
To : Company Announcement Office

From : Tri Hartono

Date : October 28, 2015

Subject : Rights Issue Prospectus

ANTAM published an English Prospectus dated October 27, 2015 in relation to the Rights Issue approved at its October 7, 2015 Extraordinary Meeting of Shareholders and previously announced. This Prospectus is attached to this announcement.

ANTAM obtained a waiver from the ASX such that Australian and New Zealand holders will not participate in the Rights Issue given that the costs of doing so would exceed the capital that would be raised.

Yours sincerely



Tri Hartono
SVP Corporate Secretary

PROSPECTUS

CONFIDENTIAL

THIS DOCUMENT WAS PREPARED BASED ON THE INDONESIAN PROSPECTUS WHICH HAD BEEN PREPARED IN THE INDONESIAN LANGUAGE. THE OFFICIAL DOCUMENT FOR THE RIGHTS ISSUE IS THE INDONESIAN PROSPECTUS. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS DOCUMENT AND THE INDONESIAN PROSPECTUS, THE INDONESIAN PROSPECTUS SHALL ALWAYS PREVAIL.

Date of Extraordinary General Meeting of Shareholders (EGMS)	October 7, 2015	Date of Listing of Rights Shares on the IDX	October 22, 2015
EGMS Resolution Approving the Rights Issue Reported to the IDX	October 8, 2015	Initial Date for Trading of Rights	October 22, 2015
Final Date of Trading of Shares with Rights (Cum-Rights)		Final Date for Trading of Rights	October 28, 2015
— Regular and Negotiated Market	October 15, 2015	Initial Exercise Date for the Rights	October 22, 2015
— Cash Market	October 20, 2015	Final Exercise Date for the Rights	October 28, 2015
Date of Commencement of Trading of Shares without Rights (Ex-Rights)		Final Date for Payment for the Excess Rights Shares	October 30, 2015
— Regular and Negotiated Market	October 16, 2015	Delivery of Rights Shares Commences	October 26, 2015
— Cash Market	October 21, 2015	Delivery of Rights Shares Ends	October 30, 2015
Record Date for Rights Issue	October 20, 2015	Allotment Date for Excess Rights Shares	November 2, 2015
Date of Distribution of Rights	October 21, 2015	Date for the Return of Excess Monies for Unfulfilled Subscriptions	November 4, 2015

THE OJK HAS NOT GIVEN ANY REPRESENTATION APPROVING OR NOT APPROVING THESE SECURITIES, OR ANY REPRESENTATION ON THE ACCURACY OR THE ADEQUACY OF THIS PROSPECTUS. ANY STATEMENT TO THE CONTRARY IS UNLAWFUL.



PERUSAHAAN PERSEROAN (Persero) PT ANEKA TAMBANG Tbk

(incorporated as a public company limited by shares in Indonesia)

Business Activity

Engaging in metals processing, mining and related activities

Head Office

Gedung Aneka Tambang, Jl. Letjen TB Simatupang No. 1 Lingkar Selatan, Tanjung Barat, Jakarta 12530, Indonesia
Tel.: (62 21) 789 1234 Fax.: (62 21) 789 1224

LIMITED PUBLIC OFFERING TO THE SHAREHOLDERS OF ANTAM IN THE FRAMEWORK OF AN ISSUANCE OF PREEMPTIVE RIGHTS

ANTAM is offering up to 14,492,304,975 (the “**Rights Shares**”) newly issued Series B common shares with par value Rp100 per share (the “**Shares**”) or up to 60.3% of ANTAM’s paid-up capital after the Rights Issue (as defined below). Each holder of 310 Existing Shares (as defined herein) whose name is legally registered in the Shareholders’ Register of ANTAM on October 20, 2015 at 4 p.m. West Indonesia Time will be entitled to 471 rights (“**Rights**”) held on such date, where one Right entitles its holder to subscribe for one Rights Share at an Exercise Price of Rp371 per Rights Share, which must be fully paid upon application.

The Rights Shares offered in the Rights Issue will be issued from the authorized share capital and will be listed on the Indonesia Stock Exchange (the “**IDX**”) in accordance with applicable laws and regulations. Fractional Rights will be rounded down, and unallocated fractional rights will be aggregated by ANTAM and sold for its own account. The Rights Issue is expected to generate proceeds of up to IDR5,376,645,145,725.

The government of Indonesia, as ANTAM’s controlling shareholder, will execute its allocated Rights as stipulated in Law No. 27 of 2014, as amended by Law No. 3 of 2015, as implemented by Government Regulation No. 73 of 2015 dated September 21, 2015 concerning the Additional Capital Participation of the Republic of Indonesia in Share Capital of Perseroan (Persero) PT Aneka Tambang Tbk.

If the Rights Shares are not fully subscribed by the holders of the Rights, any remaining Rights Shares (the “**Excess Rights Shares**”) will be allotted to other holders of Rights who apply for such Excess Rights Shares as more fully described herein. To the extent there are any remaining unsubscribed Rights Shares following allocation of Rights Shares pursuant to the exercise of *pro rata* Rights and applications for excess Rights Shares, those remaining unsubscribed Rights Shares will not be issued by ANTAM. The Selling Agents have agreed to use their best efforts to procure purchasers or subscribers for remaining Rights Shares up to a maximum of 5,072,304,975 Rights Shares and, failing which, to purchase certain of those Rights Shares up to a maximum of 1,212,937,700 Rights Shares, as more fully described below in the section of this prospectus entitled “*Overview of the Rights Issue*”.

Anyone who intends to send this document outside of Indonesia must first carefully read “Important Information for Investors Outside of Indonesia” and ensure compliance with the offering restrictions described therein. This document may not be sent to anyone in the United States.

The Rights and the Rights Shares have not been, and will not be, registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and the Rights and the Rights Shares may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S (“**Regulation S**”) under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and the Rights may only be exercised and the Rights Shares may only be acquired by certain persons in certain jurisdictions outside of Indonesia in accordance with the restrictions set forth herein. Shareholders outside of Indonesia whose names are legally registered in the Register of Shareholders of ANTAM on the Record Date will only be permitted to exercise Rights, subscribe for Rights Shares and apply for Excess Rights Shares if they meet the above criteria. The purchase and exercise of Rights and Rights Shares by persons outside Indonesia who may have purchased Rights (“**Foreign Purchasers**”) are restricted by law and the procedures established by ANTAM as more fully described herein. ANTAM reserves absolute discretion in determining whether to allow such participation in the case of certain Foreign Purchasers. See “*Important Information for Investors Outside of Indonesia*” and “*Transfer Restrictions*.”

SELLING AGENTS

PT Bahana Securities PT CIMB Securities Indonesia Credit Suisse (Singapore) Limited PT Danareksa Sekuritas PT Mandiri Sekuritas

THE MAIN RISK FACED BY THE COMPANY IS THAT DECREASES IN METALS PRICES MAY REDUCE ANTAM’S REVENUES AND CASH FLOW AND ADVERSELY AFFECT ANTAM’S CREDIT RATIOS, CREDIT RATING AND ABILITY TO RAISE CAPITAL

THE COMPANY WILL NOT ISSUE COLLECTIVE SHARE CERTIFICATES IN THIS OFFERING. INSTEAD THE RIGHTS SHARES WILL BE DISTRIBUTED ELECTRONICALLY AND WILL BE ADMINISTERED IN A COLLECTIVE DEPOSITORY OF PT KUSTODIAN SENTRAL EFEK INDONESIA.

ANTAM TOGETHER WITH THE CAPITAL MARKET SUPPORTING INSTITUTIONS AND SUPPORTING PROFESSIONALS IN THE RIGHTS ISSUE (AS DEFINED BELOW) ARE FULLY RESPONSIBLE FOR ANY INFORMATION OR MATERIAL FACTS AND HONEST OPINIONS PRESENTED IN THIS PROSPECTUS, IN ACCORDANCE WITH EACH FIELD’S ASSIGNMENT UNDER APPLICABLE PROVISIONS IN THE TERRITORY OF THE REPUBLIC OF INDONESIA, CODE OF ETHICS AND NORMS AND STANDARDS OF EACH PROFESSION.

THIS RIGHTS ISSUE WILL BECOME EFFECTIVE AFTER BEING APPROVED BY ANTAM’S EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS (“**EGMS**”) TO BE HELD ON OCTOBER 7, 2015. IN THE EVENT THAT THE EGMS DOES NOT APPROVE OF THE RIGHTS ISSUE, THEN ANY ACTIVITY AND/OR ANY OTHER ACTION THAT HAS BEEN EXECUTED AND/OR PROPOSED BY ANTAM IN THE FRAMEWORK OF THE RIGHTS ISSUE PURSUANT TO THE SCHEDULE ABOVE OR THIS PROSPECTUS OR ANY OTHER DOCUMENT RELATING TO THIS PROPOSED RIGHTS ISSUE IS DEEMED TO BE VOID AND CANNOT BE USED AS A BASIS OR A REASON BY ANYONE TO UNDERTAKE ANY LEGAL ACTION OF ANY KIND AGAINST ANY PARTY INCLUDING ANTAM AS WELL AS THE CAPITAL MARKET SUPPORTING INSTITUTIONS AND SUPPORTING PROFESSIONALS APPOINTED FOR THE PURPOSES OF THIS RIGHTS ISSUE.

Prospectus dated October 27, 2015

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Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (“**ANTAM**”) has submitted the Statement of Registration of Securities Issuance in relation to the Limited Public Offering for the purpose of the issuance of Rights (*Hak Memesan Efek Terlebih Dahulu/HMETD*) (hereinafter referred to as the “**Limited Public Offering**” or “**Rights Issue**”) to the Chairman of the Financial Services Authority (the “**OJK**” or the *Otoritas Jasa Keuangan*, the agency which superseded the Capital Market and Financial Institutions Supervisory Board, *Badan Pengawas Pasar Modal dan Lembaga Keuangan* or “**Bapepam-LK**”) in Jakarta through Letter No. 47.F/RI-ANTM/08/2015 dated August 27, 2015, in accordance with the requirements stipulated in Regulation No.IX.D.1 Attachment to Decision of the Bapepam-LK No.Kep-26/PM/2003 dated July 17, 2003 concerning Rights and Regulation No.IX.D.2 Attachment to Decision of the Capital Market and Financial Institutions Supervisory Board No.Kep-08/PM/2000 dated March 13, 2000 concerning Guidelines Concerning the Form and Content of the Statement of Registration for the Purpose of the Issuance of Rights constituting the implementation of Law of the Republic of Indonesia No. 8 Year 1995 dated November 10, 1995 concerning Capital Markets set out in State Gazette of the Republic of Indonesia No. 64 Year 1995, Supplement to State Gazette Number 3608 (hereinafter referred to as the “**Capital Market Law**”) and its implementing regulations. Based on OJK Letter No. S-462/D.04/2015 dated October 6, 2015, this statement of registration became effective after EGMS approval on October 7, 2015.

In making an investment decision, you must rely on your own examination of ANTAM and the terms of the Rights Issue, including the merits and risks involved. By receiving this Prospectus, you acknowledge that: (i) you have not relied on ANTAM or the Selling Agents or any person affiliated with ANTAM or the Selling Agents in connection with your investigation of the accuracy of any information in this Prospectus or your investment decision; and (ii) no person has been authorized to give any information or to make any representation concerning ANTAM, the Rights or the Rights Shares other than as contained in this Prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by ANTAM or the Selling Agents.

No representation or warranty, express or implied, is made by the Selling Agents as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offer of the Rights or the Rights Shares shall, under any circumstances, constitute a representation or create any implication that there has been no change in ANTAM’s affairs since the date of this Prospectus or that any information contained herein is correct as of any date subsequent to the date hereof.

None of ANTAM, the Selling Agents or their respective affiliates or representatives make any representation to any purchaser of the Rights or the Rights Shares regarding the legality of an investment by such purchaser under applicable laws. In addition, you should not construe the contents of this Prospectus as legal, business or tax advice. You should be aware that you may be required to bear the financial risks of an investment in the Rights or the Rights Shares for an indefinite period of time. You should consult with your own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Rights or the Rights Shares.

In relation to this Rights Issue, no affiliated party is allowed to provide any information or to make any statement concerning data not disclosed in this Prospectus without obtaining prior written consent of ANTAM.

The capital market supporting institutions and professionals in this Rights Issue expressly state that they do not have any affiliation with ANTAM, both directly and indirectly, as defined in the Capital Market Law, except for the Selling Agents.

If the Rights Shares offered in this Rights Issue are not fully subscribed by holders of Rights, any remaining Rights Shares will be allotted to other holders of Rights who apply for such Excess Rights Shares proportionally based on the Rights exercised in accordance with the applicable regulations. To the extent there are any remaining unsubscribed Rights Shares following allocation of Rights Shares pursuant to the exercise of *pro rata* Rights and applications for excess Rights Shares, those remaining

unsubscribed Rights Shares will not be issued by ANTAM. The Selling Agents have agreed to use their best efforts to procure purchasers or subscribers for remaining Rights Shares up to the Best Effort Commitment (as defined here in) and, failing which, to purchase certain of those Rights Shares up to the Firm Commitment (as defined here in), as more fully described below in the section of this prospectus entitled “*Overview of the Rights Issue*”.

In accordance with Regulation No.IX.D.1 Attachment to Decision of the Chairman of the Bapepam-LK No.Kep-26/PM/2003 dated July 17, 2003 concerning Rights, in the event that shareholders have Rights Evidence Certificate split, the right to such securities split becomes the property of ANTAM and will be sold by ANTAM and the proceeds of the sale will be credited to ANTAM’s account.

ANTAM has obtained the approval for administering the Rights Issue in accordance with approval of People’s Legislative Assembly of the Republic of Indonesia No. PW/06681/DPR RI/IV/2015 dated April 28, 2015 requiring that the portion of ownership of the government following the Rights Issue shall be 65.0%.

THIS RIGHTS ISSUE IS NOT REGISTERED UNDER THE LAWS OR REGULATIONS OF ANY JURISDICTION OTHER THAN INDONESIA. IF ANY PERSON OUTSIDE INDONESIA RECEIVES THE PROSPECTUS OR A RIGHTS CERTIFICATE, THE AFOREMENTIONED DOCUMENTS ARE NOT INTENDED TO BE OFFERING DOCUMENTS WITH RESPECT TO THE PURCHASE OF RIGHTS SHARES OR THE EXERCISE OF RIGHTS, UNLESS SUCH OFFER OR PURCHASE OF RIGHTS SHARES IS NOT CONTRADICTORY TO OR DOES NOT CONSTITUTE A VIOLATION OF THE LAWS AND REGULATIONS APPLICABLE IN THAT JURISDICTION. IN THE EVENT THAT THERE ARE SHAREHOLDERS OUTSIDE INDONESIA WHO, BASED ON THE PROVISIONS OF LAWS AND REGULATIONS IN THEIR COUNTRY, ARE PROHIBITED FROM EXERCISING THEIR RIGHTS, THE COMPANY AND PARTIES APPOINTED BY THE COMPANY ARE ENTITLED TO REJECT THE APPLICATION OF THE AFOREMENTIONED PARTIES TO EXERCISE RIGHTS TO PURCHASE RIGHTS SHARES.

THE COMPANY HAS DISCLOSED ALL INFORMATION MANDATORY TO BE KNOWN BY THE PUBLIC AND NO FURTHER INFORMATION REMAINS UNDISCLOSED SO AS TO AVOID MISLEADING THE PUBLIC.

IMPORTANT NOTICE TO THE SHAREHOLDERS

THE EXISTING SHAREHOLDERS WHO DO NOT EXERCISE THEIR RIGHTS TO SUBSCRIBE FOR THE RIGHTS SHARES OFFERED IN THIS RIGHTS ISSUE IN ACCORDANCE WITH THEIR RIGHTS WILL EXPERIENCE A DECREASE IN THEIR OWNERSHIP PERCENTAGE (DILUTION) IN THE MAXIMUM AMOUNT OF 60.3%.

ANTAM WILL NOT ISSUE SHARES OR OTHER SECURITIES THAT CAN BE CONVERTED INTO SHARES WITHIN A PERIOD OF 12 MONTHS AFTER ANTAM’S REGISTRATION STATEMENT REGARDING THE RIGHTS ISSUE FILED WITH THE OJK BECAME EFFECTIVE ON OCTOBER 7, 2015.

A SIGNIFICANT RISK THAT IS FACED BY THE INVESTOR IS THE INSTABILITY OF ANTAM’S SHARE PRICE, AND THE POSSIBILITY OF THE PRICE REMAINING UNSTABLE.

IMPORTANT INFORMATION FOR INVESTORS OUTSIDE OF INDONESIA

General

This document does not constitute or form part of any offer to sell or issue, or any solicitation of any offer to acquire Rights or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

The distribution of this document may be restricted by law. Persons into whose possession this document and any other related documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Anyone purchasing or seeking to acquire Rights or Rights Shares in the Rights Issue will be deemed to have represented that they have complied with all applicable restrictions as set forth below.

Investors are advised to consult their own legal counsel prior to exercising any Rights, taking up any Rights Shares, or making any offer, sale, resale, pledge or transfer of the Rights or the Rights Shares. No action has been or will be taken to permit the Rights Issue in any jurisdiction where action would be required for that purpose, except that an official version of this document has been filed with the OJK. Accordingly, the Rights and the Rights Shares may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, and this document may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. ANTAM reserves absolute discretion in determining whether to allow participation in the Rights Issue by shareholders outside of Indonesia.

The purchase and exercise of Rights and Rights Shares by Foreign Purchasers are restricted by law and the procedures established by ANTAM (as more fully described herein). ANTAM reserves absolute discretion in determining whether to allow such participation in the case of certain Foreign Purchasers. See also “*Transfer Restrictions*.”

For investors outside the United States and Indonesia

The Rights and Rights Shares are not intended to be offered or sold to persons outside Indonesia, except for offers and sales to certain persons in certain other jurisdictions, including the European Economic Area, Hong Kong, Singapore, the United Kingdom and Australia, in each case in reliance on Regulation S. In particular, the Rights and Rights Shares are not being offered or sold and may not be offered or sold in the People’s Republic of China (not including Taiwan and the special administrative regions of Hong Kong and Macau) (“**China**”) and Japan. Only persons outside of the United States, Indonesia, China and Japan who meet the criteria set forth herein and whose names are legally registered in the Register of Shareholders of ANTAM on the Record Date will be permitted to exercise their Rights, subscribe for Rights Shares and apply for Excess Rights Shares. Any payment made in respect of any purported exercise of Rights, subscription for Rights Shares or application for Excess Rights Shares that does not meet the foregoing criteria or the other criteria included herein will be returned without interest.

ANTAM and its agents reserve the right to treat as invalid any letter, instruction, application or other documentation presented for participation in the Rights Issue that appears to involve a possible violation of the securities laws of any jurisdiction.

Each person by accepting delivery of this document and its accompanying appendices and any Rights or Rights Shares will be deemed to have represented, warranted and agreed as follows:

- a. it (i) is, and the person, if any, for whose account it is acquiring such Rights and/or the Rights Shares is, outside the United States and (ii) is acquiring the Rights and/or Rights Shares in an offshore transaction meeting the requirements of Regulation S;

- b. it is aware that the Rights and the Rights Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S; and
- c. it acknowledges that ANTAM, the Selling Agents, their respective affiliates and others (including legal counsel to each of ANTAM and the Selling Agents) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of the Rights Issue or the issuance of the Rights Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights and subscription for Rights Shares or application for Excess Rights Shares is no longer accurate, it shall promptly notify ANTAM in writing.

Any person who obtains a copy of this document or its accompanying appendices and who has not been specifically invited by ANTAM to exercise Rights, subscribe for Rights Shares and apply for Excess Rights Shares is required to disregard and destroy it.

In addition, until the expiration of the 40-day period beginning on the last date on which ANTAM will allot and issue Rights Shares, an offer to sell or a sale of, or subscription for, the Rights or the Rights Shares outside the United States and Indonesia by a broker/dealer (whether or not it is participating in the Rights Issue) may violate the registration requirements of the Securities Act.

Subject to the foregoing, each person who exercises Rights and subscribes for Rights Shares or applies for Excess Rights Shares, or who purchases Rights or Rights Shares shall do so in accordance with the restrictions set out below:

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each international selling agent has represented and agreed that, with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State, it has not made and will not make an offer of the Rights or Rights Shares which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to a legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the international selling agents for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Rights or Rights Shares shall require the ANTAM or any international selling agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of Shares to the public” in relation to any Rights or Rights Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights or Rights Shares to be offered so as to enable an investor to decide to purchase or subscribe the Rights or Rights Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

In the case of any Rights or Rights Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Rights or Rights Shares acquired by it in the Rights Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Rights or Rights Shares to the public, other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the international selling agents has been obtained to each such proposed offer or resale. The Company, the international selling agents and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor, and who has notified the international selling agents of such fact in writing, may, with the prior consent of the international selling agents, be permitted to subscribe for or purchase Rights or Rights Shares in the Rights Issue.

Hong Kong

ANTAM has not been authorized, nor have the contents of this document been approved, by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Rights Issue. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. Accordingly, (i) no Rights or Rights Shares may be offered or sold in Hong Kong by means of this document or any other document other than to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made thereunder (“**professional investor**”), or in other circumstances which do not result in this document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (“CO”) or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO, and (ii) no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, this document or any other advertisement, invitation or document relating to the Rights or Rights Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Rights or Rights Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors”.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights or Rights Shares may not be circulated or distributed, nor may the Rights or Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) existing holders of the Shares pursuant to Section 273(1)(cg) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), or (ii) pursuant to, and in accordance with the conditions of, an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

United Kingdom

Each international selling agent has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Rights or Rights Shares in circumstances in which Section 21(1) of the FSMA does not apply to ANTAM; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Rights or Rights Shares in, from or otherwise involving the United Kingdom.

Australia

This Prospectus does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make such an offer. In particular, this Prospectus does not constitute an offer to holders of Shares in Australia and New Zealand (including through Australian depositary receipts). ANTAM has determined that it would be unreasonable to offer to issue the New Shares to Shareholders with a registered address in Australia or New Zealand, after taking into account the number of Shareholders in Australia and New Zealand, the number and value of the New Shares that would be offered to those Shareholders, and the cost of complying with the laws and regulatory requirements of Australia and New Zealand.

Accordingly, the Rights Issue is not being extended to, and no Rights Shares will be issued to holders of Shares in Australia and New Zealand (including through Australian depositary receipts, other than in accordance with the underwriting and sub-underwriting arrangements entered into as part of the Rights Issue). This Prospectus is being sent to holders of Shares in Australia and New Zealand (including through Australian depositary receipts) for information purposes only.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Rights and Rights Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) pursuant to the Capital Markets and Services Act 2007. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights and Rights Shares may not be circulated or distributed, nor may the Rights and Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Rights and/or Rights Shares, as principal, if the offer is on terms that the Rights and Rights Shares may only be acquired at a consideration of not less than Ringgit 250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds Ringgit 3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding Ringgit 300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of Ringgit 400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding Ringgit 10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Rights and/or Rights Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities.

This Prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Switzerland

The Rights Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Rights Shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of Art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Rights Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, ANTAM or the Rights Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Rights Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA. The offering has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). Accordingly, the investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Rights Shares.

Notice to nominees, custodians and financial intermediaries

Any person, including nominees, custodians and other financial intermediaries who would, or otherwise intends to, or has a contractual or legal obligation to forward this document or any information relating to the Rights Issue to any jurisdiction outside Indonesia, must adhere to the restrictions set forth above and in the section entitled “*Transfer Restrictions*”. In connection with any subscription or purchases of Rights Shares, nominees, custodians and financial intermediaries will be deemed to have represented and warranted that they have complied with the terms of the Rights Issue, including the terms set forth above and in the section entitled “*Transfer Restrictions*”.

Conventions which apply in this Prospectus

Market data and certain industry forecasts used throughout this Prospectus have been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither we nor, the Government makes any representation as to the accuracy of that information.

In this Prospectus, unless otherwise specified or the context otherwise requires:

- all references to the “**Company**” or “**ANTAM**” are references to Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk and, where the context requires, to ANTAM and its subsidiaries;
- all references to the “**AME Report**” refer to the report of AME Consulting Limited dated September 7, 2015 and included in this Prospectus as Appendix A hereto;
- all references to “**Indonesia**” are references to the Republic of Indonesia;
- all references to the “**government**” herein are references to the government of Indonesia and, when used in the context of the government as ANTAM’s controlling shareholder, the Indonesian Ministry of State-Owned Enterprises (the “**MSOE**”);
- all references to “**United States**” or “**US**” herein are to the United States of America;

- all references to “**United Kingdom**” herein are to the United Kingdom of Great Britain and Northern Ireland;
- all references to “**Australia**” herein are to the Commonwealth of Australia;
- all references to “**Rupiah**” and “**Rp**” herein are to the lawful currency of Indonesia;
- all references to “**US dollars**” or “**US\$**” herein are to the lawful currency of the United States;
- all references to “**Australian dollars**” or “**A\$**” are to Australian dollars, the lawful currency of the Commonwealth of Australia;
- all references to “**Euro**” or “**€**” are to Euro, the lawful currency of the European Union;
- all references to “**ton**” herein are to metric tons, a unit of mass equal to 1,000 kilograms, or approximately 2,204.6 pounds;
- all references to “**wmt**” and “**dmt**” herein are to wet metric tons and dry metric tons, respectively;
- all references to “**oz**” are to ounces, a unit of mass equal 1/12 pound troy, or approximately 31.103 grams;
- all references to “**TNi**” are to tons of nickel;
- all references to “**hectare**” herein are to a unit of area equal to 10,000 square meters, or approximately 2.471 acres;
- all references to calorific values herein are to calorific values on a gross as received basis, unless otherwise stated;
- all references to “**2010**”, “**2011**”, “**2012**”, “**2013**” and “**2014**” refer to the calendar years ended December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014, respectively;
- all references to “**FOB**” refer to freight on board, a sales arrangement where the vendor pays for transportation of the goods to the port of shipment and loading costs at such port, and the purchaser shoulders the costs of marine freight transport, insurance, unloading, and transportation from the arrival port to the final destination; and
- all references to “**CIF**” refer to cost, insurance and freight, a sales arrangement where the vendor is responsible for the marine transport of goods to a port of destination and provide the purchaser with the documents necessary to obtain the goods from the carrier engaged.

All references to “average selling price” are to average selling price per tonne, which is calculated by dividing the total FOB value of the coal sold by sales volume for the period presented. FOB value of coal sold is equal to sales less freight charges and CIF costs.

For convenience, certain Rupiah amounts have been translated into US dollar amounts, based on the exchange rate on June 30, 2015 of Rp13,332 = US\$1.00 (unless otherwise stated), being the middle exchange rate based on Bank Indonesia’s published buying and selling rates on that date for Rupiah against US dollars. Such translations should not be construed as representations that the Indonesian Rupiah or US dollar amounts referred to could have been, or could be, converted into Rupiah or US dollars, as the case may be, at that or any other rate or at all. See “*Exchange Rates*” for further information regarding rates of exchange between Rupiah and US dollars.

Certain numbers, including percentages, have been rounded for convenience. Any discrepancies in the tables included in this Prospectus between the listed amounts and their totals are due to rounding.

Enforceability of civil liabilities

ANTAM is a limited liability company incorporated under the laws of Indonesia. All of its Commissioners, Directors and executive officers reside in Indonesia. All or a substantial portion of its assets and the assets of such persons are located in Indonesia. As a result, it may not be possible for investors to effect service of process outside Indonesia upon ANTAM or such persons or to enforce against ANTAM or any of them non-Indonesian judgments obtained from non-Indonesian courts, including judgments based upon the civil liability provisions of non-Indonesian securities laws. ANTAM has been advised by its Indonesian legal counsel, Tumbuan and Partners, that judgments of non-Indonesian courts based upon the civil liability provisions of non-Indonesian securities laws are not enforceable in Indonesian courts, although such judgments could be admissible as evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate, in its sole discretion. There is doubt as to whether Indonesian courts will enter judgments on original actions brought in Indonesian courts based solely upon the civil liability provisions of non-Indonesian securities laws. Reexamination of underlying claims before an Indonesian court may be required. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive as those available in other jurisdictions.

With respect to international arbitration awards, pursuant to Articles 3, 11 (1) and 11 (2) of the Law No. 30 of 1999 regarding Arbitration and Alternative Dispute Resolution (“**Law No. 30/1999**”), a written arbitration agreement obviates the rights of the parties to bring a dispute in the Indonesian district court, which would otherwise have jurisdiction over civil disputes. Further, based on the said law, such court has no authority to hear disputes where parties are bound by an arbitration agreement and is required to reject and not participate in the resolution of disputes which have already been adjudicated by arbitration, except in limited circumstances as provided in the Law No. 30/1999. In general, Indonesian courts should honor such arbitration agreements. However, there are a number of precedents whereby parties who lost (or expect to lose) an arbitration attempt to by-pass an arbitration agreement or award by bringing a lawsuit before an Indonesian district court on a theory of tort or fraud, and Indonesian courts have accepted the lawsuit on such basis and awarded damages to the losing party in the arbitration on the grounds of tort despite the clear agreement by the relevant parties to arbitrate. There were also a number of cases in which foreign arbitral awards were annulled by the Indonesian courts.

Pursuant to Article 70 of Law No. 30/1999, an application to annul an arbitration award may be made if any of the following conditions are alleged to exist: (1) letters or documents submitted in the hearings are acknowledged to be false or forged or are declared to be forgeries after the award has been rendered, (2) after the award has been rendered, documents are found which are decisive in nature and which were deliberately concealed by the opposing party, or (3) the award was rendered as a result of fraud committed by one of the parties to the dispute.

The elucidation to Article 70 states: “...the basis for the annulment petition as mentioned in this article shall be evidenced by a court decision. If a court decides that the basis for the petition is with or without merit, then this court decision may be used as grounds for a judge to grant or reject the petition.” Further, pursuant to Article 72 paragraph (2) of Law No. 30/1999, if the application (for annulment) is granted, the Chief Judge of the relevant Indonesian district court shall determine further the consequences of the annulment of the whole, or a part, of the arbitration award.

Forward-looking statements

This Prospectus contains “forward-looking” statements including, other than purely historical information, estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, including forecast supply and demand in the metals and mining industry. These forward-looking statements generally are identified by the words “believes,” “expects,” “anticipates,” “estimates,” “forecasts,” “intends,” “strategy,” “could,” “plan,” “may,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar words or expressions. Additionally, statements relating to the implementation of business

strategy, future financial performance, acquisition strategies, capital raising transactions, performance of contractual obligations and similar statements may contain forward-looking statements. ANTAM intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the PSLRA, and are including this statement for the purposes of complying with those safe-harbor provisions.

Forward-looking statements are based on current expectations and assumptions that are subject to significant risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. ANTAM's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on our operations and future prospects on a consolidated basis include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors which may cause ANTAM's actual results, performance or achievements to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding ANTAM's present and future business strategies and the environment in which we will operate in the future. Among the important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the price of ferronickel and gold, including factors influencing such prices, such as domestic, regional and global supply and demand;
- changes in global economic conditions;
- changes in laws or governmental policies affecting the Indonesian, regional or global mining industries;
- the inherent difficulty of predicting the presence, yield or quality of mineral reserves;
- the difficulty of accurately projecting and meeting capital expenditure requirements;
- unforeseen difficulties in extracting, processing or transporting minerals and mineral products on an economical basis;
- technological changes that affect the extraction, processing or transporting minerals and mineral products;
- ANTAM's ability to successfully implement our plans to increase ferronickel production;
- ANTAM's ability to successfully enhance its internal controls and corporate governance;
- accidents, natural disasters or inclement weather at mines and other facilities;
- increasing costs of, or difficulty in obtaining, fuel, raw materials or equipment from suppliers;
- loss of, or reductions of purchases by, major customers;
- the ability of ANTAM's contractors to perform in accordance with contractual terms;
- increasing inflation in Indonesia; and
- appreciation of the Rupiah against the US dollar.

Additional factors that could affect our results include those discussed under “*Risk Factors*.” When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. ANTAM is not obligated to update or revise any of them, whether as a result of new information, future events or otherwise. ANTAM does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, you should not place undue reliance on any forward-looking statements.

Presentation of financial and reserves information

Financial information

The financial information included in this Prospectus has been derived from ANTAM’s consolidated financial statements presented elsewhere in this Prospectus. Unless otherwise indicated, financial information in this Prospectus has been prepared and presented in accordance with Indonesian Financial Accounting Standards (“**IFAS**”), which differ in certain respects from International Financial Reporting Standards (“**IFRS**”). For a summary of certain differences between IFAS and IFRS, see “*Summary of Certain Differences Between IFAS and IFRS*.”

Non-GAAP financial measures

This Prospectus includes certain non-GAAP financial measures. Unless otherwise indicated, ANTAM calculates Consolidated Adjusted EBITDA in the manner described in “Selected consolidated financial information and other data — Non-GAAP measures and other financial and operating data”. Consolidated Adjusted EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of performance and liquidity that are not required by, or presented in accordance with, IFAS or IFRS. Consolidated Adjusted EBITDA is not a measurement of financial performance or liquidity under IFAS or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFAS or IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, Consolidated Adjusted EBITDA is not a standardized term, so a direct comparison between companies using such a term may not be possible or meaningful. ANTAM believes that Consolidated Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization expense). Consolidated Adjusted EBITDA has been presented because ANTAM believes that it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in its industry. Nevertheless, Consolidated Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of ANTAM’s financial condition or results of operations, as reported under IFAS. Because of these limitations, Consolidated Adjusted EBITDA should not be considered as a measure of discretionary cash available to ANTAM to invest in the growth of its business.

2012 JORC Code reserve and resource statements

ANTAM reports its various reserves and resources in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (2012 edition) (the “**2012 JORC Code**”), published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Pursuant to the 2012 JORC Code:

- A “mineral resource” is a concentration or occurrence of material of intrinsic economic interest in or on the earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The term mineral resource covers mineralization, including dumps and tailings, which has been identified and estimated through exploration and sampling and within which ore reserves may be defined by the consideration and application of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.
- An “inferred mineral resource” is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. The estimate is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability. An inferred mineral resource indicates a lower level of confidence than that applying to an indicated mineral resource.
- An “indicated mineral resource” is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. The estimate is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. An indicated mineral resource indicates a lower level of confidence than that applying to a measured mineral resource, but has a higher level of confidence than that applying to an inferred mineral resource.
- A “measured mineral resource” is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity.
- An “ore reserve” is the economically mineable part of a measured and/or indicated mineral resource. Ore reserves are those portions of mineral resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person (as defined in the 2012 JORC Code) making the estimates, can be the basis of a viable project after taking account of all relevant mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Ore reserve includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves.
- A “probable ore reserve” is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors.

These assessments demonstrate at the time of reporting that extraction could reasonably be justified. A probable ore reserve indicates a lower level of confidence than a proved ore reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

- A “proved ore reserve” is the economically mineable part of a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. A proved ore reserve represents the highest confidence category of reserve estimate.

ANTAM has derived the information contained in this Prospectus relating to its estimates of reserves and resources from its internal estimates prepared in accordance with the 2012 JORC Code, other than with respect to estimates of coal reserves and resources contained in this Prospectus, which are not prepared in compliance with these standards.

Estimates of ANTAM’s nickel, gold, silver, bauxite and coal reserves and resources, recoveries and operating costs are largely dependent on the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies which derive estimates of operating costs based on anticipated tonnage, expected recovery rates, equipment operating costs and other factors. No assurance can be given that any of the reserves and resources presented in this Prospectus will be recovered at the quality or yield presented. In addition, investors should not assume that the resource estimates are capable of being directly reclassified as reserves under the 2012 JORC Code. Investors should also note that resources are reported inclusive of reserves (that is, the reserves are not in addition to resources). The inclusion of resource estimates should not be regarded as a representation that these amounts can be economically exploited, particularly inferred resources, and you are cautioned not to place undue reliance on those estimates.

Industry and market data

This Prospectus includes market share and industry data and forecasts that ANTAM has obtained from the AME Report, industry publications and surveys, reports of governmental agencies and internal company surveys. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While ANTAM has taken reasonable actions to ensure that the information is extracted accurately and in its proper context, ANTAM has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions they relied upon.

SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Rights Shares. You should read the entire Prospectus, including the section entitled “Risk Factors” and the consolidated financial statements and related Notes thereto included elsewhere in this Prospectus, before making an investment decision.

ANTAM is the national mining company of Indonesia and the largest listed diversified metals and mining company in Southeast Asia (“SEA”), based on its market capitalization, as of June 30, 2015. ANTAM has the sixth largest nickel reserves in the world, as measured by nickel content, according to the AME Report, as well as substantial bauxite reserves and resources. ANTAM estimates that based on currently anticipated production levels, its reserves and resources are capable of supporting its operations for more than 100 years. Further, ANTAM’s nickel reserves are of a 2.0% nickel grade, according to the AME Report.

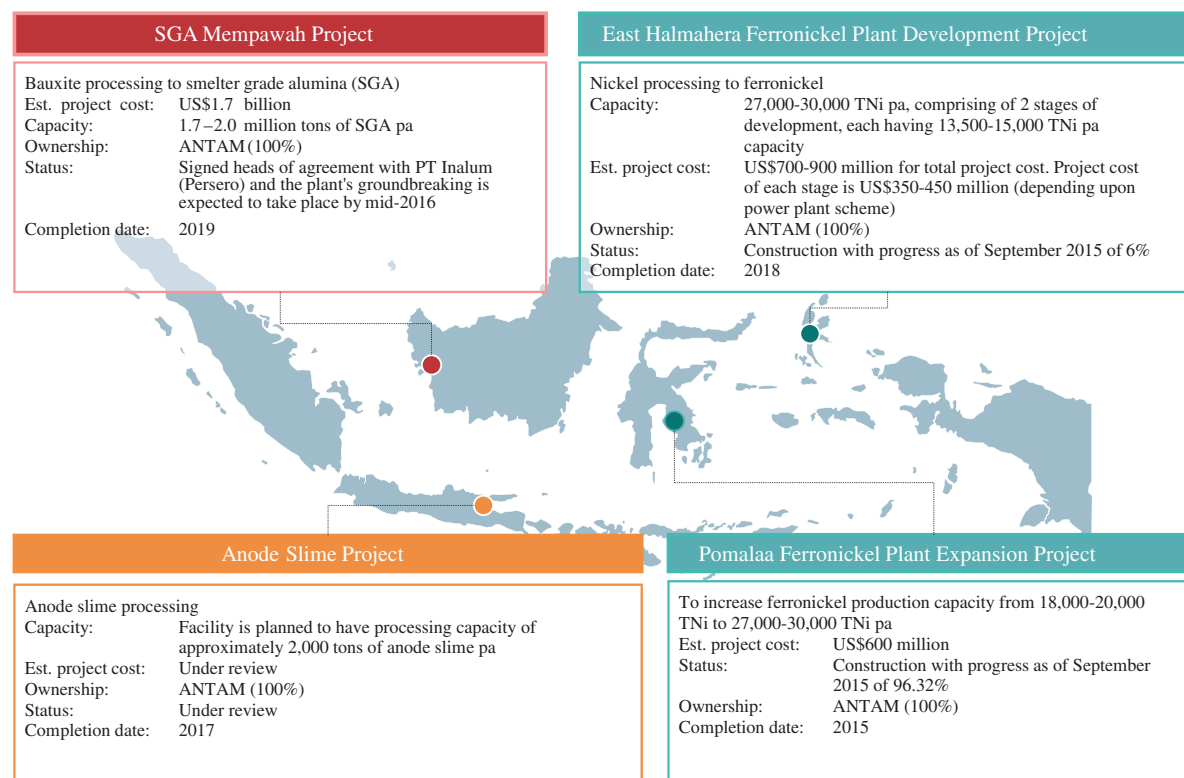
ANTAM believes that its track record as a leading Indonesian mining company strongly positions it to manufacture a diversified portfolio of processed metals and capitalize on Indonesia’s growing industrial sector. ANTAM is completing its key processing development projects, as follows:

- ANTAM aims to triple its ferronickel production capacity from its 2014 levels. Commercial production under its Pomalaa plant expansion project is scheduled to commence by the end of 2015, increasing its annual ferronickel production capacity from 18,000-20,000 TNi to 27,000-30,000 TNi. ANTAM is constructing its East Halmahera Ferronickel Plant Development Project, which is projected to increase annual capacity by a further 13,500-15,000 TNi after the completion of its first phase, and a subsequent 13,500-15,000 TNi after the completion of its second phase. The first phase is projected to be completed by 2018.
- ANTAM intends to become Southeast Asia’s largest alumina producer, through its cooperation with third parties in the development of the Mempawah smelter grade alumina (“SGA”) project, which will have a projected annual production capacity of 1.7 to 2.0 million tons of SGA upon completion in 2019. Part of this SGA output is aimed to be sold to PT Indonesia Asahan Aluminum (Persero) (“Inalum”), which currently imports SGA. ANTAM has already entered into a heads of agreement with Inalum to form a joint venture company.
- ANTAM is in the preliminary stage of building its anode slime project, which is planned to process 2,000 tons anode slime per year. Further, ANTAM operates the only London Bullion Metal Association certified gold refining facility in Indonesia.

ANTAM undertakes all stages of the mining and processing process, including exploration, mining, smelting, refining and marketing in relation to ferronickel, gold, silver, alumina, other precious metals and coal. It benefits from vertical integration, controlling the mines that feed its processing plants and gold refinery. Finally, as a state-owned enterprise (“SOE”), ANTAM is well-positioned to capitalize on:

- the government’s push for mining companies to produce processed, instead of raw, metals;
- the MSOE’s push to increase synergies among SOEs;
- government-to-government agreements that encourage and provide financial support for partnerships between Chinese and Indonesian companies; and
- having priority to purchase shares divested by foreign companies that own mining concessions based on the Mining Law.

Gold, nickel and other minerals (including bauxite and coal) accounted for 52.0%, 42.2% and 2.1%, respectively, of ANTAM's total consolidated sales in 2014, although this proportion is anticipated to change when ANTAM's key development projects are completed. ANTAM has five business units: the Southeast Sulawesi Nickel Mining Business Unit, the North Maluku Nickel Mining Business Unit, the Gold Mining Business Unit, the Logam Mulia Precious Metals Processing and the Refinery Business Unit and Bauxite Mining Business Unit. A sixth unit, Geomin, handles ANTAM's exploration activities.



Gold, silver and precious metals services accounted for 53.7% of ANTAM's total consolidated sales in 2014. ANTAM extracted approximately 2.3 tons of fine gold and approximately 18 tons of fine silver from its underground gold mines in Pongkor, West Java, operated by ANTAM's Gold Mining Business Unit, and Cibaliung, Banten, operated by ANTAM's subsidiary, PT Cibaliung Sumberdaya. ANTAM's gold and silver are refined in its Logam Mulia precious metals refinery, the only London Bullion Metal Association certified gold refining facility in Indonesia. It refines a substantial amount of the primary bullion produced in the country as well as recycled scrap gold, silver and platinum.

Ferronickel accounted for 42.2% of ANTAM's total consolidated sales in 2014. ANTAM processes ferronickel in its ferronickel smelters in Pomalaa, and is building its East Halmahera Ferronickel Plant Development Project. ANTAM currently produces nickel ore from its mines in Pomalaa, operated by its Southeast Sulawesi Nickel Mining Business Unit, and in Pakal Island, operated by its North Maluku Nickel Mining Business Unit. ANTAM operates other mines that are currently dormant but may be reactivated as ferronickel processing production increases.

Bauxite and coal accounted for 2.1% of ANTAM's total consolidated sales in 2014. ANTAM processes chemical grade alumina ("CGA") in the Tayan CGA plant, which is owned by a jointly controlled entity that is 80% owned by ANTAM. The Tayan CGA plant commenced operations in the first quarter of 2015, and the planned Mempawah plant will produce SGA when it is completed. ANTAM produces bauxite ore from its Tayan bauxite mine and its reserves and resources are located in Tayan and Munggu Pasir, in Kalimantan.

Finally, ANTAM produces coal from its coal mine in Sarolangun, which commenced production in 2010. This coal has been sold to third parties but ANTAM intends to primarily use its coal to fuel the new 2x30MW coal-fired power plant that powers the fourth Pomalaa smelter, both built as part of the Pomalaa plant expansion project.

