



Press Release

ANTAM IMPLEMENTS STRATEGIC POLICIES AND INITIATIVES TO MEET THE CHALLENGES

For Immediate Release

Jakarta, March 6, 2015 – PT ANTAM (Persero) Tbk (ASX - ATM;IDX – ANTM; ANTAM) announces that the company has taken strategic measures to meet the challenges of the Government's ore export ban policy as well as the lackluster commodity price environment. In 2014, these challenges adversely affected ANTAM's financial performance, resulting in a net loss of Rp775 billion with a revenue of Rp9.42 trillion.

ANTAM's President Director, Tato Miraza, said, **"In facing the 2014's challenges, the implementation of efficiency measures and optimizing operational performance were ANTAM's main priorities. In 2014, the implementation of cost saving programs included the use of lower cost ore feed from Pomalaa, negotiation with third party vendors, as well as the implementation of Vendor Held Stock system (VHS) which eliminated the cost of fuel inventory, resulting in a Rp64.9 billion of saving. Despite the current challenges, ANTAM remains committed to accelerate the completion of its downstream projects to add value to the company's reserves and resources. Currently, ANTAM is in the process of obtaining State Equity Participation. A state equity injection coupled with a rights issue will allow the acceleration of ANTAM's downstream projects in 2015."**

With regards to the company's productions and sales, ANTAM's operational performance in 2014 was relatively on track. In 2014, the production volume of ferronickel of 16,851 TNi exceeded the 16,500 TNi target. Meanwhile, ferronickel sales reached 19,747 TNi compared to the year's target of 19,700 TNi. Despite the challenges in terms of lower mined gold grade, ANTAM's gold production was recorded at 2,342 kg (75,297 oz) or 93.6% of the year's target. Supported with the sales from 10 Gold Boutiques, ANTAM's gold sales amounted to 9,978 kg (320,800 oz) or 105.2% of the target.

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ANTAM's cash cost for gold remains below market retail prices, providing sufficient returns for the company. Similarly for ferronickel, the cash cost of the commodity remains relatively healthy, especially with lower fuel cost contributing to better profit margins going forward.

ANTAM remains prudent with regards to the company's capital spending for its development projects, hence maintaining a solid financial standing. This is reflected in ANTAM's sound financial structure. As at the end of 2014, ANTAM's cash and cash equivalents was recorded at Rp2.62 trillion with an interest bearing debt to equity ratio of 67.2%.

In 2014, ANTAM successfully obtained a tax allowance facility for its Pomalaa Ferronickel Plant Expansion Project (P3FP). P3FP is entitled to a net income reduction up to 30% of the total project's cost of Rp5.1 trillion. As at the end of January 2015, the Engineering, Procurement and Constuction (EPC) progress of P3FP reached 85%. A tax allowance facility was also conferred to PT Indonesia Chemical Alumina which developed the Tayan Chemical Grade Alumina project, rendering a cost saving of US\$25 million within a five year period. As for the East Halmahera Ferronickel project, a tax holiday is estimated to render a cost saving of Rp6.7 trillion.

To anticipate the challenges in 2015, ANTAM is targeting increases in the production and sales of ferronickel, a growth in the sales of gold, as well as the sales of chemical grade alumina, the company's new commodity. For 2015, ANTAM has set ferronickel production and sales targets of, respectively, 20,400 TNi and 22,000 TNi. In addition, the company is targeting a gold sales of 9,963 kg (320,318 oz). Following the commencement of the commercial operations of the Tayan CGA plant, ANTAM's targeting a CGA production target of 157,000 ton alumina based with a sales volume of 149,000 ton alumina based in 2015.

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