



# Press Release

**ANTAM TO LOWER ITS NICKEL POWER COST BY UP TO 8-10% THROUGH THE USE OF 15MW LOW IMPACT HYDRO POWER PLANT**

## For Immediate Release

**Jakarta, September 21st 2007** – PT Antam Tbk (ASX - ATM; JSX - ANTM) is pleased to announce it has signed a 5 year power purchase agreement (PPA) with PT Tamboli Energy (Tamboli), covering a supply of 15MW peak load capacity of electricity to Antam's Pomalaa ferronickel facilities from Tamboli's 4X5MW hydro power plant. Upon the commencement of the hydropower purchase, Antam is expected to be able to lower its ferronickel power cost by up to 8-10%. The power plant, which will utilize a Run of River (ROR) power generation technology at the Tamboli river, is located at Kolaka area, around 63 km from Pomalaa. No man-made dam will be constructed for this hydro power generation, which is expected to help preserve the environmental condition of the area.

Antam's Development Director, Darma Ambiar said,

**“The signing of this Hydro Power Purchase Agreement, while covering a relatively small portion of our overall energy needs, is an important step in our efforts to not only decrease our dependence on the more expensive diesel fuel as our main source of energy, but to also lower our carbon footprint. This is also a part**

**of our ongoing efforts to lower our ferronickel production cost by continuing to explore other cheaper alternatives of energy sources.”**

Under this agreement, Tamboli will build and operate the hydro power plant as well as an interconnection facility that will connect the hydro power plant with the electrical system of Antam's ferronickel smelters at Pomalaa. Tamboli's responsibilities will include among other things, the planning, designing, financing, constructing, commissioning, operating and maintaining of the facilities. Tamboli has appointed PT Bukaka Teknik Utama, an experienced developer of hydro power plants, as its EPC contractor.

By working together with Tamboli, a domestic company based in the island of Sulawesi, Antam is supporting the development of the businesses and economy in the regional area where it operates.

The overall investment cost of constructing the hydro plant and the interconnection facility will be borne fully by Tamboli. The financial closure is expected to materialize within 6 months after the signing of the PPA and to be followed up by the construction of the facility, which is expected to be completed within 18 months.

Upon the commercial operation of the facilities, Antam will have

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the first right – but not the obligation – to purchase 75% of the produced electricity capacity by Tamboli at US\$0.0565 / KWh for five years. Tamboli will sell the remaining 25% of the produced electricity capacity to PLN, the State Owned Electricity company. After five years, the contract will be reviewed and renegotiated.

In 2007, the energy needs of Antam's Pomalaa nickel smelter facilities, which amount to about 88MW, are supplied by 6 X 17 MW (as main power source) and 10 X 5.8MW (as backup power source) diesel fired power plants operated by Wartsila of Finland. Currently Antam's electricity cost is up to US\$0.125 / KWh which results in cash cost of producing ferronickel at around US\$5-5.50/lb. Upon the consummation of the Tamboli PPA, it is expected that Antam could reduce the ferronickel power cost by up to 8-10%, which will result in a reduction of ferronickel cash cost by up to 3 - 4%. In order to further lower its production cost of ferronickel, Antam is committed to convert the remaining of its power sources to less expensive fuel.

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