ANTAM's production volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) . .	18,688	19,690	18,372	18,249	16,851	7,579	9,443
Nickel ore (wmt) . .	7,040,512	7,959,184	9,425,617	11,521,212	1,259,062	396,461	744,064
Saprolite (wmt)	3,617,563	3,512,178	6,362,606	8,495,415	1,230,879	396,461	744,064
Limonite (wmt)	3,422,949	4,447,006	3,063,011	3,025,797	28,183	—	—
Gold (oz)	89,251	85,746	92,401	82,370	75,297	37,681	35,591
Silver (oz)	635,074	627,518	692,752	633,659	577,492	298,680	269,520
CGA (ton)⁽¹⁾	—	—	—	—	—	—	35,572
Bauxite (wmt)	104,692	32,748	194,190	570,721	267,292	190,359	109,399
Coal (ton)	—	583,794	607,606	424,573	463,551	214,356	293,150

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

ANTAM's sales volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) . .	18,254	19,527	19,530	14,441	19,747	8,900	11,307
Nickel ore (wmt) . .	5,863,840	6,345,742	8,004,210	9,711,081	215,400	215,400	—
Saprolite (wmt)	3,543,511	2,941,015	4,415,568	6,460,898	104,350	104,350	—
Limonite (wmt)	2,320,329	3,404,727	3,588,642	3,250,183	111,050	111,050	—
Gold (oz)	210,941	257,495	225,827	301,928	320,800	126,224	353,530
Silver (oz)	1,334,963	864,534	782,517	641,086	660,537	344,881	241,066
CGA (ton)⁽¹⁾	—	—	—	—	—	—	29,587
Bauxite (wmt)	191,615	177,966	130,402	167,229	60,898	28,987	100,804
Coal (ton)	42,194	363,596	758,344	424,601	652,413	261,254	306,022

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

ANTAM's sales are summarized in the following table:

	Year ended December 31,						Six months ended		
							June 30,		
	2010	2011	2012	2013	2014	2014 ⁽³⁾	2014	2015	2015 ⁽³⁾
	<i>(Rp billion)</i>					<i>(US\$ million)</i>	<i>(Rp billion)</i>	<i>(US\$ million)</i>	
Ferronickel	3,679.4	3,727.8	3,175.6	2,072.0	3,975.8	298.2	1,738.8	1,923.2	144.3
Nickel ore	2,363.7	2,465.3	3,061.2	4,054.3	89.1	6.7	89.1	—	—
Saprolite	1,801.8	1,562.7	1,933.6	3,005.2	49.7	3.7	49.7	—	—
Limonite	561.9	902.7	1,127.6	1,049.1	39.4	3.0	39.4	—	—
Gold	1,918.2	3,672.2	3,628.4	4,705.1	4,901.2	367.6	1,947.6	5,648.5	423.7
Silver	187.7	271.2	235.9	166.5	158.7	11.9	87.4	53.1	4.0
CGA ⁽¹⁾	—	—	—	—	—	—	—	74.7	5.6
Bauxite ore ⁽²⁾ . . .	34.4	46.4	47.4	70.6	19.7	1.5	9.2	35.4	2.7
Coal	23.8	78.2	207.7	80.7	179.4	13.5	73.3	102.0	7.7
Other precious metal	9.5	1.7	3.6	4.3	4.7	0.4	4.3	3.1	0.2

Source: ANTAM data

- (1) The CGA sales presented are CGA sales made by ICA, a jointly controlled entity which owns the Tayan CGA plant and whose financial statements are not consolidated in ANTAM's consolidated financial statements.
- (2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.
- (3) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

ANTAM's average sales prices are summarized in the following table:

	Year ended December 31,					Six months ended	
						June 30,	
	2010	2011	2012	2013	2014	2014	2015
	<i>(US\$ million)</i>						
Ferronickel (TNi) . . .	10.12	9.96	7.81	6.32	7.74	7.58	5.86
Gold (oz)	1,227.5	1,605.59	1,711.85	1,523.23	1,277.3	1,319.72	1,228.10
Silver (oz)	19.60	35.82	31.59	24.90	20.21	21.63	16.74
CGA ⁽¹⁾	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾ .	55.99	60.36	32.44	39.48	26.98	27.15	27.00
Coal (ton)	26.75	30.21	—	24.10	25.36	25.01	25.04

Source: ANTAM data

- (1) These CGA figures are for sales by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.
- (2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.
- (3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

ANTAM's average cash costs are summarized in the following table:

	Year ended December 31,					Six months ended	
	2010	2011	2012	2013	2014	June 30,	2015
			(US\$)			(US\$)	
Ferronickel (lb)	5.58	6.39	6.90	6.65	5.48	5.84	4.38
Gold (oz)	616.11	796.37	830.27	855.91	808.06	769.18	694.30
Silver (oz)	—	—	—	—	—	—	—
CGA (ton) ⁽¹⁾	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾ .	—	15.32	7.53	24.73	13.79	11.60	19.47
Coal (ton)	—	—	—	19.83	21.32	20.15	18.50

Source: ANTAM data

(1) These CGA figures are for costs of ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

(2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.

(3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

The table below shows ANTAM's estimate of its total consolidated nickel ore reserves and resources as of December 31, 2014:

	Cut-off Grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Proved	Ni > 1.8%	20.6	13.6	2.27	14.75	41.15	22.52
Probable	Ni > 1.8%	113.0	82.0	2.0	12.2	41.3	26.9
Total saprolite reserve		133.6	95.6	2.0	12.6	41.3	26.3
Measured	Ni > 1.8%	66.8	46.1	2.0	14.8	38.3	21.6
Indicated	Ni > 1.8%	49.7	33.1	2.2	14.3	38.9	21.2
Inferred	Ni > 1.55%	182.9	136.6	1.9	14.9	39.5	23.0
Total saprolite resources		299.4	215.8	2.0	14.8	39.1	22.4

	Cut-off Grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Measured	Ni > 1.2%	171.4	110.3	1.4	40.5	12.2	3.1
Indicated	Ni > 1.2%	185.1	119.9	1.4	39.1	14.0	4.1
Inferred	Ni > 1.2%	196.0	128.7	1.4	39.6	12.7	3.1
Total limonite resources		552.5	358.9	1.4	39.7	13.0	3.4

Source: ANTAM data

The following tables summarize ANTAM's estimates of its total consolidated gold reserves and resources as of December 31, 2014:

	Tonnage (million dmt)	Grade		Contained Metal	
		Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Proved	2.92	5.94	60	0.56	5.59
Probable	1.43	4.9	66	0.22	3.03
Total gold reserves	4.35	5.6	62	0.78	8.62
Measured	0.53	4.67	57	0.08	0.97
Indicated	3.13	3.3	36	0.33	3.63
Inferred	0.24	6	71	0.05	0.53
Total gold resources	3.90	4	41	0.46	5.13

Source: ANTAM data

The following tables summarize ANTAM's estimates of its total consolidated bauxite reserves and resources as of December 31, 2014:

	Washed Bauxite		Average Grade (%)				
	Tonnage (million wmt)	Tonnage (million dmt)	T-SiO ²	R-SiO ²	Al ² O ³	Fe ² O ³	T ¹ O ²
Proved	68	57.8	12.72	3.29	46.65	13.46	0.98
Probable	43.5	37.0	13.1	3.4	46.3	13.3	1.0
Total bauxite reserves	111.5	94.8	12.9	3.3	46.5	13.4	1.0
Measured	133.5	113.2	23.5	3.4	43.4	9.2	0.7
Inferred	456	387	23.6	3.7	43.8	9.6	0.5
Total bauxite resources	589.5	500.2	23.6	3.6	43.7	9.5	0.6

Source: ANTAM data

ANTAM estimates that as of December 31, 2014, it has the following coal reserves:

	Total Proved and Probable						Total Resources
	Proved Reserves	Probable Reserves	Probable Reserves	Measured Resources	Indicated Resources	Inferred Resources	
	(million tons)						
Coal	6.1	0.1	6.2	21.7	6.5	10.9	39.1

Source: ANTAM data

ANTAM's coal reserves are substantially smaller than its other metals reserves and resources. ANTAM's internal estimates of its coal reserves are prepared by its engineers and it does not maintain JORC-compliant estimates of these coal reserves.

Competitive strengths

The following are ANTAM's principal competitive strengths:

- *One of the largest listed diversified metals and mining companies in SEA.* ANTAM is currently the largest listed diversified metals and mining company in SEA based on its market capitalization, as of June 30, 2015. ANTAM is supported by its substantial reserves and resources, having the world's sixth largest nickel reserves, as measured by nickel content, according to the AME Report, and substantial bauxite reserves and resources. With 48.5 million wmt of nickel reserves and 105.7 million wmt of bauxite reserves in 2010 compared to 133.6 million wmt of nickel reserves and 111.5 million wmt of bauxite reserves as of December 31, 2014, ANTAM has achieved steady growth in its reserves base over the last three years through the exploration activities of Geomin. In addition, ANTAM's nickel reserves are of a 2.0% nickel grade, according to the AME Report.
- *Exclusive licensed producer of gold bullion in Indonesia.* ANTAM's Logam Mulia precious metals refinery has an annual production capacity of 60 tons of fine gold and 250 tons of fine silver. It is the only London Bullion Market Association-accredited precious metals refinery in Indonesia and refines a substantial amount of the primary bullion produced in the country as well as recycled scrap gold, silver and platinum. In addition, ANTAM is the only mining company in Indonesia with its own gold boutiques. ANTAM currently has 11 gold boutiques in Indonesia. These boutiques aim to reach retail customers in Indonesia and diversify ANTAM's gold customer base.
- *Long reserves life with robust growth outlook from large undeveloped resource base.* ANTAM has total consolidated nickel reserves and resources of 985 million wmt and bauxite reserves and resources of 701 million wmt and holds sufficient nickel and bauxite reserves and resources to support production for more than 100 years for both metals, based on ANTAM's currently anticipated production levels. ANTAM is also focused on increasing its gold reserves and resources of 8.25 million dmt that can be developed and further extending mine life. ANTAM is focusing on gold exploration activities.
- *Integrated mining company with diversified portfolio of processed metals.* ANTAM benefits from vertical integration by owning and operating the mines that feed its processing plants. It is transforming into a manufacturer of an increasingly diversified portfolio of processed metals. ANTAM is currently pursuing four key downstream projects which will substantially expand its metals processing capability. ANTAM has a strong operating track record as an upstream mining producer, which positions it to diversify downstream to capture a larger portion of its value chains, beginning with processed nickel and bauxite. ANTAM believes that this strategic diversification into higher value processed metals will expand its revenue base, reduce its vulnerability to volatility in commodity prices as well as produce metals whose price movements are weakly correlated, such as gold and nickel.
- *Excellent operator and low cost producer of processed metals.* ANTAM has been a consistent ferronickel producer and has an excellent environment, health and safety track record. ANTAM is among the lowest cost ferronickel producers in the world, with a first quartile cash cost of US\$4.38 per pound for the six months ended June 30, 2015, based on the AME Report. ANTAM's cost structure for bauxite processing and gold is also competitive within Indonesia. ANTAM further expects that its average costs will decrease due to economies of scale if it completes the four key downstream projects.

- *Indonesia's flagship national mining company, well-positioned to compete in Indonesia.* ANTAM, being a SOE and the flagship national mining company of Indonesia, has a strong advantage operating in Indonesia. ANTAM believes that it is poised to capitalize on Indonesia's growing industrial sector and use of processed metals. ANTAM is well-positioned to capitalize on:
 - o the government's push for mining companies to produce processed metals;
 - o the MSOE's push to increase synergies among SOEs and negotiations with SOEs such as Inalum, for the sale of SGA, and PT Pertamina (Persero) and Perusahaan Gas Negara, for the supply of fuel and natural gas;
 - o government-to-government agreements that encourage and provide financial support for partnerships between Chinese and Indonesian companies; and
 - o having priority to purchase shares divested by foreign companies that own mining concessions based on the Mining Law (See "*Regulation of the Indonesian Mining Industry— Mining Law*").

Strategy

ANTAM's key strategies are to:

- *Expand through downstream metals processing projects.* ANTAM believes that its position as Southeast Asia's largest diversified metals company, and as one of the largest state mining companies in Southeast Asia, with substantial reserves of nickel and bauxite, affords it an opportunity to capitalize on the growing demand in Southeast Asia for industrial metal products that are of critical use in fast growing end markets such as infrastructure, urban construction, automobiles, transport, midstream energy capital equipment, consumer electronics and white goods. ANTAM seeks to become the largest South East Asian producer of key intermediate products, such as ferronickel, smelter grade alumina and chemical grade alumina, that are necessary for the development of these sectors, but are currently imported into Southeast Asia from China, Korea, Japan and Europe.

ANTAM also aims to enter into partnerships where partners offer technology and financing in exchange for a source of raw materials in order to further diversify its portfolio of processed metals without having to contribute capital.

In light of the above, ANTAM has four key downstream metals processing and development projects:

- o *Pomalaa Ferronickel Plant Expansion Project.* ANTAM currently aims to triple its 2014 ferronickel production capacity by 2018. First, ANTAM aims to commence production from its recently expanded Pomalaa ferronickel processing plant, its main ferronickel smelters, by 2015. The Pomalaa plant expansion is projected to expand ANTAM's annual ferronickel production capacity by 27,000-30,000 TNi.
- o *East Halmahera Ferronickel Plant Development Project.* Second, ANTAM aims to complete its East Halmahera Ferronickel Plant Development Project, located near its new principal nickel reserves and resources at Halmahera, by 2018. The East Halmahera Ferronickel Plant Development Project will increase ANTAM's ferronickel production capacity by 27,000-30,000 TNi after the completion of its first two planned phases.

- o *Mempawah SGA Project.* ANTAM aims to construct its Mempawah SGA Project to diversify its bauxite processing beyond its Tayan CGA plant, the only CGA plant in Southeast Asia, which commenced commercial production in 2015. As of June 30, 2015, bauxite accounted for less than 1.0% of ANTAM's total consolidated sales. The Tayan plant has an annual capacity of 300,000 tons of CGA, and the Mempawah SGA Project is projected to produce 1.7 to 2.0 million tons of SGA.
- o *Anode slime project.* ANTAM is in the preliminary stages of building its anode slime project, which is planned to process 2,000 tons of anode slime per year.
- *Expand reserves and resources base.* ANTAM has substantial nickel and bauxite reserves and resources. ANTAM believes it has the required management, capability and expertise to successfully operate existing mines and develop greenfield projects similar to what it has achieved in the past, such as the development of the Pongkor gold mine and the Tanjung Buli nickel mine. ANTAM intends to continue to evaluate and develop its large reserves and resources base, especially in Pomalaa and East Halmahera to increase reserves and strengthen its production profile especially for gold and nickel ore once its processing facilities are complete.

ANTAM believes that it is well placed for opportunities for upstream growth in Indonesia due to the high geological prospectivity of Indonesia, as described in the AME Report, and domestic knowledge of the ANTAM management team. ANTAM will also consider attractive opportunistic acquisition targets in Asian countries to expand its reserves and resources base. Given its relationships with local and international financial institutions and anticipated improvements in its cash flow profile over time, ANTAM believes that it has sufficient access to financing to support any acquisition plans going forward.

- *Enter into partnerships to develop production of new processed metals from existing reserves.* ANTAM's substantial reserves and resources, with nickel reserves with an average grade of 2.0%, according to the AME Report, make it an attractive joint venture partner for Indonesian and foreign companies. These partners offer access to technology and financing . ANTAM aims to enter into such partnerships where beneficial in order to further diversify its portfolio of processed metals
- *Further reduce unit cash costs to and improve cost competitiveness.* ANTAM is currently building a 2x30MW coal fired power plant to power the auxiliaries of its Pomalaa smelters, aiming to reduce electricity costs. ANTAM is also entitled to a deduction on its taxable income for the Pomalaa plant expansion project from 2015 to 2021 under Ministry of Finance Decree No. 06/KM 3/2014. ANTAM also renegotiated contracts with various mining contractors, utilized higher grade ore feedstock to increase production, and refocused its exploration budget on gold exploration given its already substantial nickel and bauxite reserves.

ANTAM has successfully reduced its cash costs for ferronickel by 18% to US\$5.48 per pound in 2014 from US\$6.65 per pound in 2013 and cash costs for gold by 6% to US\$808.06 per ounce in 2014 from US\$855.91 per ounce in 2013. ANTAM has continued with the efficiency increasing and cost-cutting measures it undertook in 2014 and its cash costs for ferronickel decreased to US\$4.38 per pound and its cash costs for gold decreased to US\$694.30 per ounce for the six months ended June 30, 2015.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

You should read the following summary consolidated financial information of ANTAM and other data in conjunction with ANTAM's consolidated financial statements and related notes, "Presentation of Financial Information," "Selected Consolidated Financial Information and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus. ANTAM's consolidated financial statements have been prepared and presented in accordance with IFAS, which differs in certain respects from IFRS. See "Summary of Certain Differences Between IFAS and IFRS."

The consolidated financial statements as of and for the years ended December 31, 2013 and 2014 and as of and for the six months ended June 30, 2015, included in this Prospectus, have been audited in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (*Institut Akuntan Publik Indonesia* or "**IICPA**") by KAP Tanudiredja, Wibisana, Rintis & Rekan, formerly known as KAP Tanudiredja, Wibisana & Rekan (a member of the PricewaterhouseCoopers network of firms) ("**PwC**"), independent public accountants. The audited consolidated financial statements as of and for the year ended December 31, 2012, included in this Prospectus, have been audited by KAP Purwantono, Sungkoro & Surja ("**PSS**") (a member firm of Ernst and Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the IICPA, as stated in their audit report appearing elsewhere in this Prospectus. The financial information and other data as of and for the years ended December 31, 2010 and 2011, have been derived from the audited consolidated financial statements as of December 31, 2010 and 2011, which are not included in this Prospectus. The audited consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have been audited by PSS (a member firm of Ernst and Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the IICPA, as stated in their audit report which are also not included in this Prospectus.

ANTAM derived the summary interim consolidated financial information below for the six months ended June 30, 2014 from its unaudited interim consolidated financial statements for the six months ended June 30, 2014, prepared and presented in accordance with IFAS and included elsewhere in this Prospectus. These unaudited interim consolidated financial statements for the six months ended June 30, 2014 have been reviewed by PwC and include all adjustments consisting of normal and recurring adjustments which are considered necessary for a fair presentation of the consolidated financial position and operating results of ANTAM for the period presented. ANTAM's results for any interim period may not be indicative of its results for the full year or for any period.

ANTAM also presents financial and other data as of and for the years ended December 31, 2010 and 2011. Certain of the 2010 and 2011 information set out below have been represented and reclassified in order for them to be comparable to those used to prepare ANTAM's consolidated financial statements included elsewhere in this Prospectus. Except as otherwise described in notes to the summary consolidated financial statements below, the financial information as of and for the years ended December 31, 2010 and 2011 have been extracted from ANTAM's audited consolidated financial statements that are not included in this Prospectus but were filed with the OJK.

	Year ended December 31,						Six months ended June 30,		
	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2014 ⁽²⁾	2014 ⁽¹⁾	2015	2015 ⁽²⁾
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Statements of profit or loss and other comprehensive income:									
Sales	8,744.3	10,346.4	10,449.9	11,298.3	9,420.6	706.6	3,986.7	7,849.0	588.7
Cost of goods sold	(5,799.0)	(7,313.0)	(8,413.6)	(9,611.9)	(8,627.2)	(647.1)	(3,743.0)	(7,320.9)	(549.1)
Gross profit	2,945.3	3,033.4	2,036.3	1,686.4	793.4	59.5	243.7	528.1	39.6
Operating expenses:									
General and administrative	860.7	877.5	939.0	940.7	783.7	58.8	357.1	351.7	26.4
Selling and marketing	104.3	133.8	179.2	161.0	146.7	11.0	73.9	73.0	5.5
Total operating expenses	964.9	1,011.3	1,118.2	1,101.7	930.4	69.8	431.0	424.7	31.9
Operating profit/(loss)	1,980.4	2,022.1	918.1	584.7	(137.0)	(10.3)	(187.3)	103.4	7.7
Other (expenses)/income:									
Share of (loss)/profit of associates and joint venture	(26.0)	(26.2)	115.1	(181.0)	(370.6)	(27.8)	(310.9)	(163.4)	(12.3)
Finance income	58.3	74.2	166.1	85.3	68.7	5.2	30.7	22.7	1.7
Finance costs	(12.7)	(22.7)	(234.5)	(60.7)	(126.6)	(9.5)	(64.5)	(117.7)	(8.8)
Contingent consideration from investment	—	—	—	(182.8)	—	—	—	—	—
Gain on fair value adjustment	—	—	2,484.0	—	—	—	—	—	—
Dividend income	366.0	354.6	375.4	—	—	—	—	—	—
Other (losses)/gains, net	(81.6)	176.0	93.5	(214.8)	(225.3)	(16.9)	(187.3)	(287.4)	(21.6)
Other (expenses)/income, net	304.0	555.9	2,999.6	(554.0)	(653.8)	(49.0)	(532.0)	(545.8)	(41.0)
(Loss)/profit before income tax	2,284.4	2,578.0	3,917.7	30.7	(790.8)	(59.3)	(719.3)	(442.4)	(33.3)
Income tax benefit/(expense)	(600.6)	(643.2)	(907.9)	501.9	47.3	3.5	48.3	46.4	3.5
(Loss)/profit for the period/year	1,683.7	1,934.8	3,009.8	532.6	(743.5)	(55.8)	(671.0)	(396.0)	(29.8)
Other comprehensive (loss)/income:									
Item that will not be reclassified to profit or loss:									
Remeasurement of pension and other retirement obligations	30.0	(192.2)	(80.0)	(371.6)	786.2	59.0	50.7	(105.3)	(7.8)
Tax effect - remeasurement of pension and other retirement obligations	(7.5)	48.0	20.0	92.9	(196.6)	(14.7)	(12.7)	26.8	2.0
Item that may be subsequently reclassified to profit or loss:									
Difference in foreign currency translation	12.0	(3.2)	(4.1)	0.2	0.1	0.0 ^(a)	0.1	(0.0) ^(b)	(0.0) ^(c)
Total comprehensive (loss)/income for the period/year	1,718.2	1,787.5	2,945.7	254.1	(153.8)	(11.5)	(632.9)	(474.5)	(35.6)

Notes:

(a) Denotes the amount is less than Rp0.1 billion.

(b) Denotes the amount is less than zero but greater than Rp(0.1) billion.

(c) Denotes the amount is less than zero but greater than US\$(0.1) million.

- (1) As restated, in December 2013, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (“SFAS”) 24 (Revised 2013), “Employee Benefits”, which is required to be applied for financial years beginning on or after January 1, 2015. This revised employee benefits standard introduced changes to the recognition, measurement, presentation and disclosure of post-employment benefits. In order to present all the periods on a basis comparable with accounting policies used in the consolidated financial statements as of and for the six months period ended June 30, 2015, the consolidated financial statements as of and for the years ended December 31, 2012, 2013 and 2014 have been restated as described in Note 4 to the consolidated financial statements included elsewhere in this Prospectus, while the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have been restated in a manner similar to that described in Note 4 above.
- (2) Convenience translations to US dollars have been provided as described in “Important information for investors outside of Indonesia— Conventions which apply in this Prospectus”.

	As of December 31,						As of June 30,	
	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2014 ⁽²⁾	2015	2015 ⁽²⁾
	(Rp billion)					(US\$ million)	(Rp billion)	(US\$ million)
Statements of financial position:								
Current assets								
Cash and cash equivalents	4,229.1	5,639.7	3,868.6	2,792.7	2,618.9	196.4	2,034.7	152.6
Trade receivables, net								
Third parties	1,577.6	1,246.7	1,722.0	1,152.4	1,046.1	78.5	1,458.5	109.4
Related parties	2.3	0.7	0.5	0.3	21.5	1.6	66.9	5.0
Other receivables, net	113.4	100.1	124.5	37.0	31.3	2.3	27.7	2.1
Inventories, net	1,229.3	1,687.9	1,450.0	2,445.9	1,761.9	132.2	1,877.8	140.8
Prepaid taxes	211.8	271.3	329.1	555.6	712.4	53.4	841.5	63.1
Prepaid expenses	39.9	55.4	50.5	65.1	72.8	5.5	28.5	2.1
Other current assets	110.2	106.4	101.8	31.3	78.1	5.8	233.6	17.5
Total current assets	<u>7,513.5</u>	<u>9,108.0</u>	<u>7,646.9</u>	<u>7,080.3</u>	<u>6,343.0</u>	<u>475.7</u>	<u>6,569.2</u>	<u>492.6</u>
Non-current assets								
Restricted cash	95.7	82.6	74.9	101.0	11.4	0.9	64.6	4.8
Non-trade related party receivable . .	35.7	35.7	—	33.7	37.0	2.8	41.0	3.1
Investments in associates, net	128.9	173.3	3,956.0	3,582.5	2,687.2	201.6	2,543.9	190.8
Investments in a joint venture	97.2	1,035.9	1,154.4	1,350.6	1,438.4	107.9	1,703.8	127.8
Property, plant and equipment, net . .	2,822.7	2,980.7	4,663.4	6,700.2	8,699.7	652.5	8,962.5	672.3
Mining properties, net	388.5	428.4	666.2	858.8	893.9	67.0	877.4	65.8
Exploration and evaluation assets . .	525.0	713.8	754.4	709.7	687.0	51.5	717.4	53.8
Deferred charges	31.7	47.8	31.6	40.4	39.4	3.0	38.2	2.9
Prepaid taxes	12.5	2.4	476.2	722.5	467.6	35.1	265.4	19.9
Goodwill	85.5	185.4	185.4	179.9	133.7	10.0	114.6	8.6
Deferred tax assets, net	462.6	472.1	36.2	600.1	477.0	35.8	552.0	41.4
Other non-current assets	74.4	35.9	62.9	72.1	88.6	6.6	100.2	7.6
Total non-current assets	<u>4,760.3</u>	<u>6,193.9</u>	<u>12,061.7</u>	<u>14,951.5</u>	<u>15,660.9</u>	<u>1,174.7</u>	<u>15,981.0</u>	<u>1,198.8</u>
TOTAL ASSETS	<u>12,273.8</u>	<u>15,301.9</u>	<u>19,708.5</u>	<u>22,031.8</u>	<u>22,003.9</u>	<u>1,650.4</u>	<u>22,550.2</u>	<u>1,691.4</u>

	As of December 31,						As of June 30,	
	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2014 ⁽²⁾	2015	2015 ⁽²⁾
	(Rp billion)					(US\$ million)	(Rp billion)	(US\$ million)
Current liabilities								
Trade payables								
Third parties	243.4	250.6	378.2	471.8	448.7	33.7	189.1	14.2
Related parties	21.2	6.9	38.7	75.3	238.8	17.9	334.3	25.1
Accrued expenses	220.6	244.8	414.0	331.6	161.6	12.1	163.9	12.3
Short-term employee benefit liabilities	158.0	134.8	123.2	41.6	19.9	1.5	50.1	3.8
Taxes payable	411.8	87.7	150.0	180.6	120.2	9.0	84.1	6.3
Advances from customers	61.5	67.4	189.6	84.1	46.5	3.5	54.9	4.1
Short-term bank loans	—	8.0	1,663.9	2,469.8	2,528.0	189.6	2,715.7	203.7
Current maturities of investment loans	768.7	—	—	98.4	224.2	16.8	265.3	19.9
Current maturities of provision for environmental and reclamation costs	24.8	22.7	46.0	30.3	19.3	1.4	18.4	1.4
Other payables	24.0	23.4	37.8	71.9	55.7	4.2	60.2	4.5
Total current liabilities	1,934.1	846.4	3,041.4	3,855.4	3,862.9	289.7	3,936.0	295.3
Non-current liabilities								
Bonds payable	—	2,992.2	2,992.8	2,993.5	2,994.2	224.6	2,994.6	224.6
Investment loans, net of current maturities	—	—	—	1,223.7	2,268.7	170.2	3,098.3	232.4
Provision for environmental and reclamation costs, net of current maturities	200.9	199.8	205.7	239.3	220.2	16.5	234.0	17.6
Pension and other post-retirement obligations.	717.4	790.3	797.2	1,236.2	419.3	31.5	515.6	38.7
Deferred tax liabilities	—	—	181.3	—	—	—	—	—
Other non-current liabilities	2.6	2.9	3.1	191.4	188.8	14.2	196.4	14.7
Total non-current liabilities	920.8	3,985.3	4,180.1	5,884.1	6,091.2	457.0	7,038.9	528.0
TOTAL LIABILITIES	2,854.9	4,831.8	7,221.5	9,739.5	9,954.1	746.7	10,974.9	823.3
Shareholders' equity								
Authorised capital.	953.8	953.8	953.8	953.8	953.8	71.5	953.8	71.5
Additional paid-in capital, net	2.5	2.5	8.4	29.7	29.8	2.2	29.8	2.2
Other equity components:								
Difference arising from restructuring transaction of entities under common control	21.3	21.3	21.3	—	—	—	—	—
Difference in foreign currency translation	110.4	107.3	103.2	55.0	55.1	4.1	55.1	4.1
Retained earnings								
Appropriated	6,825.4	7,768.1	8,751.4	11,295.5	11,613.2	871.1	11,613.2	871.1
Unappropriated	1,518.7	1,630.4	2,652.3	(38.3)	(602.1)	(45.2)	(1,076.6)	(80.8)
Treasury stock	(13.4)	(13.4)	(3.4)	(3.4)	—	—	—	—
Total equity attributable to owners of the parent	9,418.9	10,470.1	12,487.0	12,292.3	12,049.8	903.7	11,575.3	868.1
Non-controlling interests.	0.0 ^(a)	0.0 ^(a)	0.0 ^(a)	0.0 ^(a)	0.0 ^(a)	0.0 ^(b)	0.0 ^(a)	0.0 ^(b)
TOTAL SHAREHOLDERS' EQUITY	9,418.9	10,470.1	12,487.1	12,292.3	12,049.8	903.7	11,575.3	868.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.	12,273.8	15,301.9	19,708.5	22,031.8	22,003.9	1,650.4	22,550.2	1,691.4

Notes:

(a) Denotes the amount is less than Rp0.1 billion.

(b) Denotes the amount is less than US\$0.1 million.

(1) As restated, in December 2013, the Financial Accounting Standards Board issued SFAS 24 (Revised 2013), “*Employee Benefits*”, which is required to be applied for financial years beginning on or after January 1, 2015. This revised employee benefits standard introduced changes to the recognition, measurement, presentation and disclosure of post-employment benefits. In order to present all the periods on a basis comparable with accounting policies used in the consolidated financial statements as of and for the six month periods ended June 30, 2015, the consolidated financial statements as of and for the years ended December 31, 2012, 2013 and 2014 have been restated as described in Note 4 to the consolidated financial statements included elsewhere in this Prospectus, while the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have been restated in a manner similar to that described in Note 4 above.

(2) Convenience translations to US dollars have been provided as described in “*Important information for investors outside of Indonesia— Conventions which apply in this Prospectus*”.

	Year ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014 ⁽¹⁾	2014	2015	2015 ⁽¹⁾
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Statements of cash flows:									
Cash flows from operating activities									
Cash receipts from customers	7,919.9	10,762.3	10,058.2	12,100.3	9,372.1	703.0	4,398.7	7,331.7	549.9
Cash receipts from interest income . . .	60.5	66.1	174.2	85.8	69.1	5.2	29.6	23.6	1.8
Payments to suppliers	(5,308.4)	(7,441.0)	(5,913.0)	(10,193.4)	(8,086.4)	(606.5)	(3,694.6)	(7,825.3)	(586.9)
Payments to commissioners, directors and employees	(628.8)	(936.9)	(2,415.3)	(1,070.7)	(979.3)	(73.5)	(451.6)	(400.0)	(30.0)
Payments of tax	(379.5)	(1,061.3)	(904.9)	(467.8)	(203.0)	(15.2)	(115.2)	(106.6)	(8.0)
Cash receipt from tax restitution	366.2	132.9	189.6	50.6	628.4	47.1	628.3	266.3	20.0
Payments of interest	(12.3)	(10.9)	(273.9)	(317.1)	(375.8)	(28.2)	(173.8)	(223.6)	(16.8)
Other receipts/(payments), net	(64.4)	56.6	(24.4)	(30.5)	(33.5)	(2.5)	(60.0)	120.2	9.0
Net cash flows (used in)/provided from operating activities	1,953.1	1,568.0	890.6	157.2	391.6	29.4	561.4	(813.7)	(61.0)
Cash flows from investing activities									
Dividend income	343.4	325.6	323.2	69.0	437.1	32.8	176.6	—	—
Acquisitions of property, plant and equipment	(452.5)	(675.4)	(2,249.4)	(2,442.9)	(2,029.8)	(152.2)	(760.9)	(267.3)	(20.0)
Proceeds from sale of property, plant and equipment	—	82.8	—	—	—	—	—	—	—
Acquisitions of investment in associates	(92.1)	(47.0)	(1,258.3)	(2.5)	(0.0) ^(b)	—	—	(0.1)	(0.0) ^(b)
Disbursements for deferred charges . . .	—	—	—	—	(8.6)	(0.6)	(1.3)	(3.5)	(0.3)
Disbursements for exploration and evaluation assets	(121.0)	(172.9)	(30.2)	(125.1)	(2.4)	(0.2)	(0.5)	(22.6)	(1.7)
Loans to associates	—	—	—	(33.7)	—	—	—	—	—
Disbursements for mining properties . .	—	(50.8)	(281.3)	(112.0)	(35.4)	(2.7)	(19.1)	(0.7)	(0.1)
Acquisition of investment in jointly controlled entity	(128.5)	(962.2)	—	—	—	—	—	—	—
Acquisitions of subsidiaries through indirect ownership	—	(109.5)	—	—	—	—	—	—	—
Investment to joint venture	—	—	—	—	—	—	—	(285.4)	(21.4)
Net cash flows used in investing activities	(450.7)	(1,609.4)	(3,495.9)	(2,647.2)	(1,639.1)	(122.9)	(605.2)	(579.6)	(43.5)

	Year ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014 ⁽¹⁾	2014	2015	2015 ⁽¹⁾
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Cash flows from financing activities									
Proceeds from bank loans	539.5	705.9	1,659.1	4,617.3	4,365.4	327.4	1,176.6	3,360.7	252.1
Proceeds from bonds payable.	—	3,000.0	—	—	—	—	—	—	—
Payment of dividend	(241.7)	(673.4)	(867.6)	(449.0)	(92.2)	(6.9)	(92.2)	—	—
Repayment of bank loans	(230.7)	(1,430.1)	(20.0)	(3,281.1)	(3,317.1)	(248.8)	(1,197.6)	(2,678.4)	(200.9)
Capital contribution from non-controlling interest	—	—	0.0 ^(a)	—	—	—	—	—	—
Payment of allocation for partnership and community development program	(24.2)	(67.3)	(77.1)	—	—	—	—	—	—
Net cash flows provided from/(used in) financing activities	42.9	1,535.1	694.4	887.2	956.1	71.7	(113.2)	682.3	51.2
Net increase/(decrease) in cash and cash equivalents	1,545.3	1,493.7	(1,910.9)	(1,602.8)	(291.4)	(21.8)	(157.0)	(711.0)	(53.3)
Effect of foreign exchange rate differences on cash and cash equivalents	(82.5)	(83.1)	139.8	526.9	117.6	8.7	(24.6)	126.8	9.5
Cash and cash equivalents at the beginning of the period/year	2,766.3	4,229.1	5,639.7	3,868.6	2,792.7	209.5	2,792.7	2,618.9	196.4
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	4,229.1	5,639.7	3,868.6	2,792.7	2,618.9	196.4	2,611.1	2,034.7	152.6

Notes:

(a) Denotes the amount is less than Rp0.1 billion.

(b) Denotes the amount is less than zero but greater than Rp(0.1) billion.

(1) Convenience translations to US dollars have been provided as described in “Important information for investors outside of Indonesia— Conventions which apply in this Prospectus”.

NON-GAAP MEASURES AND OTHER FINANCIAL AND OPERATING DATA

Non-GAAP measures and other financial and operating data are set out below:

	Year ended or as of December 31,				Six months ended or as of June 30,		
	2012	2013	2014	2014 ⁽²⁾	2014	2015	2015 ⁽²⁾
	(Rp billion)			(US\$ million)	(Rp billion)		(US\$ million)
Consolidated Adjusted EBITDA ⁽¹⁾	1,450.7	1,276.7	514.3	38.7	17.4	397.5	29.7
Finance costs ⁽²⁾	234.5	60.7	126.6	9.5	64.5	117.7	8.8
Total debt ⁽³⁾	4,656.7	6,785.4	8,015.1	601.2	6,720.5	9,073.9	680.6
Total debt/Consolidated Adjusted EBITDA ⁽⁴⁾	3.2	5.3	15.5	15.5	12.8	10.1	10.1
Consolidated Adjusted EBITDA/Finance costs	6.2	21.0	4.1	4.1	0.3	3.4	3.4

Notes:

(1) ANTAM calculates Consolidated Adjusted EBITDA by adding finance costs, depreciation, amortization, loss on foreign exchange, contingent consideration from investment, share of loss of associates and joint venture, impairment on warehouse inventory, impairment on dispatch receivables and income tax expense to profit/(loss) for the year/period, and

subtracting finance income, dividend income, gain on foreign exchange, gain on fair value adjustment, share of profit of associates and joint venture, recovery of impairment on warehouse inventory, recovery of impairment loss on property, plant equipment, mining properties and exploration evaluation assets and income tax benefit from profit/(loss) for the year/period.

Consolidated Adjusted EBITDA, as well as the related ratios presented above, is a supplemental measure of performance and liquidity that are not required by, or presented in accordance with, IFAS or IFRS. Consolidated Adjusted EBITDA is not a measurement of financial performance or liquidity under IFAS or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFAS or IFRS or an alternative to cash flows from operating activities as a measure of liquidity. ANTAM's presentation of Consolidated Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. In addition, Consolidated Adjusted EBITDA is not a standardized term, so a direct comparison between companies using such a term may not be possible or meaningful.

ANTAM believes that Consolidated Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization expense). Consolidated Adjusted EBITDA has been presented because ANTAM believes that it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in its industry. Nevertheless, Consolidated Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of ANTAM's financial condition or results of operations, as reported under IFAS. Because of these limitations, Consolidated Adjusted EBITDA should not be considered as a measure of discretionary cash available to ANTAM to invest in the growth of its business.

- (2) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

The following table reconciles our profit/(loss) for the year/period under IFAS to our definition of Consolidated Adjusted EBITDA for the periods indicated:

	Year ended December 31,				Six months ended June 30,		
	2012	2013	2014	2014 ⁽⁵⁾	2014	2015	2015 ⁽⁵⁾
	(Rp billion)			(US\$ million)	(Rp billion)		(US\$ million)
Profit/(loss) for the period/year . .	3.009.8	532.6	(743.5)	(55.8)	(671.0)	(396.0)	(29.8)
Adjustments:							
Finance costs	234.5	60.7	126.6	9.5	64.5	117.7	8.8
Finance income	(166.1)	(85.3)	(68.7)	(5.2)	(30.7)	(22.7)	(1.7)
Dividend income	(375.4)	—	—	—	—	—	—
Depreciation ^(a)	577.3	670.9	728.8	54.7	296.3	345.8	25.9
Amortization ^(b)	65.9	124.2	66.0	5.0	16.1	30.5	2.3
Foreign exchange (gain)/loss, net ^(c)	(176.3)	(18.2)	118.2	8.9	36.7	205.1	15.4
Gain on fair value adjustment ^(d)	(2,484.0)	—	—	—	—	—	—
Contingent consideration from investment ^(d)	—	182.8	—	—	—	—	—
Share of loss/(profit) of associates and joint venture	(115.1)	181.0	370.6	27.8	310.9	163.4	12.3
(Recovery)/impairment on warehouse inventory	7.4	62.0	(36.4)	(2.7)	42.9	0.1	0.0 ^(e)
Impairment on dispatch receivables	—	67.9	—	—	—	—	—
Recovery of impairment loss on mining properties and exploration and evaluation on assets and property, plant and equipment	(35.2)	—	—	—	—	—	—
Income tax expense/(benefit)	907.9	(501.9)	(47.3)	(3.5)	(48.3)	(46.4)	(3.5)
Consolidated Adjusted EBITDA . .	1,450.7	1,276.7	514.3	38.7	17.4	397.5	29.7

Notes:

- (a) Depreciation includes borrowing costs on qualifying assets and depreciation on property, plant and equipment capitalized to exploration and evaluation assets and mining properties. ANTAM allocates most of its depreciation costs to production costs, with a smaller component allocated to general and administrative expenses. See Note 11 to the consolidated financial statements included elsewhere in this Prospectus.
 - (b) Amortization refers to amortization of mining properties, including capitalized borrowing costs, charged to production costs. See Note 26 to the consolidated financial statements included elsewhere in this Prospectus.
 - (c) Foreign exchange gain/loss, net is included in other losses/gains in ANTAM's consolidated financial statements. See Note 38 to the consolidated financial statements included elsewhere in this Prospectus.
 - (d) Prior to the additional interest in 2012, ANTAM owned a 17.5% interest in PT Nusa Halmahera Minerals ("NHM") and, effective December 20, 2012, acquired an additional 7.5% interest. Pursuant to an independent appraisal, ANTAM recognized a gain on fair value adjustment of Rp2,484.0 billion on its initial 17.5% interest. ANTAM's additional 7.5% interest in NHM was subject to a contingent purchase price of an additional US\$30 million. Based on an independent assessment of NHM's potential gold resources, ANTAM recognized a contingent purchase price amounting to US\$15 million (or approximately Rp182.8 billion) on December 31, 2013. ANTAM does not believe that any further contingent purchase price needed to be recognized as of June 30, 2015. See Notes 10 and 33p to the consolidated financial statements included elsewhere in this Prospectus.
 - (e) Denotes the amount is less than US\$0.1 million.
 - (2) Finance costs consist of the interest expense on ANTAM's bonds payable and on its long-term and short-term loans. This figure is not net of finance income. See Note 37 to the consolidated financial statements included elsewhere in this Prospectus.
 - (3) Total debt consists of the carrying amount of ANTAM's short-term US dollar and Rupiah bank loans, ANTAM's bonds payable net of unamortized issuance costs and the current and non-current portions of ANTAM's investment loans net of unamortized issuance costs. See Notes 18, 19 and 20 to the consolidated financial statements included elsewhere in this Prospectus.
 - (4) On an annualized basis, the Total Debt/Consolidated Adjusted EBITDA number in the column headed "Six months ended June 30, 2014" is calculated using total debt as of June 30, 2014 and Consolidated Adjusted EBITDA for the twelve months period ended June 30, 2014. Consolidated Adjusted EBITDA for the twelve months ended June 30, 2014 is calculated by (1) subtracting the Consolidated Adjusted EBITDA for the six months ended June 30, 2013 from the Consolidated Adjusted EBITDA for the year ended December 30, 2013 or Rp769.2 billion, to arrive at a Consolidated Adjusted EBITDA figure for the six-month period from July 1, 2013 to December 31, 2013, or Rp507.5 billion, and (2) adding such Consolidated Adjusted EBITDA figure to the Consolidated Adjusted EBITDA for the six months ended June 30, 2014.
- The Total Debt/Consolidated Adjusted EBITDA number in the column headed "Six months ended June 30, 2015" is calculated using total debt as of June 30, 2015 and Consolidated Adjusted EBITDA for the twelve-month period ended June 30, 2015. Consolidated Adjusted EBITDA for the twelve months ended June 30, 2015 is calculated by (1) subtracting the Consolidated Adjusted EBITDA for the six months ended June 30, 2014 from the Consolidated Adjusted EBITDA for the year ended December 30, 2014, to arrive at a Consolidated Adjusted EBITDA figure for the six-month period from July 1, 2014 to December 31, 2014, or Rp496.9 billion or US\$37.3 million, and (2) adding such Consolidated Adjusted EBITDA figure to the Consolidated Adjusted EBITDA for the six months ended June 30, 2015.
- (5) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

ANTAM's production volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) .	18,688	19,690	18,372	18,249	16,851 ⁽¹⁾	7,579	9,443
Nickel ore (wmt) .	7,040,512	7,959,184	9,425,617	11,521,212	1,259,062	396,461	744,064
Saprolite (wmt) . . .	3,617,563	3,512,178	6,362,606	8,495,415	1,230,879	396,461	744,064
Limonite (wmt) . . .	3,422,949	4,447,006	3,063,011	3,025,797	28,183	—	—
Gold (oz)	89,251	85,746	92,401	82,370	75,297	37,681	35,591
Silver (oz)	635,074	627,518	692,752	633,659	577,492	298,680	269,520
CGA (ton)⁽¹⁾	—	—	—	—	—	—	35,572
Bauxite (wmt) . . .	104,692	32,748	194,190	570,721	267,292	190,359	109,399
Coal (ton)	—	583,794	607,606	424,573	463,551	214,356	293,150

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

ANTAM's sales volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) . .	18,254	19,527	19,530	14,441	19,747	8,900	11,307
Nickel ore (wmt) . .	5,863,840	6,345,742	8,004,210	9,711,081	215,400	215,400	—
Saprolite (wmt)	3,543,511	2,941,015	4,415,568	6,460,898	104,350	104,350	—
Limonite (wmt)	2,320,329	3,404,727	3,588,642	3,250,183	111,050	111,050	—
Gold (oz)	210,941	257,495	225,827	301,928	320,800	126,224	353,530
Silver (oz)	1,334,963	864,534	782,517	641,086	660,537	344,881	241,066
CGA (ton)⁽¹⁾	—	—	—	—	—	—	29,587
Bauxite (wmt)	191,615	177,966	130,402	167,229	60,898	28,987	100,804
Coal (ton)	42,194	363,596	758,344	424,601	652,413	261,254	306,022

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

ANTAM's sales are summarized in the following table:

	Year ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014 ⁽³⁾	2014	2015	2015 ⁽³⁾
	(Rp billion)					(US\$ million)	(Rp billion)	(US\$ million)	
Ferronickel	3,679.4	3,727.8	3,175.6	2,072.0	3,975.8	298.2	1,738.8	1,923.2	144.3
Nickel ore	2,363.7	2,465.3	3,061.2	4,054.3	89.1	6.7	89.1	—	—
Saprolite	1,801.8	1,562.7	1,933.6	3,005.2	49.7	3.7	49.7	—	—
Limonite	561.9	902.7	1,127.6	1,049.1	39.4	3.0	39.4	—	—
Gold	1,918.2	3,672.2	3,628.4	4,705.1	4,901.2	367.6	1,947.6	5,648.5	423.7
Silver	187.7	271.2	235.9	166.5	158.7	11.9	87.4	53.1	4.0
CGA ⁽¹⁾	—	—	—	—	—	—	—	5,597	5.6
Bauxite ore ⁽²⁾	34.4	46.4	47.4	70.6	19.7	1.5	9.2	35.4	2.7
Coal	23.8	78.2	207.7	80.7	179.4	13.5	73.3	102.0	7.7
Other precious metal	9.5	1.7	3.6	4.3	4.7	0.4	4.3	3.1	0.2

Source: ANTAM data

- (1) The CGA sales presented are CGA sales made by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.
- (2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.
- (3) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

ANTAM's average sales prices are summarized in the following table:

Unit	Year ended December 31,						Six months ended June 30,	
	2010	2011	2012	2013	2014		2014	2015
	(US\$)					(US\$)		
Ferronickel (TNi)	US\$/pon	10.12	9.96	7.81	6.32	7.74	7.58	5.86
Gold (oz)	US\$/troy oz	1,227.5	1,605.59	1,711.85	1,523.23	1,277.3	1,319.72	1,228.10
Silver (oz)	US\$/troy oz	19.60	35.82	32.00	24.90	20.21	21.63	16.74
CGA ⁽¹⁾	US\$/ton	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾	US\$/wmt	55.99	60.36	32.44	39.48	26.98	27.15	27.00
Coal (ton)	US\$/ton	26.75	30.21	—	24.10	25.36	25.01	25.04

Source: ANTAM data

- (1) These CGA figures are for sales by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.
- (2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.
- (3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

ANTAM's average cash costs are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
			(US\$)			(US\$)	
Ferronickel (lb)	5.58	6.39	6.90	6.65	5.48	5.84	4.38
Gold (oz)	616.11	796.37	830.27	855.91	808.06	769.18	694.30
Silver (oz)	—	—	—	—	—	—	—
CBA (ton) ⁽¹⁾	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾	—	15.32	7.53	24.73	13.79	11.60	19.47
Coal (ton)	—	—	—	19.83	21.32	20.15	18.50

Source: ANTAM data

(1) These CGA figures are for costs of ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

(2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.

