



# QUARTERLY REPORT PT ANTAM (PERSERO) TBK

For the Three Month Period Ended September 30, 2014  
ARBN - 087 423 998  
Securities Ticker: ASX: ATM, IDX: ANTM



*Pomalaa Ferronickel Plant*



*Pongkor Gold Mine*



*Tayan CGA Project*

## HIGHLIGHTS

Ferronickel sales volume in the first nine months of 2014 (9M14) was recorded at 12,823 tons of nickel contained in ferronickel (TNi), 12% higher compared to the same period in 2013 (9M13) of 11,467 TNi

Bauxite production volume in 9M14 grew by 20% to 244,272 wet metric ton (wmt) compared to 9M13 in line with the preparation for the operations of the Tayan Chemical Grade Alumina (CGA) plant

Gold was the largest contributor to ANTAM's unaudited revenue in 9M14, amounting to Rp2.8 trillion or 48% of the total net sales of Rp5.8 trillion

ANTAM commenced commissioning of jetty, belt conveyor and refining facilities of the Pomalaa Ferronickel Plant Expansion project.

FOR FURTHER INFORMATION PLEASE CONTACT:

Tri Hartono  
(Corporate Secretary)  
Tel : (6221) 789 1234  
Fax : (6221) 781 2822  
Email : corsec@antam.com

## CORPORATE INFORMATION

### Board of Commissioners

R. Sukhyar	President Commissioner
Zaelani	Commissioner
Velix Vernando Wanggai	Commissioner
Robert Simanjuntak	Commissioner
Laode M. Kamaluddin	Independent Commissioner
Hikmahanto Juwana	Independent Commissioner

### Board of Directors

Tato Miraza	President Director
Djaja M. Tambunan	Finance Director
Tedy Badrujaman	Operations Director
Hendra Santika	Development Director
Hari Widjajanto	Human Resources Director
I Made Surata	General Affairs and CSR Director

### Shares Information

- ANTAM's market capitalization as at September 30, 2014 was Rp10.6 trillion
- ANTAM's share prices on the Indonesia Stock Exchange (IDX) hovered within the range of Rp1,080-Rp1,270 per share during July-September 2014
- ANTAM's average share price on the IDX during July-September 2014 was Rp1,172 per share
- ANTAM's average share price on the Australian Securities Exchange during July-September 2014 was AU\$1,10 per CDI

### Top 10 Public Shareholders:

1. PT PRUDENTIAL LIFE ASSURANCE-REF
2. BPJS KETENAGAKERJAAN-JHT
3. PT TASPEN (PERSERO) - THT
4. CITIBANK NEW YORK S/A DIMENSIONAL EMERGI
5. BPJS KETENAGAKERJAAN - JKK
6. BANQUE PICTET AND CIE SA
7. BBH BOSTON S/A VANGRD EMG MKTS STK INFD
8. BPJS KETENAGAKERJAAN - BPJS
9. CITIBANK NEW YORK S/A EMERGING MARKETS C
10. SSB WTAU S/A WISDOMTREE EMERGING MRKTS S



## PRODUCTION VOLUME

Commodity	Unit	3Q13 (Jul-Sep) 2013	9M13 (Jan-Sep) 2013	3Q14 (Jul-Sep) 2014	9M14 (Jan-Sep) 2014
Ferronickel	TNi	4,127	14,293	4,131	11,710
High Grade Nickel Ore	Wmt	2,155,723	6,214,816	366,281	762,742
Low Grade Nickel Ore	Wmt	367,032	2,381,903	-	-
Total Nickel Ore	Wmt	2,522,755	8,596,719	366,281	762,742
Gold	Kg/oz	586/18,833	1,851/59,520	579/18,615	1,752/56,328
Silver	Kg/oz	4,812/154,702	13,717/441,009	4,220/135,676	13,510/434,357
Bauxite	Wmt	120,507	204,075	53,913	244,272
Coal	Ton	45,090	239,883	162,591	376,946

### PRODUCTION AND SALES

In the first nine months of 2014 (9M14), ANTAM's unaudited net sales was recorded at Rp5.81 trillion, or down 34% compared to the nine months of 2013 (9M13) in line with the ebb in the selling prices of the company's main commodities of nickel and gold, and the government's mineral ore export ban policy.

Gold made up the largest share of 9M14 unaudited net sales with a 48% contribution or amounting to Rp2.79 trillion.

In the third quarter of 2014 (3Q14), ANTAM recorded an unaudited revenue of Rp1.83 trillion, 32% lower compared to the same period in 2013.

### FERRONICKEL

The production volume of ferronickel in 9M14 showed an 18% decline to 11,710 tons of nickel in ferronickel (TNi), in line with the implementation of the ore blending optimization which occurred in the beginning of 2014. During this period, ANTAM used the ore feed from its mine in Pakal Island which called for some adjustments at its ferronickel

smelters, resulting in a lower production level.

