)
- LGSO Pomalaa	79,924	16,032	15,054	7,992	(50)	(47)
<i>Total Limonite</i>	<i>196,511</i>	<i>79,140</i>	<i>30,018</i>	<i>23,387</i>	<i>(70)</i>	<i>(22)</i>
<b>Gold</b>	174,308	70,020	25,171	19,450	(72)	(23)
<b>Bauxite</b>	187,232	63,693	35,089	44,937	(29)	28
<b>Silver</b>	27,070	5,999	0	286	(95)	0
<b>Iron sands</b>	0	0	0	0	0	0
<b>TOTAL EXPORT REVENUE</b>	<b>2,896,446</b>	<b>996,056</b>	<b>518,199</b>	<b>503,414</b>	<b>(49)</b>	<b>(3)</b>
<b>DOMESTIC SALES:</b>						
<b>Gold</b>	332,526	42,476	61,822	48,436	14	(22)
<b>Silver</b>	41,071	12,924	14,595	8,010	(38)	(45)
<b>Ferronickel</b>	664	664	0	0	(100)	0
<b>Iron sands</b>	2,447	2	2,355	0	(100)	(100)
<b>Gold Refining Services</b>	12,595	2,687	2,854	3,120	16	9
<b>Other</b>	1,521	280	105	265	(5)	152
<b>TOTAL DOMESTIC REVENUE</b>	<b>390,823</b>	<b>59,034</b>	<b>81,731</b>	<b>59,831</b>	<b>1</b>	<b>(27)</b>
<b>TOTAL SALES REVENUE</b>	<b>3,287,269</b>	<b>1,055,091</b>	<b>599,930</b>	<b>563,245</b>	<b>(47)</b>	<b>(6)</b>

DESCRIPTION	2005			2006	1Q06/4Q05 (%)	1Q06/1Q05 (%)
	12 months	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter		
<b>EXPORT SALES (Thousand US\$)</b>						
<b>Ferronickel Nickel Ore Saprolite</b>	100,452	36,959	19,765	21,319	(42)	8
- Pomalaa	32,560	11,686	2,865	3,377	(71)	18
- Gebe	7,422	0	4,405	0	0	(100)
- Gee	51,827	15,208	10,547	8,514	(44)	(19)
- Buli	41,010	10,999	9,025	8,902	(19)	(1)
- Mornopo	3,136	3,136	0	2,735	(13)	0
<i>Total Saprolite</i>	<i>135,955</i>	<i>41,028</i>	<i>26,482</i>	<i>23,529</i>	<i>(43)</i>	<i>(11)</i>
<b>Low grade</b>						
- LGSO Pomalaa	8,263	1,616	1,615	852	(47)	(47)
- Gebe	8,642	4,298	861	1,687	(61)	96
- Buli	3,305	2,047	736	0	(100)	(100)
<i>Total Limonite</i>	<i>20,210</i>	<i>7,961</i>	<i>3,212</i>	<i>2,538</i>	<i>(68)</i>	<i>(21)</i>
<b>Gold</b>	17,774	7,087	2,721	2,114	(70)	(22)
<b>Bauxite</b>	19,252	6,401	3,787	4,836	(24)	28
<b>Silver</b>	2,691	595	0	31	(95)	0
<b>Iron sands</b>	0	0	0	0	0	0
<b>TOTAL EXPORT REVENUES</b>	<b>296,334</b>	<b>100,032</b>	<b>55,967</b>	<b>54,367</b>	<b>(46)</b>	<b>(3)</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.

## 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 1Q06, Antam continued its exploration on lateritic nickel, gold and bauxite in Indonesia. Total cost for exploration reached Rp12 billion, 56% higher than Rp7.7 billion spent in the same quarter last year.

### NICKEL EXPLORATION

Antam conducted nickel exploration in Buli, Halmahera; Southeast Sulawesi and Obi Island.

Nickel exploration in Buli, Halmahera specifically Pakal block and Sangaji included topography measurement of 220 ha, drill grid measurement over 142 km and drilling activities of 25m, 50m and 100m spacing of 7,005 m. Other activities included core descriptions, core samples of 7,066 samples and also the collection of 4,578 preparation samples. Total cost was Rp3.8 billion.