(3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

The table below shows ANTAM's estimate of its total consolidated nickel ore reserves and resources as of December 31, 2014:

	Cut-off Grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Proved	Ni > 1.8%	20.6	13.6	2.27	14.75	41.15	22.52
Probable	Ni > 1.8%	113.0	82.0	2.0	12.2	41.3	26.9
Total saprolite reserves		133.6	95.6	2.0	12.6	41.3	26.3
Measured	Ni > 1.8%	66.8	46.1	2.0	14.8	38.3	21.6
Indicated	Ni > 1.8%	49.7	33.1	2.2	14.3	38.9	21.2
Inferred	Ni > 1.55%	182.9	136.6	1.9	14.9	39.5	23.0
Total saprolite resources		299.4	215.8	2.0	14.8	39.1	22.4

	Cut-off Grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	Mgo (%)
Measured	Ni > 1.2%	171.4	110.3	1.4	40.5	12.2	3.1
Indicated	Ni > 1.2%	185.1	119.9	1.4	39.1	14.0	4.1
Inferred	Ni > 1.2%	196.0	128.7	1.4	39.6	12.7	3.1
Total limonite resources		552.5	358.9	1.4	39.7	13.0	3.4

Source: ANTAM data

The following tables summarize ANTAM's estimates of its total consolidated gold reserves and resources as of December 31, 2014:

	Tonnage (million dmt)	Grade		Contained metal	
		Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Proved	2.92	5.94	60	0.56	5.59
Probable	1.43	4.9	66	0.22	3.03
Total gold reserves	4.35	5.6	62	0.78	8.62
Measured	0.53	4.67	57	0.08	0.97
Indicated	3.13	3.3	36	0.33	3.63
Inferred	0.24	6	71	0.05	0.53
Total gold resources	3.90	4	41	0.46	5.13

Source: ANTAM data

The following tables summarize ANTAM's estimates of its total consolidated bauxite reserves and resources as of December 31, 2014:

	Washed bauxite		Average grade (%)				
	Tonnage (million wmt)	Tonnage (million dmt)					
			T-SiO ²	R-SiO ²	Al ² O ³	Fe ² O ³	T ¹ O ²
Proved	68	57.8	12.72	3.29	46.65	13.46	0.98
Probable	43.5	37.0	13.1	3.4	46.3	13.3	1.0
Total bauxite reserves	111.5	94.8	12.9	3.3	46.5	13.4	1.0
Measured	133.5	113.2	23.5	3.4	43.4	9.2	0.7
Inferred	456	387	23.6	3.7	43.8	9.6	0.5
Total bauxite resources	589.5	500.2	23.6	3.6	43.7	9.5	0.6

Source: ANTAM data

ANTAM estimates that as of December 31, 2014, it has the following coal reserves:

	Total proved and probable						Total resources
	Proved reserves	Probable reserves	probable reserves	Measured resources	Indicated resources	Inferred resources	
	(million tons)						
Coal	6.1	0.1	6.2	21.7	6.5	10.9	39.1

Source: ANTAM data

ANTAM does not estimate its coal reserves in compliance with JORC. ANTAM applies industry standard engineering estimates for its coal reserves and believes its estimates are reasonable.

RISK FACTORS

An investment in the Rights Shares involves a number of risks. An investor should carefully consider all the information contained in this Prospectus, including the risks described below, before making an investment decision. ANTAM's business, financial condition and results of operations could be materially adversely affected by any of these risks. The market price of the Rights Shares could decline due to any one of these risks and an investor may lose all or part of its investment.

In general, investing in securities of issuers in emerging market countries, such as Indonesia, involves risks not typically associated with investing in the securities of companies in countries with more developed economies and regulatory regimes.

RISKS RELATING TO ANTAM'S BUSINESS AND INDUSTRY

Decreases in metals prices may reduce ANTAM's sales and cash flow and adversely affect ANTAM's credit ratios, credit rating and ability to raise capital.

Ferronickel and gold sales, together, accounted for approximately 94.2% of ANTAM's total consolidated sales in 2014. These sales are subject to global prices for nickel and gold, which ANTAM neither has control over nor can reliably predict (and an increase in nickel prices anticipated by ANTAM in 2014 did not take place). Although ANTAM has a diverse customer base, its sales may materially decrease should the prices of ferronickel or gold decrease substantially and/or stay low for sustained periods.

The market prices of gold, nickel and alumina, as well as other metals ANTAM may produce in the future, fluctuate widely in response to market forces, which include:

- actual or perceived changes in levels of supply and demand;
- the availability and cost of substitute materials;
- inventory levels maintained by producers;
- the relative strength of the US dollar, the currency in which metal prices generally are quoted, against other currencies;
- government monetary and fiscal policies;
- general economic conditions and the perception of risk in equity and capital markets;
- political conditions including the threat of terrorism or war;
- in the case of gold, actual or expected purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers, which are likely to result in a decrease in the price of gold;
- speculative trading and hedging policies; and
- forward sales by producers and other hedging transactions.

ANTAM does not currently hedge against the price of metals nor does it have plans to hedge in the future. ANTAM does not hedge because hedging may cause ANTAM to forego additional revenue when metals prices rise. Without hedging, ANTAM will be affected by commodity prices fluctuations. ANTAM's long-term debt ratings of both domestic and international can be decreased along with the

decrease of cash flow. Moreover, a decline in cash flow may cause ANTAM to fail to comply with required credit and coverage ratios under ANTAM's long-term debt agreements. Such a decline may cause ANTAM's external credit rating to deteriorate. Finally, a decline in cash flows may materially weaken ANTAM's ability to raise capital in the international and Indonesian capital markets.

ANTAM may be unable to complete its key development projects.

ANTAM is currently completing key development projects that aim to substantially expand its production of ferronickel, gold and other processed metals. ANTAM aims to commence production under the expanded Pomalaa ferronickel plant by the end of 2015 and build the East Halmahera Ferronickel Plant Development Project. ANTAM is expanding its processing of bauxite ore. It commenced commercial production under its Tayan chemical grade alumina plant in the first quarter of 2015 and plans to construct the Mempawah SGA Project. Finally, the anode slime project is projected to substantially increase gold production.

On January 12, 2014, a ban on the export of raw minerals, including nickel and bauxite ore under Law No. 4 of 2009 on Mineral and Coal Mining (the "**Mining Law**") took effect. Indonesian mining companies (including ANTAM) no longer generate export sales of ore following this ban, leading to substantial decreases in their sales. See "*Management's discussion and analysis of financial condition and results of operations—Results of operations—2014 compared to 2013—Sales.*" ANTAM has accelerated plans to shift production to processed metals, which it believes will increase its sales, and completion of its key development projects are crucial to these plans.

ANTAM may not be able to successfully shift its production towards processed metals due to any of several factors, including:

- insufficient cash flow generated from operations and difficulties encountered by ANTAM in obtaining additional financing to meet capital expenditure requirements;
- inability to implement new technological processes at ANTAM's four key development projects;
- ANTAM's ability to expand its infrastructure to handle increased production, including its ability to obtain financing to support such expansion and its ability to secure adequate electricity for new facilities;
- difficulties in securing appropriate joint venture and other partners necessary to produce new types of processed metals, offtake agreements for new plants' output and supply agreements for raw materials such as anode slime for the anode slime project;
- difficulties encountered by any of ANTAM's mining contractors to fulfill their contractual obligations, which would require it to make alternative arrangements, or in contracting with additional mining contractors on acceptable terms or at all, which may cause delays and potentially increase the costs of ANTAM's expansion plans;
- difficulties encountered by ANTAM in acquiring the necessary permits and land rights for its expansion plans;
- difficulties encountered by ANTAM in fulfilling capital expenditure and operating plans, which are subject to risks, contingencies and other factors, some of which are beyond its control, such as increases in costs of equipment and materials and the ability to secure necessary approvals, recruit a sufficient number of qualified employees, such as engineers, and obtain required financing on acceptable terms or at all;

- unforeseen conditions or developments that could substantially delay ANTAM's planned expansion, including inclement weather such as heavy rainfall and forest fires, shipping delays, barging delays as a result of increasing river congestion, safety issues and equipment and machinery malfunctions once operations commence; and
- difficulties encountered by ANTAM in obtaining government approval of environmental impact studies, which are required before ANTAM may increase its production capacity, or and the failure to obtain other necessary government permits, licenses and approvals within the requisite timeframe or at all.

There is no guarantee that ANTAM will be able to complete what it has identified as its key development projects, which may materially and adversely affect its business, financial condition, results of operations and prospects.

Indonesia's Mining Law and future regulations may impose additional restrictions on ANTAM, increase its costs and adversely affect its operations.

ANTAM's exploration, mining and processing activities in Indonesia are regulated by the government primarily through the Ministry of Energy and Mineral Resources ("MEMR"). ANTAM is also subject to central government regulation through the Ministry of Forestry, the State Ministry for Environmental Affairs and the Capital Investment Coordinating Board. In addition, the provincial, regency and municipal governments where ANTAM's concession areas are located can implement regulations affecting ANTAM.

The Mining Law, enacted in 2009, contained many provisions inconsistent with ANTAM's IUP, including:

- limitations on the length of the exploration and production periods and the size of the exploration and production areas have been imposed;
- mining can only be conducted in areas designated by the government as being eligible for mining;
- new mining business license areas (WIUPs) are required to be awarded through a transparent tender process whereas consequently new mining licenses (IUPs) can be awarded without a tender;
- a requirement for all mining license holders to comply with environmental and mine closure obligations has been included;
- mining license holders are required to process the minerals they mine or extract within Indonesia;
- mining license holders are required to have mining plans for the entire concession area, failing which, such areas could be awarded to other operators;
- priority is required to be given to "local" mining service contractors; and
- mining services contracts between mining license holders and their related parties are prohibited (subject to certain limited exceptions).

While the Mining Law provides a general framework for the regulation of the mining industry in Indonesia, the implementation and administration of the Mining Law is subject to numerous new government regulations, including the regulation set out above, which bans the export of nickel and bauxite ore.

The legal uncertainty raised by the adoption and implementation of the Mining Law has increased the risks, and may increase the costs, involved in ANTAM's exploration and development activities and future mining operations. Additional implementing regulations expected to be issued by the Indonesian Government in the future may impose significant changes to the regulation of the Indonesian mining industry that may be adverse to ANTAM's interests. In addition, a court or an administrative or regulatory body may in the future render interpretations of the Mining Law and its implementing regulations, or issue new or modified regulations, different from ANTAM's interpretation. ANTAM's compliance with the Mining Law and its implementing regulations may increase ANTAM's operating costs or otherwise alter or impair ANTAM's operations in the future, which could materially and adversely affect ANTAM's business, financial condition, results of operations and prospects.

The price of fuel, which represents approximately 40% of ANTAM's ferronickel cash costs, may increase.

ANTAM's production processes are electricity intensive. Fuel costs represent approximately 40% of ANTAM's cash costs for ferronickel production and ANTAM uses power from its own power plants. An increase in the price of fuel would thus increase ANTAM's production costs. ANTAM takes measures to reduce fuel costs. It has built a 2x30MW coal-fired power plant as part of its Pomalaa plant expansion project to power its fourth ferronickel smelter at that facility. This slightly reduces the fuel costs for the fourth smelter compared to the other three, which are powered by Pomalaa's diesel-fired power plants. The coal-fired power plant is expected to start operating at the end of 2015. ANTAM's East Halmahera Ferronickel Plant Development Project will likewise have a combination of diesel-fired and coal-fired power plants. Nevertheless, there is no guarantee that fuel prices will not rise substantially in the future or that ANTAM's measures to reduce fuel costs or mitigate the effect of increases in prices will be successful, either of which which may materially and adversely affect ANTAM's business, financial condition, results of operations and prospects.

Laws and regulations may change or be enforced more aggressively.

Mining operations and exploration activities are subject to extensive national, provincial and regency laws and regulations. These relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and rehabilitation, mine safety, toxic substances, transportation safety and emergency response and other matters. For example, in 2014, the Mining Law prohibited the export of raw nickel and bauxite ores; nickel ore exports accounted for 35.9% of ANTAM's total consolidated sales in 2013. See "Management's discussion and analysis of financial condition and results of operations—Results of operations—2014 compared to 2013—Sales."

Compliance with these laws and regulations involve substantial costs. It is possible that the costs, delays and other effects associated with these laws and regulations may impact ANTAM's decision as to whether to continue to operate existing mines, refining and other facilities or whether to proceed with exploration or development of properties. Since legal requirements change from time to time, are subject to interpretation and may be enforced to varying degrees in practice, ANTAM is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Changes in governments, regulations and policies and practices may thus have a material and adverse impact on ANTAM's business, results of operations and financial condition.

Demand from key markets such as Europe, South Korea, Singapore and India may fall.

Approximately 68.8% of ANTAM's total consolidated sales in 2014 was derived from sales to Europe, South Korea, Singapore and India, collectively. These are significant markets for ANTAM and each accounts for a substantial number of its long term customers.

Although ANTAM seeks to enter into long term supply agreements with its key customers, such agreements generally contain provisions that allow its customers to suspend or terminate the contract, or to seek an adjustment in the sales price or liquidated damages due to, depending on the agreement:

- ANTAM being unable to deliver the volume or quality of ferronickel, gold, silver, bauxite or coal specified;
- a termination of any relevant agreement; or
- an event beyond the reasonable control of the affected party, including strikes, riots, breakdown of machinery and changes in governmental regulations.

Although ANTAM has a diverse customer base and no single customer accounts for more than 10% of ANTAM's sales, the collective demand from customers in a key market may substantially fall or disappear or such customers may seek to terminate or materially alter their contracts within the same period. In such event, ANTAM may be unable to find replacement customers, which would materially and adversely affect ANTAM's business, financial condition and results of operations.

The Rupiah may appreciate and reduce ANTAM's export sales.

Substantially all of ANTAM's sales are denominated in US dollars and a substantial portion of its costs, assets and liabilities are denominated in Indonesian Rupiah. As a result, ANTAM's operating results are generally adversely affected when the Rupiah appreciates against the US dollar, and Indonesia has experienced sharp appreciation of the Rupiah in the past. In 2014, based on ANTAM's income and expenses for that year, a 5% appreciation of the Rupiah would have reduced ANTAM's sales by approximately Rp139.2 billion (approximately US\$11.2 million). There is no guarantee that the Rupiah will not appreciate or that it will return to its former level soon after such an appreciation, and this may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM may be unable to minimize the costs agreed with various suppliers and contractors.

As part of ANTAM's aggressive cost-cutting measures at all levels of its operations, ANTAM has reviewed its contracts and entered into discussions with its various mining contractors, transshipment contractors and fuel suppliers, as it regularly does each year, in order to seek further discounts and more favourable terms under the relevant agreements. Although ANTAM believes that it has considerable bargaining power given the size of its operations, there is a limit to ANTAM's ability to renegotiate its various contracts and cut costs. ANTAM may be unsuccessful in such negotiations or achieve limited, if any, cost reductions. ANTAM's failure to maintain a low cost structure and realize savings by renegotiating these contracts may result in ANTAM having higher relative costs and affect its competitiveness, which may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM operates in a capital intensive industry and may be unable to raise necessary capital.

The mining industry is capital intensive and a significant amount of capital expenditure is required to maintain ANTAM's mines, processing plants, jetties and other facilities and equipment. Substantial amounts of capital are likewise required to expand and develop ANTAM's existing facilities and mineral reserves, explore for new reserves, and enter into strategic partnerships and other business opportunities. As part of its cost-cutting measures, ANTAM has obtained an annual deduction from taxable income equal to 5% of capital investment in the Pomalaa plant expansion project from 2015 to 2021 (for a total of 30%) under Ministry of Finance Decree No. 06/KM 3/2014. Nevertheless, there is no assurance that ANTAM, in the future, will be able to raise necessary capital or obtain required financing as and when needed, on favorable terms or at all. There were periods during the recent global financial crisis, for example, when it proved nearly impossible to tap certain financial markets, and volatile markets may make it difficult or impossible for ANTAM to obtain financing. Failure to

obtain additional financing on a timely basis or on acceptable terms may cause ANTAM to postpone development plans, forfeit rights relating to its properties or joint ventures or reduce or terminate its operations, any of which may have a material and adverse impact on ANTAM's business, financial condition and results of operations.

Necessary infrastructure may break down.

Mining, processing, development and exploration activities depend, to a significant degree, on adequate infrastructure. As part of the development of ANTAM's projects, ANTAM will need to construct and support the construction of infrastructure, which includes permanent water supplies, power, maintenance facilities, port and logistics services and access roads. The availability and reliability of port facilities, roads, bridges, power sources and water supplies are important factors that affect capital and operating costs. Such infrastructure may be affected by factors such as unusual weather, sabotage or government or other interference. Breakdowns in necessary infrastructure may disrupt operations or delay transport of raw materials or products. On July 15, 2015, a transformer in the second smelter of ANTAM's Pomalaa ferronickel processing plant was damaged, and ANTAM has reduced this smelter's electrical load and, consequently, its ferronickel production. This damage may negatively and adversely affect ANTAM's total ferronickel production in 2015 until the transformer is completely repaired, and ANTAM may be unable to compensate with its plans to shift production to other smelters or feed higher grade ore to increase production.

Further, ANTAM uses a substantial number of underground mining facilities, which are subject to additional risks including the discovery of unforeseen geological formations, the implementation of new mining processes, delays in obtaining required construction, environmental or operating permits and engineering and mine design adjustments. In 2014, production at ANTAM's Cibiliung gold mine was disrupted by cave ins caused by illegal mining at the mine's surface.

Thus, breakdowns in necessary infrastructure may materially and adversely affect ANTAM's business, financial condition and results of operations.

Key equipment may fail or be unavailable.

ANTAM's business depends on key pieces of drilling equipment and machinery, including excavators, gear boxes and casings, as well as key equipment in its processing facilities. Global demand for mining and processing equipment and machinery has increased significantly. If ANTAM is unable to secure necessary equipment and machinery, ANTAM may suffer interruptions in its operations. In addition, although manufacturers have been increasing their capacity, such capacity increases in the future may not be sufficient to compensate for future increases in demand.

Explosives, primarily made from ammonia, are another key material in ANTAM's exploration and development activities. If the prices for ammonia, or for explosives, increase, ANTAM's costs could increase. Any significant damage to, failure of, or operational difficulties with, the key components of ANTAM's mining, processing or exploration operations, or any significant increase in its costs, whether related to the costs of equipment, spare parts, explosives, or delays in obtaining new and replacement equipment or spare parts, may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM's business is dependent on its ability to obtain, maintain and renew licenses and approvals.

ANTAM requires certain licenses and approvals to operate its business, including its joint venture operations. It believes that it has all necessary licenses and approvals required to conduct its current business operations.

In the future, ANTAM will be required to renew such licenses and approvals as well as acquire additional licenses and approvals. While ANTAM believes that it will be able to obtain or renew such licenses and approvals, as and when required, there can be no assurance that the relevant authorities will issue or renew any of such licenses or approvals in the time frame anticipated by ANTAM or at all. Failure by ANTAM to obtain or renew the required licenses or approvals may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM's operations are subject to unexpected disruptions.

ANTAM's mining and processing operations and its transport of raw materials and products are subject to a number of potential disruptions, which may become protracted, including:

- the risk of fire, explosions, embargos, accidents (including the risk of government-imposed shutdowns as a result of accidents), labor disputes, unexpected geological conditions, mine collapses and environmental hazards;
- inclement weather and natural disasters;
- hazards of maritime operations, such as piracy, capsizing, collision and adverse sea conditions;
- protests by the local community against ANTAM's mines relating to the environment and compensation claims for land acquisition may disrupt its operations;
- changes in geologic conditions;
- barging delays due to river congestion and limited rainfall causing shallow conditions along the key rivers used in ANTAM's operations; and
- limited access to or shortage of available barges for the transportation of ferronickel, nickel ore, gold, silver, bauxite and coal.

ANTAM could incur substantial losses if any of these disruptions occur. ANTAM may face exposure to liability for personal injury or loss of life, damage to property and equipment, liability for environmental damage and clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Customers that experience such losses in their maritime operations may elect to purchase ferronickel, nickel ore, gold, silver, bauxite and coal from other suppliers not subject to these risks.

Mine operators face constant geotechnical challenges.

ANTAM and the mining industry face constant geotechnical challenges following trends toward mining deeper pits and more complex deposits, leading to higher pit walls, more complex underground environments and increased exposure to geotechnical instability. Further, open pits necessarily deepen as a mine's operations expand and mature, and some of ANTAM's mines have been operational for many years. The inability to sufficiently address such geotechnical challenges may materially and adversely affect ANTAM's business, financial condition and results of operations.

Operating costs may substantially increase.

Costs at any particular concession area are subject to variation due to a number of factors, such as changing ore grade, changing metallurgy and revisions to plans in response to the physical shape and location of an ore body. In addition, costs are affected by the price of input commodities, such as fuel, electricity, labor, chemical reagents, explosives, steel and concrete. Commodity costs are, at times, subject to volatile price movements, including increases that could make production at certain

locations less profitable and to changes in laws and regulations affecting their price, use and transport. Reported costs may also be affected by changes in accounting standards. A material increase in costs at any significant location may materially and adversely affect ANTAM's business, financial condition and results of operations.

Mining is inherently hazardous and accidents, including fatal accidents, occur in mines and related facilities.

Mining is an inherently hazardous activity and accidents, including fatal accidents, occur in mines despite multiple safety measures and training instituted by operators. In 2014, ANTAM regrettably had one fatality due to an accident, and experienced two other major and three minor accidents, despite its thrust to operate with a zero fatal accident record as reiterated by its President Commissioner after these incidents. Employees may be hit by large chunks of ore, heavy equipment or collapsing structures, and risks grow as mine pits are made deeper in a more complex or mature mine. Underground mines are subject to additional geotechnical risks and the possibility of cave-ins and floods, and production in ANTAM's Cibiliung gold mine was disrupted in 2014 by cave-ins caused by illegal mining near the mine's surface. Employees frequently handle explosives and toxic substances, such as cyanide which is used to separate gold from ore. There are similar risks in the operation of ANTAM's processing and transport facilities, and accidents may occur in the operation of processing machinery, the loading and unloading of raw materials and products, and the disposal of by-products and waste.

Although ANTAM believes that it has always placed a strong emphasis on safety and proper training at all levels including its Board of Directors, Board of Commissioners and senior management and maintains appropriate insurance policies to protect its employees, there is no guarantee that ANTAM's safety policies and training will successfully prevent major accidents or that accidents of a substantial magnitude will occur in the future, which may materially and adversely affect ANTAM's business, financial condition and results of operations.

In addition to risks inherent in mining, ANTAM faces additional risks because its operations are located on difficult terrain or in various remote areas of Indonesia.

Some of ANTAM's mining operations are located in steep, mountainous terrain in remote areas in Indonesia. These conditions present special engineering and geotechnical difficulties that must be overcome and often require substantial additional infrastructure. In addition, these areas receive considerable rainfall during Indonesia's rainy season, which leads to periodic floods and mudslides. The mine sites are also in an active seismic area and have experienced earth tremors from time to time. In addition to these, ANTAM faces risks inherent in mining, such as the discovery of unexpected geological conditions that may result in cave-ins and flooding of mine areas. ANTAM's insurance may not sufficiently cover losses from these conditions.

Further, ANTAM's mines, processing plants and transport facilities are located in different parts of Indonesia, which exposes ANTAM to adverse natural or man-made events in each of these areas. The occurrence of any of these adverse events may materially and adversely affect ANTAM's business, financial condition and results of operations.

The volume and grade of ore extracted by ANTAM may be less than estimated.

ANTAM's resource and reserve amounts are determined in accordance with the JORC Code, which is in certain jurisdictions an accepted standard for professional reporting purposes, but are only estimates of the geological mineral deposits and, in the case of reserves, those deposits that can be economically and legally recovered. Such estimates are expressions of judgment based on knowledge, experience and industry practice and are by their nature uncertain and subject to many factors beyond

ANTAM's control. In addition, ANTAM's mines may not conform to standard geological expectations. Finally, changes in environmental, health and safety, tax, accounting, securities disclosure and other regulations affect how resource and reserve amounts are reported or at what level extraction is economically feasible.

Because ore bodies do not contain uniform grades of minerals, mining requires continuous process management. ANTAM's metal recovery rates vary from time to time, which result in variations in the volumes of minerals that can be sold from period to period. Some of ANTAM's reserves may become unprofitable to develop if there are unfavourable long-term market price fluctuations in ferronickel and gold principally, or if there are significant increases in ANTAM's operating and capital costs. In addition, ANTAM's exploration programs may not result in the discovery of additional mineral deposits that can be mined profitably, and this risk is increased after ANTAM substantially reduced its exploration budget in 2014 as part of its aggressive cost-cutting measures. Finally, ANTAM's more mature mines may produce ore of a lower grade than previously extracted, and lower gold production in 2014 was in part due to lower grades of gold ore extracted from ANTAM's Pongkor gold mine, which has been operating since 1994 and is reaching the end of its productive life. The extraction of lower volumes or lesser grades of ore than planned, whether due to inaccurate estimates, inherent limitations in certain processes, a change in assumptions regarding economic feasibility or other reasons, may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM's products may fail to meet customers' specifications.

Most of ANTAM's ferronickel and gold are sold pursuant to long term sales contracts, which typically contain detailed product specifications, such as nickel content and the shape of a shot, pellet or ingot in the case of ferronickel. The failure to meet any of these specifications could result in economic penalties including price adjustments, rejection of deliveries, termination of such agreements. Although ANTAM has implemented various quality control processes, substantial failures to meet client product specifications may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM may fail to find new reserves of nickel, gold and bauxite ore.

Mineral reserves are depleted over time and ANTAM will require new sources of nickel, gold and bauxite ore and coal to continue operating and to support its plans to substantially increase its ferronickel and gold production. Exploration for and development of new reserves involves financial risks which may not be eliminated even with a combination of careful evaluation, experience and knowledge.

Few properties where ore bodies are discovered are ultimately developed into productive and commercially feasible mines. Such feasibility is based upon many factors, including the accuracy of reserve estimates; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection; and nickel prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing. Further, ANTAM substantially reduced its exploration budget in 2014 pursuant to aggressive cost-cutting measures. Finally, ANTAM may compete with other mining companies to acquire rights to exploit attractive mining properties.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proved and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis but such estimates are by nature uncertain. ANTAM also conducts feasibility studies which derive estimates of capital and operating costs based upon many factors, including anticipated tonnage and grades of ore to be mined, mine configuration, ground and mining conditions and anticipated environmental and regulatory compliance costs. It is possible that actual costs and economic returns of current and new mining operations may differ materially from

ANTAM's best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. Further, exploration and testing involve substantial expenses that are incurred even if a project is subsequently abandoned due to poor exploration results or the economic infeasibility of extraction even if ore has been located.

ANTAM cannot guarantee that its current exploration and development programs will produce a sufficient number of, or any, productive and commercially feasible mines to replace existing mines that mature and become depleted and support increased processed metal production, which may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM faces intense competition in its export markets.

As an export-oriented company, ANTAM competes in the global commodities markets, in export markets and with producers of ferronickel and gold from around the world. It is thus subject to intense competition and the constant possibility of new producers from anywhere in the world entering the markets it exports to. Historically, ANTAM has exported all of its ferronickel. ANTAM competes against many of the world's leading exporters. ANTAM produces refined gold and as the only London Bullion Market Association accredited gold refinery in Indonesia, has limited competition. ANTAM's new CGA plant has very limited competition because there are very few such plants in Southeast Asia and a limited number in Asia generally. ANTAM competes with other suppliers primarily on the basis of its diversified portfolio of processed metals, consistent product quality, reliable delivery, cost-efficient transportation and shipping to customers, and a proven track record of supplying its various products to customers. ANTAM's inability to maintain its competitive position based on these or other factors may materially and adversely affect its business, financial condition and results of operations.

Transport of ANTAM's products from Indonesia to its customers may be disrupted or become too costly.

Transportation costs represent a significant portion of the full price of products purchased by ANTAM's customers. Transportation costs can vary for a number of reasons, including changes in global demand for commodities, capacities of global shipping fleets and fuel costs. Under the terms of ANTAM's supply agreements, customers typically pay for transportation costs. Nevertheless, undue increases in freight costs could make it uneconomical for certain of ANTAM's customers to purchase its products from Indonesia and cause them to shift to producers from other countries. Disruptions in shipping from Indonesia due to weather, labor strikes, political instability or other reasons may have similar effects. Such transportation issues may materially and adversely affect its business, financial condition and results of operations.

ANTAM may be unable to attract and retain qualified personnel.

Recruiting and retaining qualified personnel is critical to ANTAM's success. The number of persons skilled in the acquisition, exploration and development of mining properties and the operation of processing plants in Indonesia is limited and competition for such personnel is intense both from within and outside Indonesia. The majority of ANTAM's senior management team have been involved in ANTAM's business operations for many years and the loss of key executives could adversely impact ANTAM's business, and key man insurance to mitigate any such loss is unavailable or prohibitively priced. As ANTAM business grows, it will require additional key financial, administrative, plant and mining personnel as well as additional operations staff. There is no guarantee that ANTAM will be able to successfully compete for, attract and retain the personnel it needs in the future. The failure to attract or retain the necessary personnel may materially and adversely affect ANTAM's business, financial condition and results of operations.

In addition, ANTAM's mining and processing operations are labor intensive. ANTAM had 2,721 employees and a further 2,847 temporary workers or contractor employees as of June 30, 2015 (see "*Business—Employees*"). The majority of ANTAM's labor force is represented by its main labor union, the Union of Aneka Tambang Employees (PERPANTAM) or a smaller labor union in Pomalaa, the All Indonesian Workers Union (SPSI). While ANTAM believes that it has, in general, good relations with its employees and unions, ANTAM is subject to union demands for pay rises and increased benefits from time to time. There can be no assurance that work stoppages or other labor-related disputes, demands for increased wages or other terms or other developments will not occur in the future.

ANTAM is reliant on third-party mining contractors.

Contractual disputes with ANTAM's contractors, their inability to comply with contractual obligations or ANTAM's contractors' failure to renew their contracts on acceptable terms or at all could increase ANTAM's costs and disrupt ANTAM's operations and ANTAM's ability to serve its customers in a timely manner. In addition, failure by ANTAM's contractors to comply with applicable laws or ANTAM's Code of Conduct could adversely affect ANTAM's reputation. Any of these may materially and adversely affect ANTAM's business, financial condition and results of operations.

Under the terms of ANTAM's contracts of work, the property in its contract areas could become the property of the Indonesian government.

Under the terms of ANTAM's contracts of work, upon termination of such a contract, all of ANTAM's property located in the relevant contract area must be offered for sale to the Indonesian government. If the government does not accept such offer within the relevant period specified in the contracts of work, ANTAM may sell or otherwise dispose of such property during a certain period. Any property unsold within such period becomes the property of the Indonesian government without any compensation to ANTAM. In addition, any property of the contract of work holder used for public purposes, such as roads, terminals, air strips, schools or hospitals, becomes government property without compensation to ANTAM. ANTAM's failure to recover the value of such property prior to the termination of a contract of work may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM's controlling shareholder, the Indonesian government, exercises significant influence over ANTAM and may have different interests from an investor.

The Indonesian government controls 65% of ANTAM's Shares and further exercises rights not available to other shareholders because it controls the Dwiwarna share. As the controlling shareholder, it has the power to:

- exercise significant influence over ANTAM's business policies and affairs;
- elect a majority of ANTAM's board of directors; and
- determine the outcome of many actions requiring shareholders' approval, including the timing and payment of any future dividends or the approval of a merger or sale of all or substantially all of ANTAM's assets.

ANTAM's controlling shareholder may have other interests and may direct business opportunities to companies outside ANTAM and such companies may compete with ANTAM's business. Further, the government may push ANTAM to undertake social or environmental programs as part of ANTAM's corporate social responsibility initiatives that might otherwise have been performed by a government agency. Undue influence from the government may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM may incur unexpected tax liabilities.

The Indonesian mining industry is subject to various taxes and fees. ANTAM pays, among others, production royalties, land rentals, import and export duties, fees for the use of forest areas, value added taxes, property taxes, income taxes on behalf its various employees, and regional vehicle taxes. ANTAM believes that its financial statements appropriately reflect its assessment of material tax exposures relating to existing tax disputes with Indonesian tax authorities. See “*Business—Litigation.*” It is possible, however, that the Indonesian tax authorities may raise further material challenges to past tax positions taken by ANTAM, issue new regulations or change interpretations of past regulations. These may give rise to unexpected tax liabilities, which may materially and adversely affect ANTAM’s business, financial condition and results of operations.

ANTAM’s mining operations depend on its ability to obtain, maintain and renew land use rights in forestry areas.

Pursuant to Law No. 41 of 1999 on Forestry, as amended by Law No. 19 of 2004 which ratifies Government Regulation in lieu of Law No. 1 of 2004, (“**Forestry Law**”) and related regulations, mining companies must obtain a borrow-use permit from the Ministry of Forestry before conducting mining activities in production or protected areas. A borrow-use permit is valid for a maximum of 20 years from its issuance date and can be extended. Under a recent decree by the Ministry of Forestry on borrow-use permits, the validity of the permit shall be the same as the validity of the operational activity provided for in ANTAM’s mining licenses. If the land in question is managed by a state-owned company such as PT Inhutani (Persero) or PT Perkebunan Nusantara (Persero), a land-use agreement should be entered into prior to the commencement of mining activities. A substantial number of ANTAM’s mining concessions are located in production forest areas. If ANTAM conducts mining activities within production forest areas without a land-use agreement or borrow-use permit, ANTAM and its employees may be subject to administrative and criminal penalties.

In addition, while some of ANTAM’s concession areas are located in areas that are not production forest areas, the government may in the future designate such areas as production forest areas. In the event additional mining areas are so designated, ANTAM will be required to obtain “borrow-use” permits from the Minister of Forestry before commencing mining operations within such areas. There can be no guarantee that ANTAM will be able to obtain such permits promptly or at all.

Finally, the government may declare a moratorium on the issuance of borrow-use permits or other permits for conducting mining or related activities in forest areas in which ANTAM’s mines are located. Such a moratorium, if declared, could result in a significant or complete loss of use of the relevant concession areas which have not been granted a borrow-use permit or other license by the relevant government institution. Any of these may materially and adversely affect ANTAM’s business, financial condition and results of operations.

ANTAM may incur significant environmental compliance costs.

ANTAM’s mining operations involve water use, disposal of overburden, creation of runoff, stockpiles, overburden and top soil storage piles and discharge of emissions, which could adversely affect the environment. ANTAM’s processing operations likewise generate pollution and by-products, including toxic by-products. For example, ferronickel processing produces slag and gold refining produces tailings. ANTAM is subject to Indonesian national and regional environmental, health and safety laws, forestry laws and other legal requirements. These laws govern the discharge of substances into the air and water, the management and disposal of hazardous substances and wastes, site clean-up, groundwater quality and availability, plant and wildlife protection, reclamation and rehabilitation of mining properties after mining is completed and the restriction of open-cut mining activities in conserved forest areas. ANTAM is required to submit an environmental impact analysis for approval by the government before ANTAM may undertake certain mining activities and increase ANTAM’s production capacity. ANTAM incurs significant costs complying with these laws. In addition, ANTAM

may be required to bear substantial costs as a result of violations of, liabilities under or changes in environmental, health and safety laws. Furthermore, ANTAM's contract of work may be suspended if there is evidence of serious failure to meet environmental standards, or withdrawn permanently in the event of extreme failures.

Closing a mine and restoring the surrounding area entails certain procedures and expenditures. On February 28, 2014, the MEMR issued the MEMR Regulation No. 07 of 2014 concerning the Implementation of Reclamation and Post-mining on Mineral and Mining Activities ("**MEMR Regulation 07**"), ANTAM is required to subject a reclamation plan and post mining plan to the MEMR. Any reclamation plan and post mining plan of a company that has been approved prior to the enactment of MEMR Regulation 07 shall remain valid, but must be adjusted to comply with MEMR Regulation 07 no later than one year following the enactment of MEMR Regulation 07. The impact of ANTAM's mining and processing operations on the environment may be materially greater than it anticipates or may breach Indonesian environmental laws. In addition, the requirements for compliance and remediation may be materially increased by new laws or changes in the interpretation or implementation of existing laws. ANTAM may experience difficulties in complying with any new environmental requirements, which ANTAM expects to become stricter over time. Any material increase in the costs of environmental compliance and remediation, or the occurrence of a major environmental accident at ANTAM's mines or facilities may materially and adversely affect ANTAM's business, financial condition and results of operations.

Illegal miners and miners with permits that conflict with ANTAM's mining business licenses may disrupt ANTAM's operations.

Unauthorized extraction and removal of minerals from mining concession areas is a common problem in Indonesia. Illegal mining in Indonesia has increased due to increases in market prices for commodities, notwithstanding recent declines in certain prices, and increased black market demand for mineral products. Illegal mining may cause other disruptions. For example, in 2014, production in ANTAM's Cibaliung gold mine was disrupted by cave-ins caused by illegal mining near the mine's surface.

In addition, the decentralization of the central government's authority and weakened control over regional activities in recent years has led to local and regional governments issuing permits which conflict with existing contracts of work. Further, central government ministries (other than the MEMR) may issue licenses for certain land uses which may conflict with ANTAM's mining activities and concession area. For example, ANTAM's IUP concession of 16,920 hectares located in Mandiodo, North Konawe, South East Sulawesi, overlaps with certain other concessions. ANTAM is currently applying for a Clear and Clean (CnC) certificate from the central government regarding its own concession to resolve this issue.

Illegal mining within ANTAM's concessions for its mines may increase in the future. ANTAM may be unsuccessful in invalidating permits that conflict with its contract of work. These may materially and adversely affect ANTAM's business, financial condition and results of operations.

Failure by ANTAM, its employees, its contractors and its counterparties to comply with ANTAM's Code of Ethics may result in fines and adversely affect its reputation.

ANTAM adheres to its Code of Ethics, which all employees are required to sign and acknowledge. ANTAM's Code of Ethics imposes standards on its employees and ANTAM for complying with rules relating to business conduct including fraud, bribery and corruption. ANTAM further requires its contractors and counterparties to comply with its Code of Ethics before doing business with ANTAM. Failure to comply with the Code of Ethics may result in fines by regulators or stock exchanges in Indonesia and Australia, and may materially and adversely affect ANTAM's business, financial condition and results of operations.

Certain information contained herein is derived from unofficial publications.

Certain information in this Prospectus, the industry in which ANTAM's business competes and the markets in which ANTAM develops its business and operations, including statistics relating to market size, is derived from various government and private publications, particularly the AME Report.

RISKS RELATING TO INDONESIA

ANTAM is incorporated in Indonesia. All of their commissioners, directors and officers are based in Indonesia and substantially all of their assets and operations are located in Indonesia. Political, economic, legal, social and geological conditions in Indonesia could materially and adversely affect ANTAM's business.

Political and social instability in Indonesia may adversely affect ANTAM.

Since President Soeharto's regime ended in 1998, Indonesia has experienced a process of democratic change, which on occasion has resulted in political instability and social and civil unrest.

Since 2000, thousands of Indonesians have participated in demonstrations throughout the country for and against individual politicians and in response to specific issues, including fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy and the American-led military campaigns in Afghanistan and Iraq. Some of these demonstrations turned violent. In 2001, demonstrations and strikes affected at least 19 cities after the Government mandated a 30% increase in fuel prices. Similar demonstrations occurred in 2003, when the Government again tried to increase fuel prices, as well as electricity rates and telephone charges. In both instances, the Government was forced to drop or substantially reduce the proposed increases. In March 2005, the Government implemented a 29% increase in fuel prices. In October 2005, the Government implemented a new policy that resulted in a 120% increase in fuel prices. Several mass protests were organized in opposition to the increases. In March 2012, the House of Representatives approved an amendment to the Indonesian state budget for 2012 that authorized the Government to adjust fuel prices if the average price of Indonesian crude oil increases or decreases by more than 15% from the international oil price assumed in the Indonesian state budget for 2012. In June 2013, the Government increased fuel price by a further 44%.

Separatist movements and clashes between religious and ethnic groups have resulted in social and civil unrest in parts of Indonesia. In the provinces of Aceh and Papua, there have been clashes between supporters of separatist movements and the Indonesian military. In Papua, continued activity by separatist rebels has led to violent incidents, in the province of Maluku, clashes between religious groups have resulted in casualties and displaced persons, and in the province of Kalimantan, clashes between ethnic groups have produced fatalities and refugees over the past several years. There have also been many allegations of human rights violations, including by high-ranking military personnel, and demonstrations against the Government's perceived failure to prosecute human rights violations more vigorously.

Indonesia has held direct elections since 2004. Political campaigns in Indonesia may increase political and social uncertainty. Political and social unrest may also occur if the results of elections are disputed or unpopular. The most recent Indonesian presidential election was held on July 9, 2014, the results of which were announced on July 22, 2014 by the General Elections Commission (*Komisi Pemilihan Umum* or KPU). The new president and vice-president were inaugurated on October 20, 2014 for a term of five years.

Political and social developments in Indonesia have been unpredictable in the past and as a result, confidence in the Indonesian economy has remained low. Any resurgence of political instability may adversely affect the Indonesian economy and disrupt ANTAM's operations in one or more of its mines or facilities, which may materially and adversely affect ANTAM's business, financial condition and results of operations.

ANTAM may fail to maintain satisfactory labor relations.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the government issued Law No. 21 of 2000 regarding labor union, which allows employees to form unions without intervention from an employer, the government, a political party or any other party. In February 2003, a committee of the Indonesian parliament, the People's Representative Council, *Dewan Perwakilan Rakyat* (“DPR”) passed Law No. 13 of 2003 (“**Labor Law**”) which, among other things, increased the amount of severance, service and compensation payments to terminated employees. The Labor Law took effect in March 2003 and requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires companies with 50 or more employees to establish bipartite forums with participation from employers and employees and the participation of more than 50% of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Under the Labor Law, employees who voluntarily resign are also entitled to payments for, among other things, (i) unclaimed annual leave; and (ii) relocation expenses. Employees have the right to refuse to continue their employment if there is a change of status, change of ownership, merger or consolidation of a company. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare the Labor Law unconstitutional and order the government to revoke it. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions including (i) the procedures for termination of employment of an employee who commits a serious mistake, (ii) criminal sanctions against an employee who instigates or participates in an illegal labor strike whether in the form of imprisonment or monetary penalty, (iii) for labor unions in companies which have more than one labor union, the need for more than 50% employee representation before such labor unions are eligible to conduct negotiations with the employer, (iv) the ability to have outsourcing arrangements with fixed term employment contracts that do not contain provisions that protect outsourced employees upon the replacement of the outsourcing company, and (v) the statutory time limit for workers to demand severance package entitlements, in which case ANTAM may not be able to rely on certain provisions of the Labor Law.

Labor unrest and activism in Indonesia may disrupt ANTAM's operations or those of ANTAM's suppliers or contractors and affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the IDX and the value of the Rupiah relative to other currencies.

ANTAM's mining and processing operations are labor intensive. ANTAM had 2,721 employees and a further 2,847 temporary workers or contractor employees as of June 30, 2015 (see “*Business—Employees*”). The majority of ANTAM's labor force is represented by its main labor union, the Union of Aneka Tambang Employees (PERPANTAM) or a smaller labor union in Pomalaa, the All Indonesian Workers Union (SPSI). While ANTAM believes that it has, in general, good relations with its employees and unions, ANTAM is subject to union demands for pay rises and increased benefits from time to time. There can be no assurance that work stoppages or other labor-related disputes, demands for increased wages or other terms or other developments will not occur in the future. Labor-related disruptions may materially and adversely affect ANTAM's business, financial condition and results of operations.