The ferronickel sales in 9M14 amounted to 12,823 TNi, 12% higher than 9M13.

The unaudited revenue from the sales of ferronickel in 9M14 grew by 52% to Rp2.61 trillion compared to the same period of 2013 due to higher sales volume and a 15% increase in the average selling prices of ferronickel in the period to US\$7.91 per pound.

The ferronickel production volume in 3Q14 of 4,131 TNi was relatively stable compared to 9M13. The 3Q14 sales of ferronickel was recorded at 3,923 TNi, 12% lower than 3Q13.

The unaudited net sales of ferronickel in 3Q14 increased by 40% compared to the same period in 2013 to Rp871 billion in line with a 42% increase in the average selling prices of ferronickel in 3Q14 to US\$8.64 per pound.

### NICKEL ORE

In line with the implementation of the Government's ore export ban policy beginning on January 12, 2014, ANTAM's nickel ore production volume in 9M14 abated to

762,742 wmt, or 91% lower than 9M13. The bulk of the nickel ore production was used toward the smelting of ferronickel.

Due to the ban, ANTAM's 9M14 sales volume of nickel ore showed a 97% decline to 215,400 wmt compared to 9M13.

Correspondingly, the company's unaudited net sales of nickel ore in 9M14 was recorded at Rp89 billion, 97% lower than the 9M13 sales achievement.

The 3Q14 production volume of nickel ore declined by 91% to 366,281 wmt due to the Government's ore ban. ANTAM did not make any sales from nickel ore to comply with the regulations.

## GOLD

ANTAM's production volume of gold, which was sourced from the Pongkor and Cibaliung mines, was recorded at 1,172 kg (56,328 oz) in 9M14 or a 5% decline compared to 9M13. The ebb in gold production was mainly attributed to the lower grade of the ores extracted at the two mines.

Meanwhile, the sales volume of gold in 9M14 reached 5,520 kg (177,472 oz) or 28% lower than 9M13 following the subdued gold production level.

The decline in the sales volume of gold drove down ANTAM's unaudited revenue from the sales of the commodity in 9M14 by 26% to Rp2.79 trillion.

The 3Q14 gold production volume was slightly lower than 3Q13 to 579 kg (18,615 oz) while the sales volume of gold in the period contracted by 26% to 1,593 kg (51,216 oz). In 3Q14, revenue from gold was 18% lower over the same period of 2013 to Rp845 billion.

## BAUXITE

In preparation for the operations of the Tayan CGA plant, ANTAM's 9M14 bauxite production grew by 128% to 244,272 wmt with a sales volume of 31,179 wmt. The net sales of bauxite in the period was recorded at Rp9.9 billion.

## SALES VOLUME

Commodity	Unit	3Q13 (Jul-Sep) 2013	9M13 (Jan-Sep) 2013	3Q14 (Jul-Sep) 2014	9M14 (Jan-Sep) 2014
Ferronickel	TNi	4,438	11,467	3,923	12,823
High Grade Nickel Ore	Wmt	1,898,028	4,512,472	-	104,350
Low Grade Nickel Ore	Wmt	434,060	2,317,195	-	111,050
Total Nickel Ore	Wmt	2,332,088	6,829,667	-	215,400
Gold	Kg/oz	2,142/68,863	7,635/245,472	1,593/51,216	5,520/177,472
Silver	Kg/oz	3,135/100,783	12,849/413,105	3,774/121,337	14,500/466,186
Bauxite	Wmt	55,079	109,040	2,192	31,179
Coal	Ton	43,771	223,259	212,424	473,678

## COAL

Through its subsidiary, PT Indonesia Coal Resources, ANTAM posted a coal production result of 376,946 ton and recorded a sales of 473,678 ton of coal with an unaudited revenue of Rp128 billion.

## EXPLORATION ACTIVITIES

ANTAM's exploration activities in 9M14 focused on gold, nickel and bauxite commodities with total unaudited cost of Rp8.2 billion.

## GOLD

ANTAM carried out gold explorations in Batangasai, Jambi; Air Niru and Telatang, Bengkulu; as well as Pongkor dan Papandayan, West Java with total unaudited cost of Rp7.8 billion in 9M14.

