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### **VICE PRESIDENT OF REPUBLIC OF INDONESIA SET THE GROUND BREAKING OF IRON MAKING FACTORY, A JOINT VENTURE OF PT KRAKATAU STEEL AND ANTAM IN SOUTH KALIMANTAN**

**Jakarta, April 8th 2009** – PT Krakatau Steel (Persero) (“PTKS”) and PT Antam Tbk (Antam) (ASX: ATM, IDX: ANTM) announce that on April 7th 2009, Vice President of Republic of Indonesia, Drs. HM. Jusuf Kalla has officially set the ground breaking ceremony for the first iron making factory with rotary kiln technology at Batulicin, Tanah Bumbu Regency, South Kalimantan. The ceremony also commenced the first stage of steel industry development in Kalimantan. The ceremony was attended by the Minister of Industry, Minister of Energy and Mineral Resources, State Minister for State-Owned Enterprises, Head of Indonesia Investment Coordinating Board, South Kalimantan Governor, the management of PTKS and Antam, and other related parties. The iron making factory is fully owned by PT Meratus Jaya Iron & Steel, a joint venture company of PTKS (65%), Antam (35%), and with the involvement of The Provincial Government of South Kalimantan.

Initially the company will build an iron ore smelter to produce sponge iron with a capacity of 315,000 tonnes per annum. The investment cost for the project is estimated at about Rp707 billion. The commercial operation is extended to commerce by the middle of 2011, which will likely be funded 65% of debt provided by BRI (Indonesian local banks) and 35% by equity from both companies. The Provincial Government of South Kalimantan will contribute its equity portion in PT Meratus Jaya Iron & Steel by providing 200 hectares of integrated economic development area (KAPET) for the factory location. PT Krakatau Engineering has been appointed as the contractor to build the factory in partnership with a technology designer from Germany, Outotec GmbH – the owner of ironmaking rotary kiln SL-RN license.

In the long term, the project is intended to ultimately lead to development of integrated steel facility. Through the expansion of operations down-stream to steelmaking and rolling smelters, the facility could have a capacity of up to 1 million tonnes of steel. The project is also planned to have its own mining licenses for iron ore and coal to ensure the raw materials supplies required. The factory is designed to utilize the potential domestic resources of iron ore and coal, to reduce the dependency on imported materials.

PTKS and Antam are optimistic that the project has started at an optimal time despite global financial crisis.