The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect ANTAM.

During the administration of former President Soeharto, the central government controlled almost all aspects of national and regional administration. Following the end of his administration, the government enacted a number of laws to increase regional autonomy. See “*Regulation of the Indonesian Mining Industry—Regional government law.*” Under these laws, regional governments

have greater powers and responsibilities over the use of national assets and to create a more balanced and equitable financial relationship with the central government. Regional governments have been allowed to impose taxes and other charges on contractors, notwithstanding the terms of contract of work which disallow such local taxes and charges.

This decentralization of power has created uncertainties, including with respect to the validity, scope, interpretation and application of the Mining Law, in part due to the lack of implementing regulations for the Mining Law and the regional autonomy laws or regulations and a lack of government infrastructure with mineral sector experience at some regional government levels. ANTAM cannot clearly ascertain the impact of the regional autonomy laws on the powers of MEMR and the regional governments for the grant of coal contracts of work and other mining licenses and approvals, and on the supervision of mining activities. Moreover, limited precedent or other guidance exists on the interpretation and implementation of the regional autonomy laws. This uncertainty has increased the risks, and may increase the costs, involved in mining activities in Indonesia.

The regional government where ANTAM's concession is located could adopt regulations, or interpret or implement the regional autonomy laws in a manner that conflicts with ANTAM's rights under ANTAM's mining business licenses or otherwise adversely affect ANTAM's operations. Any new regulations, and the interpretation and implementation of those new regulations, including those concerning the Mining Law, may differ materially from the legislative and regulatory framework of the Mining Law and ANTAM's current interpretation and implementation. ANTAM may also face conflicting claims between the central government and regional governments regarding, among others, jurisdiction over ANTAM's operations, claims for participating interests in ANTAM's mining operations, and new or increased local taxes or additional concessions. Any of these conflicts may materially and adversely affect ANTAM's business, financial condition and results of operations.

Indonesia is located in an earthquake zone and is subject to significant geological risk that could lead to social unrest and economic loss.

Indonesia is located in one of the most volcanically active regions in the world and is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis or tidal waves. In December 2004, an underwater earthquake off the coast of Sumatra created a tsunami that devastated coastal communities in Indonesia, Thailand and Sri Lanka and caused billions of US dollars in damages. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster. In May 2006, a 6.3 magnitude earthquake struck roughly 30 miles southwest of Mount Merapi, killing more than 6,000 people and leaving more than 200,000 people homeless in the Yogyakarta region. In July 2006, a 7.7 magnitude earthquake struck approximately 220 miles south of Jakarta and the resulting tsunami killed more than 500 people and left more than 35,000 people homeless. In September and October 2009, a series of earthquakes ranging in magnitude of up to 7.6 struck various parts of Indonesia. In October 2010, an earthquake of magnitude 7.7 struck the Mentawai Islands, off the coast of West Sumatra, which triggered a tsunami which killed more than 450 people. More recently, beginning in October 2010, a series of eruptions of Mount Merapi, a volcano located on Java, are believed to have killed more than 380 people.

The government has had to expend significant amounts of resources on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. However, such aid may not continue to be forthcoming or delivered to recipients on a timely basis. If the government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts could strain the government's finances and may adversely affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the government, or declaration by it of a moratorium on its sovereign debt, could potentially trigger an event of default under numerous private-sector borrowings including ANTAM's, thereby materially and adversely affecting ANTAM.

ANTAM cannot assure that adverse geological or meteorological occurrences will not occur in the future and impact the Indonesian economy. A significant earthquake, other geological disturbance or weather related natural disaster in any of Indonesia's more populated cities and financial centres could severely disrupt the Indonesian economy and undermine investor confidence, which may materially and adversely affect ANTAM's business, financial condition and results of operations.

Terrorist activities in Indonesia have led to substantial and continuing economic and social volatility.

In recent years, there have been various bombing incidents directed toward the government and foreign governments, and public and commercial buildings frequented by foreigners. In October 2002, more than 200 people were killed in a bombing in Bali. In August 2003, a bomb exploded at the JW Marriott Hotel in Jakarta, killing at least 13 people and injuring 149 others. In September 2004, a car bomb exploded at the Australian Embassy in Jakarta, killing more than six people. In May 2005, bomb blasts in Sulawesi killed at least 21 people and injured at least 60 people. In October 2005, bomb blasts in Bali killed at least 23 people and injured at least 101 others. Most recently, in July 2009, bomb blasts at the JW Marriott Hotel and Ritz-Carlton Hotel in Jakarta killed a total of nine people and wounded 53 people. Indonesian, Australian and US government officials have indicated that these bombings may be linked to an international terrorist organization. Demonstrations have also taken place in Indonesia in response to the US-led military actions in Iraq and Afghanistan.

Further terrorist acts could destabilize Indonesia, thereby adversely affecting investor confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and in turn ANTAM's business.

Although terrorist acts have not in the past targeted the Indonesian mining industry or ANTAM's assets and customers, there can be no assurance that terrorists will not do so in the future. ANTAM's current insurance coverage does not include losses resulting from terrorist attacks. Any terrorist attack, including damage to ANTAM's infrastructure, could disrupt parts of ANTAM's operations and materially and adversely affect ANTAM's business, financial condition and results of operations, as well as reduce investor confidence in Indonesia.

An epidemic or outbreak of a highly contagious disease may disrupt ANTAM's operations.

ANTAM's operations may be adversely affected by an outbreak or fear of an outbreak of avian influenza, Influenza A ("H1N1") virus, Middle East Respiratory Syndrome ("MERS") or other epidemics.

During the last three years, large parts of Asia experienced unprecedented outbreaks of avian influenza. As of February 2, 2011, the World Health Organization ("WHO") had confirmed a total of 306 fatalities in a total number of 519 cases reported to the WHO, which only reports laboratory confirmed cases of avian influenza. Of these, the Indonesian Ministry of Health reported to the WHO 141 fatalities in a total number of 171 cases of avian influenza in Indonesia. In addition, the WHO announced in June 2006 that human-to-human transmission of avian influenza had been confirmed in Sumatra, Indonesia. No fully effective avian influenza vaccines have been developed and an effective vaccine may not be discovered in time to protect against the potential avian influenza pandemic if another outbreak were to occur.

In April 2009, an H1N1 outbreak originated in Mexico but spread globally, with confirmed reports in Hong Kong, Indonesia, Japan, Malaysia, Singapore and elsewhere in Asia.

In 2014, isolated cases of the Ebola virus, which surfaced primarily in remote villages in Central and West Africa, were observed outside Africa. Ebola is an infectious and generally fatal disease marked by fever and severe internal bleeding.

MERS, which originated in Saudi Arabia in 2012, recently spread globally and resulted in several deaths, with cases confirmed in Saudi Arabia, Jordan, Qatar, Egypt, the United Arab Emirates, Kuwait, Turkey, Oman, Algeria, Bangladesh, Austria, the United Kingdom, South Korea, the United States, China, Thailand, and the Philippines. In May 2015, a MERS outbreak in Seoul, South Korea resulted in 33 deaths, 182 cases of infection and the quarantine of 2,600 people. The virus spread through contact in healthcare facilities and raised concerns in East and South East Asian countries.

Although no MERS or Ebola cases have been confirmed in Indonesia, these and other highly contagious diseases may spread to Indonesia through an Indonesian returning from the Middle East from an umrah (minor haj pilgrimage). More generally, Indonesia is becoming an increasingly important business and tourism destination. An actual or perceived outbreak of avian influenza, H1N1, MERS, Ebola or a similar highly contagious disease, or failure of measures taken by Indonesia and other affected countries may disrupt ANTAM's operations and undermine investor confidence in Indonesia, thereby materially and adversely affecting ANTAM's business, financial condition and results of operations.

Domestic, regional or global economic changes may adversely affect ANTAM's business.

Indonesia's economy was significantly affected by the Asian financial crisis of 1997. The crisis was characterized in Indonesia by, among other effects, currency depreciation, a significant decline in real gross domestic product ("GDP"), high interest rates, social unrest and extraordinary political developments. The economic crisis resulted in the failure of many Indonesian companies to repay their debts when due. As a result of the crisis, Indonesia entered into a recessionary phase with relatively low levels of growth between 1999 to 2002. All these conditions also had a material adverse effect on Indonesian businesses, including ANTAM's business and financial condition. The rate of growth has stabilized at higher levels in recent years, from 6.2% in 2012 to 5.7% in 2013.

More recently, the global financial crisis, which was triggered in part by the subprime mortgage crisis in the United States, caused failures of large US financial institutions and rapidly evolved into a global credit crisis. Consequently, unemployment in developed markets around the world increased and some major companies experienced significantly diminished results and, in some cases, bankruptcy or a significant threat of bankruptcy. These extremely negative economic developments have adversely affected both developed economies and developing markets, including Indonesia and other Association of Southeast Asian Nations ("ASEAN") countries.

Indonesia's economy was also significantly affected by the global economic crisis that began in late 2008. The resulting adverse financial developments were characterized by, among other things a shortage in the availability of credit, a reduction in foreign direct investment, the failure of global financial institutions, a drop in global stock markets, a slowdown in global economic growth and a drop in demand for certain commodities. Indonesia faced a decline in its rate of growth to 6.10% in 2008 and 4.55% in 2009. Further, while the global economy has grown since 2010, the recent speculation regarding the inability of certain European countries to pay their national debts, the response by Eurozone policy makers to mitigate this sovereign debt crisis and the concerns regarding the stability of the Eurozone currency have created additional economic uncertainty worldwide.

Indonesia and other ASEAN countries have been negatively affected, along with developing market countries globally, by the unprecedented financial and economic conditions in developed markets. Although the Government has taken many steps to improve these unprecedented conditions, with the aim of maintaining economic stability and public confidence in the Indonesian economy, continuation of these unprecedented conditions may negatively impact economic growth, the Government's fiscal position, the Rupiah's exchange rate and other facets of the Indonesian economy. In addition, the Government continues to have a large fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile with poor liquidity, and the banking sector suffers from high levels of non-performing loans. If the economy continues to be volatile or declines, Indonesia's economic growth, its fiscal position, the Rupiah's exchange rate and other facets of its economy may be negatively affected.

The economic difficulties faced by Indonesia during the Asian economic crisis that began in 1997 resulted in, among other things, volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. There can be no assurance that the recent improvement in economic conditions will continue or the previous adverse economic condition in Indonesia and the rest of the Asia-Pacific region will not occur in the future. In particular, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the international and Indonesian financial markets and inhibit or reverse the growth of the global economy and the Indonesian economy.

There can be no assurance that the recent improvement in Indonesia's economic condition will be maintained. In particular, any changes in the regional or global economic environment that result in a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the Indonesian financial markets and inhibit or reverse the growth of the Indonesian economy. Any such increased volatility, slowdown or negative growth may materially and adversely affecting ANTAM's business, financial condition and results of operations.

Regional autonomy may adversely affect ANTAM's business through imposition of local restrictions, taxes and levies.

Indonesia is a large and diverse nation covering a multitude of ethnicities, languages, traditions and customs. During the administration of former-President Soeharto, the central Government controlled and exercised decision-making authorities on almost all aspects of national and regional administration, including the allocation of revenues generated from extraction of national resources in the various regions. This control led to a demand for greater regional autonomy, in particular with respect to the management of local economic and financial resources. In response to such demand, the Indonesian parliament in 1999 passed Law No. 22 of 1999 regarding Regional Government ("**Law No. 22/1999**") and Law No. 25 of 1999 regarding Fiscal Balance between the Central and the Regional Governments ("**Law No. 25/1999**"). Law No. 22/1999 was later replaced by Law No. 23 of 2014 (as amended by Law No. 2 of 2015 which ratifies Government Regulation in lieu of Law No. 2 of 2014). Law No. 25/1999 has been revoked and replaced by Law No. 33 of 2004 regarding the Fiscal Balance between the Central and the Regional Governments, respectively. Under these regional autonomy laws, regional autonomy was expected to give the regional governments greater powers and responsibilities over the use of "*national assets*" and to create a balanced and equitable financial relationship between central and regional governments. However, under the pretext of regional autonomy, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the central government. ANTAM's business and operations are located throughout Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

Obligations arising under the Currency Law may affect ANTAM.

On June 28, 2011, the government of Indonesia enacted Law Number 7 of 2011 on the National Currency (the "**Currency Law**"). Article 21(1) of the Currency Law requires the mandatory use of the Rupiah in each transaction that is intended as a payment, to settle other obligations that must be fulfilled with money and in other financial transactions conducted within Indonesia. Article 23 further prohibits any party from refusing to accept Rupiah as payment or in fulfillment of its obligations, which must be satisfied in Rupiah, and for other financial transactions in Indonesia except where there is doubt as to the authenticity of the Rupiah paid. Article 21(2) contains certain exceptions to the mandatory use of Rupiah including for international trade transactions, foreign currency bank deposits and international financing transactions. Article 23(2) contains an additional exemption from the mandatory use of Rupiah where payments or settlements of obligations in foreign currencies have been agreed in writing.

Pursuant to Law No. 23 of 1995 concerning Bank Indonesia (“BI”) (as most recently amended by Law No. 6 of 2009), BI has the authority to regulate the mandatory use of Rupiah in each transaction. Therefore in March 31, 2015, BI issued Bank Indonesia Regulation (*Peraturan Bank Indonesia* or PBI) No. 17/3/PBI/2015 (“**PBI No. 17/2015**”) which regulates the mandatory use of Rupiah within Indonesia. See “*Exchange Rates and Exchange Controls — Currency Law*”.

ANTAM has payment obligations denominated in US dollars under certain agreements. If ANTAM is required by the Currency Law, including amendments to or new regulations implementing the Currency Law, to make such payments in Rupiah, ANTAM may be in breach of its payment obligations under these contracts. There can be no assurance that the Currency Law will not materially and adversely affect ANTAM’s contractual obligations denominated in US dollars within Indonesia.

The Indonesian legal system is subject to considerable discretion and uncertainty.

Indonesian legal principles or their practical implementation by Indonesian courts differ materially from those that would apply in other jurisdictions, such as the European Union. Indonesia’s legal system is a civil law system based on written statutes as well as judicial and administrative decisions that do not constitute binding precedent and are not systematically published. Indonesia’s commercial and civil laws were historically based on Dutch law as in effect prior to Indonesia’s independence in 1945, and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian law depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict.

Indonesian judges operate in an inquisitorial system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit a clear articulation of the legal and factual analysis of the issues presented in a case. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources. ANTAM’s ability to enforce contracts or defend itself in lawsuits (See “*Business — Litigation*”) may be restricted by these factors, which may materially and adversely affect ANTAM’s business, financial condition and results of operations.

Judgments of a foreign court will not be enforceable against ANTAM in Indonesia.

ANTAM is a limited liability company incorporated under the laws of Indonesia. Most of ANTAM’s commissioners, directors and executive officers reside in Indonesia. In addition, most of ANTAM’s assets and most of the assets of such persons are located in Indonesia. Holders of rights may be required to pursue claims against ANTAM in Indonesia under Indonesian law. Re-examination of the issue in a new trial would be required before an Indonesian court in order to enforce a foreign judgment in Indonesia. The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of foreign shareholders and investors in the same manner or to the same extent as would courts in more developed countries.

Indonesian corporate and other disclosure and accounting standards differ from those in other jurisdictions.

The historical consolidated financial statements of ANTAM presented in this Prospectus have been prepared in accordance with IFAS. Those consolidated financial statements and financial information have been prepared using the Indonesian Rupiah as the reporting currency of ANTAM with a convenience translation only to US dollars of financial information for certain periods. There could

be significant differences between IFAS and IFRS, as applied to ANTAM. This Prospectus does not describe all of the differences between IFRS nor reconcile the IFAS financial statements to IFRS. There can be no assurance that such reconciliation, if performed, would not reveal material differences.

Investors may be subject to limitations on minority shareholders rights.

The obligations under Indonesian law of majority shareholders, commissioners and directors with respect to minority shareholders may be more limited than those in certain other countries. Consequently, minority shareholders may not be able to protect their interests under current Indonesian law to the same extent as in certain other countries.

An investor's rights as a shareholder may also be adversely affected by the Government's ownership of ANTAM. Principles of corporate law relating to such matters as the validity of corporate procedures, the fiduciary duties of ANTAM's management, directors, commissioners and controlling shareholders and the rights of ANTAM's minority shareholders are governed by Indonesian law and ANTAM's Articles of Association. Such principles of law differ from those that would apply if ANTAM were incorporated in other jurisdictions. In particular, concepts relating to the fiduciary duties of management are untested in Indonesian courts. Derivative actions have almost never been brought on behalf of companies or been tested in Indonesian courts, and minority shareholders' rights have only been defined since 1995 and are unproven in practice. Accordingly, ANTAM cannot assure investors that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

Corporate governance and disclosure standards in Indonesia may differ from those in certain other countries.

Corporate governance standards in Indonesia differ from those applicable in other jurisdictions in significant ways including the independence of the Board of Directors, the Board of Commissioners and the audit committee, and internal and external reporting standards. Accordingly, the directors and commissioners of Indonesian companies may be more likely to have interests that conflict with the interests of shareholders generally, which may result in them taking actions that are contrary to the interests of shareholders.

Further, the IDX and OJK have different reporting standards than securities exchanges and regulatory regimes in the United Kingdom and many other countries, although ANTAM is also listed on the ASX. There is a difference between the level of regulation and monitoring of the Indonesian securities markets and the activities of investors, brokers and other participants than that of markets in other developed economies. OJK and the IDX are the Indonesian governmental securities regulator and Indonesian securities exchange, respectively, that are responsible for improving disclosure and other regulatory standards for the Indonesian securities markets. OJK has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indonesian companies and Australia-listed companies than is regularly made available by public companies in other countries. As a result, a shareholder or investor may not receive the same amount of information or receive information with the same frequency as an investor may for companies listed in the United Kingdom and many other countries.

Downgrades of credit ratings of Indonesia and Indonesian companies may materially and adversely affect ANTAM.

In 1997, certain rating agencies, including Moody's Investors Service, Inc. ("**Moody's**"), Standard & Poor's Ratings Group ("**Standard & Poor's**") and Fitch Ratings ("**Fitch**") downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Indonesian Government and a large number of Indonesian banks and other companies. Indonesia's sovereign foreign currency long-term debt is currently rated "Ba2" by Moody's, "BB" by Standard & Poor's and "BB+" by Fitch, and its short-term foreign currency debt is rated "B" by Standard & Poor's and Fitch. These ratings

reflect an assessment of the government's overall financial capacity and willingness to pay its obligations as they become due. No assurance can be given that Moody's, Standard & Poor's, Fitch or any other statistical rating organization will not downgrade the credit ratings of Indonesia or Indonesian companies, or that even investment grade instruments will not fall into default. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Indonesian government and Indonesian companies, including ANTAM, to raise additional financing, the interest rates and other commercial terms at which such additional financing is available and may materially and adversely affect ANTAM's business, financial condition and results of operations.

RISKS RELATING TO OWNERSHIP OF ANTAM'S SHARES

ANTAM may fail to obtain government approval for its increase in issued and paid-up capital for the Rights Issue.

MEMR Regulation No. 27 of 2013 requires certain MEMR approval before any amendment to the articles of association of any IUP holder to become effective. See "*Regulation of the Indonesian Mining Industry — Mining Law*" for details. ANTAM will amend its articles of association to increase its issued and paid-up capital as a result of the Rights Issue. Although the government owns 65% of ANTAM's shares and ANTAM is not aware of any reason why approval would be withheld, there is no guarantee that the required approval will be obtained.

The trading price of the Shares has been, and may continue to be, volatile.

The trading price of the Shares has been, and may continue to be, subject to large fluctuations. The price of ANTAM's Shares, including the Rights Shares, may increase or decrease in response to a number of events and factors, including perceptions of ANTAM's business prospects, ANTAM's results of operations, factors affecting the Indonesian mining industry in general or ANTAM in particular, government regulation, economic conditions in Indonesia, changes in accounting policies and other factors discussed in this Prospectus.

The right to participate in ANTAM's rights issues could be limited, which would cause dilution to holdings.

To the extent that ANTAM offers its shareholders rights to purchase or subscribe for Shares or otherwise distribute Shares to ANTAM's shareholders, US holders will be unable to exercise such rights for ANTAM's Shares unless a registration statement under the Securities Act is effective or exemption from registration under the Securities Act is available.

Whenever ANTAM make a rights or similar offering of ANTAM's Shares, ANTAM will evaluate the costs and potential liabilities associated with, and ANTAM's ability to comply with, US regulations, for any such registration statement and any other factors ANTAM considers appropriate. However, ANTAM does not currently expect to file any such registration statement. If ANTAM does not file a registration statement and no exemption from registration under the Securities Act is available, then US holders of ANTAM's Shares would be unable to participate in rights or similar offerings and would suffer dilution of their shareholdings. Also, there may be similar restrictions in other jurisdictions that affect ANTAM's ability to offer rights and make other share offerings in these jurisdictions.

Consequently, ANTAM cannot assure an investor that it will be able to maintain an investor's proportional equity interests in ANTAM. Because rights issues in Indonesia generally enable participants to purchase shares at a discount to the recent trading price, an investor's inability to participate could cause an investor material economic harm.

Exchange fluctuations may have a material adverse effect on the value of the Shares and any dividend distribution.

The Shares are denominated and are quoted in Rupiah on the IDX. Dividends (if any) with respect to the Shares will be declared and paid in Rupiah and proceeds from on-market sales of the Shares will be received in Rupiah. If a shareholder wishes to receive such dividend or proceeds in a currency other than Rupiah it will be required to convert the Rupiah. Fluctuations in the exchange rates between the Rupiah and any selected foreign currency will affect the foreign currency value of the dividends received and any sale proceeds. In addition, foreign exchange rules may be imposed which prevent or restrict the conversion of Rupiah to any foreign currency. Dividends may also be subject to Indonesian withholding tax

Indonesian law contains provisions that could discourage a takeover of ANTAM.

Under Indonesian capital market regulations, if there is any change in control of an Indonesian public company, which would require the consent of the government as the holder of the Dwiwarna share (see — “*ANTAM's controlling shareholder, the Indonesian government, exercises significant influence over ANTAM and may have different interests from an investor.*”), the new controlling party must carry out a tender offer for the remaining shares (public shares, not including shares of certain shareholders, such as the other controlling shareholders, if any, and principal shareholders, if any). Under BAPEPAM-LK Regulation No. IX.H.1, Attachment to the Decision of the Chairman of BAPEPAM-LK No. KEP-264/BL/2011 dated May 31, 2011 regarding Takeover of Public Companies, a takeover of a public company is defined as an action which directly or indirectly changes the controlling party of that public company. A controlling party of a public company is defined as a person who:

- owns more than 50% of the total issued capital of the public company; or
- has direct or indirect ability to determine (by any means possible) the management and/or policy of the public company.

If, as a result of such mandatory tender offer, the new controlling party holds more than 80% of the public company's total paid up capital, to ensure that the public continues to hold at least 20% of the capital of the public company, the regulations require the new controlling party to divest (refloat) some of its shares to ensure that the public shareholding is at least 20% of the total capital and is held by at least 300 shareholders in the public company within two years after completion of the mandatory tender offer. If, as a result of a takeover, the new controlling party has more than 80% of the total paid up capital of a public company, there is an obligation to divest the shares obtained from the mandatory tender offer and have at least 300 shareholders within two years after completion of the mandatory tender offer.

Although such take-over provisions are intended to protect the interests of shareholders by requiring any acquisitions of the Shares that may involve or threaten a change in control to also be extended to all shareholders on the same terms, these provisions may discourage or prevent such transactions from taking place at all. Some of ANTAM's shareholders, which may include you, may therefore be disadvantaged as a transaction of that kind might have allowed the sale of shares at a price above the market price.

A shareholder may be unable to effect service of process or enforce judgments on ANTAM outside Indonesia.

ANTAM is a limited liability company incorporated in Indonesia and substantially all of ANTAM's branches and operations are located in Indonesia. In addition, all of ANTAM's Commissioners and Directors reside in Indonesia and a substantial portion of the assets of such persons is located in Indonesia. As a result, it may be difficult for investors to effect service of process, or enforce judgments, on ANTAM or such persons outside Indonesia, or to enforce against ANTAM or such persons outside Indonesia, judgments obtained in non-Indonesian courts.

ANTAM has been advised by its Indonesian legal advisor that judgments of non-Indonesian courts, including judgments predicated upon the civil liability provisions of non-Indonesian securities laws could be admissible as evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate, in its sole discretion. There is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability provisions of non-Indonesian securities laws. As a result, the claimant would be required to pursue claims against ANTAM or such persons in Indonesian courts. The claims and remedies available under Indonesian law may not be as extensive as those available in non-Indonesian jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of investors in the same manner or to the same extent as would non-Indonesian courts.

The regulations governing Indonesian securities markets differ from those in other markets, which may cause the market price of ANTAM's Shares to be more volatile.

Indonesian securities markets are less liquid and relatively more volatile compared to securities markets in certain other countries. The IDX, on which ANTAM's Shares are listed, and on which ANTAM's Rights and Rights Shares will also be listed, has in the past experienced substantial fluctuations in the prices of listed securities. The IDX has experienced some problems which, were they to continue or recur, could affect the market price and liquidity of the securities of Indonesian companies, including ANTAM's Shares. These problems have included closures of exchanges, broker defaults and strikes, settlement delays, and the bombing of the IDX building. In addition, the governing bodies of Indonesian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. The levels of regulation and monitoring of the Indonesian securities markets and the activities of investors, brokers and other market participants are not the same as in certain other countries. In addition, the ability to sell and settle trades on the IDX may be subject to delays. In light of the foregoing, there can be no assurance that a holder of ANTAM's Shares will be able to dispose of its Shares at the prices or times that would be available to such holder in a more liquid or less volatile market. Any of these factors could adversely affect the trading price of the Rights Shares.

Indonesian law may operate differently from the laws of other jurisdictions with regards to the convening of, and the right of shareholders to attend and vote at, general meetings of shareholders.

ANTAM is subject to Indonesian law and the continuing listing requirements of both the IDX and the ASX. In particular, although ANTAM is subject to certain corporate governance requirements under the ASX, the convening and conduct of general meetings of ANTAM's shareholders will continue to be governed by Indonesian law. The procedure and notice periods in relation to the convening of general meetings of ANTAM's shareholders, as well as the ability of ANTAM's shareholders to attend and vote at such general meetings, may be different from those of jurisdictions outside Indonesia. For instance, ANTAM's shareholders who would be entitled to attend and vote at general meetings of shareholders are, by operation of Indonesian law, those shareholders appearing in ANTAM's register of shareholders on the market day immediately preceding the day, or record date, on which the notice of general meeting is issued, regardless of whether such shareholders may have disposed of their shares following the record date and prior to the general meeting of the shareholders. In addition,

investors who may have acquired their shares after the record date (and before the day of the general meeting) would not be entitled to attend and vote at the general meeting. Accordingly, potential investors should note that they may be subject to procedures and rights with regards to general meetings of ANTAM's shareholders that are different from those to which they may be accustomed in other jurisdictions.

OVERVIEW OF THE RIGHTS ISSUE

ANTAM is proposing to issue Rights on a *pro rata* basis to holders of Shares issued and fully paid up by ANTAM as of the Record Date on October 20, 2015 (the “**Existing Shares**”). Each holder of Existing Shares as of the Record Date will be credited with Rights at a ratio of 471 Rights for every 310 Existing Shares held on such date, and each Right will entitle the holder to subscribe for one Rights Share at the Exercise Price, which is Rp371 per Rights Share. Assuming all of the Rights are exercised, ANTAM will issue an aggregate of 14,492,304,975 Rights Shares. ANTAM is one of the SOEs selected to receive a state capital injection (PMN) amounting to Rp3.5 trillion, which represents the total gross subscription price that the government of Indonesia will pay for the Rights Shares to which it is entitled. As of the date hereof, the government of Indonesia owns 65.0% of ANTAM’s Shares, as well as the Dwiwarna share (see “*Description of ANTAM’s Shares*”), which does not entitle the government of Indonesia to any additional Rights under the Rights Issue.

The Rights Issue

The Rights Issue is being conducted pursuant to prevailing Indonesian capital markets laws and regulations, which generally require an Indonesian company proposing to increase its issued and paid-up capital by the issue of new shares to first offer its shareholders the preemptive right to subscribe for such new shares in proportion to their shareholding in that company. The Rights Issue was approved by ANTAM’s existing shareholders at the EGMS held on October 7, 2015 and the registration statement regarding the Rights Issue filed with the OJK and became effective on this date pursuant to OJK Letter No. S-462/D. 04/2015 dated October 6, 2015.

Any Rights Shares relating to unexercised Rights will, on or about November 2, 2015, be allocated by ANTAM’s share registrar to holders of Rights who have exercised their Rights and/or applied to purchase excess Rights Shares. The allocation will be in proportion to the Rights exercised by such holders. To the extent there are any remaining unsubscribed Rights Shares following allocation of Rights Shares pursuant to the exercise of *pro rata* Rights and applications for excess Rights Shares, those remaining unsubscribed Rights Shares will not be issued by ANTAM.

The Rights Shares Placement and the Commitment

The Selling Agents have agreed to use their best efforts to procure purchasers or subscribers for remaining Rights Shares up to a maximum of 5,072,304,975 Rights Shares (such number of shares, the “**Best Effort Commitment**”, and such placement, the “**Rights Shares Placement**”). In addition, the Selling Agents have agreed to purchase Rights Shares up to a maximum of 1,212,937,700 Rights Shares (such number of shares, the “**Firm Commitment**”, and such purchase, the “**Commitment**”, and together with the Rights Issue and the Rights Shares Placement, the “**Offering**”) if the number of Rights Shares subscribed for pursuant to the (i) exercise of Rights (excluding Rights exercised by the MSOE), (ii) applications for excess Rights and (iii) Rights Shares Placement (collectively, the “**Rights Subscriptions**”) is less than the Firm Commitment, as more fully described below.

The Selling Agents shall submit applications for the excess Rights Shares in respect of any purchases they procure for Rights Shares, and if necessary for any Rights Shares they have agreed to purchase under the Commitment, during the period for excess Rights Shares.

The Selling Agents have entered into a selling agency agreement dated October 27, 2015 (the “**Selling Agency Agreement**”) with ANTAM in which the Selling Agents have been appointed to act as selling agents for the Offering. Pursuant to the Selling Agency Agreement, the Selling Agents have agreed to use their best efforts to procure subscribers or purchasers at the Exercise Price for Rights Shares equal to the Best Effort Commitment. If, immediately before the end of the application period for excess Rights Shares, expected to be on October 30, 2015, the Rights Subscriptions are less than the Firm

Commitment, each of the Selling Agents, severally and not jointly (nor jointly and severally), will subscribe for its own account at the Exercise Price a number of Rights Shares equal to the difference between the Rights Subscriptions and the Firm Commitment, apportioned as follows: PT Bahana Securities, approximately 5.56%; PT CIMB Securities Indonesia, approximately 33.33%; Credit Suisse (Singapore) Limited, approximately 22.22%; PT Danareksa Sekuritas, approximately 33.33%; and PT Mandiri Sekuritas, approximately 5.56%.

The allocation of the Rights Shares in the Rights Shares Placement and the Commitment will take place at the end of the allocation of the excess Rights Shares. The delivery of the excess Rights Shares is expected to be made against payment therefore on or about November 2, 2015, which will be the first business day following the final date for payment with respect to the allocation of the excess Rights Shares.

The Rights Shares Placement and the Commitment are subject to the terms and conditions of the Selling Agency Agreement. The Selling Agency Agreement is subject to customary termination events, including *force majeure* events, and the obligations of the Selling Agents under the Selling Agency Agreement are subject to the satisfaction of certain conditions precedent.

General

Purchasers of the Rights Shares may be required to pay stamp taxes, transaction levies, crossing fees, duties and other similar charges in accordance with the practices of the IDX and the law and practices of Indonesia or the country of purchase, in addition to the offering price for such shares. In addition, the Selling Agents may charge a brokerage fee of up to 1% to purchasers of the Rights Shares.

Pursuant to the Selling Agency Agreement, ANTAM has agreed to indemnify the Selling Agents against certain liabilities in connection with the Offering, and to contribute to payments which the Selling Agents may make in respect thereof. In addition, ANTAM has agreed to reimburse the Selling Agents for certain expenses and taxes in connection with the Offering.

As compensation to the Selling Agents for their commitments in respect of the Rights Shares Placement and the Commitment, ANTAM has agreed to pay (i) an aggregate commitment fee of 2.0% of the value of the Firm Commitment at the Exercise Price, which fee shall be split among the Selling Agents in proportion to each Selling Agent's Respective Commitment as described above under "*The Rights Shares Placement and the Commitment*", and (ii) an aggregate excess subscription fee ranging from 0.75% to 1.28% of the value of the Rights Shares subscribed and/or purchased in excess of the Firm Commitment (excluding those subscribed by the MSOE), depending on the value of Rights Shares subscribed and/or purchased, which fee shall be split among the Selling Agents equally.

Certain of the Selling Agents have entered into, and the Selling Agents may further enter into, sub-agency selling arrangements in respect of their obligations under the Commitment.

Important Dates

For a timetable of certain events that have taken place or are expected to take place in connection with the Offering, see the cover page of this Prospectus.

Restrictions on the Disposition of Shares by ANTAM

ANTAM has agreed that, without the prior written consent of the Selling Agents, it will not, during the period ending 12 months after ANTAM's registration statement regarding the Rights Issue filed with the OJK became effective on October 7, 2015 (the "**Effective Date**"), (A) offer, pledge, sell, accept subscription for issue, contract to sell, mortgage, charge, assign, sell any option, warrant or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to subscribe for or purchase, lend, or otherwise transfer or dispose of or create encumbrance over, directly or indirectly, conditionally or unconditionally, or otherwise any of the Shares or any interests therein or any other securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Shares or any interests therein or file any registration statement with respect to any of the foregoing, (B) enter into any swap, hedge, derivative or other transactions or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Shares or any interest in the Shares, (C) deposit any of the Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Shares or any interests therein in any depository receipt facilities or (D) publicly announce any intention to do any of the above without the prior consent of each of Selling Agents, whether any such transaction described in clause (A), (B), (C) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, other than the Rights and the Rights Shares to be sold pursuant to the Offering. Moreover, ANTAM will not at any time issue, offer, sell, contract to sell, pledge, lend or encumber or otherwise dispose of, directly or indirectly, any Shares under circumstances where such issue, offer, sale, pledge, loan, encumbrance, contract or disposition would cause the registration exemption afforded by Regulation S to cease to be applicable to the offer and sale of the Rights Shares.

Declaration of Interest

The Selling Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Each Selling Agent and its respective affiliates have, from time to time, engaged in, and may in the future engage in, investment banking, financing, private banking, commercial banking or financial consulting activities and other commercial dealings in the ordinary course of business with ANTAM and its affiliates. They have received and expect to continue to receive customary fees and commissions for these activities and dealings. In addition, in the ordinary course of business, each Selling Agent and its affiliates may invest in the Rights Shares in the Offering and may trade ANTAM's securities, loans or other financial instruments or the securities, loans or other financial instruments of ANTAM's affiliates or derivatives relating to the foregoing for its and/or its affiliates' own account and/or for the accounts of customers, and may at any time hold a long or short position in such securities, loans or other financial instruments. Such investment and trading activities may involve or relate to ANTAM's securities, loans and/or instruments and/or persons and entities with relationships with ANTAM and may also include swaps and other financial instruments entered into for hedging or currency conversion purposes in connection with the proceeds of the Offering (which may be dependent on whether the Offering closes and may impact the Selling Agents' and each of their respective affiliates' economic gains and losses). The Selling Agents and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Shareholding Structure

ANTAM's shareholding structure and composition as of the date hereof, is as follows:

	Nominal price per share Rp100		
	Number of shares	Total nominal value (Rp)	% of Total nominal value
Authorized Capital			
- Series A Dwiwarna share	1	100	0.0%
- Series B common shares	37,999,999,999	3,799,999,999,900	100.0%
Paid-up capital			
Government			
- Series A Dwiwarna share	1	100	0.0%
- Series B common share	6,199,999,999	619,999,999,900	65.0%
Public			
- Series B common shares	3,338,459,750	333,845,975,000	35.0%
Total paid-in capital	9,538,459,750	953,845,975,000	100.0%
Shares in portfolio	28,461,540,250		

If the entire Rights offered in the Rights Issue is fully executed by ANTAM's shareholders, the proforma shareholding composition before and after the Rights Issue will be as follows:

	Before Rights Issue			After Rights Issue		
	Nominal Value Rp100 per Share			Nominal Value Rp100 per Share		
	Number of Shares	Nominal Value	(%)	Number of Shares	Nominal Value	(%)
Authorized Capital						
Preferred Shares (Class A Dwiwarna).	1	100		1	100	
Common Shares (Class B).	37,999,999,999	3,799,999,999,900		37,999,999,999	3,799,999,999,900	
Paid-up Capital						
Preferred Shares (Class A Dwiwarna).	1	100	—	1	100	—
Common Shares (Class B)						
Government	6,199,999,999	619,999,999,900	65.00	15,619,999,999	1,561,999,999,900	65.00
Ir. Tedy Badrujaman, M.M. (President Director) ^{*)}	35,500	3,550,000	—	89,437	8,943,710	—
Ir. I Made Surata, M.Si (Director) ^{*)}	138,250	13,825,000	—	348,300	34,830,000	—
Ir. Hari Widjajanto, M.M. (Director) ^{*)}	53,500	5,350,000	—	134,785	13,478,500	—
Agus Zamzam Jamaluddin, S.T., M.T. (Director) ^{*)}	47,500	4,750,000	—	119,669	11,966,900	—
Public (ownership below 5%)	3,338,185,000	333,818,500,000	35.00	8,410,072,534	841,007,253,400	35.00
Total Paid-up Capital	9,538,459,750	953,845,975,000	100.00	24,030,764,725	2,403,076,472,500	100.00
Shares in Portfolio						
Preferred Shares (Class A Dwiwarna).	—	—	—	—	—	—
Common Shares (Class B).	28,461,540,250	2,846,154,025,000	100.00	13,969,235,275	1,396,923,527,500	100.00
Total	28,461,540,250	2,846,154,025,000	100.00	13,969,235,275	1,396,923,527,500	100.00

^{*)} Each ownerships below 0,01%

If the entire Rights offered in the Rights Issue is not fully executed by ANTAM's shareholders, except the Government, the proforma shareholding composition before and after the Rights Issue will be as follows:

	Before Rights Issue			After Rights Issue		
	Nominal Value Rp100 per Share			Nominal Value Rp100 per Share		
	Number of Shares	Nominal Value	%	Nominal Value	Number of Shares	%
Authorized Capital						
Preferred Shares (Class A Dwiwarna).	1	100		1	100	
Common Shares (Class B).	37,999,999,999	3,799,999,999,900		37,999,999,999	3,799,999,999,900	
Paid-up Capital						
Preferred Shares (Class A Dwiwarna).	1	100	—	1	100	—
Common Shares (Class B)						
Government	6,199,999,999	619,999,999,900	65.00	15,619,999,999	1,561,999,999,900	82.39
Ir. Tedy Badrujaman, M.M. (President Director) ^{*)}	35,500	3,550,000	—	35,500	3,550,000	—
Ir. I Made Surata, M.Si (Director) ^{*)}	138,250	13,825,000	—	138,250	13,825,000	—
Ir. Hari Widjajanto, M.M. (Director) ^{*)}	53,500	5,350,000	—	53,500	5,350,000	—
Agus Zamzam Jamaluddin, S.T., M.T. (Director) ^{*)}	47,500	4,750,000	—	47,500	4,750,000	—
Public (ownership below 5%)	3,338,185,000	333,818,500,000	35.00	3,338,185,000	333,818,500,000	17.61
Total Paid-up Capital	9,538,459,750	953,845,975,000	100.00	18,958,459,750	1,895,845,975,000	100.00
Shares in Portfolio						
Preferred Shares (Class A Dwiwarna).	—	—	—	—	—	—
Common Shares (Class B).	28,461,540,250	2,846,154,025,000	100.00	19,041,540,250	1,904,154,025,000	100.00
Total.	28,461,540,250	2,846,154,025,000	100.00	19,041,540,250	1,904,154,025,000	100.00

^{*)} Each ownerships below 0,01%

ANTAM has obtained the approval for administering the Rights Issue in accordance with approval of People's Legislative Assembly of the Republic of Indonesia No. PW/06681/DPR RI/IV/2015 dated April 28, 2015 requiring that the portion of ownership of the government following the Rights Issue shall be 65.0%.

Listing

ANTAM intends to apply to the IDX for the Rights Shares to be listed and quoted on the IDX. The Rights Shares, when issued, will rank *pari passu* with the Existing Shares. It is expected that admission of the Rights Shares for listing and trading on the IDX will become effective on or about October 22, 2015. The trading of the Rights Shares will commence immediately upon settlement of exercise of the Rights.

USE OF PROCEEDS

ANTAM's net proceeds from its issue of 14,492,304,975 Rights Shares in the Rights Issue are expected to be Rp5,376,645,145,725, after deducting selling and underwriting fees and commissions and other estimated expenses related to the Rights Issue and assuming that all of the Rights are exercised at the Exercise Price. ANTAM intends to use these proceeds principally to fund its key development projects (see "*Business*"), as follows:

- (1) ANTAM will use the amount of Rp3.5 trillion to complete Phase 1 of the East Halmahera Ferronickel Development Plant Project, which includes the construction of the plant's processing and refining facilities and supporting infrastructure. Phase 1 of this project has a total estimated cost of Rp3.5 trillion. The proceeds of the Rights Issue will be used for this project with the aim of increasing the value of ANTAM's nickel reserves by increasing ANTAM's ferronickel production capacity. Phase 1 of this plant is expected to have a production capacity of 13,500-15,000 TNi per year and expected to be completed in 2018. As of September 30, 2015, the project was approximately 6% complete. Several supporting facilities have been completed, including camp sites, the main office, the port and jetty, and the water intake facility.
- (2) The rest of the Rights Issue's proceeds will be used by ANTAM as working capital for its operations including, among others, to finance cost of goods sold, operating expenses and business development costs to increase production capacity.

There are no standby purchasers in this Rights Issue, so there is a risk that not all the Rights will be exercised and ANTAM will not receive the expected amount of proceeds. However, ANTAM has appointed the Selling Agents to assist ANTAM in the marketing of the Rights Issue.

After ANTAM receives the proceeds from the Rights Issue, ANTAM will use the proceeds in accordance with the above plan and the proceeds are expected to be fully expended pursuant to the construction plan for Phase I of the East Halmahera Ferronickel Development Plan Project, and for working capital and/or other business development investment.

ANTAM is responsible for and shall report its use of proceeds obtained from the Rights Issue to its shareholders during its next annual general meeting of shareholders and to the OJK as required by Bapepam Regulation No. X.K.4.

Should ANTAM wish to amend its intended use of proceeds, it is required to (i) report such proposed changes, along with an explanation thereof, to the OJK and (ii) such changes must be approved by its shareholders at a general meeting of shareholders as required by Bapepam Regulation No. X.K.4.

In the event that ANTAM uses the proceeds from the Rights Issue in a transaction which is an affiliated transaction that raises potential conflict of interest and/or is a material transaction, ANTAM must comply with the provisions stipulated in Bapepam-LK Regulation No. IX.E.1 on Affiliate Transactions and Conflict of Interest and/or Bapepam-LK Regulation No. IX.E.2 on Material Transactions and Change of Main Business Activities.

In accordance with Regulation of the Minister of SOE No. PER-08/MBU/06/2015 on Guidelines for Reporting of The Use of Additional State Capital Investment Fund to the State-Owned Enterprises and Company dated June 3, 2015, ANTAM opened separate accounts in certain state-owned banks in which it shall deposit the proceeds from the Rights Issue. These accounts shall earn the prevailing bank interest rate on such deposits.

In accordance with Circular Letter No. SE-05/BL/2006 issued by Bapepam-LK on September 29, 2006, concerning the disclosure of information on expenses incurred during public offerings, the total expenses incurred by ANTAM are expected to be 1.097% of the Rights Issue's expected proceeds, which shall consist of:

1. Financial consultant services fees of approximately 0.810%;
2. Capital market supporting institutions services fees:
 - Legal counsels' fees of approximately 0.007%;
 - Public accountants' fees of approximately 0.157%;
 - Notary fees of approximately 0.004%; and
 - Registrar fees of approximately 0.004%, and
3. Printing, newspaper announcement, and miscellaneous expenses (including IDX listing fees, KSEI listing fees, and OJK registration fees) of 0.115%.

Further, selling fees and commissions of to up to 0.508% of the expected Rights Issue proceeds are to be paid to the Selling Agents.