Antam conducted nickel exploration in Southeast Sulawesi at Tapunopaka and Mandiodo using drilling of 7,828m followed by core descriptions, core samples and sample preparations. Other activities included mine design preparation for Tapunopaka and 1,083m of drilling at a spacing of 12.5m for modelling at Tapunopaka and Mandiodo. Total cost reached Rp3.4 billion.

Nickel exploration conducted at Obi Island included drilling activities of 1001.9m and at Kawasi block Antam conducted 3,716.6m of drilling using 25m dan 50m spacing. The total cost was Rp2 billion.

The total cost for nickel exploration was Rp9.2 billion.

### GOLD EXPLORATION

Antam conducted gold exploration at Pongkor, West Java; Seblat, Bengkulu and Buladu, Gorontalo.

Exploration activities at Pongkor included 604.15 m of geological-technical drilling followed by permeability tests, Piezometer set up, geomechanical analysis and geohydrological analysis at a total cost of Rp478.6 million.

Exploration drilling at a spacing of 7m at Kubang Cicau vein below L500 indicated a grade of 14.58 gpt Au and 59 gpt Ag. Drilling at Ps. Jawa vein reached a total of 854.85m in depth. Total cost reached Rp698.3 million.

Exploration activities at Seblat, Bengkulu focused particularly at the Gunung Husein vein to collect more data for supporting planned drilling activity. Detailed activities included regional geological mapping of 4,200 ha, opening of 1,441.57 m<sup>3</sup>, grid measurements over 46.38 km, 466 rock samples for chemical analysis, and 185 soil samples. Total cost reached Rp871 million.

Exploration at Gorontalo focused in Bolontio and Kasia area and included semi-detailed geological mapping of 4,300 ha, detailed geological mapping of 1,105 ha, opening of 245 m<sup>3</sup>, collecting rock samples for chemical analysis, X-Ray Diffraction, petrography/mineragraphy with a total of 203 samples. The total cost was Rp77.5 million. Four vein zones were discovered near Bahunta River.

Exploration at this area indicated mineralization close to a Au – Cu porphyry model. Antam postponed activities and conducted further evaluation as the location is near a protection forest.

Gold exploration at Cikotok, Banten continued in cooperation with a third party. The partnership completed 2 drilling pits of 600m spacing at Cisadan prospect. All costs were borne by the third party.

Total cost for gold exploration reached Rp2.1 billion.

### **BAUXITE EXPLORATION**

Bauxite exploration activities focused at Tayan and Munggu Pasir. Both areas are in West Kalimantan.

Test pitting using 25m spacing at Tayan reached 314 pits of 2,419.3m, and the collection of 844 channel samples. Total cost reached Rp261.8 million.

At Munggu Pasir prospect, Antam conducted polygon measurements over 25.7 km and conducted 50m spacing in 197 pits of 766.6m. Total cost reached Rp140.2 million.

Total cost for bauxite exploration reached Rp402 million.

---

## **DEVELOPMENT - Corporate**

### **Antam switches on FeNi III smelting plant**

On February 27 Antam announced it switched on the FeNi III ferronickel smelter following the completion of a 28-month construction period that began in October 2003. Switch on of the smelter took place on February 12th, 2006. After the switch on, the smelter enters the commissioning stage and Antam's contractors will gradually increase the power load over 60 days to a level of 42 megawatts (MW). At this power load, Antam's FeNi III smelter will have begun commercial operations. Antam expects to produce 20,000 tonnes of nickel contained in ferronickel in 2006, a significant increase compared with 2005 ferronickel production of 7,338 tonnes.

### **Antam optimizes stope design at Pongkor gold mine to improve safety and extraction rate**

On March 17 Antam announced it is optimizing the design and plan of the Pongkor, West Java, gold mine due to softer than expected wall characteristics in order to improve safety and the extraction rate at the mine.