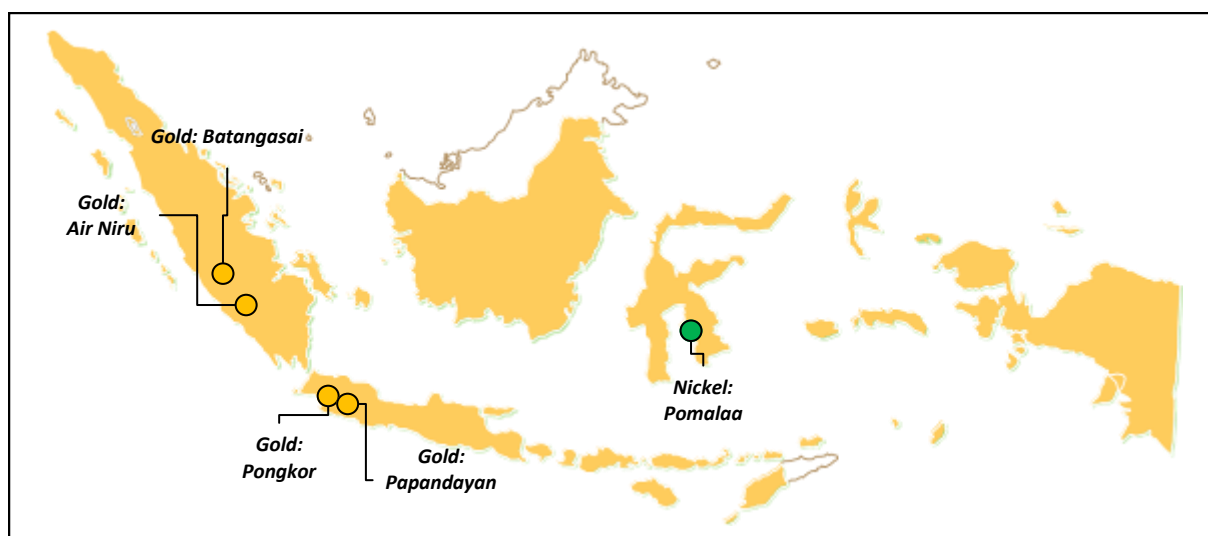
The objective of gold explorations in Batangasai, Jambi was to discover the potentials and localize the mineralization models of the Kayu Aro and South Hulu Tangkui regions by conducting detailed geological mapping;

ground-magnet measurement; structure and alteration observations.

Gold explorations in Air Niru and Telatang, Bengkulu had an objective to localize the mineralization distribution of the low sulfidation vein system in the Air Niru and Talatang regions as well as to explore the economical potentials of the high sulfidation vein system in Talatang. The exploration activities performed include semi detailed geological mapping; detailed geological mapping; trenching; sampling; mineral sampling; petrography; soil and IP geophysics mineralogy; as well as hand auger measurement.

Gold explorations in Pongkor, West Java were carried out to ascertain the amount of economical gold reserves and resources with a target of 1 ton of inferred gold resources and 0.5 ton of measured gold resources; to obtain gold ore potentials in the mine areas with ore grade  $\geq 6$  gpt and minimum ore size of 2 m above the 475 mdpl level; to confirm that the gold reserves and resources in the region are processed using appropriate technologies; and to obtain information on economical potentials of the mineralization in

**ANTAM'S EXPLORATION AREAS IN 9M14**



North Ciurug, Masigit and Cirabok and to delineate the potentials of the narrow vein in West Cibenel. The exploration activities in this region include detailed geological mapping; trenching; rock and core sampling; drill track measurement; and drilling.

Gold explorations in Papandayan, West Java had an objective to localize the mineralization distribution in Sualan and Koneng Mountain as well as to confine the gold vertical mineralization potentials in Cijulang. Exploration activities in Papandayan include detailed geological mapping; trenching; hand auger measurement; test spectral, geological, soil, rock and core samplings; as well as core logging.

## **NICKEL**

In 9M14, nickel exploration activities were conducted in Pomalaa, Southeast Sulawesi with total unaudited cost reaching Rp179.9 million.

The objective of ANTAM's exploration activities in Pomalaa, Southeast Sulawesi was to obtain 1 million wmt nickel resources with Ni content  $\geq 2,0\%$  to be fed into the Pomalaa ferronickel smelters. In this region, ANTAM's exploration team conducted single drilling; semi detailed geological mapping; surface sampling; as well as core sampling and logging; moisture-content, density, petrography, polygon and grid measurements.

## **BAUXITE**

Bauxite exploration activities were conducted in Tayan, Mempawah and Landak, West Kalimantan in 9M14, with total unaudited cost amounting to Rp142 million.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Lukman Efendi, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Lukman Efendi is a full-time employee of the company. Mr. Lukman Efendi has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Lukman Efendi consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## **CORPORATE NEWS**

### **ANTAM OPENS LOGAM MULIA GOLD BOUTIQUE IN MEDAN, NORTH SUMATERA**

ANTAM announced that the company opened its Logam Mulia (LM) Gold Boutique, in Medan, North Sumatera on September 1, 2014. The outlet is ANTAM's tenth Gold Boutique and is located in Centre Point Medan, Block M of Timor Street No. 3A, Medan, North Sumatera. The opening of the LM Gold Boutique is part of ANTAM's strategy to expand its domestic retail gold sales.