DIVIDEND AND DISTRIBUTION

Under Indonesian law, the payment of final dividends is required to be approved by shareholders at the annual general meeting of shareholders upon the recommendation of the Board of Directors. ANTAM's Articles of Association provide that if ANTAM has positive net income in any financial year, ANTAM may distribute dividends to shareholders, based on a recommendation from ANTAM's Board of Directors, upon obtaining the necessary approval from shareholders in accordance with the prevailing laws and regulations as well as the relevant regulations of the stock exchange on which ANTAM's Shares are listed. The decision to pay dividends is otherwise subject to ANTAM's earnings, capital adequacy requirements, financial and liquidity condition, compliance with prevailing laws and regulations and any other factors considered relevant by ANTAM's Board of Directors and, to the extent a decision is made to pay dividends, dividends will be paid in Rupiah. See also "*Risk Factors — Risks relating to ownership of our Shares.*" Holders of Shares on the applicable record dates will be entitled to the full amount of dividends approved, subject to any Indonesian withholding tax imposed. The Board of Directors may change ANTAM's dividend policy at any time, subject to approval of such change at a general meeting of shareholders. See "*Description of ANTAM's Shares — Dividends.*"

Additionally, under Indonesian law, a portion of ANTAM's net income, as determined by an annual general meeting of shareholders, after deduction of corporate taxes actually paid, must be allocated as a reserve fund until the amount of such reserve fund reaches at least 20% of the amount of ANTAM's subscribed capital. Unless otherwise determined in an annual general meeting of shareholders, the remaining portion of the net income (after deducting the reserve fund allocation), if any, can be distributed to shareholders as dividends.

Up to 2012, ANTAM distributed approximately 30-40% of its annual net income as dividends to its shareholders, pursuant to a commitment stated when ANTAM became publicly listed to distribute at least 30% of its net income subject unless otherwise decided at the Annual General Meeting of Shareholders. ANTAM currently intends to maintain this policy.

ANTAM's dividend history is summarized in the following table:

	<u>Dividend payout ratio (%)⁽¹⁾</u>	<u>Dividends per share (Rp)</u>
1998	40.0	103.87
1999	40.0	73.19
2000	50.0	155.66
2001	50.0	93.87
2002	32.5	34.42
2003	32.5	38.60
2004	35.0	148.08
2005	34.0	150.05
2006	40.0	65.12
2007	40.0	215.23
2008	40.0	57.47
2009	40.0	25.38
2010	40.0	70.71
2011	45.0	90.99
2012	15.0	47.09
2013	22.5	9.67
2014	0	—

(1) Based on preceding year's net income

The new shareholders in connection with the Rights Issue shall have equal rights, including the right to receive dividends that are equivalent in every respect to those of our other shareholders.

Under the MSOE Regulation No. PER-07/MBU/2015 dated May 22, 2015 on State-Owned Companies' Partnership Program with Small Scale Businesses and the Community Development Program, (the "**PKBL Regulation**"), as a public state-owned company, ANTAM is obliged to contribute to the Partnership and Social Development Program (*Program Kemitraan dan Bina Lingkungan*) ("**PKBL**"), based on a decision of ANTAM's shareholders, an amount of up to 2.0% of ANTAM's net income for its partnership program and another amount of up to 2.0% of its net income for its community development program. With respect to the years ended December 31, 2012, 2013, and 2014, ANTAM's aggregate contributions to the PKBL were Rp77 billion (which was paid in 2013), Rp5 billion and Rp5 billion, respectively.

ANTAM is not subject to any negative covenants that would restrict its ability to make dividend payments.

There is no assurance that ANTAM will pay, or be able to pay, a dividend in the future. In its discretion, ANTAM may decide not to distribute dividends to shareholders of ANTAM if it determines such funds are required for business development, to maintain its capital adequacy or for business acquisitions.

MARKET PRICE OF SHARES

The following table sets forth, for the periods indicated, the highest and lowest closing prices for ANTAM's Shares and their volume traded on the IDX.

	High	Low	Volume of shares traded
	(Rp)	(Rp)	(Million)
Year:			
2010	2,289	1,386	7,300
2011	2,163	1,184	3,678
2012	1,680	958	3,627
First quarter	1,680	1,361	678
Second quarter	1,562	958	1,755
Third quarter	1,193	1,016	693
Fourth quarter	1,142	1,033	500
2013	1,344	790	4,018
First quarter	1,210	1,058	949
Second quarter	1,210	806	742
Third quarter	1,277	790	1,387
Fourth quarter	1,344	857	940
2014	1,067	773	6,238
First quarter	991	823	2,388
Second quarter	1,063	899	1,917
Third quarter	1,067	907	987
July	1,067	916	399
August	1,063	1,000	311
September	1,016	907	277
Fourth quarter	920	773	946
October	911	790	391
November	840	773	243
December	920	802	311
2015			
First quarter	937	718	710
January	937	861	355
February	899	836	194
March	848	718	160
Second quarter	773	571	346
April	773	668	112
May	693	638	131
June	651	571	102
Third quarter	567	395	1,240
July	567	399	120
August	517	395	709
September	428	400	411
Fourth quarter			
October (through October 26)	437	386	2,305

Source: Bloomberg. Historical pricing and volume adjusted to reflect spin-offs, stock splits and consolidations, stock dividends and bonus shares, and rights issues and entitlements.

The last reported closing price of ANTAM's Shares, as quoted on Bloomberg, on October 26, 2015, was Rp386 per Share.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange rates

The following table sets forth, for the periods indicated, information concerning the exchange rates between the Rupiah and US dollars based on the middle exchange rates during the periods indicated. The Rupiah middle exchange rate is calculated based on Bank Indonesia's buying and selling rates. Neither we nor the initial purchasers make any representations that the Rupiah or US dollar amounts referred to in this Prospectus could have been or could be converted into US dollars or Rupiah, as the case may be, at the rate indicated or any other rate at all.

	<u>Low⁽¹⁾</u>	<u>High⁽¹⁾</u>	<u>Average⁽¹⁾</u>	<u>Period End</u>
Year:				
2008	9,051	12,151	9,757	10,950
2009	9,400	11,980	10,356	9,400
2010	8,924	9,365	9,078	8,991
2011	8,508	9,170	8,774	9,068
2012	9,000	9,670	9,419	9,670
2013	9,634	12,270	10,451	12,189
2014	12,845	11,288	11,864	12,412
Month:				
January 2015	12,844	12,732	12,579	12,625
February 2015	12,609	12,887	12,745	12,863
March 2015	12,932	13,237	13,066	13,086
April 2015	12,838	13,043	12,948	12,937
May 2015	12,993	13,229	13,141	13,211
June 2015	13,196	13,367	13,313	13,332
July 2015	13,304	13,481	13,375	13,481
August 2015	13,472	14,133	13,793	14,067
September 2015	14,081	14,728	14,396	14,657
October 2015 (through October 26)	13,288	14,709	13,839	13,643

Source: Statistik Ekonomi dan Keuangan Indonesia (Indonesian Financial Statistics), Bank Indonesia (<http://www.bi.go.id/id/moneter/informasi-kurs/transaksi-bi/Default.aspx>)

Note:

- (1) For full years, the high and low amounts are determined, and the average shown is calculated, based upon the middle exchange rate announced by Bank Indonesia on the last day of each month during the year indicated. For each month, the high and low amounts are determined, and the average shown is calculated, based on the daily middle exchange rate announced by Bank Indonesia during the month indicated.

The middle exchange rate between the Rupiah and the US dollar on October 26, 2015 was Rp13,643 = US\$1.00.

Exchange controls

Indonesia has limited foreign exchange controls. The Rupiah has been, and in general is, freely convertible. However, in order to maintain the stability of the Rupiah and to prevent utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from: (i) banks within Indonesia to offshore banks or to an offshore branch or office of an Indonesian bank; or (ii) any investment denominated in Rupiah with foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia (without underlying trade or investment reasons), both of which thereby limit offshore trading to existing sources or liquidity. In addition, Bank Indonesia has the authority to request information and data concerning foreign exchange flow activities of all individuals and legal entities that are domiciled, or who plan to reside in Indonesia for at least one year.

On December 31, 2014, Bank Indonesia issued Bank Indonesia regulation No.16/22/PBI/2014, which requires banks, non-bank financial institutions, non-financial institutions, state/regional-owned companies, private companies, business entities and individuals that cause a movement of (i) financial assets and liabilities between an Indonesian resident and a non-resident or (ii) offshore financial assets and liabilities between Indonesian residents, to submit a report to Bank Indonesia on their foreign exchange flow activities. The report is required to include: (i) trade activities in goods, services and other transactions between residents and non-residents of Indonesia; (ii) the position and changes in the balance of foreign financial assets and/or foreign financial liabilities; and (iii) any plan to incur foreign debt and/or use thereof.

Such foreign exchange traffic report should be submitted to Bank Indonesia, no later than the fifteenth day of the subsequent month. In the event there is a correction to be made, the correction must be submitted no later than twentieth day of the reporting month. Failure to submit the foreign exchange report (other than the offshore loan plan report) could result in the imposition of an administrative sanction in the amount of Rp10 million. Bank Indonesia may issue a warning letter and/or report to any relevant authority, should the reporting party fail to submit a report.

Currency Law

In 2011, the Indonesian Parliament passed Law No. 7 of 2011 (the “**Currency Law**”) concerning the currency and subsequently, Bank Indonesia issued Bank Indonesia Regulation No. 17/3/PBI/2015 dated March 31, 2015 (“**Bank Indonesia Regulation No. 17/3**”) and Circular Letter of Bank Indonesia No. 17/11/DKSP dated June 1, 2015 as the implementing regulation to the Currency Law. Article 21 of the Currency Law and Article 2 of Bank Indonesia Regulation No. 17/3 require the use of Rupiah in payment transactions, monetary settlement of obligations and other financial transactions within Indonesia. Bank Indonesia Regulation No. 17/3 further clarifies that this regulation applies to both cash and non-cash transactions (for non-cash transactions it will only be effective starting from July 1, 2015). However, there are a number of exceptions to this rule, including certain transactions related to the state budget, income and grants from and to foreign countries, international trade transactions, foreign currency savings in a bank or international financing transactions.

The Currency Law and Bank Indonesia Regulation No. 17/3 also prohibit the rejection of Rupiah offered as a means of payment, or to settle obligations and/or in other financial transactions within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah bills offered, or the transactions in which the payment or settlement of obligations in a foreign currency has been agreed to in writing and relate to the above exempted transactions or transactions related to strategic infrastructure projects as mentioned in Bank Indonesia prudential regulation, PBI 16/21/PBI/2014 and approved by Bank Indonesia. However, Bank Indonesia Regulation No. 17/3 also provides that any written agreements covering other transactions that were executed prior to July 1, 2015 will continue to be valid until its expiry date, provided that such agreements are covering non-cash payments; any amendment and/or extension to such agreements will be subject to Bank Indonesia Regulation No. 17/3.

Any non-compliance with (i) the obligation to use Rupiah in a cash transaction, and/or (ii) the prohibition to refuse payment or settlement in Rupiah currency is punishable by up to one year of confinement or a fine of up to Rp200 million and additional penal sanctions such as possible revocation of business license, discontinuance of business activities and/or seizure of assets, subject to the relevant authority’s decision. Non-compliance in relation to non-cash transactions is subject to administrative sanctions in form of a written warning, penalties in the form of an obligation to pay 1% of the transaction value up to a maximum of Rp1 million, and/or a prohibition to utilize bank transfers.

Purchasing of foreign currencies against rupiah through banks

Bank Indonesia issued Bank Indonesia Regulation No. 16/16/PBI/2014 regarding Foreign Exchange against Rupiah Transactions between Banks and Domestic Parties as most recently amended by Bank Indonesia Regulation No. 17/13/PBI/2015 dated August 25, 2015, as implemented by the Circular Letter of Bank Indonesia No.16/14/DPM, as most recently amended by the Circular Letter of Bank Indonesia No. 17/20/DPM dated August 28, 2015 and Bank Indonesia Regulation No. 16/17/PBI/2014 concerning the Transaction of Foreign Currency Against Rupiah Between Bank and Foreign Party as most recently amended by Bank Indonesia Regulation No. 17/14/PBI/2015 dated August 25, 2015, as implemented by the Circular Letter of Bank Indonesia No. 16/15/DPM dated September 17, 2014, as most recently amended by the Circular Letter of Bank Indonesia No. 17/21/DPM dated August 28, 2015.

Pursuant to these regulations, Indonesian companies and foreign parties may engage a bank in the sale and purchase of foreign currency against Rupiah based on a contract. If the purchase of foreign currency against Rupiah reaches a certain threshold, then it needs to be supported by underlying transaction documents. For spot transactions, the conversion of Rupiah to foreign currencies is limited to a maximum of US\$25,000 or its equivalent per month per customer while for derivative transactions the threshold is US\$1,000,000 per transaction per customer. Further, the maximum amount of the foreign currencies that may be purchased cannot exceed the nominal value under the underlying documents.

Indonesian companies purchasing foreign currency in excess of US\$25,000 are required to submit supporting documents to the bank selling the foreign currency, including, among other things, a duly stamped statement confirming that the underlying agreement is valid and the foreign currency purchased will be used solely for settlement of payment obligations under the underlying transaction. For the purchase of foreign currencies of less than US\$25,000, Indonesian companies must declare in a duly stamped letter that its aggregate foreign currency purchases do not exceed US\$25,000 per month in the Indonesian banking system.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth ANTAM's capitalization and indebtedness as of June 30, 2015 on an actual basis and as-adjusted as of that date to give effect to the Rights Issue assuming all the Rights are exercised at the Exercise Price of Rp371 per Rights Share. This information has been extracted from our audited consolidated financial statements as of and for the six month period ended June 30, 2015 included elsewhere in this Prospectus.

You should read this information together with “*Use of Proceeds*,” “*Selected Consolidated Financial Information and Other Data*,” “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” and the consolidated financial statements and related notes included elsewhere in this Prospectus.

	As of June 30, 2015	
	Actual	As adjusted for Rights Issue
	(Rp billion)	(Rp billion)
Short-term liabilities	<u>3,936.0</u>	<u>3,936.0</u>
Trade payables	523.4	523.4
Third parties	189.1	189.1
Related parties	334.3	334.3
Accrued expenses	163.9	163.9
Short-term employee benefit liabilities:	50.1	50.1
Taxes payable	84.1	84.1
Corporate income taxes	1.1	1.1
Other taxes	83.0	83.0
Advances from customers	54.9	54.9
Short-term bank loans	2,715.7	2,715.7
Current maturities of investment loans	265.3	265.3
Current maturities of provision for environmental and reclamation costs	18.4	18.4
Other payables	<u>60.2</u>	<u>60.2</u>
Long-term liabilities	<u>7,038.9</u>	<u>7,038.9</u>
Bonds payable	2,994.6	2,994.6
Investment loans, net of current maturities	3,098.3	3,098.3
Provision for environmental and reclamation costs, net of current maturities	234.0	234.0
Pension and other post-retirement obligations	515.6	515.6
Other non-current liabilities	<u>196.4</u>	<u>196.4</u>
Total liabilities	<u>10,974.9</u>	<u>10,974.9</u>
Shareholders' equity	<u>11,575.3</u>	<u>16,951.9</u>

As of June 30, 2015		
	Actual	As adjusted for Rights Issue
	(Rp billion)	(Rp billion)
Authorized capital	953.8	2,403.0
Additional paid-in capital, net	29.8	3,957.2
Difference in foreign currency translation	55.1	55.1
Retained earnings	10,536.6	10,536.6
Appropriated	11,613.2	11,613.2
Unappropriated	(1,076.6)	(1,076.6)
Non-controlling interests	0.0 ^(a)	0.0 ^(a)
Total liabilities and shareholders' equity	<u>22,550.2</u>	<u>27,926.8</u>

(a) Denotes the amount is less than Rp0.1 billion.

On August 4, 2015, ANTAM renewed a US\$100 million working capital credit facility from PT Bank Rakyat Indonesia (Persero) Tbk (“BRI”) until July 15, 2016. ANTAM drew the full amount of the facility on August 5, 2015, subject to interest of 1.75% per annum and maturing on November 5, 2015. Further, ANTAM’s undrawn US\$75 million invoice financing and clean trust receipt facility with PT Bank UOB Indonesia has been extended until July 18, 2016. Finally, the maturity of ANTAM’s US\$100 million drawdown, subject to interest of 1.75% per annum, from its credit facility with PT Bank Central Asia Tbk has been extended from October 2, 2015 to January 2, 2016.

Except as disclosed above, there has been no material change in ANTAM’s capitalization and indebtedness since June 30, 2015.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

You should read the following selected consolidated financial information of ANTAM and other data in conjunction with ANTAM's consolidated financial statements and related notes, "Presentation of Financial Information", "Summary Consolidated Financial Information and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus. ANTAM's consolidated financial statements have been prepared and presented in accordance with IFAS, which differs in certain respects from IFRS. See "Summary of Certain Differences Between IFAS and IFRS."

The consolidated financial statements as of and for the years ended December 31, 2013, 2014 and as of and for the six months ended June 30, 2015, included in this Prospectus, have been audited in accordance with auditing standards established by the IICPA by PwC, independent public accountants. The audited consolidated financial statements as of and for the year ended December 31, 2012, included in this Prospectus, have been audited by PSS (a member firm of Ernst and Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the IICPA, as stated in their audit report appearing elsewhere in this Prospectus. The financial information and other data as of and for the years ended December 31, 2010 and 2011, have been derived from the audited consolidated financial statements as of December 31, 2010 and 2011, which are not included in this Prospectus. The audited consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have been audited by PSS (a member firm of Ernst and Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the IICPA, as stated in their audit report which are also not included in this Prospectus.

ANTAM derived the summary interim consolidated financial information below for the six months ended June 30, 2014 from its unaudited interim consolidated financial statements for the six months ended June 30, 2014, prepared and presented in accordance with IFAS and included elsewhere in this Prospectus. These unaudited interim consolidated financial statements for the six months ended June 30, 2014 have been reviewed by PwC and include all adjustments consisting of normal and recurring adjustments which are considered necessary for a fair presentation of the consolidated financial position and operating results of ANTAM for the period presented. ANTAM's results for any interim period may not be indicative of its results for the full year or for any period.

ANTAM also presents financial and other data as of and for the years ended December 31, 2010 and 2011. Certain of the 2010 and 2011 information set out below have been represented and reclassified in order for them to be comparable to those used to prepare ANTAM's consolidated financial statements included elsewhere in this Prospectus. Except as otherwise described in notes to the summary consolidated financial statements below, the financial information as of and for the years ended December 31, 2010 and 2011 have been extracted from ANTAM's audited consolidated financial statements that are not included in this Prospectus but were filed with the OJK.

	Year ended December 31,						Six months ended June 30,		
	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2014 ⁽²⁾	2014 ⁽¹⁾	2015	2015 ⁽²⁾
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Statements of profit or loss and other comprehensive income:									
Sales	8,744.3	10,346.4	10,449.9	11,298.3	9,420.6	706.6	3,986.7	7,849.0	588.7
Cost of goods sold	(5,799.0)	(7,313.0)	(8,413.6)	(9,611.9)	(8,627.2)	(647.1)	(3,743.0)	(7,320.9)	(549.1)
Gross profit	<u>2,945.3</u>	<u>3,033.4</u>	<u>2,036.3</u>	<u>1,686.4</u>	<u>793.4</u>	<u>59.5</u>	<u>243.7</u>	<u>528.1</u>	<u>39.6</u>
Operating expenses:									
General and administrative	860.7	877.5	939.0	940.7	783.7	58.8	357.1	351.7	26.4
Selling and marketing	104.3	133.8	179.2	161.0	146.7	11.0	73.9	73.0	5.5
Total operating expenses	<u>964.9</u>	<u>1,011.3</u>	<u>1,118.2</u>	<u>1,101.7</u>	<u>930.4</u>	<u>69.8</u>	<u>431.0</u>	<u>424.7</u>	<u>31.9</u>
Operating profit/(loss)	<u>1,980.4</u>	<u>2,022.1</u>	<u>918.1</u>	<u>584.7</u>	<u>(137.0)</u>	<u>(10.3)</u>	<u>(187.3)</u>	<u>103.4</u>	<u>7.7</u>
Other (expenses)/income:									
Share of profit/(loss) of associates and joint venture	(26.0)	(26.2)	115.1	(181.0)	(370.6)	(27.8)	(310.9)	(163.4)	(12.3)
Finance income	58.3	74.2	166.1	85.3	68.7	5.2	30.7	22.7	1.7
Finance costs	(12.7)	(22.7)	(234.5)	(60.7)	(126.6)	(9.5)	(64.5)	(117.7)	(8.8)
Contingent consideration from investment	—	—	—	(182.8)	—	—	—	—	—
Gain on fair value adjustment	—	—	2,484.0	—	—	—	—	—	—
Dividend income	366.0	354.6	375.4	—	—	—	—	—	—
Other gains/(losses), net	<u>(81.6)</u>	<u>176.0</u>	<u>93.5</u>	<u>(214.8)</u>	<u>(225.3)</u>	<u>(16.9)</u>	<u>(187.3)</u>	<u>(287.4)</u>	<u>(21.6)</u>
Other income/(expenses), net	<u>304.0</u>	<u>555.9</u>	<u>2,999.6</u>	<u>(554.0)</u>	<u>(653.8)</u>	<u>(49.0)</u>	<u>(532.0)</u>	<u>(545.8)</u>	<u>(41.0)</u>
Profit/(loss) before income tax	<u>2,284.4</u>	<u>2,578.0</u>	<u>3,917.7</u>	<u>30.7</u>	<u>(790.8)</u>	<u>(59.3)</u>	<u>(719.3)</u>	<u>(442.4)</u>	<u>(33.3)</u>
Income tax benefit/(expense)	(600.6)	(643.2)	(907.9)	501.9	47.3	3.5	48.3	46.4	3.5
(Loss)/profit for the period/year	<u>1,683.7</u>	<u>1,934.8</u>	<u>3,009.8</u>	<u>532.6</u>	<u>(743.5)</u>	<u>(55.8)</u>	<u>(671.0)</u>	<u>(396.0)</u>	<u>(29.8)</u>
Other comprehensive (loss)/income:									
Item that will not be reclassified to profit or loss:									
Remeasurement of pension and other retirement obligations	30.0	(192.2)	(80.0)	(371.6)	786.2	59.0	50.7	(105.3)	(7.8)
Tax effect - remeasurement of pension and other retirement obligations	(7.5)	48.0	20.0	92.9	(196.6)	(14.7)	(12.7)	26.8	2.0
Item that may be subsequently reclassified to profit or loss:									
Difference in foreign currency translation	<u>12.0</u>	<u>(3.2)</u>	<u>(4.1)</u>	<u>0.2</u>	<u>0.1</u>	<u>0.0^(a)</u>	<u>0.1</u>	<u>(0.0)^(b)</u>	<u>(0.0)^(c)</u>
Total comprehensive income/(loss) for the period/year	<u>1,718.2</u>	<u>1,787.5</u>	<u>2,945.7</u>	<u>254.1</u>	<u>(153.8)</u>	<u>(11.5)</u>	<u>(632.9)</u>	<u>(474.5)</u>	<u>(35.6)</u>

Notes:

(a) Denotes the amount is less than Rp0.1 billion.

(b) Denotes the amount is less than zero but greater than Rp(0.1) billion.

(c) Denotes the amount is less than zero but greater than US\$(0.1) million.

Notes:

- (1) As restated, in December 2013, the Financial Accounting Standards Board issued SFAS 24 (Revised 2013), “*Employee Benefits*”, which is required to be applied for financial years beginning on or after January 1, 2015. This revised employee benefits standard introduced changes to the recognition, measurement, presentation and disclosure of post-employment benefits. In order to present all the periods on a basis comparable with accounting policies used in the consolidated financial statements as of and for the six months ended June 30, 2015, the consolidated financial statements as of and for the years ended December 31, 2012, 2013 and 2014 have been restated as described in Note 4 to the consolidated financial statements included elsewhere in this Prospectus, while the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have been restated in a manner similar to that described in Note 4 above.
- (2) Convenience translations to US dollars have been provided as described in “*Important information for investors outside of Indonesia— Conventions which apply in this Prospectus*”.

	As of December 31,						As of June 30,	
	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2014 ⁽²⁾	2015	2015 ⁽²⁾
	(Rp billion)					(US\$ million)	(Rp billion)	(US\$ million)
Statements of financial position:								
Current assets								
Cash and cash equivalents	4,229.1	5,639.7	3,868.6	2,792.7	2,618.9	196.4	2,034.7	152.6
Trade receivables, net								
Third parties	1,577.6	1,246.7	1,722.0	1,152.4	1,046.1	78.5	1,458.5	109.4
Related parties	2.3	0.7	0.5	0.3	21.5	1.6	66.9	5.0
Other receivables, net	113.4	100.1	124.5	37.0	31.3	2.3	27.7	2.1
Inventories, net	1,229.3	1,687.9	1,450.0	2,445.9	1,761.9	132.2	1,877.8	140.8
Prepaid taxes	211.8	271.3	329.1	555.6	712.4	53.4	841.5	63.1
Prepaid expenses	39.9	55.4	50.5	65.1	72.8	5.5	28.5	2.1
Other current assets	110.2	106.4	101.8	31.3	78.1	5.8	233.6	17.5
Total current assets	<u>7,513.5</u>	<u>9,108.0</u>	<u>7,646.9</u>	<u>7,080.3</u>	<u>6,343.0</u>	<u>475.7</u>	<u>6,569.2</u>	<u>492.6</u>
Non-current assets								
Restricted cash	95.7	82.6	74.9	101.0	11.4	0.9	64.6	4.8
Non-trade related party receivable . .	35.7	35.7	—	33.7	37.0	2.8	41.0	3.1
Investments in associates, net	128.9	173.3	3,956.0	3,582.5	2,687.2	201.6	2,543.9	190.8
Investments in a joint venture	97.2	1,035.9	1,154.4	1,350.6	1,438.4	107.9	1,703.8	127.8
Property, plant and equipment, net . .	2,822.7	2,980.7	4,663.4	6,700.2	8,699.7	652.5	8,962.5	672.3
Mining properties, net	388.5	428.4	666.2	858.8	893.9	67.0	877.4	65.8
Exploration and evaluation assets . .	525.0	713.8	754.4	709.7	687.0	51.5	717.4	53.8
Deferred charges	31.7	47.8	31.6	40.4	39.4	3.0	38.2	2.9
Prepaid taxes	12.5	2.4	476.2	722.5	467.6	35.1	265.4	19.9
Goodwill	85.5	185.4	185.4	179.9	133.7	10.0	114.6	8.6
Deferred tax assets, net	462.6	472.1	36.2	600.1	477.0	35.8	552.0	41.4
Other non-current assets	74.4	35.9	62.9	72.1	88.6	6.6	100.2	7.6
Total non-current assets	<u>4,760.3</u>	<u>6,193.9</u>	<u>12,061.7</u>	<u>14,951.5</u>	<u>15,660.9</u>	<u>1,174.7</u>	<u>15,981.0</u>	<u>1,198.8</u>
TOTAL ASSETS	<u>12,273.8</u>	<u>15,301.9</u>	<u>19,708.5</u>	<u>22,031.8</u>	<u>22,003.9</u>	<u>1,650.4</u>	<u>22,550.2</u>	<u>1,691.4</u>

	As of December 31,						As of June 30,	
	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2014 ⁽²⁾	2015	2015 ⁽²⁾
	(Rp billion)					(US\$ million)	(Rp billion)	(US\$ million)
Current liabilities								
Trade payables								
Third parties	243.4	250.6	378.2	471.8	448.7	33.7	189.1	14.2
Related parties	21.2	6.9	38.7	75.3	238.8	17.9	334.3	25.1
Accrued expenses	220.6	244.8	414.0	331.6	161.6	12.1	163.9	12.3
Short-term employee benefit liabilities	158.0	134.8	123.2	41.6	19.9	1.5	50.1	3.8
Taxes payable	411.8	87.7	150.0	180.6	120.2	9.0	84.1	6.3
Advances from customers	61.5	67.4	189.6	84.1	46.5	3.5	54.9	4.1
Short-term bank loans	—	8.0	1,663.9	2,469.8	2,528.0	189.6	2,715.7	203.7
Current maturities of investment loans	768.7	—	—	98.4	224.2	16.8	265.3	19.9
Current maturities of provision for environmental and reclamation costs	24.8	22.7	46.0	30.3	19.3	1.4	18.4	1.4
Other payables	24.0	23.4	37.8	71.9	55.7	4.2	60.2	4.5
Total current liabilities	<u>1,934.1</u>	<u>846.4</u>	<u>3,041.4</u>	<u>3,855.4</u>	<u>3,862.9</u>	<u>289.7</u>	<u>3,936.0</u>	<u>295.3</u>
Non-current liabilities								
Bonds payable	—	2,992.2	2,992.8	2,993.5	2,994.2	224.6	2,994.6	224.6
Investment loans, net of current maturities	—	—	—	1,223.7	2,268.7	170.2	3,098.3	232.4
Provision for environmental and reclamation costs, net of current maturities	200.9	199.8	205.7	239.3	220.2	16.5	234.0	17.6
Pension and other post-retirement obligations.	717.4	790.3	797.2	1,236.2	419.3	31.5	515.6	38.7
Deferred tax liabilities	—	—	181.3	—	—	—	—	—
Other non-current liabilities	2.6	2.9	3.1	191.4	188.8	14.2	196.4	14.7
Total non-current liabilities	<u>920.8</u>	<u>3,985.3</u>	<u>4,180.1</u>	<u>5,884.1</u>	<u>6,091.2</u>	<u>457.0</u>	<u>7,038.9</u>	<u>528.0</u>
TOTAL LIABILITIES	<u>2,854.9</u>	<u>4,831.8</u>	<u>7,221.5</u>	<u>9,739.5</u>	<u>9,954.1</u>	<u>746.7</u>	<u>10,974.9</u>	<u>823.3</u>
Shareholders' equity								
Authorized capital.	953.8	953.8	953.8	953.8	953.8	71.5	953.8	71.5
Additional paid-in capital, net	2.5	2.5	8.4	29.7	29.8	2.2	29.8	2.2
Other equity components:								
Difference arising from restructuring transaction of entities under common control	21.3	21.3	21.3	—	—	—	—	—
Difference in foreign currency translation	110.4	107.3	103.2	55.0	55.1	4.1	55.1	4.1
Retained earnings								
Appropriated	6,825.4	7,768.1	8,751.4	11,295.5	11,613.2	871.1	11,613.2	871.1
Unappropriated	1,518.7	1,630.4	2,652.3	(38.3)	(602.1)	(45.2)	(1,076.6)	(80.8)
Treasury stock	<u>(13.4)</u>	<u>(13.4)</u>	<u>(3.4)</u>	<u>(3.4)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total equity attributable to owners of the parent	9,418.9	10,470.1	12,487.0	12,292.3	12,049.8	903.7	11,575.3	868.1
Non-controlling interests.	<u>0.0^(a)</u>	<u>0.0^(a)</u>	<u>0.0^(a)</u>	<u>0.0^(a)</u>	<u>0.0^(a)</u>	<u>0.0^(b)</u>	<u>0.0^(a)</u>	<u>0.0^(b)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>9,418.9</u>	<u>10,470.1</u>	<u>12,487.1</u>	<u>12,292.3</u>	<u>12,049.8</u>	<u>903.7</u>	<u>11,575.3</u>	<u>868.1</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.	<u>12,273.8</u>	<u>15,301.9</u>	<u>19,708.5</u>	<u>22,031.8</u>	<u>22,003.9</u>	<u>1,650.4</u>	<u>22,550.2</u>	<u>1,691.4</u>

Notes:

(a) Denotes the amount is less than Rp0.1 billion.

(b) Denotes the amount is less than US\$0.1 million.

(1) As restated, in December 2013, the Financial Accounting Standards Board issued SFAS 24 (Revised 2013), “*Employee Benefits*”, which is required to be applied for financial years beginning on or after January 1, 2015. This revised employee benefits standard introduced changes to the recognition, measurement, presentation and disclosure of post-employment benefits. In order to present all the periods on a basis comparable with accounting policies used in the consolidated financial statements as of and for the six months ended June 30, 2015, the consolidated financial statements as of and for the years ended December 31, 2012, 2013 and 2014 have been restated as described in Note 4 to the consolidated financial statements included elsewhere in this Prospectus, while the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have been restated in a manner similar to that described in Note 4 above.

(2) Convenience translations to US dollars have been provided as described in “*Important information for investors outside of Indonesia— Conventions which apply in this Prospectus*”.

	Years ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014 ⁽¹⁾	2014	2015	2015 ⁽¹⁾
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Statement of cash flows:									
Cash flows from operating activities									
Cash receipts from customers	7,919.9	10,762.3	10,058.2	12,100.3	9,372.1	703.0	4,398.7	7,331.7	549.9
Cash receipts from interest income . . .	60.5	66.1	174.2	85.8	69.1	5.2	29.6	23.6	1.8
Payments to suppliers	(5,308.4)	(7,441.0)	(5,913.0)	(10,193.4)	(8,086.4)	(606.5)	(3,694.6)	(7,825.3)	(586.9)
Payments to commissioners, directors and employees	(628.8)	(936.9)	(2,415.3)	(1,070.7)	(979.3)	(73.5)	(451.6)	(400.0)	(30.0)
Payments of tax	(379.5)	(1,061.3)	(904.9)	(467.8)	(203.0)	(15.2)	(115.2)	(106.6)	(8.0)
Cash receipt from tax restitution	366.2	132.9	189.6	50.6	628.4	47.1	628.3	266.3	20.0
Payments of interest	(12.3)	(10.9)	(273.9)	(317.1)	(375.8)	(28.2)	(173.8)	(223.6)	(16.8)
Other receipts/(payments), net	(64.4)	56.6	(24.4)	(30.5)	(33.5)	(2.5)	(60.0)	120.2	9.0
Net cash flows provided from/(used in) operating activities	1,953.1	1,568.0	890.6	157.2	391.6	29.4	561.4	(813.7)	(61.0)
Cash flows from investing activities									
Dividend income	343.4	325.6	323.2	69.0	437.1	32.8	176.6	—	—
Acquisitions of property, plant and equipment	(452.5)	(675.4)	(2,249.4)	(2,442.9)	(2,029.8)	(152.2)	(760.9)	(267.3)	(20.0)
Proceeds from sale of property, plant and equipment	—	82.8	—	—	—	—	—	—	—
Acquisitions of investment in associates	(92.1)	(47.0)	(1,258.3)	(2.5)	(0.0) ^(b)	—	—	(0.1)	(0.0) ^(b)
Disbursements for deferred charges . . .	—	—	—	—	(8.6)	(0.6)	(1.3)	(3.5)	(0.3)
Disbursements for exploration and evaluation assets	(121.0)	(172.9)	(30.2)	(125.1)	(2.4)	(0.2)	(0.5)	(22.6)	(1.7)
Loans to associates	—	—	—	(33.7)	—	—	—	—	—
Disbursements for mining properties . .	—	(50.8)	(281.3)	(112.0)	(35.4)	(2.7)	(19.1)	(0.7)	(0.1)
Acquisition of investment in jointly controlled entity	(128.5)	(962.2)	—	—	—	—	—	—	—
Acquisitions of subsidiaries through indirect ownership	—	(109.5)	—	—	—	—	—	—	—
Investment to joint venture	—	—	—	—	—	—	—	(285.4)	(21.4)
Net cash flows used in investing activities	(450.7)	(1,609.4)	(3,495.9)	(2,647.2)	(1,639.1)	(122.9)	(605.2)	(579.6)	(43.5)

	Years ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014 ⁽¹⁾	2014	2015	2015 ⁽¹⁾
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Cash flows from financing activities									
Proceeds from bank loans	539.5	705.9	1,659.1	4,617.3	4,365.4	327.4	1,176.6	3,360.7	252.1
Proceeds from bonds payable.	—	3,000.0	—	—	—	—	—	—	—
Payment of dividend	(241.7)	(673.4)	(867.6)	(449.0)	(92.2)	(6.9)	(92.2)	—	—
Repayment of bank loans	(230.7)	(1,430.1)	(20.0)	(3,281.1)	(3,317.1)	(248.8)	(1,197.6)	(2,678.4)	(200.9)
Capital contribution from non-controlling interest	—	—	0.0 ^(a)	—	—	—	—	—	—
Payment of allocation for partnership and community development program	(24.2)	(67.3)	(77.1)	—	—	—	—	—	—
Net cash flows provided from/(used in) financing activities	42.9	1,535.1	694.4	887.2	956.1	71.7	(113.2)	682.3	51.2
Net increase/(decrease) in cash and cash equivalents	1,545.3	1,493.7	(1,910.9)	(1,602.8)	(291.4)	(21.8)	(157.0)	(711.0)	(53.3)
Effect of foreign exchange rate differences on cash and cash equivalents	(82.5)	(83.1)	139.8	526.9	117.6	8.7	(24.6)	126.8	9.5
Cash and cash equivalents at the beginning of the period/year	2,766.3	4,229.1	5,639.7	3,868.6	2,792.7	209.5	2,792.7	2,618.9	196.4
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	4,229.1	5,639.7	3,868.6	2,792.7	2,618.9	196.4	2,611.1	2,034.7	152.6

Notes:

(a) Denotes the amount is less than Rp0.1 billion.

(b) Denotes the amount is less than zero but greater than Rp(0.1) billion.

(1) Convenience translations to US dollars have been provided as described in “Important information for investors outside of Indonesia— Conventions which apply in this Prospectus”.

NON-GAAP MEASURES AND OTHER FINANCIAL AND OPERATING DATA

Non-GAAP measures and other financial and operating data are set out below:

	Year ended or as at December 31,				Six months ended or as of June 30,		
	2012	2013	2014	2014 ⁽²⁾	2014	2015	2015 ⁽²⁾
	(Rp billion)			(US\$ million)	(Rp billion)		(US\$ million)
Consolidated Adjusted							
EBITDA ⁽¹⁾	1,450.7	1,276.7	514.3	38.7	17.4	397.5	29.7
Finance costs ⁽²⁾	234.5	60.7	126.6	9.5	64.5	117.7	8.8
Total debt ⁽³⁾	4,656.7	6,785.4	8,015.1	601.2	6,720.5	9,073.9	680.6
Total debt/Consolidated							
Adjusted EBITDA ⁽⁴⁾	3.2	5.3	15.5	15.5	12.8	10.1	10.1
Consolidated Adjusted							
EBITDA/Finance costs	6.2	21.0	4.1	4.1	0.3	3.4	3.4

Notes:

(1) ANTAM calculates Consolidated Adjusted EBITDA by adding finance costs, depreciation, amortization, loss on foreign exchange, contingent consideration from investment, share of loss of associates and joint venture, impairment on warehouse inventory, impairment on dispatch receivables and income tax expense to profit/(loss) for the year/period, and

subtracting finance income, dividend income, gain on foreign exchange, gain on fair value adjustment, share of profit of associates and joint venture, recovery of impairment on warehouse inventory, recovery of impairment loss on property, plant equipment, mining properties and exploration evaluation assets and income tax benefit from profit/(loss) for the year/period.

Consolidated Adjusted EBITDA, as well as the related ratios presented above, is a supplemental measure of performance and liquidity that are not required by, or presented in accordance with, IFAS or IFRS. Consolidated Adjusted EBITDA is not a measurement of financial performance or liquidity under IFAS or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFAS or IFRS or an alternative to cash flows from operating activities as a measure of liquidity. ANTAM's presentation of Consolidated Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. In addition, Consolidated Adjusted EBITDA is not a standardized term, so a direct comparison between companies using such a term may not be possible or meaningful.

ANTAM believes that Consolidated Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization expense). Consolidated Adjusted EBITDA has been presented because ANTAM believes that it is an indicative measure of its operating performance and is used by investors and analysts to evaluate companies in its industry. Nevertheless, Consolidated Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of ANTAM's financial condition or results of operations, as reported under IFAS. Because of these limitations, Consolidated Adjusted EBITDA should not be considered as a measure of discretionary cash available to ANTAM to invest in the growth of its business.

- (2) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

The following table reconciles our net profit/(loss) under IFAS to our definition of Consolidated Adjusted EBITDA for the periods indicated:

	Year ended December 31,				Six months ended June 30,		
	2012	2013	2014	2014 ⁽⁵⁾	2014	2015	2015 ⁽⁵⁾
	(Rp billion)		(US\$ million)		(Rp billion)		(US\$ million)
(Loss)/profit for the period/year	3.009.8	532.6	(743.5)	(55.8)	(671.0)	(396.0)	(29.8)
Adjustments:							
Finance costs	234.5	60.7	126.6	9.5	64.5	117.7	8.8
Finance income	(166.1)	(85.3)	(68.7)	(5.2)	(30.7)	(22.7)	(1.7)
Dividend income	(375.4)	—	—	—	—	—	—
Depreciation ^(a)	577.3	670.9	728.8	54.7	296.3	345.8	25.9
Amortization ^(b)	65.9	124.2	66.0	5.0	16.1	30.5	2.3
Foreign exchange (gain)/loss, net ^(c)	(176.3)	(18.2)	118.2	8.9	36.7	205.1	15.4
Gain on fair value adjustment ^(d)	(2,484.0)	—	—	—	—	—	—
Contingent consideration from investment ^(d)	—	182.8	—	—	—	—	—
Share of (profit)/loss of associates and joint venture	(115.1)	181.0	370.6	27.8	310.9	163.4	12.3
(Recovery)/impairment on warehouse inventory	7.4	62.0	(36.4)	(2.7)	42.9	0.1	0.0
Impairment on dispatch receivables	—	67.9	—	—	—	—	—
Recovery of impairment loss on mining properties and exploration and evaluation on assets and property, plant and equipment	(35.2)	—	—	—	—	—	—
Income tax expense/ (benefit)	907.9	(501.9)	(47.3)	(3.5)	(48.3)	(46.4)	(3.5)
Consolidated Adjusted EBITDA	1,450.7	1,276.7	514.3	38.7	17.4	397.5	29.7

Notes:

- (a) Depreciation includes borrowing costs on qualifying assets and depreciation on property, plant and equipment capitalized to exploration and evaluation assets and mining properties. ANTAM allocates most of its depreciation costs to production costs, with a smaller component allocated to general and administrative expenses. See Note 11 to the consolidated financial statements included elsewhere in this Prospectus.
 - (b) Amortization refers to amortization of mining properties, including capitalized borrowing costs, charged to production costs. See Note 26 to the consolidated financial statements included elsewhere in this Prospectus.
 - (c) Foreign exchange gain/loss net is included in other losses/gains in ANTAM's consolidated financial statements. See Note 38 to the consolidated financial statements included elsewhere in this Prospectus.
 - (d) Prior to the additional interest in 2012, ANTAM owned a 17.5% interest in NHM and, effective December 20, 2012, acquired an additional 7.5% interest. Pursuant to an independent appraisal, ANTAM recognized a gain on fair value adjustment of Rp2,484.0 billion on its initial 17.5% interest. ANTAM's additional 7.5% interest in NHM was subject to a contingent purchase price of an additional US\$30 million. Based on an independent assessment of NHM's potential gold resources, ANTAM recognized a contingent purchase price amounting to US\$15 million (or approximately Rp182.8 billion) on December 31, 2013. ANTAM does not believe that any further contingent purchase price needed to be recognized as of June 30, 2015. See Notes 10 and 33p to the consolidated financial statements included elsewhere in this Prospectus.
 - (2) Finance costs consist of the interest expense on ANTAM's bonds payable and on its long-term and short-term loans. This figure is not net of finance income. See Note 37 to the consolidated financial statements included elsewhere in this Prospectus.
 - (3) Total debt consists of the carrying amount of ANTAM's short-term US dollar and Rupiah bank loans, ANTAM's bonds payable net of unamortized issuance costs and the current and non-current portions of ANTAM's investment loans net of unamortized issuance costs. See Notes 18, 19 and 20 to the consolidated financial statements included elsewhere in this Prospectus.
 - (4) On an annualized basis, the Total Debt/Consolidated Adjusted EBITDA number in the column headed "Six months ended June 30, 2014" is calculated using total debt as of June 30, 2014 and Consolidated Adjusted EBITDA for the twelve month ended June 30, 2014. Consolidated Adjusted EBITDA for the twelve months ended June 30, 2014 is calculated by (1) subtracting the Consolidated Adjusted EBITDA for the six months ended June 30, 2013 from the Consolidated Adjusted EBITDA for the year ended December 30, 2013 or Rp769.2 billion, to arrive at a Consolidated Adjusted EBITDA figure for the six-month period from July 1, 2013 to December 31, 2013, or Rp507.5 billion, and (2) adding such Consolidated Adjusted EBITDA figure to the Consolidated Adjusted EBITDA for the six months ended June 30, 2014.
- The Total Debt/Consolidated Adjusted EBITDA number in the column headed "Six month ended June 30, 2015" is calculated using total debt as of June 30, 2015 and Consolidated Adjusted EBITDA for the twelve months ended June 30, 2015. Consolidated Adjusted EBITDA for the twelve-month ended June 30, 2015 is calculated by (1) subtracting the Consolidated Adjusted EBITDA for the six months ended June 30, 2014 from the Consolidated Adjusted EBITDA for the year ended December 30, 2014, to arrive at a Consolidated Adjusted EBITDA figure for the six-month period from July 1, 2014 to December 31, 2014, or Rp496.9 billion or US\$37.3 million, and (2) adding such Consolidated Adjusted EBITDA figure to the Consolidated Adjusted EBITDA for the six months ended June 30, 2015.
- (5) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

ANTAM's production volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi)	18,688	19,690	18,372	18,249	16,851	7,579	9,443
Nickel ore (wmt)	7,040,512	7,959,184	9,425,617	11,521,212	1,259,062	396,461	744,064
Saprolite (wmt)	3,617,563	3,512,178	6,362,606	8,495,415	1,230,879	396,461	744,064
Limonite (wmt)	3,422,949	4,447,006	3,063,011	3,025,797	28,183	—	—
Gold (oz)	89,251	85,746	92,401	82,370	75,297	37,681	35,591
Silver (oz)	635,074	627,518	692,752	633,659	577,492	298,680	269,520
CGA (ton)⁽¹⁾	—	—	—	—	—	—	35,572
Bauxite (wmt)	104,692	32,748	194,190	570,721	267,292	190,359	109,399
Coal (ton)	—	583,794	607,606	424,573	463,551	214,356	293,150

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant. This is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated.