The changes are necessary to increase safety conditions and as development has progressed in the mine, the number of stopes has decreased which lowers production volumes. In 2005, Antam's gold production fell 22% to 2,911 kg. Antam's revised gold production target for 2006 is 2,360 kg. Antam estimates the redesign and construction of new stopes will take one year and cost Rp3 billion.

## DEVELOPMENT – Joint Ventures

### PT GALUH CEMPAKA (Antam 20%)

-From BDI Mining Corp Quarterly Press Release for three months ended March 31, 2006-

#### Highlights:

- Gross diamond and by-product sales of US\$2.3M for the quarter
- Operating costs per carat in line with expectations
- Increased gold and platinum recoveries
- Planning for Phase II production expansion at Cempaka now at advanced stage

Production statistics for the period 1 January 2006 to 31 March 2006:

	1 Jan – 31 Mar 2006	Year to Date
Overburden mined (bcm)	453,380	453,380
Gravels processed (bcm)	90,118	90,118
Diamond production (carats)	7,552.93	7,552.93
Au & Pt concentrates (grams)	5,709.50	5,709.50

During the quarter, a ROM (“run-of-mine”) total of 7,376.18 carats of gem-quality diamonds were sold at Tender in Antwerp, by BDI Mining Corp’s independent consultants, WWW International Diamond Consultants Ltd. Total gross diamond sales for the period amounted to US\$1,891,054, with by-product sales (including 2,844.34 carats of -2mm diamonds, and 6.6kg of gold and platinum concentrates) totaling US\$424,444. Diamond inventory as at 31 March 2006 was 4,087.80 carats.

The average sales price at tender for ROM diamonds since commercial shipments commenced in August 2005 is US\$299 per carat, while operating costs attributable to this quarter’s diamond production (not including gold and platinum credits) amounted to US\$206 per carat.

Exploration at Cempaka is on-going with six “Bangka” drill rigs on continual operation at various locations within the Cempaka palaeovalley.

BDI Mining Corp is targeting an eventual production rate of over 100,000 carats per year from Phase II operations. It is expected that mining of the trial production pit will commence in the fourth quarter of 2006.

### PT CIBALIUNG SUMBER DAYA (Antam 10.25%)

- From Austindo Resources Corporation NL ASX Announcement on February 9, 2006-

Austindo Resources Corporation NL is pleased to announce that PT Antam Tbk has confirmed its intention to contribute to the 2006 expenditure budget in respect of the Cibaliung Gold Project in order to maintain its 10.25% interest in the project (ARX 89.75% as at 31 December 2005). Austindo considers Antam’s maintaining its interest as a vote of confidence in the Cibaliung project.

Austindo values the financial support offered by Antam and its role in the development of this project which is located in Banten Province, Indonesia. Construction has commenced on site at Cibaliung with gold production scheduled in Quarter IV of 2006.

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

*-From Oropa Limited ASX Announcement on January 20, 2006-*

Oropa Limited is pleased to report widespread high grade gold mineralization encountered in trenching at the Sambung prospect located in the northern block of the Pungkut gold project, including:

- 6 metres at 2.53 g/t Au and 9 metres at 1.80 g/t Au in Trench 2
- 48 metres at 7.34 g/t Au and 3 metres at 55.5 g/t Au in Trench 3
- 9 metres at 26.7 g/t Au in Trench 6
- 24 metres at 4.77 g/t Au and 8 metres at 2.54 g/t Au in Trench 9

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

*-From Newcrest Mining Limited Quarterly Report for three months ended March 31, 2006-*

Gold production at Toguraci was 49,730oz at a cash cost of US\$403/oz and a total cost of US\$445/oz. 72,566t of ore was processed at a head grade of 21.29 g/t Au with gold recovery of 97.4%. Production was lower during the quarter due to inclement weather, a pit wall failure and an unexpected high recharge of hot water (80 degrees Celcius) from the pit. This resulted in a requirement to blend ore from lower grade stockpiles resulting in higher mill throughput and lower head grade. These issues are a direct result of Toguraci pit nearing the end of its life with approximately 30,000oz remaining to be mined by June 2006.

Project development costs for Kencana Project has increased to US\$50m primarily due to poor ground conditions which have increased ground support costs, cycle times and delayed development.

###