### **ANTAM REMAINS OPTIMISTIC ON RECOVERY OF FINANCIAL PERFORMANCE AMIDST NICKEL PRICE RISE AND COMPLETION OF DEVELOPMENT PROJECTS**

On September 11, 2014 the rating company PT PEFINDO affirmed its idA ratings with a negative outlook for ANTAM in anticipation of the negative impacts of the volatility of commodity prices on the company's financial performance. In response to the ratings, ANTAM remains optimistic on the potential of the recovery of the company's financial achievements on the back of nickel price rally as a consequence of the ban of raw mineral ore exports implemented by the Government of the Republic of Indonesia on January 12 of this year.



Supported with more than 974 million wet metric ton of high grade and low grade nickel reserves and resources, ANTAM will benefit even more from the strengthening of nickel prices as it completes its Pomalaa Ferronickel Plant Expansion project (P3FP), which will augment the plant's production capacity to 27,000-30,000 ton of nickel contained in ferronickel (TNi) from its existing capacity of 18,000-19,000 TNi. The project is targeted to be operational by 2015. In addition, the Tayan Chemical Grade Alumina project will commence commercial operation, which will also contribute positively to the company's financial performance.

#### **ANTAM AND FLSMIDTH SIGNS EXTENSIVE MINERALS DESIGN AND SERVICE AGREEMENT**

On September 3, 2014 ANTAM and FLSmidth signed a Memorandum of Understanding (MoU) in FLSmidth's offices in Bethlehem, Pennsylvania, the U.S. to supply design, testing and services for developing mining projects in and around Indonesia. The MoU details that within this newly created relationship, subject to the prevailing regulations and good corporate governance as well as the corporate policies of each ANTAM and FLSmidth, FLSmidth will assist in the development of plant designs, provide pilot testing, support the integration of plants with other technologies, facilitate co-engineering, direct ways in which to optimize costs, provide operation and maintenance services as well as training services, and offer evaluation services for existing facilities.

#### **ANTAM STARTS COMMISSIONING OF JETTY, BELT CONVEYOR AND REFINING FACILITIES AS PART OF POMALAA FERRONICKEL PLANT EXPANSION PROJECT**

On October 2, 2014 ANTAM announced the commissioning of the jetty, belt conveyor and refining facilities which are part of the Pomalaa Ferronickel Plant Expansion Project (P3FP). As of the end of August 2014, the overall Engineering, Procurement and Construction (EPC) progress of the P3FP reached 68%.

ANTAM's new jetty facilities are expected to provide faster and more efficient nickel ore unloading process for use in ferronickel smelters. The jetty facilities are work package 1 from a total of 8 work packages of the P3FP. The new jetty has a capacity of 12,000 DWT with unloading rate 2x500 ton per hour, faster from previous rate which utilises backhoe loaders.

The development of the 4 kilometre-long belt conveyor facilities are aimed to replace dump trucks which are currently used to transport nickel ore and coal from the jetty to the ferronickel plant. ANTAM also aims to augment the occupational safety aspect of nickel ore and coal transportation inline with the use of the belt conveyor. The belt conveyor facilities are work package 2 from a total of 8 work packages of the P3FP.

Meanwhile, the new refining facility will add the number of ANTAM's refining facility from one facility to two facilities. Inline with the addition, ANTAM expects more flexible refining operations at the Pomalaa ferronickel plants as the plants' capacity increases. The refining facilities are work package 3 from a total of 8 work packages of the P3FP.

In line with the completion of P3FP, ANTAM is expected to increase its annual ferronickel production at Pomalaa to 27,000-30,000 TNi from previous production levels of 18,000-20,000 TNi. The project completion will also

lead to lower ferronickel cash cost, hence making ANTAM as one of the lowest cost ferronickel producers.

### **ANTAM WINS AWARD IN ANNUAL REPORT AWARD 2013**

On October 17, 2014 ANTAM announced that it won an award at the Annual Report Award (ARA) 2013 held at the Ritz Carlton Pacific Place Hotel, Jakarta on October 16, 2014 .The company won second place in the category of Listed Non Finance State-owned Enterprise. The award, presented by the Minister of State-owned Enterprise, Dahlan Iskan, was received by ANTAM's Finance Director Djaja M. Tambunan.

Before the 2013 award, ANTAM received similar awards in 2001, 2004, 2007, 2008, 2011 and 2012. The 2013 Annual Report Award was the thirteenth event in which 261 participants joined the race, comprising of 249 companies and 12 pension funds. The thirteenth Annual Report Award was jointly held by the Ministry of State-owned Enterprise, Bank of Indonesia, Directorate General of Taxation, Financial Services Authority, the Indonesia Stock Exchange, the Indonesian Accountant Association and the National Committee for Good Corporate Governance.

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