ANTAM's sales volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) . .	18,254	19,527	19,530	14,441	19,747	8,900	11,307
Nickel ore (wmt) . .	5,863,840	6,345,742	8,004,210	9,711,081	215,400	215,400	—
Saprolite (wmt)	3,543,511	2,941,015	4,415,568	6,460,898	104,350	104,350	—
Limonite (wmt)	2,320,329	3,404,727	3,588,642	3,250,183	111,050	111,050	—
Gold (oz)	210,941	257,495	225,827	301,928	320,800	126,224	353,530
Silver (oz)	1,334,963	864,534	782,517	641,086	660,537	344,881	241,066
CGA (ton)⁽¹⁾	—	—	—	—	—	—	29,587
Bauxite (wmt)	191,615	177,966	130,402	167,229	60,898	28,987	100,804
Coal (ton)	42,194	363,596	758,344	424,601	652,413	261,254	306,022

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant and whose financial statements are not consolidated with ANTAM's in ANTAM's consolidated financial statements.

ANTAM's sales are summarized in the following table:

	Year ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014 ⁽³⁾	2014	2015	2015 ⁽³⁾
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Ferronickel	3,679.4	3,727.8	3,175.6	2,072.0	3,975.8	298.2	1,738.8	1,923.2	144.3
Nickel ore	2,363.7	2,465.3	3,061.2	4,054.3	89.1	6.7	89.1	—	—
Saprolite	1,801.8	1,562.7	1,933.6	3,005.2	49.7	3.7	49.7	—	—
Limonite	561.9	902.7	1,127.6	1,049.1	39.4	3.0	39.4	—	—
Gold	1,918.2	3,672.2	3,628.4	4,705.1	4,901.2	367.6	1,947.6	5,648.5	423.7
Silver	187.7	271.2	235.9	166.5	158.7	11.9	87.4	53.1	4.0
CGA ⁽¹⁾	—	—	—	—	—	—	—	5,597.0	5.6
Bauxite ore ⁽²⁾ . . .	34.4	46.4	47.4	70.6	19.7	1.5	9.2	35.4	2.7
Coal	23.8	78.2	207.7	80.7	179.4	13.5	73.3	102.0	7.7
Other precious metal	9.5	1.7	3.6	4.3	4.7	0.4	4.3	3.1	0.2

Source: ANTAM data

- (1) The CGA sales presented are CGA sales made by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

- (2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.

- (3) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

ANTAM's average sales prices are summarized in the following table:

	Year ended December 31,					Six months ended	
	2010	2011	2012	2013	2014	June 30,	2015
	(US\$ million)					(US\$ million)	
Ferronickel (TNi) . .	10.12	9.96	7.81	6.32	7.74	7.58	5.86
Gold (oz)	1,227.5	1,605.59	1,711.85	1,523.23	1,277.3	1,319.72	1,228.10
Silver (oz)	19.60	35.82	32.00	24.90	20.21	21.63	16.74
CGA ⁽¹⁾	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾	55.99	60.36	32.44	39.48	26.98	27.15	27.00
Coal (ton)	26.75	30.21	—	24.10	25.36	25.01	25.04

Source: ANTAM data

(1) These CGA figures are for sales by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

(2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.

(3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

ANTAM's average cash costs are summarized in the following table:

	Year ended December 31,					Six months ended	
	2010	2011	2012	2013	2014	June 30,	2015
	(US\$)					(US\$)	
Ferronickel (lb)	5.58	6.39	6.90	6.65	5.48	5.84	4.38
Gold (oz)	616.11	796.37	830.27	855.91	808.06	769.18	694.30
Silver (oz)	—	—	—	—	—	—	—
Chemical grade alumina (ton) ⁽¹⁾ . .	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾ .	—	15.32	7.53	24.73	13.79	11.60	19.47
Coal (ton)	—	—	—	19.83	21.32	20.15	18.50

Source: ANTAM data

(1) These CGA figures are for costs of ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

(2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.

(3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

The table below shows ANTAM's estimate of its total consolidated nickel ore reserves and resources as of December 31, 2014:

	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Proved	Ni > 1.8%	20.6	13.6	2.27	14.75	41.15	22.52
Probable	Ni > 1.8%	113.0	82.0	2.0	12.2	41.3	26.9
Total saprolite reserves		133.6	95.6	2.0	12.6	41.3	26.3
Measured	Ni > 1.8%	66.8	46.1	2.0	14.8	38.3	21.6
Indicated	Ni > 1.8%	49.7	33.1	2.2	14.3	38.9	21.2
Inferred	Ni > 1.55%	182.9	136.6	1.9	14.9	39.5	23.0
Total saprolite resources		299.4	215.8	2.0	14.8	39.1	22.4

	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	Mgo (%)
Measured	Ni > 1.2%	171.4	110.3	1.4	40.5	12.2	3.1
Indicated	Ni > 1.2%	185.1	119.9	1.4	39.1	14.0	4.1
Inferred	Ni > 1.2%	196.0	128.7	1.4	39.6	12.7	3.1
Total limonite resources		552.5	358.9	1.4	39.7	13.0	3.4

Source: ANTAM data

The following tables summarize ANTAM's estimates of its total consolidated gold reserves and resources as of December 31, 2014:

	Tonnage (million dmt)	Grade		Contained metal	
		Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Proved	2.92	5.94	60	0.56	5.59
Probable	1.43	4.9	66	0.22	3.03
Total gold reserves	4.35	5.6	62	0.78	8.62
Measured	0.53	4.67	57	0.08	0.97
Indicated	3.13	3.3	36	0.33	3.63
Inferred	0.24	6	71	0.05	0.53
Total gold resources	3.90	4	41	0.46	5.13

Source: ANTAM data

The following tables summarize ANTAM's estimates of its total consolidated bauxite reserves and resources as of December 31, 2014:

	Washed bauxite		Average grade (%)				
	Tonnage (million wmt)	Tonnage (million dmt)	T-SiO ²	R-SiO ²	Al ² O ³	Fe ² O ³	T ¹ O ²
Proved	68	57.8	12.72	3.29	46.65	13.46	0.98
Probable	43.5	37.0	13.1	3.4	46.3	13.3	1.0
Total bauxite reserves ..	111.5	94.8	12.9	3.3	46.5	13.4	1.0
Measured	133.5	113.2	23.5	3.4	43.4	9.2	0.7
Inferred	456	387	23.6	3.7	43.8	9.6	0.5
Total bauxite resources .	589.5	500.2	23.6	3.6	43.7	9.5	0.6

Source: ANTAM data

ANTAM estimates that as of December 31, 2014, it has the following coal reserves:

			Total proved and probable reserves	Measured resources	Indicated resources	Inferred resources	Total resources
	Proved reserves	Probable reserves	probable reserves	resources	resources	resources	resources
				(million tons)			
Coal	6.1	0.1	6.2	21.7	6.5	10.9	39.1

Source: ANTAM data

ANTAM's coal reserves are substantially smaller than its other metals reserves and resources. ANTAM's internal estimates of its coal reserves are prepared by its engineers and it does not maintain JORC-compliant estimates of these coal reserves.

DILUTION

Dilution is the amount by which the price paid by purchasers of the Rights Shares in the Rights Issue exceeds the book value of net assets per Share immediately after the completion of the Rights Issue. Historical book value of net assets per Share is determined by dividing ANTAM's consolidated total equity by the number of ANTAM's Shares outstanding as of June 30, 2015. ANTAM's total shareholders' equity as of June 30, 2015 was Rp11,575.3 billion (US\$868.1 million). The total number of ANTAM's Shares outstanding as of June 30, 2015 was 9,538,459,750 Shares, which consisted of one Series A Dwiwarna share and 9,538,459,749 Series B common shares. ANTAM's historical book value of net assets per Share as of June 30, 2015, before adjusting for the issuance of the Rights Shares, was Rp1,214 per share.

After giving effect to the Rights Issue, assuming that all of the Rights offered in the Rights Issue are exercised at the Exercise Price of Rp371 per share, our pro forma book value of net assets as of June 30, 2015 would have been Rp1,213.6 billion (US\$91 million) in the aggregate, and our pro forma book value of net assets per Share would have been Rp705.4 billion per share. This is after deducting estimated selling and underwriting commissions and expenses relating to the Rights Issue and the issue and sale of the Rights Shares. This represents an immediate decrease in book value of net assets of Rp508.2 per Share to existing shareholders and an immediate dilution in book value of net assets of 41.9 per Share to new investors purchasing in the Rights Issue. The following table illustrates this per Share dilution as of June 30, 2015.

	<u>Rp billion</u>
Exercise price	371
Historical book value of net assets per Share as of June 30, 2015	Rp1,213.6
Pro forma book value of net assets per Share after the Rights Issue (assuming that all of the rights offered in the Rights Issue are exercised at the Exercise Price of Rp371 per share).	705.4
Decrease in book value of net assets per Share attributable to the Rights Issue.	508.2
Dilution in book value of net assets per Share to new investors in the Rights Issue (as a percentage of the Exercise Price)	41.9%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with ANTAM's consolidated financial statements and related notes included elsewhere in this Prospectus, and the sections "Important information for investors outside of Indonesia — Presentation of financial and reserves information", "Summary consolidated financial information and other data" and "Selected consolidated financial information and other data" in this Prospectus. ANTAM's consolidated financial statements have been prepared and presented in accordance with IFAS, which differs in certain respects from IFRS. See "Summary of Certain Differences between IFAS and IFRS." Results of operations for any interim period may not be indicative of those for a full fiscal year. This discussion contains forward-looking statements and reflects our current view with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under the sections "Important information for investors outside of Indonesia — Forward-looking statements" and "Risk Factors" in this Prospectus.

Overview

ANTAM is the national mining company of Indonesia and the largest listed diversified metals and mining company in Southeast Asia. ANTAM has the sixth largest nickel reserves in the world, as measured by nickel content, according to the AME Report, as well as substantial bauxite reserves and resources. ANTAM is currently completing key processing development projects such as its Pomalaa ferronickel processing plant expansion, East Halmahera Ferronickel Plant Development Project, anode slime project, and Mempawah SGA Project. When it completes these projects, ANTAM will produce a diversified portfolio of processed metals. ANTAM aims to capitalize on what it believes is a strong track record as a leading upstream mining producer to capture larger segments of its downstream value chains and service Indonesia's growing industrial sector.

Gold, nickel and other minerals (including bauxite and coal) accounted for 52.0%, 42.2% and 2.1%, respectively, of ANTAM's total consolidated sales in 2014 and 48.8%, 43.6% and 0.2% respectively of its total consolidated sales in the six months ended June 30, 2014 and 72.0%, 24.5% and 1.7% of its total consolidated sales in the six month period ended June 30 2015. Nickel ore, gold, ferronickel and other minerals (including bauxite and coal) contributed 35.9%, 41.6%, 18.3% and 0.6%, respectively, to ANTAM's total consolidated sales in 2013 and 29.3%, 34.7%, 30.4% and 2.4% respectively, to ANTAM's total consolidated sales in 2012. The breakdown of ANTAM's sales changed substantially after it ceased export of raw ores in 2014, and this must be considered when comparing ANTAM's financial performance in 2014 and the six months ended June 30, 2015 with that of previous years.

As part of its shift to becoming a diversified processed metals producer, ANTAM aims to compete increasingly in Indonesian markets where there are opportunities to replace imported industrial inputs with processed metals produced in Indonesia by ANTAM. Further, the countries to which ANTAM exported raw nickel and bauxite ores prior to 2014 are not necessarily the same countries to which it currently exports processed metals. ANTAM's sources of sales in terms of country are expected to change accordingly.

ANTAM produces:

- Ferronickel from its recently expanded Pomalaa processing plant and, when complete, from its East Halmahera Ferronickel Plant Development Project;
- Nickel ore from its mines in Pomalaa and Pakal Island, and may resume production in the future from currently dormant nickel mines in Tapunopaka and Tanjung Buli;

- Gold and silver from its Pongkor mine and its subsidiary PT Cibaliung Sumberdaya's Cibaliung mine, refined at its Logam Mulia precious metals refinery, and, when complete, gold from its anode slime project;
- CGA from the Tayan CGA plant of ICA, a joint venture company 80% owned by ANTAM;
- SGA, from ANTAM's Mempawah SGA Project, when this plant is completed; and
- Bauxite ore from its Tayan mine, which output has been exclusively contracted to ICA.

ANTAM's production volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) . .	18,688	19,690	18,372	18,249	16,851	7,579	9,443
Nickel ore (wmt) . .	7,040,512	7,959,184	9,425,617	11,521,212	1,259,062	396,461	744,064
Saprolite (wmt)	3,617,563	3,512,178	6,362,606	8,495,415	1,230,879	396,461	744,064
Limonite (wmt)	3,422,949	4,447,006	3,063,011	3,025,797	28,183	—	—
Gold (oz)	89,251	85,746	92,401	82,370	75,297	37,681	35,591
Silver (oz)	635,074	627,518	692,752	633,659	577,492	298,680	269,520
CGA (ton)⁽¹⁾	—	—	—	—	—	—	35,572
Bauxite (wmt)	104,692	32,748	194,190	570,721	267,292	190,359	109,399
Coal (ton)	—	583,794	607,606	424,573	463,551	214,356	293,150

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

ANTAM's sales volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) . .	18,254	19,527	19,530	14,441	19,747	8,900	11,307
Nickel ore (wmt) . .	5,863,840	6,345,742	8,004,210	9,711,081	215,400	215,400	—
Saprolite (wmt)	3,543,511	2,941,015	4,415,568	6,460,898	104,350	104,350	—
Limonite (wmt)	2,320,329	3,404,727	3,588,642	3,250,183	111,050	111,050	—
Gold (oz)	210,941	257,495	225,827	301,928	320,800	126,224	353,530
Silver (oz)	1,334,963	864,534	782,517	641,086	660,537	344,881	241,066
CGA (ton)⁽¹⁾	—	—	—	—	—	—	29,587
Bauxite (wmt)	191,615	177,966	130,402	167,229	60,898	28,987	100,804
Coal (ton)	42,194	363,596	758,344	424,601	652,413	261,254	306,022

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant and whose financial statements are not consolidated in ANTAM's consolidated financial statements.

ANTAM's sales are summarized in the following table:

	Year ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014 ⁽³⁾	2014	2015	2015 ⁽³⁾
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Ferronickel	3,679.4	3,727.8	3,175.6	2,072.0	3,975.8	298.2	1,738.8	1,923.2	144.3
Nickel ore	2,363.7	2,465.3	3,061.2	4,054.3	89.1	6.7	89.1	—	—
Saprolite	1,801.8	1,562.7	1,933.6	3,005.2	49.7	3.7	49.7	—	—
Limonite	561.9	902.7	1,127.6	1,049.1	39.4	3.0	39.4	—	—
Gold	1,918.2	3,672.2	3,628.4	4,705.1	4,901.2	367.6	1,947.6	5,648.5	423.7
Silver	187.7	271.2	235.9	166.5	158.7	11.9	87.4	53.1	4.0
CGA ⁽¹⁾	—	—	—	—	—	—	—	5,597.0	5.6
Bauxite ore ⁽²⁾ . . .	34.4	46.4	47.4	70.6	19.7	1.5	9.2	35.4	2.7
Coal	23.8	78.2	207.7	80.7	179.4	13.5	73.3	102.0	7.7
Other precious metal	9.5	1.7	3.6	4.3	4.7	0.4	4.3	3.1	0.2

Source: ANTAM data

- (1) The CGA sales presented are CGA sales made by ICA, a jointly controlled entity which owns the Tayan CGA plant and whose financial statements are not consolidated with ANTAM's in ANTAM's consolidated financial statements.
- (2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.
- (3) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

Factors affecting ANTAM's financial condition and results of operations

Completion of key development projects

ANTAM's financial condition and results of operations are directly related to the successful completion of its key development projects: the Pomalaa ferronickel processing plant expansion project under which commercial production is targeted to commence by 2015, the anode slime project by 2017, the East Halmahera Ferronickel Plant Development Project by 2018 and the Mempawah SGA Project by 2019. ANTAM believes that these projects are crucial to its planned shift from an upstream mining producer to a diversified downstream manufacturer of processed metals. The completion of these projects is subject to various risks. See "Risk Factors— Risks relating to ANTAM's business and industry— ANTAM may be unable to complete its key development projects". Delays in or the cancellation of any of these projects would have a material adverse effect on ANTAM's business, financial condition and results of operations.

Metals price fluctuations and global demand

Metals prices have and will significantly affect ANTAM's sales. See "Risk Factors— Risks relating to ANTAM's business and industry— ANTAM's sales vary significantly with fluctuations in metals prices." The market price of metals has fluctuated widely in the past and cannot be predicted with certainty. Historically, metals prices have been subject to significant fluctuation and are affected by supply and demand dynamics and other factors over which ANTAM has no control. Metals markets are highly competitive and are sensitive to changes in mining output (including the opening and closing of new mines, the discovery of new deposits and the expansion of operations at existing mines), disruptions in distribution (including due to severe weather), the demands of end-users, and global

economic conditions, all of which have significantly affected and, will continue to affect, sales prices. In previous periods, the global economy deteriorated rapidly as a result of a significant decline in consumer demand stemming from the financial crisis. This impacted all countries through lower levels of trade, compounded by falls in private investment and negatively affected metals prices.

ANTAM's average sales prices are summarized in the following table:

	Year ended December 31,					Six months ended	
	2010	2011	2012	2013	2014	June 30,	2015
	(US\$ million)						
Ferronickel (TNi)	10.12	9.96	7.81	6.32	7.74	7.58	5.86
Gold (oz)	1,227.5	1,605.59	1,711.85	1,523.23	1,277.3	1,319.72	1,228.10
Silver (oz)	19.60	35.82	32.00	24.90	20.21	21.63	16.74
CGA ⁽¹⁾	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾	55.99	60.36	32.44	39.48	26.98	27.15	27.00
Coal (ton)	26.75	30.21	—	24.10	25.36	25.01	25.04

Source: ANTAM data

(1) These CGA figures are for sales by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

(2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.

(3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

Fluctuations in fuel prices and fuel costs

Ferronickel processing and similar processes are electricity intensive. ANTAM's principal ferronickel plant at Pomalaa is powered by diesel-fired plants. ANTAM is building a coal fired plant at Pomalaa to supply electricity to ferronickel plants which aims to lower the ferronickel cash cost of ANTAM. The price of fuel accounts for approximately 40% of ANTAM's cash costs for ferronickel production. Increases in fuel prices will potentially increase ANTAM's processing costs, as well as its delivery costs and the rates charged by its contractors. Any significant increase in the price of fuel would thus cause a corresponding increase in ANTAM's production costs in future periods. ANTAM has not and does not currently hedge its fuel costs. See "*Risk Factors— Risks relating to ANTAM's business and industry— The price of fuel, which represents approximately 40% of ANTAM's ferronickel cash costs, may increase.*"

Government policies and changes in law

The government of Indonesia and various local governments, as well as foreign governments, may, from time to time, issue new interpretation or change the interpretation or enforcement of existing policies, laws or regulations that affect ANTAM's mining and processing operations, including labor, tax, environmental, land use and regulatory policies. The Mining Law substantially changed ANTAM's business after it prohibited the export of raw nickel and bauxite ore in 2014. The impact of such changes is uncertain. See "*Risk Factors— Risks relating to ANTAM's business and industry— Laws and regulations may change or be enforced more aggressively*" and "*— Indonesia's Mining Law and future regulations may impose additional restrictions on ANTAM, increase its costs and adversely affect its operations.*"

Capital intensive development projects

ANTAM will require significant financing to complete its key development projects. ANTAM has no assurance that such financing will be available to it in the future or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities, the interests of ANTAM's shareholders in its net assets may be diluted. ANTAM has implemented measures to reduce its capital expenditure and focus currently planned expenditure on its key development projects, and it conserves capital when entering into joint ventures by contributing metals reserves instead of capital. Nevertheless, any failure by ANTAM to obtain required financing on acceptable terms, or at all, could have a material adverse effect on its financial condition, results of operations and liquidity and may require it to cancel or postpone planned development projects. See "*Risk Factors—Risks relating to ANTAM's business and industry—ANTAM operates in a capital intensive industry and may be unable to raise necessary capital.*"

Fluctuation in foreign exchange rates

ANTAM's reporting currency is currently the Rupiah. Nevertheless, 70.9%, 64.7%, 71.1% and 83.6% of ANTAM's total consolidated sales in 2012, 2013, 2014 and the six months ended June 30, 2015 are denominated in US dollars. Many of ANTAM's costs of production, such as labor, are denominated in Rupiah. An appreciation of the Rupiah against the US dollar will affect ANTAM's financial condition and results of operations because it would cause a decrease in its sales, trade receivables and cash and cash equivalents recorded in ANTAM's consolidated financial statements without an accompanying decrease in many of ANTAM's costs.

On the other hand, ANTAM's operations results are also affected by the adjustment of monetary assets and liabilities at each balance sheet date. Because ANTAM has significant net liabilities, depreciation of the Rupiah against the US dollar would result in an increase in liabilities and a decrease in ANTAM's profit.

See "*Risk Factors—Risks relating to ANTAM's business and industry—The Rupiah may appreciate and reduce ANTAM's export sales.*"

Government royalties and license fees

ANTAM pays various license fees and royalties to the government for its mining concessions. In addition, ANTAM must pay fees on extracted metals based on the type and amount of metal produced. The percentage of fees that should be paid by ANTAM in accordance with the regulation mentioned above are 4.0% for ferronickel, 3.75% for gold, and 3.25% for silver.

Global economic conditions

The credit markets and the financial services industry have experienced a period of disruption characterized by the bankruptcy, failure, collapse or sale of various financial institutions, increased volatility in securities prices, severely diminished liquidity and credit availability and a significant level of intervention from the United States and other governments. In mid-2015, there were continued concerns regarding a Greek sovereign debt crisis and a substantial drop in Chinese stock market indices. Continued concerns about the systemic impact of a potential long-term or widespread recession, energy costs, geopolitical issues, the availability and cost of credit, the global commercial and residential real estate markets and related mortgage markets and reduced consumer confidence have contributed to increased market volatility and diminished expectations for most developed and emerging economies, which has continued, to a certain degree, in 2015.

Forecasting the depth and length of the current cycle is challenging as it differs from past cycles due to the overlay of the global credit crisis in combination with broad demand weakness. Continued

turbulence in the international markets and economies could materially affect the prices and volumes at which ANTAM sells its metals, increase ANTAM's costs of borrowing, limit its access to capital necessary to meet its liquidity needs and materially harm its ability to complete its key development projects and implement other strategies.

Critical accounting policies, estimates and judgements

ANTAM prepares its consolidated financial statements contained elsewhere in this Prospectus in accordance with IFAS. Note 2 to ANTAM's consolidated financial statements includes a summary of the significant accounting policies and methods used in preparing these consolidated financial statements. Preparation of ANTAM's consolidated financial statements requires its management to make estimates and judgments that affect the reported amount of ANTAM's assets, liabilities, sales and expenses as well as the disclosure of its contingent assets and liabilities. ANTAM's actual results may differ significantly under different assumptions or conditions. The accounting policies that ANTAM believes are or will be the most critical to a full understanding and evaluation of the reported and future financial results are the following:

Critical accounting policies

Estimating the useful life of property, plant and equipment

ANTAM estimates the useful life of its property, plant and equipment based on expected asset utilization pursuant to business plans and strategies, anticipated technological developments and market behaviour. The estimation of the useful life of property, plant and equipment is based on ANTAM's collective assessment of industry practice, an internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the asset. Results of operations in future periods may be materially affected by changes in the estimates due to changes in these factors.

The amounts and timing of recorded expenses for any year will be affected by changes in these factors and circumstances. A reduction in the estimated useful life of a category of ANTAM's property, plant and equipment will increase the recorded operating expenses and decrease non-current assets.

Goodwill and impairment of non-financial assets

The interim consolidated financial statements reflect acquired businesses after the completion of the respective acquisitions. ANTAM accounts for the acquired businesses using the acquisition method which requires extensive use of accounting estimates and judgements to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. Any excess in the purchase price over the estimated fair market values of the net assets acquired is recorded as goodwill in the interim consolidated statements of financial position. Thus, the numerous judgements made in estimating the fair market value to be assigned to the acquiree's assets and liabilities can materially affect ANTAM's financial performance.

The determination of fair value less cost to sell and value in use requires management to make estimates and the assumptions on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), mineral resources and reserves, operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the profit or loss.

Estimation of pension cost and other employee benefits

The cost of the defined benefit plan and the present value of the pension obligation are determined using the projected-unit-credit method. Actuarial valuation includes making various assumptions, which consist of, among other things, discount rates, rates of compensation increases and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions.

While ANTAM believes that its assumptions are reasonable and appropriate, significant differences in ANTAM's actual experience or significant changes in its assumptions may materially affect the costs and obligations of pension and other long-term employee benefits. All assumptions are reviewed at each reporting date.

Mineral reserve estimates

Proven and probable reserves are estimates of the amount of output that can be economically and legally exploited from ANTAM's mining properties. ANTAM determines and reports its mineral reserves under the JORC Code. In order to estimate mineral reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transportation costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or mineral content of mineral reserves requires the size, shape and depth of mineral bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements to interpret the data.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data are generated during the course of operations, estimates of reserves may change from period to period. Changes in the reported reserves may affect ANTAM's financial results and financial position in a number of ways, including the following:

- assets carrying values may be affected due to changes in the estimated future cash flows;
- depreciation, depletion and amortisation charged to the profit or loss may change where such charges are determined on the units-of-production basis, or where the useful economic lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities;
- the carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

In relation to the acquisition of an additional 7.5% share ownership in NHM in December 2012, the management also performs an estimation of potential gold resources held by NHM at each reporting date. See Note 33p to ANTAM's consolidated financial statements included elsewhere in the Prospectus.

Provision for mine rehabilitation

ANTAM's accounting policy for the recognition of mine closure and rehabilitation provisions requires significant estimates and assumptions, such as requirements of the relevant legal and regulatory framework, the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in a future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at that time.

Exploration and evaluation expenditure

ANTAM's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires the management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable production operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalized amount will be written off to the profit or loss.

Determination of functional currency

In the process of applying ANTAM's accounting policies, the management has to make a judgement on the determination of the functional currency of the foreign subsidiaries, apart from those estimations and assumptions which have the most significant effects on the amounts recognised in the consolidated financial statements.

The functional currency of each entity within ANTAM is the currency of the primary economic environment in which each of the entities operates. It is the currency, among other factors, that mainly influences the sales prices for goods and services, of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, the currency that mainly influences labor, material and other costs and the currency in which funds from financing activities are generated.

Uncertain tax exposures

Judgements and assumptions are required to determine the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes for ANTAM. In particular, the calculation of ANTAM's income tax expenses involves the interpretation of applicable tax laws and regulations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

All judgements and estimates taken by the management as discussed above may be challenged by the Directorate General of Taxation or the Government Auditors. As a result, the ultimate tax determination becomes uncertain. The resolution of tax positions taken by ANTAM can take several years to complete and it is difficult to predict the ultimate outcome. If the final tax outcome of these matters is different from the amounts initially recorded, such differences will have an impact on the income tax and deferred income tax provision in the period in which this determination is made.

Assumptions about the generation of future taxable profits depend on the management's estimates of future cash flow. These depend on the estimates of future production, sales volumes or sales of services, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

Deferred tax assets, including those arising from unrecouped tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Development expenditure

Development activities commence after the project has been sanctioned by the appropriate level of management. Judgement is applied by the management in determining when a project is economically viable. In exercising this judgement, the management is required to make certain estimates and assumptions similar to those described above for capitalised exploration expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the profit or loss.

	Year ended December 31,				Six months ended June 30,		
	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2014 ⁽²⁾	2014 ⁽¹⁾	2015	2015 ⁽²⁾
	(Rp billion)			(US\$ million)	(Rp billion)		(US\$ million)
Statements of profit or loss and other comprehensive income:							
Sales	10,449.9	11,298.3	9,420.6	706.6	3,986.7	7,849.0	588.7
Cost of goods sold	(8,413.6)	(9,611.9)	(8,627.2)	(647.1)	(3,743.0)	(7,320.9)	(549.1)
Gross profit	2,036.3	1,686.4	793.4	59.5	243.7	528.1	39.6
Operating expenses:							
General and administrative . .	939.0	940.7	783.7	58.8	357.1	351.7	26.4
Selling and marketing	179.2	161.0	146.7	11.0	73.9	73.0	5.5
Total operating expenses	1,118.2	1,101.7	930.4	69.8	431.0	424.7	31.9
Operating profit/(loss)	918.1	584.7	(137.0)	(10.3)	(187.3)	103.4	7.7
Other (expenses)/income:							
Share of (loss)/profit of associates and joint venture	115.1	(181.0)	(370.6)	(27.8)	(310.9)	(163.4)	(12.3)
Finance income	166.1	85.3	68.7	5.2	30.7	22.7	1.7
Finance costs	(234.5)	(60.7)	(126.6)	(9.5)	(64.5)	(117.7)	(8.8)
Contingent consideration from investment	—	(182.8)	—	—	—	—	—
Gain on fair value adjustment	2,484.0	—	—	—	—	—	—
Dividend income	375.4	—	—	—	—	—	—
Other (losses)/gains, net	93.5	(214.8)	(225.3)	(16.9)	(187.3)	(287.4)	(21.6)
Other (expenses)/income, net	<u>2,999.6</u>	<u>(554.0)</u>	<u>(653.8)</u>	<u>(49.0)</u>	<u>(532.0)</u>	<u>(545.8)</u>	<u>(41.0)</u>
(Loss)/profit before income tax	3,917.7	30.7	(790.8)	(59.3)	(719.3)	(442.4)	(33.3)
Income tax benefit/(expense)							
	(907.9)	501.9	47.3	3.5	48.3	46.4	3.5
(Loss)/profit for the period/year	3,009.8	532.6	(743.5)	(55.8)	(671.0)	(396.0)	(29.8)

	Year ended December 31,				Six months ended June 30,		
	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2014 ⁽²⁾	2014 ⁽¹⁾	2015	2015 ⁽²⁾
	<i>(Rp billion)</i>			<i>(US\$ million)</i>	<i>(Rp billion)</i>		<i>(US\$ million)</i>
Other comprehensive (loss)/income:							
Item that will not be reclassified to profit or loss:							
Remeasurement of pension and other retirement obligations	(80.0)	(371.6)	786.2	59.0	50.7	(105.3)	(7.8)
Tax effect - remeasurement of pension and other retirement obligations	20.0	92.9	(196.6)	(14.7)	(12.7)	26.8	2.0
Item that may be subsequently reclassified to profit or loss:							
Difference in foreign currency translation	(4.1)	0.2	0.1	0.0 ^(a)	0.1	(0.0) ^(b)	(0.0) ^(c)
Total comprehensive (loss)/income for the period/year	<u>2,945.7</u>	<u>254.1</u>	<u>(153.8)</u>	<u>(11.5)</u>	<u>(632.9)</u>	<u>(474.5)</u>	<u>(35.6)</u>

(a) Denotes the amount is less than Rp0.1 billion.

(b) Denotes the amount is less than zero but greater than Rp(0.1) billion.

(c) Denotes the amount is less than zero but greater than US\$(0.1) million.

Notes:

- (1) As restated, in December 2013, the Financial Accounting Standards Board issued SFAS 24 (Revised 2013), “*Employee Benefits*”, which is required to be applied for financial years beginning on or after January 1, 2015. This revised employee benefits standard introduced changes to the recognition, measurement, presentation and disclosure of post-employment benefits. In order to present all the periods on a basis comparable with accounting policies used in the consolidated financial statements as of and for the six month period ended June 30, 2015, the consolidated financial statements as of and for the years ended December 31, 2012, 2013 and 2014 have been restated as described in Note 4 to the consolidated financial statements included elsewhere in this Prospectus, while the consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have been restated in a manner similar to that described in Note 4 above.
- (2) Convenience translations to US dollars have been provided as described in “*Important information for investors outside of Indonesia— Conventions which apply in this Prospectus*”.

Six months ended June 30, 2015 compared to six months ended June 30, 2014

Sales. ANTAM’s total consolidated sales increased substantially by 96.9% from Rp3,986.7 billion in the six months ended June 30, 2014 to Rp7,849.0 billion (US\$588.7 million) in the six months ended June 30, 2015.

This increase was primarily due to:

- Increased sales of gold by 190.0% from Rp1,947.6 billion in the six months ended June 30, 2014 to Rp5,648.5 billion in the six months ended June 30, 2015. This increase was primarily due to increased export sales of gold.
- Increased sales of coal by 39.1% from Rp73.3 billion in the six months ended June 30, 2014 to Rp102.0 billion in the six months ended June 30, 2015. This increase was primarily due to higher sales to the domestic market for use in power plants.
- Increased sales of bauxite by 284.6% from Rp9.2 billion in the six months ended June 30, 2014 to Rp35.4 billion in the six months ended June 30, 2015. This increase is in line with the start of the Tayan CGA plant's pre-production phase.

Cost of goods sold. ANTAM's cost of goods sold increased by 95.6% from Rp3,743.0 billion in the six months ended June 30, 2014 to Rp7,320.9 billion (US\$549.1 million) in the six months ended June 30, 2015. This increase was primarily due to an increase in ANTAM's production costs for processed metals, following increased volume, which increased substantially by 103.5% from Rp3,639.6 billion in the six months ended June 30, 2014 to Rp7,407.3 billion (US\$555.6 million) in the six months ended June 30, 2015 and due to a substantial increase in purchases of precious metals from Rp1,450.8 billion in the six months ended June 30, 2014 to Rp5,023.0 billion (US\$376.8 million) in the six months ended June 30, 2015.

Gross profit. ANTAM's gross profit increased substantially by 116.7% from Rp243.7 billion in the six months ended June 30, 2014 to Rp528.1 billion (US\$39.6 million) in the six months ended June 30, 2015. This increase was primarily due to increased sales from gold. Gross profit represented 6.1% and 6.7% of ANTAM's sales in the six months ended June 30, 2014 and 2015.

Operating expenses. ANTAM's operating expenses decreased slightly by 1.5% from Rp431.0 billion in the six months ended June 30, 2014 to Rp424.7 billion (US\$31.9 million) in the six months ended June 30, 2015. Operating expenses represented 10.8% and 5.4% of ANTAM's sales in the six months ended June 30, 2014 and 2015. This decrease is further broken down as follows:

- *General and administrative expenses.* ANTAM's general and administrative expenses decreased slightly by 1.5% from Rp357.1 billion in the six months ended June 30, 2014 to Rp351.7 billion (US\$26.4 million) in the six months ended June 30, 2015. This decrease was primarily due to:
 - o *Salary wages, bonuses and employee benefits expenses.* ANTAM's salaries, wages, bonuses and employee welfare decreased by 20.4% from Rp183.3 billion in the six months ended June 30, 2014 to Rp145.9 billion (US\$10.9 million) in the six months ended June 30, 2015. This decrease was primarily due to lower variable costs of labor.
 - o *Exploration expenses.* ANTAM's exploration expenses decreased from Rp14.1 billion in the six months ended June 30, 2014 to Rp13.0 billion (US\$1.0 million) in the six months ended June 30, 2015. This decrease was primarily due to ANTAM's measures to promote efficiency.
- *Selling and marketing expenses.* ANTAM's selling and marketing expenses decreased slightly by 1.2% from Rp73.9 billion in the six months ended June 30, 2014 to Rp73.0 billion (US\$5.5 million) in the six months ended June 30, 2015. This decrease was primarily due to a decrease in expenses for ANTAM's representative office in Tokyo by 8.2% from Rp8.5 billion in the six months ended June 30, 2014 to Rp7.8 billion (US\$0.6 million) in the six months ended June 30, 2015. This decrease was primarily due to ANTAM's measures to promote efficiency.

Operating profit/(loss). ANTAM's total operating (loss)/income increased substantially from an operating loss of Rp187.3 billion in the six months ended June 30, 2014 and a profit of Rp103.4 billion (US\$7.7 million) in the six months ended June 30, 2015. This increase in operating profit was primarily due to increased gold sales. Operating profit/loss represented 4.7% and 1.3% of ANTAM's sales in the six months ended June 30, 2014 and 2015.

Other expenses. ANTAM's other expenses, net increased slightly by 2.6% from Rp532.0 billion in the six months ended June 30, 2014 to Rp545.8 billion (US\$41.0 million) in the six months ended June 30, 2015. Other expenses represented 13.3% and 7.0% of ANTAM's sales in the six months ended June 30, 2014 and 2015. This increase is further broken down as follows:

- *Share of loss of associates and joint venture.* ANTAM's share of loss of associates and joint venture decreased substantially by 47.4% from Rp310.9 billion in the six months ended June 30, 2014 to Rp163.4 billion (US\$12.3 million) in the six months ended June 30, 2015. This decrease was primarily due to the increased profits of ANTAM's associate NHM.
- *Finance costs.* ANTAM's finance costs increased substantially by 82.4% from Rp64.5 billion in the six months ended June 30, 2014 to Rp117.7 billion (US\$8.8 million) in the six months ended June 30, 2015. This increase was primarily due to an increase in the interest rate of long-term investment loans.
- *Other losses, net.* ANTAM's other losses, net increased substantially by 69.0% from Rp156.6 billion in the six months ended June 30, 2014 to Rp264.7 billion (US\$19.9 million) in the six months ended June 30, 2015. This increase was primarily due to foreign exchange losses.

Loss before income tax. ANTAM's loss before income tax decreased substantially by 38.5% from Rp719.3 billion in the six months ended June 30, 2014 to Rp442.4 billion (US\$33.3 million) in the six months ended June 30, 2015. This increase was primarily due to increased gold sales. Loss before income tax represented 18.0% and 5.6% of ANTAM's sales in the six months ended June 30, 2014 and 2015.

Other comprehensive income. ANTAM's other comprehensive income, which is mostly derived from pension and other post-retirement obligations, decreased substantially from Rp38.1 billion in the six months ended June 30, 2014 to Rp78.5 billion loss in the six months ended June 30, 2015. This decrease was largely due to increase in pension and other post-retirement obligations because of actuarial assumptions adjustments on plan assets. Other comprehensive income represented 1.0% of ANTAM's sales in both the six months ended June 30, 2014 and 2015.

Total comprehensive loss. ANTAM's total comprehensive loss decreased by 25.0% from Rp632.9 billion in the six months ended June 30, 2014 to Rp474.5 billion (US\$35.6 million) in the six months ended June 30, 2015. Total comprehensive loss represented 15.9% and 6.0% of ANTAM's sales in the six months ended June 30, 2014 and 2015.

2014 compared to 2013

Sales. ANTAM's total consolidated sales decreased by 16.6% from Rp11,298.3 billion in 2013 to Rp9,420.6 billion (US\$706.6 million) in 2014. This decrease was due to the general decrease of global commodity prices. Further, under the government's ore export ban policy which took effect on January 12, 2014 under the Mining Law, ANTAM's nickel ore sales decreased to Rp89.1 billion (US\$6.7 million) in 2014 from Rp4,054.3 billion in 2013. Bauxite ore sales similarly decreased to Rp19.7

billion (US\$1.5 million) in 2014 from Rp70.6 billion in 2013. The substantial decrease in nickel ore and bauxite ore sales was partially offset by a substantial increase of 4.2% in gold sales from Rp4,705.1 billion in 2013 to Rp4,901.2 billion (US\$367.6 million) in 2014 as ANTAM's gold sales volume increased. Ferronickel sales likewise increased significantly by 91.9% from Rp2,072.0 billion in 2013 to Rp3,975.8 billion (US\$298.2 million) in 2014.

Cost of goods sold. ANTAM's cost of goods sold decreased by 10.2% from Rp9,611.9 billion in 2013 to Rp8,627.2 billion (US\$647.1 million) in 2014. This decrease was primarily due to decreases in various costs following reduced ore production and sales, including:

- *Transportation and ore mining fees.* ANTAM's transportation and ore mining fees decreased by 82.4% from Rp1,611.1 billion in 2013 to Rp283.0 billion (US\$21.2 million) in 2014. This decrease was primarily due to the substantially lower volume of ore transported.
- *Tax and retribution.* ANTAM's tax and retribution costs decreased by 88.1% from Rp674.3 billion in 2013 to Rp80.0 billion (US\$6.0 million) in 2014. This decrease was primarily due to a substantial reduction in taxes following reduced sales.
- *Rent.* ANTAM's rent costs decreased by 55.6% from Rp447.7 billion in 2013 to Rp198.8 billion (US\$14.9 million) in 2014. This decrease was primarily due to lower rent costs following reduced mining activity.
- *Royalties.* ANTAM's royalty costs decreased by 41.4% from Rp356.4 billion in 2013 to Rp208.8 billion (US\$15.7 million) in 2014 due to lower metals sales.
- *Amortization.* ANTAM's amortization costs decreased by 46.9% from Rp124.2 billion in 2013 to Rp66.0 billion (US\$5.0 million) in 2014 due to lower production of metals.
- *Reclamation and mine closure.* ANTAM's reclamation and mine closure costs decreased by 97.7% from Rp52.5 billion in 2013 to Rp1.2 billion (US\$0.1 million) in 2014 due to lower metals production.

Gross profit. ANTAM's gross profit decreased substantially by 53.0% from Rp1,686.4 billion in 2013 to Rp793.4 billion (US\$59.5 million) in 2014. This decrease was primarily due to decreased sales of nickel ore. Gross profit represented 14.9% and 8.4% of ANTAM's sales in 2013 and 2014.

Operating expenses. ANTAM's operating expenses decreased by 15.5% from Rp1,101.7 billion in 2013 to Rp930.4 billion (US\$69.8 million) in 2014. This decrease was primarily due to cost-cutting measures that led to substantial reductions in certain categories of expenses. Operating expenses represented 9.8% and 9.9% of ANTAM's sales in 2013 and 2014. This decrease is further broken down as follows:

- *General and administrative expenses.* ANTAM's general and administrative expenses decreased by 16.7% from Rp940.7 billion in 2013 to Rp783.7 billion (US\$58.8 million) in 2014. This decrease was primarily due to:
 - o *Corporate social environmental responsibilities expenses.* ANTAM's corporate social environmental expenses decreased by 31.8% from Rp92.1 billion in 2013 to Rp62.8 billion (US\$4.7 million) in 2014. This decrease was primarily due to lower CSR spending following the decrease in revenue in 2014.
 - o *Exploration expenses.* ANTAM's exploration expenses decreased by 63.4% from Rp80.4 billion in 2013 to Rp29.4 billion (US\$2.2 million) in 2014. This decrease was primarily due to a change in exploration strategy to focus primarily on gold exploration activity in 2014.

- *Selling and marketing expenses.* ANTAM's selling and marketing expenses decreased by 8.8% from Rp161.0 billion in 2013 to Rp146.7 billion (US\$11.0 million) in 2014. This decrease was primarily due to a decrease in ANTAM's commission, freight and insurance expenses by 14.9% from Rp150.6 billion in 2013 to Rp128.1 billion (US\$9.6 million) in 2014. This decrease was primarily due to lower ore sales.

Operating profit/(loss). ANTAM's total operating loss/income decreased by 123.4% from operating profit of Rp584.7 billion in 2013 to an operating loss of Rp137.1 billion (US\$10.3 million) in 2014. This decrease was primarily due to lower commodity sales. Operating loss/income represented 5.2% and 1.5% of ANTAM's sales in 2013 and 2014.

Other expenses/income. ANTAM's other expenses increased by 18.0% from Rp554.0 billion in 2013 to Rp653.8 billion (US\$49.0 million) in 2014. Other expenses represented 4.9% and 6.9% of ANTAM's sales in 2013 and 2014. This increase was primarily due to:

- *Share of loss of associates and joint venture.* ANTAM's share of loss of associates and joint venture increased by 104.7% from Rp181.0 billion in 2013 to Rp370.6 billion (US\$27.8 million) in 2014. This increase was primarily due to lower after tax profits of ICA and NHM.
- *Contingent consideration from investment.* ANTAM's had no contingent consideration from investment in 2014 unlike the contingent consideration of Rp182.8 billion recognized in relation to NHM in 2013.
- *Finance costs.* ANTAM's finance costs increased substantially by 108.6% from Rp60.7 billion in 2013 to Rp126.6 billion (US\$9.5 million) in 2014. The increase was due to higher interest rates on ANTAM's long term investment liabilities.

Loss/profit before income tax. ANTAM's loss/profit before income tax shifted substantially from a profit of Rp30.7 billion in 2013 to a loss of Rp790.8 billion (US\$59.3 million) in 2014. This decrease was primarily due to a substantial decrease in commodity sales. Loss before income tax represented 0.3% and 8.4% of ANTAM's sales in 2013 and 2014.

Total comprehensive loss/income. ANTAM's total comprehensive loss/income decreased substantially from income of Rp254.1 billion in 2013 to a loss of Rp153.8 billion (US\$11.5 million) in 2014. This decrease was primarily due to a substantial decrease in commodity sales. Total comprehensive income represented 2.2% and 1.6% of ANTAM's sales in 2013 and 2014.

2013 compared to 2012

Sales. ANTAM's total consolidated sales increased by 8.1% from Rp10,449.9 billion in 2012 to Rp11,298.3 billion in 2013. This increase was primarily due to:

- Higher sales from gold, which increased 29.7% from Rp3,628.4 billion in 2012 to Rp4,705.1 billion in 2013, due to higher gold sales volumes;
- Higher nickel ore sales, which increased by 32.4% from Rp3,061.2 billion in 2012 to Rp4,054.3 billion in 2013, due to higher nickel ore sales volumes; and
- Higher sales from bauxite, which increased by 48.9% from Rp47.4 billion in 2012 to Rp70.6 billion in 2013, due to higher bauxite ore sales volumes.

Cost of goods sold. ANTAM's cost of goods sold increased by 14.2% from Rp8,413.6 billion in 2012 to Rp9,611.9 billion in 2013. This increase was primarily due to:

- *Purchases of precious metals.* ANTAM's purchases of precious metals costs increased by 65.5% from Rp2,074.8 billion in 2012 to Rp3,433.8 billion in 2013. This increase was primarily due to higher gold sales volumes, which were accompanied by increased purchases of precious metals from third parties.
- *Transportation and ore mining fees.* ANTAM's transportation and ore mining fees costs increased by 23.1% from Rp1,309.1 billion in 2012 to Rp1,611.1 billion in 2013. This increase was primarily due to increased mining activity that accompanied increased sales of nickel ore.
- *Tax and retribution.* ANTAM's tax and retribution costs increased by 58.0% from Rp426.7 billion in 2012 to Rp674.3 billion in 2013. This increase was primarily due to higher sales of nickel ore.
- *Rent.* ANTAM's rent costs increased substantially by 40.5% from Rp318.6 billion in 2012 to Rp447.7 billion in 2013. This increase was in line with increased mining activity.
- *Amortization.* ANTAM's amortization costs increased substantially by 88.5% from Rp65.9 billion in 2012 to Rp124.2 billion in 2013. This increase was primarily due to increased production.

Gross profit. ANTAM's gross profit decreased by 17.2% from Rp2,036.3 billion in 2012 to Rp1,686.4 billion in 2013. Gross profit represented 19.5% and 14.9% of ANTAM's sales in 2012 and 2013.

Total operating expenses. ANTAM's total operating expenses decreased by 1.5% from Rp1,118.2 billion in 2012 to Rp1,101.7 billion in 2013. Total operating expenses represented 10.7% and 9.8% from ANTAM's revenue in 2012 and 2013. This decrease is due to lower sales and marketing expenses as detailed below:

- o *Selling and marketing expenses.* ANTAM's selling and marketing expenses decreased by 10.2% from Rp179.2 billion in 2012 to Rp161.0 billion in 2013. ANTAM's commission, shipping and insurance expenses decreased 9.2% from Rp165.8 billion in 2012 to Rp150.6 billion in 2013. This decrease was due to lower ferronickel sales volumes.
- o *Representative office expenses - Tokyo.* ANTAM's representative office expenses — Tokyo decreased by 22.4% from Rp13.4 billion in 2012 to Rp10.4 billion in 2013. This decrease was due to lower activity at ANTAM's Tokyo representative office.

Operating income. ANTAM's operating income decreased by 36.3% from Rp918.1 billion in 2012 to Rp584.7 billion in 2013. This decrease was primarily due to lower gross profit. Operating income represented 8.8% and 5.2% of ANTAM's sales in 2012 and 2013.

Other (expenses)/income. ANTAM's other expenses/income substantially decreased from income of Rp2,999.6 billion in 2012 to a loss of Rp554.0 billion in 2013. Other expenses/income represented 28.7% and 4.9% of ANTAM's sales in 2012 and 2013. This increase was primarily due to:

- *Gain on fair value adjustment.* ANTAM's gains on fair value adjustment decreased substantially from Rp2,484.0 billion in 2012 to zero in 2013. The gain in 2012 was a one-time gain after ANTAM's acquisition of an additional 7.5% stake in NHM led to a substantial revaluation of the 17.5% stake it already owned.
- *Dividend income.* ANTAM's dividend income decreased substantially from Rp375.4 billion in 2012 to zero in 2013. ANTAM did not recognize dividends from NHM in 2013.

- *Share of loss of associates and joint venture.* ANTAM's share of loss/profit of associates and joint venture decreased substantially from profit of Rp115.1 billion in 2012 to a loss of Rp181.0 billion in 2013. This decrease was due to lower amortization following adjustments to NHM's recorded fair value.
- *Others, net.* ANTAM's other net income decreased substantially from net income of Rp93.5 billion in 2012 to net expenses of Rp214.8 billion in 2013. This decrease was primarily due to a substantial decrease in gains on foreign exchange by 89.7% from Rp176.3 billion in 2012 to Rp18.2 billion in 2013, a substantial increase in impairment of despatch receivables from zero in 2012 to Rp67.9 billion in 2013, a substantial increase in impairment of warehouse inventory from Rp7.4 billion in 2012 to Rp62.0 billion in 2013, a substantial increase in customs penalties from zero in 2012 to Rp47.9 billion in 2013 and a substantial increase in demurrage expense from zero in 2012 to Rp41.5 billion in 2013.
- This increase was partially offset by a decrease in recovery of impairment loss on property, plant and equipment, mining properties and exploration evaluation assets from Rp35.2 billion in 2012 to zero in 2013, and an increase in others costs from Rp2.6 billion in 2012 to Rp76.4 billion in 2013.

Profit before income tax. ANTAM's profit before income tax decreased substantially from Rp3,917.7 billion in 2012 to Rp30.7 billion in 2013. This decrease was primarily due to lower operating profit and decreased other income, net. Loss/income before income tax represented 37.5% and 0.3% of ANTAM's sales in 2012 and 2013.

Total comprehensive income. ANTAM's total comprehensive income decreased substantially from income of Rp2,945.7 billion in 2012 to Rp254.1 billion in 2013. This decrease occurred due to lower operating profit and decreased other income, net. Total comprehensive income represented 28.2% and 2.2% of ANTAM's sales in 2012 and 2013.

Assets and equity

June 30, 2015 compared to December 31, 2014

ANTAM's total assets increased slightly by 2.5% from Rp22,003.9 billion (US\$1,650.4 million) as of December 31, 2014 to Rp22,550.2 billion (US\$1,691.4 million) as of June 30, 2015. This increase was primarily due to higher current assets and increased fixed assets. This increase was primarily due to:

- Current assets increased by 3.6% from Rp6,343.0 billion (US\$475.7 million) as of December 31, 2014 to Rp6,569.2 billion (US\$492.6 million) as of June 30, 2015. The increase is further detailed as follows:
 - o Third party receivables increased by 39.4% from Rp1,046.1 billion (US\$78.5 million) as of December 31, 2014 to Rp1,458.5 billion (US\$109.4 million) as of June 30, 2015. This increase was due to higher ferronickel trade receivables.
 - o Related party trade receivables increased by 211.2% from Rp21.5 billion (US\$1.6 million) as of December 31, 2014 to Rp66.9 billion (US\$5.0 million) as of June 30, 2015. This increase was due to higher bauxite ore sales to ICA.
 - o Other current assets increased by 199.1% from Rp78.1 billion (US\$5.8 million) as of December 31, 2014 to Rp233.6 billion (US\$17.5 million) as of June 30, 2015. This increase was largely due to higher other assets of Logam Mulia.

- Non current assets increased 2.0% from Rp15,660.9 billion (US\$1,174.7 million) as of December 31, 2014 to Rp15,981.0 billion (US\$1,198.8 million) as of June 30, 2015. The increase is detailed as follows:
 - o Restricted cash increased from Rp11.4 billion (US\$0.9 million) as of December 31, 2014 to Rp64.6 billion (US\$4.8 million) as of June 30, 2015. The increase was due to higher restricted cash at PT Bank Mandiri (Persero) Tbk (“**Bank Mandiri**”) to Rp58.4 billion (US\$4.4 million) as savings fund for fuel purchases which may only be withdrawn by PT Pertamina (Persero) Tbk (“**Pertamina**”).
 - o Investment in a joint venture increased by 18.5% from Rp1,438.4 billion (US\$107.9 million) as of December 31, 2014 to Rp1,703.8 billion (US\$127.8 million) as of June 30, 2015. The increase was due to higher investment in ICA.

ANTAM’s total shareholders’ equity decreased by 3.9% from Rp12,049.8 billion (US\$903.7 million) as of December 31, 2014 to Rp11,575.3 billion (US\$868.1 million) as of June 30, 2015. This decrease was due to a substantial increase in the loss in unappropriated retained earnings by 78.8% from Rp602.1 billion (US\$45.2 million) as of December 31, 2014 to Rp1,076.6 billion (US\$80.8 million) as of June 30, 2015.

2014 compared to 2013

ANTAM’s total assets decreased by 0.1% from Rp22,031.8 billion as of December 31, 2013 to Rp22,003.9 billion (US\$1,650.4 million) as of December 31, 2014. A substantial decrease in current assets was offset by a substantial increase in non-current assets of similar magnitude. This decrease is further broken down as follows:

- Current assets decreased by 10.4% from Rp7,080.3 billion as of December 31, 2013 to Rp6,343.0 billion (US\$475.7 million) as of December 31, 2014. This decrease was primarily due a substantial decrease in inventory of 28.0% from Rp2,445.9 billion as of December 31, 2013 to Rp1,761.9 billion (US\$132.2 million) as of December 31, 2014. The decrease was due to lower ferronickel inventory.
- Non-current assets increased by 4.7% from Rp14,951.5 billion as of December 31, 2013 to Rp15,660.9 billion (US\$1.2 billion) as of December 31, 2014. This increase was primarily due to a substantial increase of 29.8% in plant, property and equipment, net, from Rp6,700.2 billion as of December 31, 2013 to Rp8,699.7 billion (US\$652.5 million) as of December 31, 2014 due to construction related to the Pomalaa plant expansion project. This increase was partially offset by a substantial decrease of 25.0% in investment in associates, net, from Rp3,582.5 billion as of December 31, 2013 to Rp2,687.2 billion (US\$201.6 million) as of December 31, 2014 due to the decrease in the value of ANTAM’s investment in NHM.

ANTAM’s total shareholders’ equity decreased by 2.0% from Rp12,292.3 billion as of December 31, 2013 to Rp12,049.8 billion (US\$903.7 million) as of December 31, 2014. This decrease was primarily due to a substantial decrease in unappropriated retained earnings from Rp38.3 billion as of December 31, 2013 to a loss of Rp602.1 billion (US\$45.2 million) as of December 31, 2014.

2013 compared to 2012

ANTAM's total assets increased by 11.8% from Rp19,708.5 billion as of December 31, 2012 to Rp22,031.8 billion as of December 31, 2013. This increase was primarily due to a substantial increase in non-current assets. This increase is further broken down as follows:

- Non-current assets increased by 24.0% from Rp12,061.7 billion as of December 31, 2012 to Rp14,951.7 billion as of December 31, 2013. The increase was primarily due to:
 - o Restricted cash increased by 34.8% from Rp74.9 billion as of December 31, 2012 to Rp101.0 billion as of December 31, 2013. The increase was largely due to higher restricted cash held in Bank Mandiri as a savings fund of Rp48.7 billion for fuel purchases which can only be withdrawn by Pertamina.
 - o Property, plant and equipment-net increased by 43.7% from Rp4,663.4 billion as of December 31, 2012 to Rp6,700.2 billion as of December 31, 2013. This increase was due to the Pomalaa ferronickel plant expansion project.
 - o Prepaid taxes increased by 51.7% from Rp476.2 billion as of December 31, 2012 to Rp722.5 billion as of December 31, 2013. The increase was due to lower corporate income tax.
 - o Deferred tax assets-net increased substantially from Rp36.2 billion as of December 31, 2012 to Rp600.1 billion as of December 31, 2013. The increase was due to higher pension benefits and other post work liabilities.

ANTAM's total shareholders' equity decreased slightly by 1.6% from Rp12,487.1 billion as of December 31, 2012 to Rp12,292.3 billion as of December 31, 2013.

Liquidity and capital resources

ANTAM's principal liquidity requirements have been to finance capital expenditure for its key development projects, its mining and processing operations, fund working capital, service debt and maintain cash reserves. ANTAM's main sources of liquidity have been net operating cash flows and the proceeds from long term borrowings. As of June 30, 2015, ANTAM had cash and cash equivalents of Rp2,034.7 billion (US\$152.6 million), compared to Rp2,618.9 billion (US\$196.4 million) as of December 31, 2014 and Rp2,792.7 billion as of December 31, 2013.

After funding operating expenses and working capital, ANTAM's primary use of cash has been to finance capital expenditure for its key development projects and service long-term debt. Taking into consideration its available financial resources, including cash generated from its operating activities, and its projected capital expenditures for key development projects, ANTAM believes that it will have sufficient liquidity to meet its working capital and operating requirements for at least the next three months.

The following table summarizes ANTAM's cash flows for the periods indicated:

	Year ended December 31,				Six months ended June 30,		
	2012	2013	2014	2014 ⁽¹⁾	2014	2015	2015 ⁽¹⁾
	(Rp billion)			(US\$ million)	(Rp billion)		(US\$ million)
Statements of cash flows:							
Net cash flows (used in)/provided from operating activities	890.6	157.2	391.6	29.4	561.4	813.7	(61.0)
Net cash flows used in investing activities.	(3,495.9)	(2,647.2)	(1,639.1)	(122.9)	(605.2)	(579.6)	(43.5)
Net cash flows provided from/(used in) financing activities	694.4	887.2	956.1	71.7	(113.2)	682.3	51.2
Net decrease in cash and cash equivalents	(1,910.9)	(1,602.8)	(291.4)	(21.8)	(157.0)	(711.0)	(53.3)
Effect of foreign exchange rate differences on cash and cash equivalents	139.8	526.9	117.6	8.7	(24.6)	126.8	9.5
Cash and cash equivalents at the beginning of the period/year	5,639.7	3,868.6	2,792.7	209.5	2,792.7	2,618.9	196.4
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR							
	3,868.6	2,792.7	2,618.9	196.4	2,611.1	2,034.7	152.6

(1) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia— Conventions which apply in this Prospectus".

June 30, 2015 compared to June 30, 2014

ANTAM's net cash provided from operating activities decreased substantially from cash provided from operating activities of Rp561.4 billion in the six months ended June 30, 2014 to cash used in operating activities of Rp813.7 billion (US\$61.0 million) in the six months ended June 30, 2015. This decrease was primarily due to higher payments to suppliers, lower cash receipts from tax restitution and higher restricted cash payment. The decrease is further detailed as follows:

- Payments to suppliers increased by 111.8% from Rp3,694.6 billion as of June 31, 2014 to Rp7,825.3 billion (US\$586.9 million) as of June 30, 2015. The increase was due to higher precious metals purchases for trading activities.
- Cash receipts from tax restitution decreased by 57.6% from Rp628.3 billion as of June 30, 2014 to Rp266.3 billion (US\$20.0 million) as of June 30, 2015. The decrease is due to lower receipt of tax restitution from corporate income tax.

ANTAM's net cash used in investing activities decreased slightly by 4.2% from Rp605.2 billion in the six months ended June 30, 2014 to Rp579.6 billion (US\$43.5 million) in the six months ended June 30, 2015. This decrease was primarily due to a substantial decrease in acquisitions of property, plant and equipment that was higher than increases in investments in joint ventures.. This decrease is further broken down as follows:

- o Acquisitions of property, plant and equipment decreased substantially by 64.9% from Rp760.9 billion in the six months ended June 30, 2014 to Rp267.3 billion (US\$20.0 million) in the six months ended June 30, 2015. This decrease was primarily due to decreased construction activity in line with the partial completion of development projects and adjustments to ANTAM's 2015 capital expenditure plan.
- o Investment to joint venture of Rp285.4 billion (US\$21.4 million) representing additional investment in ICA was made in the six months ended June 30, 2015 and no such investment was made in the six months ended June 30, 2014.
- o Disbursement for mining properties decreased substantially by 96.3% from Rp19.1 billion as of June 30, 2014 to Rp0.7 billion (US\$0.1 million) as of June 30, 2015. The decrease was due to ANTAM's strategy to focus on gold exploration activity given its already significant nickel and bauxite assets.

ANTAM's net cash provided from/used in financing activities shifted from net cash used in financing activities of Rp113.2 billion in the six months ended June 30, 2014 to net cash provided from financing activities of Rp682.3 billion (US\$51.2 million) in the six months ended June 30, 2015. This increase was primarily due to a substantial increase in net proceeds from ANTAM's bank loans. Proceeds from bank loans increased substantially by 185.6% from Rp1,176.6 billion in the six months ended June 30, 2014 to Rp3,360.7 billion (US\$252.1 million) in the six months ended June 30, 2015, due to the proceeds of ANTAM's loan from LPEI Indonesia Eximbank ("Eximbank"). This was partially offset by a substantial increase in repayment of bank loans by 123.6% from Rp1,197.6 billion in the six months ended June 30, 2014 to Rp2,678.4 billion (US\$200.9 million) in the six months ended June 30, 2015, due to the repayment of short term loans.

2014 compared to 2013

ANTAM's net cash flows provided from operating activities increased substantially by 149.1% from Rp157.2 billion in 2013 to Rp391.6 billion (US\$29.4 million) in 2014. This increase was primarily due to a substantial increase in tax refunds received in 2014. This increase is further broken down as follows:

- o Cash receipt from tax restitution increased substantially from Rp50.6 billion in 2013 to Rp628.4 billion (US\$47.1 million) in 2014. This increase was primarily due to a substantial increase in tax refunds received by ANTAM.
- o Cash receipts from customers decreased by 22.5% from Rp12,100.3 billion in 2013 to Rp9,372.1 billion (US\$703.0 million) in 2014. This decrease was primarily due to lower metals prices and thus lower sales.

ANTAM's net cash flows used in investing activities decreased by 38.1% from Rp2,647.2 billion in 2013 to Rp1,639.1 billion (US\$122.9 million) in 2014. This decrease was due in part to:

- o Dividend income increased substantially from Rp69.0 billion in 2013 to Rp437.1 billion (US\$32.8 million) in 2014. This increase was primarily due to dividends from NHM that were recorded in 2013 but actually received in 2014.

- o Disbursements for exploration and evaluation assets decreased by 98.1% from Rp125.1 billion in 2013 to Rp2.4 billion (US\$0.2 million) in 2014 following a substantial decrease in exploration activity.

ANTAM's net cash flows provided from financing activities increased by 7.8% from Rp887.2 billion in 2013 to Rp956.1 billion (US\$71.7 million) in 2014. This increase was primarily due to higher repayments of bank loans. This increase is further broken down as follows:

- o Proceeds from bank loans decreased by 5.5% from Rp4,617.3 billion in 2013 to Rp4,365.4 billion (US\$327.4 million) in 2014 following a slight decrease in bank loans drawn.
- o Payments of dividends decreased by 79.5% from Rp449.0 billion in 2013 to Rp92.2 billion (US\$6.9 million) in 2014 following the lower dividends paid by ANTAM in 2014.

2013 compared to 2012

ANTAM's net cash flows provided from operating activities decreased by 82.3% from Rp890.6 billion in 2012 to Rp157.2 billion in 2013. This decrease was primarily due to, following increased sales volumes of gold and nickel ore under decreasing metals prices, a larger increase in payments to suppliers of 72.4% from Rp5,913.0 billion in 2012 to Rp10,193.4 billion in 2013 compared to the increase in cash receipts from customers of 20.3% from Rp10,058.2 billion in 2012 to Rp12,100.3 billion in 2013.

ANTAM's net cash flows used in investing activities decreased by 24.3% from Rp3,495.9 billion in 2012 to Rp2,647.2 billion in 2013. This decrease was primarily due to the significant decrease by 99.8% in cash used in acquisitions of investments in associates from Rp1,258.3 billion in 2012 to Rp2.5 billion in 2013, as ANTAM made no substantial acquisition in 2013.

ANTAM's net cash flows provided from financing activities increased by 27.8% from Rp694.4 billion in 2012 to Rp887.2 billion in 2013. This increase was primarily due to the significant increase in proceeds from bank loans by 178.3% from Rp1,659.1 billion in 2012 to Rp4,617.3 billion in 2013. This increase was primarily due to an increase in bank loans drawn for working capital. This increase was partially offset by the substantial increase in repayments of bank loans from Rp20.0 billion in 2012 to Rp3,281.1 billion in 2013 due to the maturity of certain loans in 2013.

Indebtedness

As of June 30, 2015, ANTAM's total indebtedness, including accrued interest expense and net of unamortized debt issuance costs, was Rp6,358.2 billion, consisting of Rp2,994.6 billion in bonds payable and Rp3,363.6 billion in investment loans.

Rupiah fixed-rate bonds

ANTAM issued Rp900 billion 7-year fixed rate bonds with a coupon rate of 8.375% and Rp2,100 billion 10-year fixed rate bonds with a coupon rate of 9.05% on December 2, 2011. Interest is payable on these bonds quarterly every March 14, June 14, September 14 and December 14. The 7-year bonds and the 10-year bonds will mature on December 14, 2018 and December 14, 2021, respectively.

The bonds have been rated A (Negative Outlook) by PT Pemeringkat Efek Indonesia (Pefindo) in its latest rating report released on September 11, 2014. The bond proceeds will be used to finance various facilities, including the renovation and modernization of the Pomalaa ferronickel plants, the possible opening of nickel mines in North Maluku and/or Southeast Sulawesi, and the possible opening of a bauxite mine in West Kalimantan. The bonds are listed on the IDX.

During the term of the bonds, ANTAM has the obligation to, among other things, meet certain financial ratios and maintain the direct and/or indirect shareholding in ANTAM by the government at not less than 51% of the number of shares that has been issued and fully paid.

Without the written consent of the bond trustee, ANTAM may not conduct a merger or acquisition with another company that does not comply with the intent and purpose of ANTAM's articles of association, unless required to by applicable regulations or court decisions. ANTAM is also prohibited from reducing its authorized capital, issued capital and paid-up capital, pledging assets, or provide loans or guarantees to third parties without the written consent of the bond trustee. Application for the written consent of the bond trustee may not be rejected for no apparent or fair reason.

The financial ratios required under the agreement with the bond trustee are as follows:

- The ratio of total interest-bearing debt (excluding trade payables but including Shari'ah compliant funding) to total equity shall not exceed 3.0.
- The ratio of the total of EBITDA plus cash on hand and cash in banks to total matured debt and interest shall not be less than 1.25.
- Equity must be remain greater than Rp7 trillion.

Investment loans

As of June 30, 2015, ANTAM had three investment loans amounting to Rp3,363.6 billion, net of unamortized front end fees, each of which is subject to the following covenants:

- ANTAM's debt-to-total equity ratio should not exceed 2.5 times;
- ANTAM's net worth should not be less than Rp7 trillion; and
- ANTAM must maintain a debt service coverage ratio of at least 1.25 times.

On April 18, 2013, ANTAM entered into a credit agreement with PT Bank Mizuho Indonesia for a US\$75 million credit loan facility. The facility has been fully drawn and the proceeds are utilized for general corporate purposes. The tenor of the loan is five years consisting of a one year grace period and a four years principal repayment period. The interest rate is three month LIBOR + 1.80%. Interest payments are due every three months. On October 15, 2014, ANTAM made the first payment amounting to US\$5.625 million. On April 19, 2015, ANTAM made a second payment of the same amount.

On June 21, 2013, ANTAM entered into a credit agreement with PT Bank Sumitomo Mitsui Indonesia for a US\$75 million investment loan facility. On July 3, 2013, ANTAM drew US\$34,244,778 from the facility. This loan will mature on June 17, 2021 and is subject to a 4.56% interest rate. On December 17, 2014, ANTAM made the first payment amounting to US\$2.45 million. On June 17, 2015, ANTAM made a second payment of the same amount.

On May 23, 2014, ANTAM obtained a US\$100 million loan facility from Eximbank to finance capital expenditures. The facility was fully drawn by ANTAM in 2014. The loan is subject to a 5.0% interest rate and is payable in quarterly installments, with a two year grace period on principal repayment.

On March 24, 2015, ANTAM obtained a second loan facility for US\$60 million from Eximbank. The facility was fully drawn by ANTAM in 2015. The loan is subject to a 5.0% interest rate and is payable in quarterly installments, with a one and half year grace period on principal repayment. Both Eximbank loans are due on June 6, 2024.

Capital expenditures

ANTAM's historical capital expenditures in 2012, 2013, 2014 and the six months ended June 30, 2015 were Rp3,990.0 billion, Rp2,345.4 billion, Rp2,823.8 billion (US\$227.0 million) and Rp801.2 billion (US\$10.7 million). Capital expenditures include both payments for acquisition of property, plant and equipment and payments for exploration, evaluation and development.

ANTAM projects its capital expenditures as follows:

	2015 ^(P)	2016 ^(P)	2017 ^(P)	2018 ^(P)
	<i>(Rp billion)</i>			
Maintenance	259.7	303.8	293.2	119.5
Development	2,429.6	1,772.0	1,845.3	1,604.0
Total	2,689.3	2,075.8	2,138.6	1,723.5

Note:

(P) Projected capital expenditure

The above table contains “forward-looking” statements and includes estimates and projections relating to ANTAM's business plans. ANTAM intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the PSLRA, and are including this statement for the purposes of complying with those safe-harbor provisions. Where deemed prudent, ANTAM may make adjustments to its planned capital expenditures. Actual spending may vary due to a variety of factors, including the prices of metals, the completion of ANTAM's key development projects, fuel and other costs, economic conditions, prevailing debt and/or equity markets, and any future acquisitions or projects. The timing of some capital expenditures is discretionary. Consequently, ANTAM has some flexibility to adjust the level of its capital expenditures as circumstances warrant.

Taxation

ANTAM received tax incentives for the Pomalaa plant expansion project in line with Decree of the Ministry of Finance No. 06/KM.3/2014 dated September 30, 2014 on the Approval of Tax Incentives for Investment in Certain Business Fields and/or in Certain Regions. These incentives were:

- Reduction of net income amounting to 30% of the amount of capital investment, charged for six years respectively amounting to 5% per year;
- ANTAM is permitted to apply accelerated depreciation on property, plant and equipment. ANTAM is permitted to use rates of accelerated straight-line method depreciation of 10% to 20% for buildings. Additionally, ANTAM has the option to apply accelerated depreciation rates of 10% to 50% (straight line method) or 20% to 100% (declining balance method) for other fixed assets used in its operations, each applicable depending on the category of its fixed assets;
- Imposition of income tax on dividend payment to non-resident taxpayers at the lower of 10% or the applicable tax treaty rate; and
- ANTAM may carry tax losses forward for up to ten years after the tax loss was incurred, with due observance to certain investment, manpower and/or production requirements pursuant to applicable regulations. Tax losses in Indonesia are generally allowed to be carried forward for up to five years.

Actual and effective corporate tax rates

Under the Indonesian corporate tax system, each Indonesian company within a group of companies is taxed individually and it is not permissible to consolidate the taxable profits and tax loss carry-forwards of the companies on a group level for purposes of determining the Indonesian corporate taxes applicable to the companies as a whole.

ANTAM's statutory corporate tax rate is 25%. The effective tax rate is different from ANTAM's corporate tax rate. The effective tax rate for ANTAM was 25% in each of 2012, 2013 and 2014. The differences between the effective tax rate and the statutory corporate tax rate set under the coal contract of work are mainly due to permanent differences in calculating ANTAM's taxable income under the coal contract of work compared to calculations of income tax expenses under IFAS, the main permanent difference being the non-deductibility of other exceptional costs in the calculation of taxable income.

Deferred income taxes

ANTAM recognizes deferred income tax assets and liabilities relating to temporary differences between the tax bases of assets and liabilities and their carrying amounts. These temporary differences relate principally to stripping costs, depreciation of fixed assets and amortization of mining properties, environmental restoration obligations and employee benefits obligations.

Off-balance sheet arrangements

Except as described in Note 33 to its consolidated financial statements included elsewhere in this Prospectus, ANTAM has no off-balance sheet arrangements or obligations or contingent liabilities.

Quantitative and qualitative disclosures about market risk

Market risk

ANTAM's market risk is related principally to fluctuations in commodity prices (principally gold, silver, nickel, bauxite and fuel) and, to a lesser extent, fluctuations in exchange rates and interest rates. The following discussion constitutes forward-looking statements which involve risk and uncertainties, and summarizes ANTAM's exposure to commodity prices, foreign exchange rates and interest rate movements and our policies to address these risks. ANTAM has implemented risk management methods to mitigate and control certain of these and other market risks to which ANTAM is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on ANTAM's financial performance and business operations. See Note 36 to ANTAM's consolidated financial statements included elsewhere in this Prospectus.

Commodity price risk

Prices for metals ANTAM sells are based on global metal prices, which tend to be cyclical and subject to significant fluctuations. As a commodity product, global metal prices are principally dependent on the supply and demand dynamics of metals in the world export and Indonesian domestic market. ANTAM does not engage in trading of supply contracts and has not engaged in hedging activities to hedge its exposure to fluctuations in the price of metals. However, ANTAM may do so in the future, in accordance with applicable terms of its debt.

ANTAM also faces commodity price risks relating to our purchases of fuel necessary to operate its facilities. An increase in fuel price will increase ANTAM's costs of sales and adversely affect its gross profit. ANTAM does not engage in any hedging activities related to the price of fuel, but may do so in the future.

ANTAM actively manages these risks and adjusts production schedules and mining operations as necessary to reduce the impact of volatility.

Foreign exchange risk

ANTAM sales and financing are denominated in US dollars, while a substantial amount of its costs are denominated in Rupiah. As a result, an appreciation of the Rupiah could reduce ANTAM's sales. For a discussion of historical fluctuations of the value of the Rupiah against the U.S. dollar, see "*Exchange Rates and Exchange Controls*."

As of June 30, 2015, ANTAM did not have, and does not currently have, any forward foreign currency exchange contracts outstanding.

Interest rate risk

ANTAM has historically been subject to market risks due to fluctuations in interest rates. Increases in interest rates, whether fixed or floating, will increase the cost of new borrowings, which may make it more expensive to refinance existing debt.

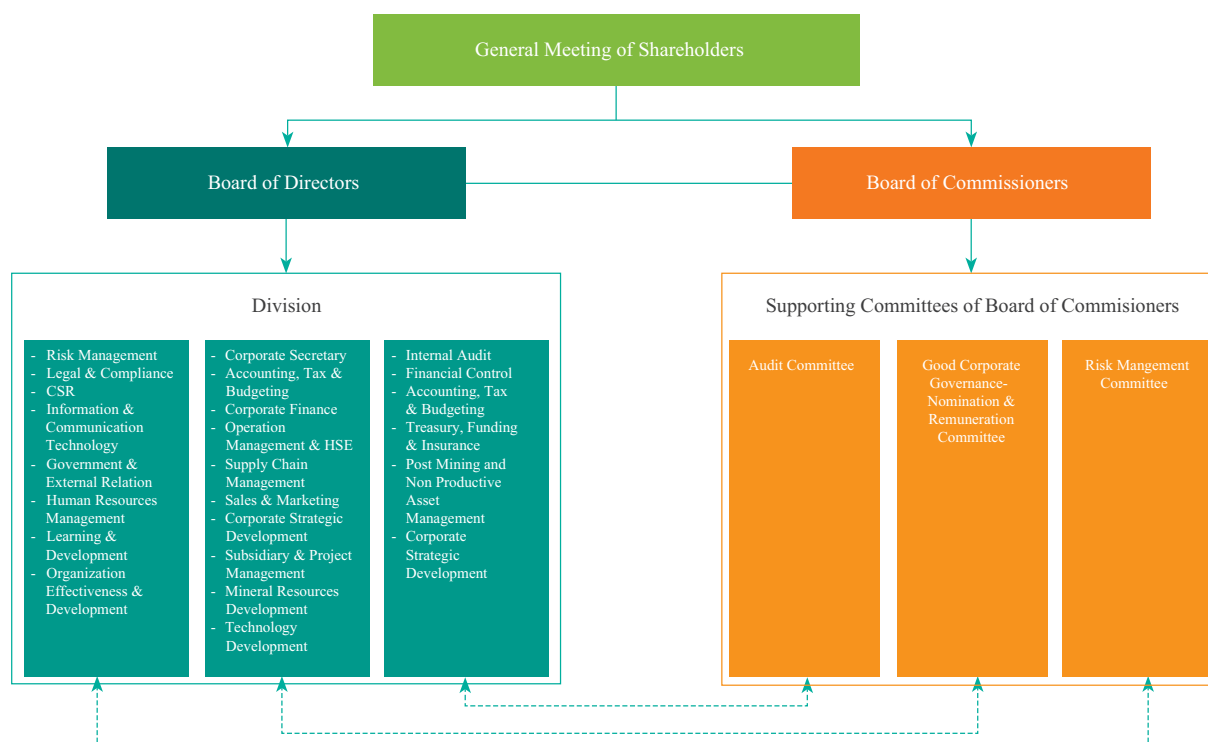
Effects of inflation

According to the Indonesian Bureau of Statistics, Indonesia's annual inflation, as measured by the consumer price index, was 4.3% in 2012, 8.3% in 2013 and 8.4% in 2014. ANTAM does not consider inflation in Indonesia, where all of its operations are located, to have had a material impact on its results of operations.

Seasonality

ANTAM's mine operations can be adversely impacted by inclement weather, particularly during the rainy season between October and March when heavy rains can reduce production volumes and cause the suspension of mining activities and deliveries. ANTAM's mine planning function anticipates and adjusts production levels to take into account such weather-related delays.

CORPORATE HISTORY AND ORGANIZATIONAL STRUCTURE



ANTAM was incorporated on July 5, 1968 as Perusahaan Negara (PN) Aneka Tambang based on Government Regulation No. 22 Year 1968, and was formed from a merger of the State General Mining Company, the State Bauxite Mining Company, the Tjikotok State Gold Mining Company, the State Precious Metals Company, PT Nikkel Indonesia and the South Kalimantan Diamond Project. The incorporation of PN Aneka Tambang was legalized in the Statute Book of the Republic of Indonesia No. 36 Year 1968 dated July 5, 1968.

On June 14, 1974, based on Government Regulation No. 26 Year 1974, the status of ANTAM was changed from State Company to State-owned (Persero) and known as “Perusahaan Perseroan (Persero) Aneka Tambang.” ANTAM’s name was then changed to PT Aneka Tambang (Persero) based on Deed of Incorporation No. 320 dated December 30, 1974.² ANTAM’s Articles of Associations were changed several times, with the latest version registered in the deed of the Annual Shareholders’ Meeting Resolutions No. 67 dated March 31, 2015.³

² This was prepared before Warda Sungkar Alurmei S.H., who was at that time in lieu Abdul Latief, by then a notary in Jakarta in lieu of Deed of Amendment No. 55 dated March 14, 1975 which was made in the presence of Abdul Latief, by then a notary in Jakarta, in order to implement the provisions in: (i) the Law No. 9/1969 on Stipulation of Government Regulation In Lieu of Law No. 1/1969 (Statute Book of 1969 No. 16, supplement to Statute Book No. 2890) on Forms of State- run Businesses into Law (Statute Book of the Republic of Indonesia of 1969 No. 40, supplement to Statute Book No. 2904), (ii) Government Regulation No. 12/1969 on State Limited Liability Companies, Statute Book of the Republic of Indonesia of 1969 No. 21 supplement to Statute Book No. 2894, (iii) Government Regulation No. 26/1974 on the Form of Conversion of State Company Aneka Tambang into Limited Liability Company in lieu of the Instruction of the President of the Republic of Indonesia No. 11 Year 1973 (Amended) on the Guidelines of Relationship and Working Management between Technical Ministers and Finance Minister acting as the Shareholder Representatives from the State on State-owned Enterprise and (iv) Decree of the Ministry of Finance of the Republic of Indonesia No. Kep. 1768/MK/IV/12/1974, on the Determination of Capital of Perusahaan Perseroan (Persero) PT Aneka Tambang as a Limited Liability Company which had been approved by the Minister of Law and Human Rights Decree No. Y.A. 5/170/4 dated May 21, 1975, and both of the above Deeds were registered in the Registry book of Jakarta District Court No. 1736 and No. 1737 dated May 27, 1975 and published in the State Gazette No. 312 supplement to State Gazette No. 52 dated July 1, 1975.

³ This was prepared before Fathia Helmi, S.H., Notary in South Jakarta, in which the changes of the Articles of Association were approved based on the Minister of Law and Human Rights Decree No. AHU-0934135. AH/01.02 dated April 27, 2015 and was registered in the Company Registry No. AHU-3497680 AH.01.11.Tahun 2015 dated April 27, 2015.

ANTAM has five business units: the Southeast Sulawesi Nickel Mining Business Unit, the North Maluku Nickel Mining Business Unit, the Gold Mining Business Unit, the Logam Mulia Precious Metals Processing and the Refinery Business Unit and Bauxite Mining Business Unit. A sixth unit, Geomin, handles ANTAM's exploration activities.

BUSINESS

Overview

ANTAM is the national mining company of Indonesia and the largest listed diversified metals and mining company in Southeast Asia, based on its market capitalization, as of June 30, 2015. ANTAM has the sixth largest nickel reserves in the world, as measured by nickel content, according to the AME Report, as well as substantial bauxite reserves and resources. ANTAM estimates that based on currently anticipated production levels, its reserves and resources are capable of supporting its operations for more than 100 years. Further, ANTAM's nickel reserves are of a 2.0% nickel grade, according to the AME Report.

ANTAM's head office is located at Aneka Tambang Building, Jl. Lt. TB Simatupang No. 1 Lingkar Selatan, Tanjung Barat, Jakarta 12530, Indonesia. It has four representative offices located in Tokyo, Japan; Shanghai, China; Makassar, Indonesia; and Ternate, Indonesia.

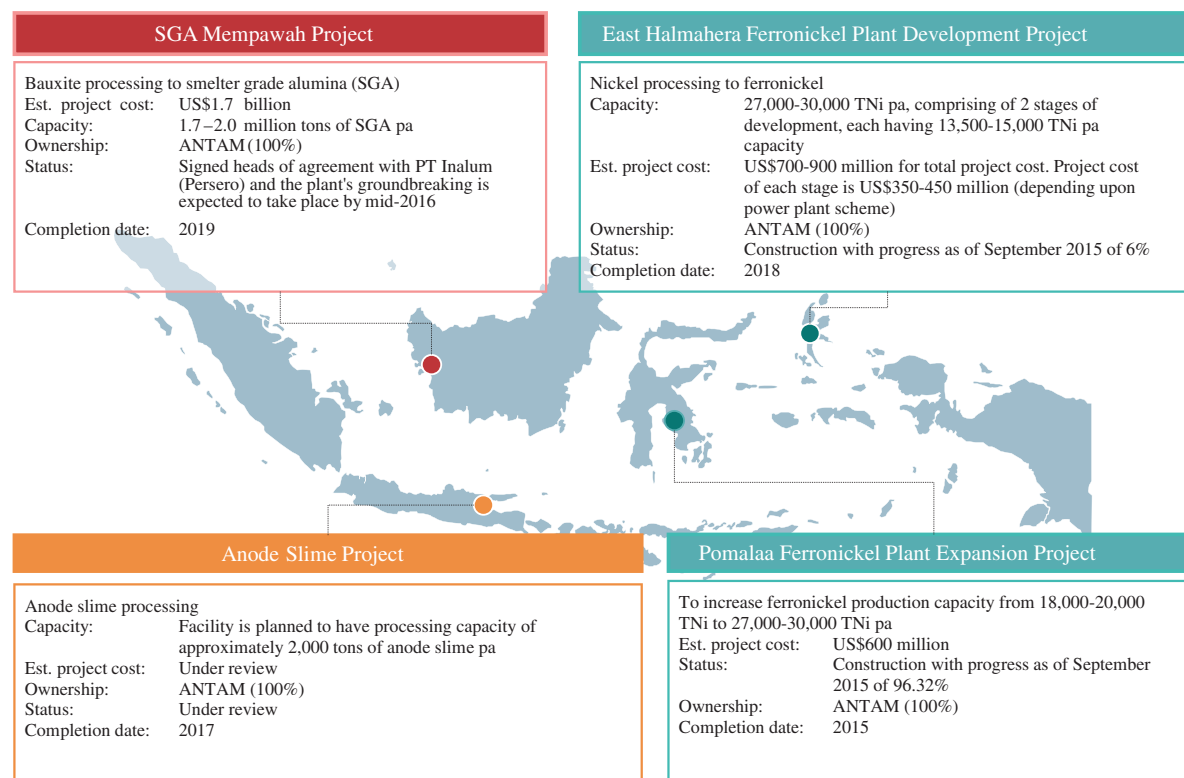
ANTAM believes that its track record as a leading Indonesian mining company strongly positions it to manufacture a diversified portfolio of processed metals and capitalize on Indonesia's growing industrial sector. ANTAM is completing its key processing development projects, as follows:

- ANTAM aims to triple its ferronickel production capacity from its 2014 levels. Commercial production under its Pomalaa plant expansion project is scheduled to commence by the end of 2015, increasing its annual ferronickel production capacity from 18,000-20,000 TNi to 27,000-30,000 TNi. ANTAM is constructing its East Halmahera Ferronickel Plant Development Project, which is projected to increase annual capacity by a further 13,500-15,000 TNi after the completion of its first phase, and a subsequent 13,500-15,000 TNi after the completion of its second phase. The project is projected to be completed by 2018.
- ANTAM intends to become Southeast Asia's largest alumina producer, through its cooperation with third parties in the development of the Mempawah SGA Project, which will have a projected annual production capacity of 1.7 to 2.0 million tons of SGA upon completion in 2019. Part of this SGA output is aimed to be sold to Inalum, which currently imports SGA. ANTAM has already entered into a heads of agreement with Inalum to form a joint venture company.
- ANTAM is in the preliminary stage of building its anode slime project, which is planned to process 2,000 tons anode slime per year. Further, ANTAM operates the only London Bullion Metal Association certified gold refining facility in Indonesia.

ANTAM undertakes all stages of the mining and processing process, including exploration, mining, smelting, refining and marketing in relation to ferronickel, gold, silver, alumina, other precious metals and coal. It benefits from vertical integration, controlling the mines that feed its processing plants and gold refinery. Finally, as a SOE, ANTAM is well-positioned to capitalize on:

- the government's push for mining companies to produce processed, instead of raw metals;
- the MSOE's push to increase synergies among SOEs;
- government-to-government agreements that encourage and provide financial support for partnerships between Chinese and Indonesian companies; and
- having priority to purchase shares divested by foreign companies that own mining concessions based on the Mining Law.

Gold, ferronickel, and other minerals (including bauxite and coal) accounted for 52.0%, 42.2% and 2.1%, respectively, of ANTAM's total consolidated sales in 2014, although this proportion is anticipated to change when ANTAM's key development projects are completed. ANTAM has five business units: the Southeast Sulawesi Nickel Mining Business Unit, the North Maluku Nickel Mining Business Unit, the Gold Mining Business Unit, the Logam Mulia Precious Metals Processing and the Refinery Business Unit and Bauxite Mining Business Unit. A sixth unit, Geomin, handles ANTAM's exploration activities.



Source: ANTAM data

Gold, silver and precious metals services accounted for 53.7% of ANTAM's total consolidated sales in 2014. ANTAM extracted approximately 2.3 tons of fine gold and approximately 18 tons of fine silver from its underground gold mines in Pongkor, West Java, operated by ANTAM's Gold Mining Business Unit, and Cibaliung, Banten, operated by ANTAM's subsidiary, PT Cibaliung Sumberdaya. ANTAM's gold and silver are refined in its Logam Mulia precious metals refinery, the only London Bullion Metal Association certified gold refining facility in Indonesia. It refines a substantial amount of the primary bullion produced in the country as well as recycled scrap gold, silver and platinum.

Ferronickel accounted for 42.2% of ANTAM's total consolidated sales in 2014. ANTAM processes ferronickel in its ferronickel smelters in Pomalaa, and is building its East Halmahera Ferronickel Plant Development Project. ANTAM currently produces nickel ore from its mines in Pomalaa, operated by its Southeast Sulawesi Nickel Mining Business Unit, and in Pakal Island, operated by its North Maluku Nickel Mining Business Unit. ANTAM operates other mines that are currently dormant but may be reactivated as ferronickel processing production increases.

Bauxite and coal accounted for 2.1% of ANTAM's total consolidated sales in 2014. ANTAM processes CGA in the Tayan CGA plant, which is owned by a jointly controlled entity that is 80% owned by ANTAM. The Tayan CGA plant commenced operations in the first quarter of 2015, and the planned Mempawah plant will produce SGA when it is completed. ANTAM produces bauxite ore from its Tayan bauxite mine and its reserves and resources are located in Tayan and Munggu Pasir, in Kalimantan.

Finally, ANTAM produces coal from its coal mine in Sarolangun, which commenced production in 2010. This coal has been sold to third parties but ANTAM intends to primarily use its coal to fuel the new 2x30MW coal-fired power plant that powers the fourth Pomalaa smelter, both built as part of the Pomalaa plant expansion project.

ANTAM's production volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) .	18,688	19,690	18,372	18,249	16,851	7,579	9,443
Nickel ore (wmt) .	7,040,512	7,959,184	9,425,617	11,521,212	1,259,062	396,461	744,064
Saprolite (wmt) . . .	3,617,563	3,512,178	6,362,606	8,495,415	1,230,879	396,461	744,064
Limonite (wmt) . . .	3,422,949	4,447,006	3,063,011	3,025,797	28,183	—	—
Gold (oz)	89,251	85,746	92,401	82,370	75,297	37,681	35,591
Silver (oz)	635,074	627,518	692,752	633,659	577,492	298,680	269,520
CGA (ton)⁽¹⁾	—	—	—	—	—	—	35,572
Bauxite (wmt) . . .	104,692	32,748	194,190	570,721	267,292	190,359	109,399
Coal (ton)	—	583,794	607,606	424,573	463,551	214,356	293,150

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

ANTAM's sales volumes are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Ferronickel (TNi) . .	18,254	19,527	19,530	14,441	19,747	8,900	11,307
Nickel ore (wmt) . .	5,863,840	6,345,742	8,004,210	9,711,081	215,400	215,400	—
Saprolite (wmt)	3,543,511	2,941,015	4,415,568	6,460,898	104,350	104,350	—
Limonite (wmt)	2,320,329	3,404,727	3,588,642	3,250,183	111,050	111,050	—
Gold (oz)	210,941	257,495	225,827	301,928	320,800	126,224	353,530
Silver (oz)	1,334,963	864,534	782,517	641,086	660,537	344,881	241,066
CGA (ton)⁽¹⁾	—	—	—	—	—	—	29,587
Bauxite (wmt)	191,615	177,966	130,402	167,229	60,898	28,987	100,804
Coal (ton)	42,194	363,596	758,344	424,601	652,413	261,254	306,022

Source: ANTAM data

- (1) CGA is produced by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

ANTAM's sales are summarized in the following table:

	Year ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014 ⁽³⁾	2014	2015	2015 ⁽³⁾
	(Rp billions)					(US\$ million)	(Rp billions)		(US\$ million)
Ferronickel	3,679.4	3,727.8	3,175.6	2,072.0	3,975.8	298.2	1,738.8	1,923.2	144.3
Nickel ore	2,363.7	2,465.3	3,061.2	4,054.3	89.1	6.7	89.1	—	—
Saprolite	1,801.8	1,562.7	1,933.6	3,005.2	49.7	3.7	49.7	—	—
Limonite	561.9	902.7	1,127.6	1,049.1	39.4	3.0	39.4	—	—
Gold	1,918.2	3,672.2	3,628.4	4,705.1	4,901.2	367.6	1,947.6	5,648.5	423.7
Silver	187.7	271.2	235.9	166.5	158.7	11.9	87.4	53.1	4.0
CGA ⁽¹⁾	—	—	—	—	—	—	—	5,597	5.6
Bauxite ore ⁽²⁾	34.4	46.4	47.4	70.6	19.7	1.5	9.2	35.4	2.7
Coal	23.8	78.2	207.7	80.7	179.4	13.5	73.3	102.0	7.7
Other precious metal	9.5	1.7	3.6	4.3	4.7	0.4	4.3	3.1	0.2

Source: ANTAM data

- (1) The CGA sales presented are CGA sales made by ICA, a jointly controlled entity which owns the Tayan CGA plant and whose financial statements are not consolidated with ANTAM's in ANTAM's consolidated financial statements.
- (2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.
- (3) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in this Prospectus".

ANTAM's average sales prices are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	(US\$ million)						
Ferronickel (TNi)	10.12	9.96	7.81	6.32	7.74	7.58	5.86
Gold (oz)	1,227.5	1,605.59	1,711.85	1,523.23	1,277.3	1,319.72	1,228.10
Silver (oz)	19.60	35.82	32.00	24.90	20.21	21.63	16.74
CGA ⁽¹⁾	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾	55.99	60.36	32.44	39.48	26.98	27.15	27.00
Coal (ton)	26.75	30.21	—	24.10	25.36	25.01	25.04

Source: ANTAM data

- (1) These CGA figures are for sales by ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.
- (2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.
- (3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

ANTAM's average cash costs are summarized in the following table:

	Year ended December 31,					Six months ended	
	2010	2011	2012	2013	2014	June 30,	2015
			(US\$)			(US\$)	
Ferronickel (lb) . . .	5.58	6.39	6.90	6.65	5.48	5.84	4.38
Gold (oz)	616.11	796.37	830.27	855.91	808.06	769.18	694.30
Silver (oz)	—	—	—	—	—	—	—
Chemical grade alumina (ton) ⁽¹⁾ . .	—	—	—	—	—	—	— ⁽³⁾
Bauxite ore (wmt) ⁽²⁾	—	15.32	7.53	24.73	13.79	11.60	19.47
Coal (ton)	—	—	—	19.83	21.32	20.15	18.50

Source: ANTAM data

(1) These CGA figures are for costs of ICA, a jointly controlled entity which owns the Tayan CGA plant. ANTAM's investment in ICA is accounted for under the equity method and accordingly ICA's results of operations and financial position are not consolidated in ANTAM's consolidated financial statements.

(2) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant.

(3) Figures are not available for this period because the Tayan CGA plant has not yet commenced full commercial production.

The table below shows ANTAM's estimate of its total consolidated nickel ore reserves and resources as of December 31, 2014:

	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Proved	Ni > 1.8%	20.6	13.6	2.27	14.75	41.15	22.52
Probable	Ni > 1.8%	113.0	82.0	2.0	12.2	41.3	26.9
Total saprolite reserves		133.6	95.6	2.0	12.6	41.3	26.3
Measured	Ni > 1.8%	66.8	46.1	2.0	14.8	38.3	21.6
Indicated	Ni > 1.8%	49.7	33.1	2.2	14.3	38.9	21.2
Inferred	Ni > 1.55%	182.9	136.6	1.9	14.9	39.5	23.0
Total saprolite resources		299.4	215.8	2.0	14.8	39.1	22.4

	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Measured	Ni > 1.2%	171.4	110.3	1.4	40.5	12.2	3.1
Indicated	Ni > 1.2%	185.1	119.9	1.4	39.1	14.0	4.1
Inferred	Ni > 1.2%	196.0	128.7	1.4	39.6	12.7	3.1
Total limonite resources		552.5	358.9	1.4	39.7	13.0	3.4

Source: ANTAM data

The following tables summarize ANTAM's estimates of its total consolidated gold reserves and resources as of December 31, 2014:

	Tonnage (million dmt)	Grade		Contained metal	
		Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Proved	2.92	5.94	60	0.56	5.59
Probable	1.43	4.9	66	0.22	3.03
Total gold reserves	4.35	5.6	62	0.78	8.62
Measured	0.53	4.67	57	0.08	0.97
Indicated	3.13	3.3	36	0.33	3.63
Inferred	0.24	6	71	0.05	0.53
Total gold resources	3.90	4	41	0.46	5.13

Source: ANTAM data

The following tables summarize ANTAM's estimates of its total consolidated bauxite reserves and resources as of December 31, 2014:

	Washed bauxite		Average grade (%)				
	Tonnage (million wmt)	Tonnage (million dmt)					
			T-SiO ²	R-SiO ²	Al ² O ³	Fe ² O ³	T ¹ O ²
Proved	68	57.8	12.72	3.29	46.65	13.46	0.98
Probable	43.5	37.0	13.1	3.4	46.3	13.3	1.0
Total bauxite reserves	111.5	94.8	12.9	3.3	46.5	13.4	1.0
Measured	133.5	113.2	23.5	3.4	43.4	9.2	0.7
Inferred	456	387	23.6	3.7	43.8	9.6	0.5
Total bauxite resources	589.5	500.2	23.6	3.6	43.7	9.5	0.6

Source: ANTAM data

ANTAM estimates that as of December 31, 2014, it has the following coal reserves:

	Total proved and probable						Total resources
	Proved reserves	Probable reserves	probable reserves	Measured resources	Indicated resources	Inferred resources	
	(million tons)						
Coal	6.1	0.1	6.2	21.7	6.5	10.9	39.1

Source: ANTAM data

ANTAM's coal reserves are substantially smaller than its other metals reserves and resources. ANTAM's internal estimates of its coal reserves are prepared by its engineers and it does not maintain JORC-compliant estimates of these coal reserves.

Vision, mission and guiding principles

ANTAM's vision and mission are reviewed on a periodic basis with the involvement of the Board of Directors, the Board of Commissioners and senior management to ensure their continuing relevance. The 2030 Vision and Mission statement is based on the Board of Directors Decree No. 318.K/834DAT/204 on the Formulation of the Statement of the Corporate Vision, Mission and Values of PT ANTAM Tbk., issued on December 31, 2014. This statement captured ANTAM's aspiration to grow as Indonesia's leading mineral resources based company and establish its role in the downstream industry as a supplier of intermediate materials for production in related industries.

ANTAM's vision statement is: "To become a leading global corporation through diversification and integrated natural-resource based enterprises." This statement is broken down into the following aspirational statements:

- *Corporation*: a holding enterprise that contribute added values to its stakeholders;
- *Global Leading*: 1) possess global operational and marketing network; 2) implement world-class standards; and 3) Indonesia's largest mineral processing company;
- *Diversifications*: prudent enterprises through horizontal business developments/based on multiple commodities;
- *Integrated*: integrated value chain, covering all phases of upstream and downstream activities; and
- *Mineral-resource based*: mineral resource management that adds value to ANTAM's core commodities and its supporting businesses.

ANTAM's mission statements are as follows:

1. To produce quality products by maximizing added values through industry best-practice implementations and exceptional operations.
2. To optimize resources by prioritizing sustainability, workplace safety and environmental preservation.
3. To process existing and new reserves to develop competitive advantages.
4. To maximize corporate values for shareholders and stakeholders.
5. To enhance workforce competencies and welfare as well as the economic independence of the communities in the surrounding operation areas.

ANTAM's core business strategies are:

1. ANTAM focuses on its core business to obtain the maximum value. ANTAM has increased its competence in mining and processing to ensure stable and safe operation, and sustainable exploration of nickel, gold, bauxite and coal to gain long-term profitability. By maximizing the output, ANTAM will always be to increase sales and at the same time reduce expenses.
2. ANTAM maintains its growth through a solid project development, strategic alliance, acquisitions, and quality and value enhancement of its mineral reserves, from just selling raw materials to improved processing activity.
3. ANTAM maintains its financial strength by having a diversified funding sources such as bank loans, bonds, strategic partners, or other sources, as well as increase of revenue to ensure ANTAM's ability to pay its liabilities, to fund the growth in the future and to give returns.

ANTAM adopts corporate values known as PIONEER (Professionalism, Integrity, Global Mentality, HarmoNy, ExcEllence, Reputation), which is actualized from a leadership with SENSE (Speed, ENergize, ReSpect, CouragE) that will lead ANTAM workforce to an Human Capital Excellence level that meet the BEST (Beyond expectation, Environment awareness, Synergized parTnership) criteria.

Corporate culture plays an important role within ANTAM's HR management in efforts to realize ANTAM's Vision, Mission and Targets. ANTAM's employees are required to understand and refer to ANTAM's PIONEER cultural values as guidance. In its efforts to increase the employees understanding on PIONEER, on top of company-wide socialization, management has also integrated the PIONEER concept into existing management systems. Management has set a generic KPI for all employees related to the implementation of ANTAM Guiding Principles (AGP) through 5R (Concise, Tidy, Clean, Preserve and Diligent). Management also set the implementation of PIONEER behavior within each employee's KPI.

ANTAM's guiding principles reflect four personal and four team aspirations for ANTAM's employees, as follows:

<i>Personal principles:</i>	<i>Team principles:</i>
• Think positively and act in line with ANTAM's interest • Enthusiast in personal development and strives for better objective • Giving solution with thorough consideration • Completing tasks thoroughly	• To put efforts responsibly in the interest of ANTAM • To augment coordination and conduct routine communication • To augment coaching and empowerment • To satisfy the needs of internal and external customers

Competitive strengths

The following are ANTAM's principal competitive strengths:

- *One of the largest listed diversified metals and mining companies in SEA.* ANTAM is currently the largest listed diversified metals and mining company in SEA based on its market capitalization, as of June 30, 2015. ANTAM is supported by its substantial reserves and resources, having the world's sixth largest nickel reserves, as measured by nickel content, according to the AME Report, and substantial bauxite reserves and resources. With 48.5 million wmt of nickel reserves and 105.7 million wmt of bauxite reserves in 2010 compared to 133.6 million wmt of nickel reserves and 111.5 million wmt of bauxite reserves as of December 31, 2014, ANTAM has achieved steady growth in its reserves base over the last three years through the exploration activities of Geomin. In addition, ANTAM's nickel reserves are at an average grade of 2.0%, based on the AME Report.
- *Exclusive licensed producer of gold bullion in Indonesia.* ANTAM's Logam Mulia precious metals refinery has an annual production capacity of 60 tons of fine gold and 250 tons of fine silver. It is the only London Bullion Market Association-accredited precious metals refinery in Indonesia and refines a substantial amount of the primary bullion produced in the country as well as recycled scrap gold, silver and platinum. In addition, ANTAM is the only mining company in Indonesia with its own gold boutiques. ANTAM currently has 11 gold boutiques in Indonesia. These boutiques aim to reach retail customers in Indonesia and diversify ANTAM's gold customer base.

- *Long reserves life with robust growth outlook from large undeveloped resource base.* ANTAM has total consolidated nickel reserves and resources of 985 million wmt and bauxite reserves and resources of 701 million wmt and holds sufficient nickel and bauxite reserves to support production for more than for nickel and more than 100 years for both metals, based on ANTAM's production rate in 2014. ANTAM is also is focused on increasing its gold reserves and resources of 8.25 million dmt that can be developed and further extending mine life. ANTAM is focusing on gold exploration activities.
- *Integrated mining company with diversified portfolio of processed metals.* ANTAM benefits from vertical integration by owning and operating the mines that feed its processing plants. It is transforming into a manufacturer of an increasingly diversified portfolio of processed metals. ANTAM is currently pursuing four key downstream projects which will substantially expand its metals processing capability. ANTAM has a strong operating track record as an upstream mining producer, which positions it to diversify downstream to capture a larger portion of its value chains, beginning with processed nickel and bauxite. ANTAM believes that this strategic diversification into higher value processed metals will expand its revenue base, reduce its vulnerability to volatility in commodity prices as well as produce metals whose price movements are weakly correlated, such as gold and nickel.
- *Excellent operator and low cost producer of processed metals.* ANTAM has been a consistent ferronickel producer and has an excellent environment, health and safety track record. ANTAM is among the lowest cost ferronickel producers in the world, with a first quartile cash cost of US\$4.38 per pound for the six months ended June 30, 2015, based on the AME Report. ANTAM's cost structure for bauxite processing and gold is also competitive within Indonesia. ANTAM further expects that its average costs will decrease due to economies of scale if it completes the four key downstream projects.
- *Indonesia's flagship national mining company, well-positioned to compete in Indonesia.* ANTAM, being a SOE and the flagship national mining company of Indonesia, has a strong advantage operating in Indonesia. ANTAM believes that it is poised to capitalize on Indonesia's growing industrial sector and use of processed metals. ANTAM is well-positioned to capitalize on:
 - o the government's push for mining companies to produce processed metals;
 - o the MSOE's push to increase synergies among SOEs and negotiations with SOEs such as Inalum, for the sale of SGA, and PT Pertamina (Persero) and Perusahaan Gas Negara, for the supply of fuel and natural gas;
 - o government-to-government agreements that encourage and provide financial support for partnerships between Chinese and Indonesian companies; and
 - o having priority to purchase shares divested by foreign companies that own mining concessions based on the Mining Law (See "*Regulation of the Indonesian Mining Industry— Mining Law*").

Strategy

ANTAM's key strategies are to:

- *Expand through downstream metals processing projects.* ANTAM believes that its position as Southeast Asia's largest diversified metals company, and as one of the largest state mining companies in Southeast Asia, with substantial reserves of nickel and bauxite, affords it an opportunity to capitalize on the growing demand in Southeast Asia for industrial metal products that are of critical use in fast growing end markets such as infrastructure, urban construction,

automobiles, transport, midstream energy capital equipment, consumer electronics and white goods. ANTAM seeks to become the largest South East Asian producer of key intermediate products, such as ferronickel, smelter grade alumina and chemical grade alumina, that are necessary for the development of these sectors, but are currently imported into Southeast Asia from China, Korea, Japan and Europe.

ANTAM also aims to enter into partnerships where partners offer technology and financing in exchange for a source of raw materials in order to further diversify its portfolio of processed metals without having to contribute capital.

In light of the above, ANTAM has four key downstream metals processing and development projects:

- o *Pomalaa Ferronickel Plant Expansion Project.* ANTAM currently aims to triple its 2014 ferronickel production capacity by 2018. First, ANTAM aims to commence production from its recently expanded Pomalaa ferronickel processing plant, its main ferronickel smelters, by 2015. The Pomalaa plant expansion is projected to expand ANTAM's annual ferronickel production capacity to 27,000-30,000 TNi.
- o *East Halmahera Ferronickel Plant Development Project.* Second, ANTAM aims to complete its East Halmahera Ferronickel Plant Development Project, located near its new principal nickel reserves and resources at Halmahera, by 2018. The East Halmahera Ferronickel Plant Development Project will increase ANTAM's ferronickel production capacity by 27,000-30,000 TNi after the completion of its first two planned phases.
- o *Mempawah SGA Project.* ANTAM aims to construct its Mempawah SGA Project to diversify its bauxite processing beyond its Tayan CGA plant, the only CGA plant in Southeast Asia, which commenced commercial production in 2015. As of June 30, 2015, bauxite accounted for less than 1.0% of ANTAM's total consolidated sales. The Tayan plant has an annual capacity of 300,000 tons of CGA, and the Mempawah SGA Project is projected to produce 1.7 to 2.0 million tons of SGA.
- o *Anode slime project.* ANTAM is in the preliminary stages of building its anode slime project, which is planned to process 2,000 tons of Anode slime per year.
- *Expand reserves and resources base.* ANTAM has substantial nickel and bauxite reserves and resources. ANTAM believes it has the required management, capability and expertise to successfully operate existing mines and develop greenfield projects similar to what it has achieved in the past, such as the development of the Pongkor gold mine and the Tanjung Buli nickel mine. ANTAM intends to continue to evaluate and develop its large reserves and resources base, especially in Pomalaa and East Halmahera to increase reserves and strengthen its production profile especially for gold and nickel ore once its processing facilities are complete.

ANTAM believes that it is well placed for opportunities for upstream growth in Indonesia due to the high geological prospectivity of Indonesia, and domestic knowledge of the ANTAM management team. ANTAM will also consider attractive opportunistic acquisition targets in other countries to expand its reserves and resources base. Given its relationships with local and international financial institutions and anticipated improvements in its cash flow profile over time, ANTAM believes that it has sufficient access to financing to support any acquisition plans going forward.

- *Enter into partnerships to develop production of new processed metals from existing reserves.* ANTAM's substantial reserves and resources, with nickel reserves with an average grade of

2.0%, according to the AME Report, make it an attractive joint venture partner for Indonesian and foreign companies. These partners offer access to technology and financing. ANTAM aims to enter into such partnerships where beneficial in order to further diversify its portfolio of processed metals.

- *Further reduce unit cash costs to and improve cost competitiveness.* ANTAM is currently building a 2x30MW coal fired power plant to power the auxiliaries of its Pomalaa smelters, aiming to reduce electricity costs. ANTAM is also entitled to a deduction on its taxable income for the Pomalaa plant expansion project from 2015 to 2021 under Ministry of Finance Decree No. 06/KM 3/2014. ANTAM also renegotiated contracts with various mining contractors, utilized higher grade ore feedstock to increase production, and refocused its exploration budget on gold exploration given its already substantial nickel and bauxite reserves.

ANTAM has successfully reduced its cash costs for ferronickel by 17.6% to US\$5.48 per pound in 2014 from US\$6.65 per pound in 2013 and cash costs for gold by 5.6% to US\$808.06 per ounce in 2014 from US\$855.91 per ounce in 2013. ANTAM has continued with the efficiency increasing and cost-cutting measures it undertook in 2014 and its cash costs for ferronickel decreased to US\$4.38 per pound and its cash costs for gold decreased to US\$694.30 per ounce for the six months ended June 30, 2015.

Nickel operating segment

Overview

ANTAM's nickel (including ferronickel) operating segment contributed 59.7%, 54.2%, 43.1% and 24.5% of its total consolidated sales in 2012, 2013, 2014 and the first six months of 2015.

ANTAM produces nickel ore from its mines in Pomalaa, Tapunopaka and Mandiodo operated by ANTAM's Southeast Sulawesi Nickel Mining Business Unit and Pakal Island and Tanjung Buli mines, operated by ANTAM's North Maluku Nickel Mining Business Unit. Operations at the Tapunopaka, Mandiodo and Tanjung Buli mines are currently suspended.

The Southeast Sulawesi unit also manages ANTAM's two ferronickel plants, FeNi II and FeNi III, which commenced operations in 1995 and 2007, with a combined capacity of 18,000-20,000 tons of contained nickel in ferronickel (TNi). A third plant, FeNi I, which commenced operations in 1976, suspended production in 2013 in line with the commencement of the Pomalaa Ferronickel Plant Expansion project. This expansion built a fourth smelter, FeNi IV, and is projected to increase ANTAM's ferronickel capacity to 27,000-30,000 TNi using a 1.9% nickel ore feed. ANTAM's East Halmahera Ferronickel Plant Development Project is part of Indonesia's Economic Expansion and Acceleration Master Plan (MP3EI) project of the Papua-Maluku Islands Economic Corridor.

ANTAM's East Halmahera Ferronickel Plant Development Project is ANTAM's strategic initiative to increase the value of ANTAM's substantial nickel reserves through processing activities. This project will be built in two planned phases, with each phase adding a capacity of 13,500-15,000 TNi. Facilities built as part of the first phase are planned to enter commercial production by 2018. The project cost is estimated at US\$450 million including the development of power plants.

ANTAM's ferronickel output is exported to South Korea, Europe, Japan, India, Taiwan and China.

Overview of nickel operations

Overview of nickel mining and reserves

ANTAM mines saprolite nickel ore with a minimum 1.8% nickel content and a maximum 25% iron content (saprolite) and limonite nickel ore with a 1.2% minimum nickel content (limonite). ANTAM

has approximately 133.6 million wmt of saprolite reserves, approximately 299.4 million wmt of saprolite resources, and 552.5 million wmt of limonite resources, as of December 31, 2014. ANTAM's existing nickel reserves and resources can support production for more than 100 years, based on its currently anticipated level of production.

ANTAM extracted 7.0, 7.96, 9.4, 11.5, 1.1 and 0.7 million wmt of nickel ores in 2010, 2011, 2012, 2013, 2014 and the first six months of 2015, respectively. The substantial decrease in extraction after 2013 was due to the ore export ban under the Mining Law. ANTAM has the ability to substantially increase extraction above these levels, if necessary, by reactivating currently dormant nickel mines.

Production

The critical specification for saleable ore is minimum nickel content. For saprolite ore, a low iron content is also required, while for limonite ore a minimum silica content must also be met. For ANTAM's Elkem ferronickel smelter process, the basicity of the ore is critical and measured by the ratio of calcium and magnesium content to the silica content which is required to be greater than 0.58. ANTAM has significant experience in mining lateritic nickel deposits to extract the grade of ore it requires.

ANTAM currently mines nickel ore from its Pomalaa and Pakal Island mines. The following table summarizes ANTAM's extraction volumes:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	(wmt)						
Pomalaa mine							
Saprolite	—	—	1,000,254	1,501,235	607,614	218,002	230,390
Limonite	1,367,074	2,139,546	1,843,426	1,340,836	—	—	—
Gee mine							
Saprolite	—	—	—	—	—	—	—
Limonite	1,003,341	216,038	—	88,264	—	—	—
Tapunopaka mine							
Saprolite	—	—	—	—	—	—	—
Limonite	95,323	550,034	77,998	—	—	—	—
Tanjung Buli mine							
Saprolite	3,617,563	3,512,151	5,091,202	6,244,680	—	—	—
Limonite	957,211	1,541,388	1,315,063	1,276,372	—	—	—
Pakal Island mine							
Saprolite	—	—	271,150	749,500	—	—	513,675
Limonite	—	—	193,975	320,325	—	—	—
Momopo mine							
Saprolite	—	—	—	—	—	—	—
Limonite	—	—	5,745	—	—	—	—
Total							
Saprolite	3,617,563	2,941,015	6,362,606	8,495,415	607,614	218,002	744,064
Limonite	3,422,949	3,404,727	3,436,207	3,025,797	—	—	—

Source: ANTAM data

The following table sets out the total cash cost of extraction on a per wmt basis in each category of nickel ore:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	<i>(US\$ per wmt)</i>					<i>(US\$ per wmt)</i>	
Saprolite	26.62	30.92	27.72	23.56	26.69	35.30	22.31
Limonite	16.65	14.91	15.53	20.30	—	—	—

Source: ANTAM data

The cash cost consists of total production cost less depreciation and amortisation and includes the cost of mining, field administration and shipping.

Nickel ore formation

The lateritic nickel deposits at ANTAM's mines are layered deposits, generally 5 to 30 meters thick, within the weathering profile lying above ultramafic rocks of late Cretaceous age. ANTAM's mines are located in a belt of ultramafic rocks of submarine origin which are now exposed in belts.

Ultramafic rocks, which are the basement host rocks for commercial lateritic nickel deposits, are an ophiolite sequence. They have been emplaced by obduction, a tectonic process in which the sea floor, under intense westerly directed compressional stress generated at plate boundaries, has been elevated and thrust over sea floor and basement rocks forming a sub-aerial stack of imbricate thrust plates, resulting in a complex pattern of fault blocks containing rocks of ultramafic composition as well as other submarine volcanic and metamorphic rocks. The ultramafic rocks, being the parents of the lateritic nickel deposits, generally are rich in iron, magnesium and contain minor amounts of chrome and nickel. The latter is contained in olivine, a common mineral in dunite and peridotite. Nickel in unweathered ultramafic rocks is contained in olivine, or more commonly, in serpentine derived from sheared and altered ultramafic rocks.

Conglomerates, siltstones, mudstones, greywacke and limestone of early Miocene age partly overlie the ultramafic rocks of the eastern belt. All of these rocks have been uplifted and dissected by stream erosion. Quaternary alluvium is deposited in stream channels and around the edges of the islands.

Nickel-rich laterites are commonly developed within tropical weathering profiles on the olivine-rich ultramafic rocks. Development of laterite weathering profiles is probably resulting from present tropical climatic conditions.

Mineralization

Nickel mineralization is present in laterite near-surface layers, which can be generally described as being divided into limonite and saprolite layers, that have an aggregate thickness of about 20 to 30 meters. Nickel is contained in the limonite layers, especially in the lower part, in values up to 1% to 2%. The iron content of the limonite zones is usually from 35% to 50%. The saprolite layers contain nickel in values from 2% to 3%, with nickel present in the form of silicate minerals. Iron is usually present in the saprolite layers in amounts from 5% to 10%.

The geologic features and nickel and iron grades of the lateritic nickel deposits in Indonesia are quite similar to the lateritic nickel deposits located in New Caledonia, the Dominican Republic, Guatemala, Colombia, Brazil and the Philippines.

ANTAM's nickel deposits are typically shallow. The limonite rests atop the saprolite, is cheaper to mine and the first to be extracted followed by the saprolite. The ores usually can be easily mined and extracted using open pit mining techniques and simple truck and shovel operations. No drilling or blasting is required. Little beneficiation is required other than drying and screening and sometimes limited crushing of oversize material.

Mining method

The mining operations used in each mine are similar, with slight variations that are mostly due to topographical differences.

First, the vegetation is cleared and the overburden is stripped. The limonite ore and saprolite ore is then mined using bench mining techniques. Each bench has a height of three meters. At some mine sites, production drilling is conducted for grade control. Sampling is conducted at three meter intervals along each bench. These samples are assayed and each sample area is designated using colored stakes. As a result, miners can more easily determine which product they are mining and to which stockpile the ore must be transported based on its type and grade.

At Pomalaa mine where ANTAM mines saprolite ore, rocky portions of the site are segregated in order to maximize ore recovery. Oversized ore is then reduced in size. The low grade limonite is pushed out of the way and used for backfill after extraction of ore is complete. Bulldozers are used to strip the overburden, which is pushed to the side and used where possible for reclamation after mining. Similar techniques are used in the other mines.

After mining, saprolite ore is solar dried by placing it in narrow piles and turning it over every several days. Solar drying reduces the moisture content of ore to a range of approximately 30% to 35%, which is suitable for shipment.

The nickel ore is then moved to the pier stockyards and piled for barging, where it is covered with tarpaulins for dust control and for protection from rainfall. Ore is transported from the mine face to the stockpile areas by trucks operated by contractors for processing in the ferronickel smelter. Large ships are loaded using barges approximately 500 metres to 600 meters offshore because of limited draft closer to the shore. Loading normally takes two to three days, but can occasionally take longer if the weather conditions are poor.

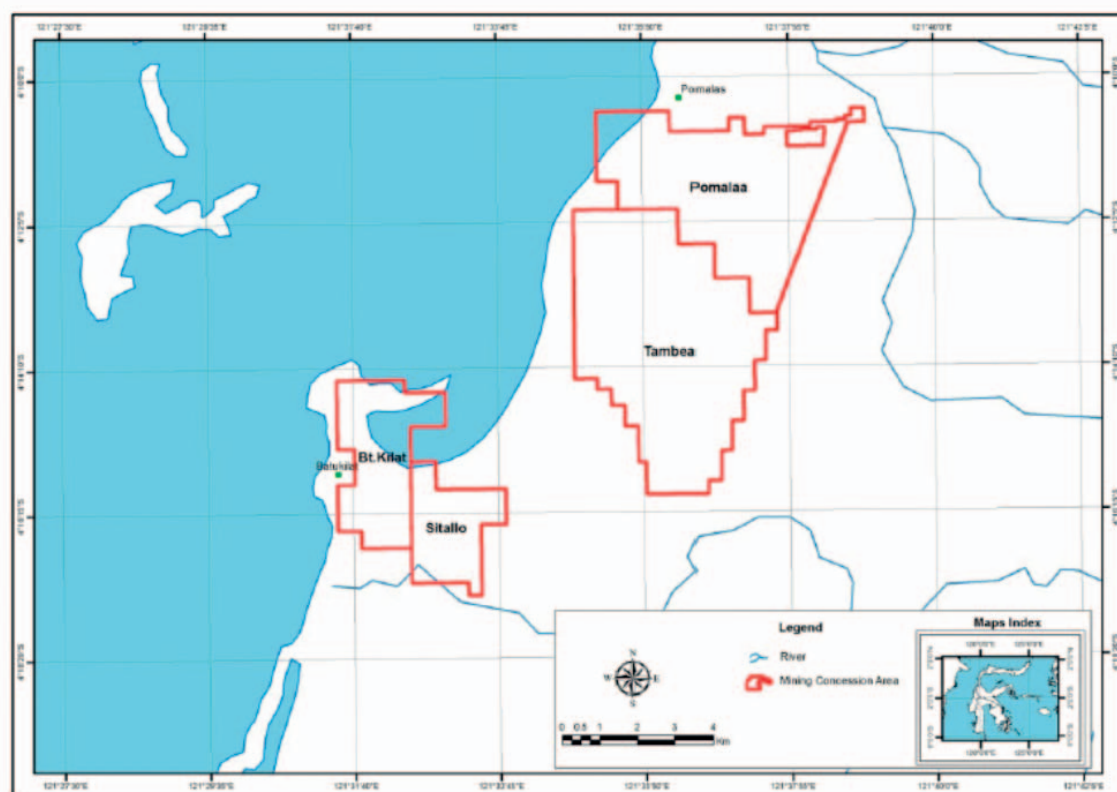
ANTAM's mining operations are usually interrupted during Indonesia's wet season because of challenging working conditions caused by heavy rainfall. As this occurs on a regular basis, ANTAM considers this a normal operating constraint.

Pomalaa nickel mine

ANTAM's nickel operations began with the discovery of nickel in Pomalaa, Southeast Sulawesi, in 1909. Nickel exploration commenced in 1934 and production began in 1938, although significant production from these deposits only commenced in 1962. The Pomalaa mine is managed by ANTAM's Southeast Sulawesi Nickel Mining Business Unit.

The Pomalaa mine is divided into three areas, the northern, the middle and the southern areas, covering an area of approximately 6,128.5 hectares in aggregate. The northern area is the subject to Operations- Production Mining License 198 of 2010 (WSPM016), the middle area is the subject of Operations-Production Mining License No. 188.45/099/2014 (WSPM014), and the southern area is the subject of two other licenses, which are the Operations-Production Mining License No. 199 of 2010 (WSPM017) and Operations - Production Mining License 188.45/100/2014 (WSPM015).

Map of Pomalaa



The table below shows the current status of the mining licenses for the Pomalaa mine:

	Area	Expiry date
	(ha)	
198 Tahun 2010 (WSPM 016) (Pomalaa, Kolaka, Southeast Sulawesi)	1,954.0	June 25, 2020
199 Tahun 2010 (WSPM 017) (Bt. Kilat, Kolaka, Southeast Sulawesi)	878.2	June 25, 2020
188.45/099/2014 (KW.WSPM.014) (Tambea, Kolaka, Southeast Sulawesi)	2,712.0	March 14, 2024
188.45/100/2014 (KW.WSPM.015) (Sitallo, Kolaka, Southeast Sulawesi)	584.3	March 14, 2024
Total	<u>6,128.5</u>	

The table below shows the nickel reserves and resources for Pomalaa as of December 31, 2014, as estimated by ANTAM:

	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Proved	Ni > 1.8%	3.1	2.3	2.13	16.31	39.61	18.94
Probable	Ni > 1.8%	1.0	1.0	2.0	14.2	40.6	29.9
Total saprolite reserves		4.1	3.3	2.1	15.7	39.9	19.5
Measured	Ni > 1.8%	0.2	0.1	2.17	12.51	42.2	22.36
Indicated	Ni > 1.8%	0.5	0.5	2.1	12.3	42.3	23.6
Inferred	Ni > 1.55%	1	1	2	11.5	43	22.5
Total saprolite resources		1.7	1.6	2.0	11.8	42.7	22.8

Source: ANTAM data

	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Measured	Ni > 1.2%	2.4	1.6	1.42	30.89	26.31	6.04
Indicated	Ni > 1.2%	4.5	3.0	1.4	32.1	24.2	5.9
Inferred	Ni > 1.2%	14	10	1.5	26	26	5
Total limonite resources		20.4	14.6	1.4	27.7	25.6	5.3

The following table summarizes the Pomalaa mine's production:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Pomalaa mine	<i>(wmt)</i>						
Saprolite	—	—	1,000,254	1,501,235	607,614	218,002	230,390
Limonite	1,367,064	2,139,546	1,843,426	1,340,836	—	—	—

Source: ANTAM data

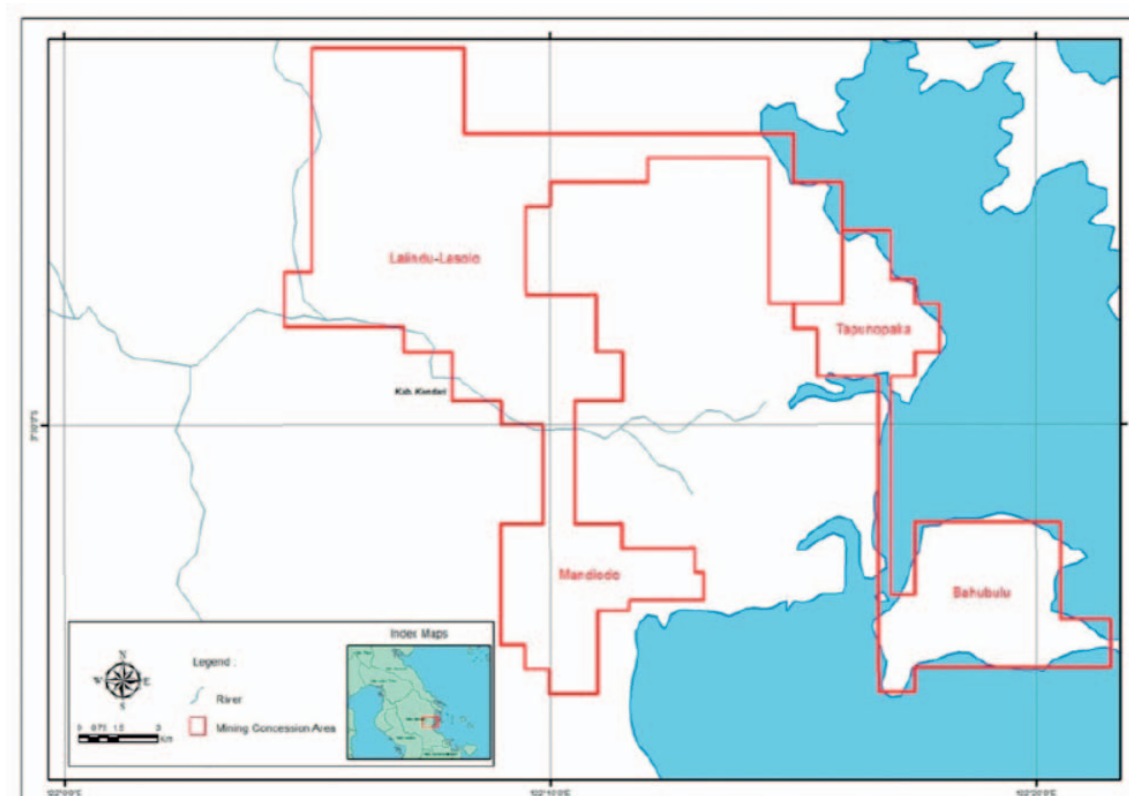
Pomalaa has its own port for loading and unloading of ore and ferronickel and for the delivery of logistics, fuel and other supplies used in the smelting process. The port is divided into two areas, which includes a quay of 120 metres with a draft of six metres which allows ships of up to 7,000 dwt to dock. Unloading is also undertaken at a separate area of the port with a land fixed crane. ANTAM has three tugboats and a dredger.

Tapunopaka and Mandiodo nickel mines

ANTAM's Operations-Production Mining License in relation to the Tapunopaka mine was reactivated in February 2015. The Tapunopaka mine is managed by ANTAM's Southeast Sulawesi Nickel Mining Business Unit.

The Tapunopaka mine covers an area of approximately 6,213 hectares in aggregate, while Mandiodo mine covers an area of approximately 16,920 hectares in aggregate. The Tapunopaka area is the subject of Operations-Production Mining License No. 15 of 2010 (KW99STP057.a), and the Mandiodo area is the subject of Operations-Production Mining License No. 158 of 2010 (KW10APROP005).

Map of Tapunopaka and Mandiodo area



The table below shows the current status of the mining licenses for the Tapunopaka mine:

	Area	Expiry date
	(ha)	
158 Tahun 2010 (KW 10 APR OP 005) (Asera and Molawe, North Konawe, Southeast Sulawesi)	16,920.0	April 29, 2030
15 Tahun 2010 (KW 99 STP 057.a) (Lasolo, North Konawe, Southeast Sulawesi)	6,213.2	January 11, 2028
Total	<u>23,133.0</u>	

The table below shows the nickel reserves and resources for Tapunopaka as of December 31, 2014, as estimated by ANTAM:

Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO² (%)	MgO (%)
Measured . . Ni > 1.8% & Fe < 25%	5.3	3.4	2.25	15.77	36.27	17.48
Indicated . . Ni > 1.8% & Fe < 25%	0.5	0.3	2.1	17.0	35.0	17.6
Total saprolite resources	<u>5.8</u>	<u>3.7</u>	<u>2.2</u>	<u>15.8</u>	<u>36.1</u>	<u>17.4</u>

Source: ANTAM data

Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO₂ (%)	MgO (%)
Measured . . Ni > 1.8% & Fe < 25%	27.8	18.0	1.52	41.03	10.47	3.34
Indicated . . Ni > 1.8% & Fe < 25%	9.5	6.0	1.6	40.2	10.7	4.9
Total limonite resources	<u>37.3</u>	<u>24.0</u>	<u>1.5</u>	<u>40.8</u>	<u>10.5</u>	<u>3.7</u>

Source: ANTAM data

The following table summarizes the Tapunopaka mine's production:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	<i>(wmt)</i>						
Tapunopaka mine							
Saprolite	—	—	—	—	—	—	—
Limonite	<u>95,323</u>	<u>550,034</u>	<u>77,998</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

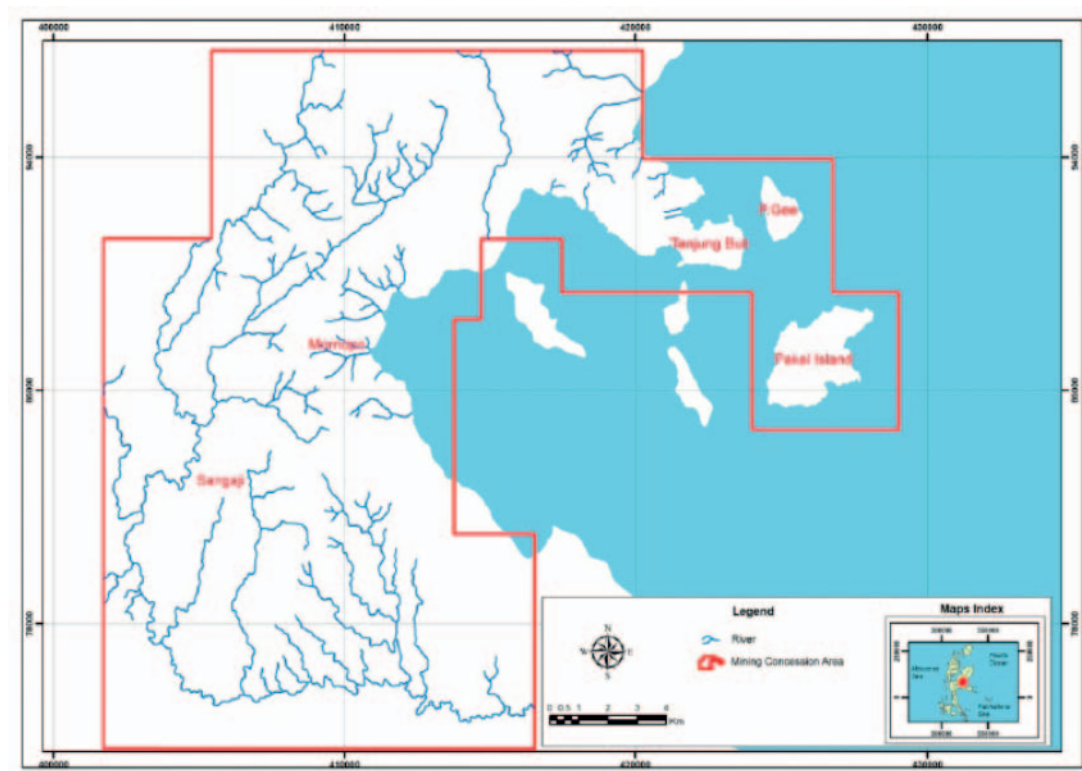
Source: ANTAM data

North Maluku nickel mines

The Buli Serani area consists of the mines area in Mornopo, Tanjung Buli, Pakal Island, Sangaji and Gee Island. The mines cover an aggregate area of approximately 39,040 hectares. ANTAM completed a feasibility study of the area in 1999, and commenced production in 2001. Nickel extracted from these areas are planned to be processed into ferronickel in ANTAM's planned East Halmahera Ferronickel Plant Development Project which is in the vicinity. The Pakal Island mine is ANTAM's current primary active mine. The North Maluku mines are managed by ANTAM's North Maluku Nickel Mining Business Unit.

Tanjung Buli nickel mine

Map of Tanjung Buli area



The table below shows the current status of the Operations - Production Mining License for the Tanjung Buli (*Buli Serani*) mine:

	Area	Expiry date
	(ha)	
188.45/540-170/2011 (KW97PP0443) (East Halmahera, North Maluku)	39,040	October 27, 2040

The table below shows the nickel reserves and resources for Tanjung Buli as of December 31, 2014, as estimated by ANTAM:

Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ₂ (%)	MgO (%)
Proved Ni > 1.8% & Fe < 25%	7.3	4.7	2.17	13.13	43.11	25.75
Probable . . Ni > 1.8% & Fe < 25%	1.0	0.5	2.2	13.1	38.2	17.3
Total saprolite reserves	8.3	5.2	2.1	13.1	42.6	24.9
Measured . . Ni > 1.8% & Fe < 25%	7.8	5.0	1.58	39.06	14.78	4.82
Indicated . . Ni > 1.8% & Fe < 25%	1.0	0.5	1.4	41.1	10.7	4.2
Total limonite resources	8.8	5.5	1.5	39.2	14.4	4.7

Source: ANTAM data

The following table summarizes the Tanjung Buli mine's production:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	(wmt)						
Tanjung Buli mine							
Saprolite	3,617,563	3,512,151	5,091,202	6,244,680	—	—	—
Limonite	957,211	1,541,388	1,315,063	1,276,372	—	—	—

Source: ANTAM data

Tanjung Buli has its own port facility jetty for loading and unloading of nickel ore and for the delivery of logistics. The port has a draft of three metres which allows barges to dock at the port. The mining activities in the Tanjung Buli are currently suspended until the completion of the East Halmahera Ferronickel Plant Development Project.

Pakal Island nickel mine

The Pakal Island mine, located near the Tanjung Buli mine, was ANTAM's primary active nickel mine in the first half of 2015. The table below shows the current status of the mining license for the Pakal Island mine:

	Area	Expiry date
	(ha)	
188.45/540-170/2011 (KW97PP0443) (East Halmahera, North Maluku)	39,040	October 27, 2040

The table below shows the nickel reserves and resources for Pakal Island as of December 31, 2014, as estimated by ANTAM:

Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO2 (%)	MgO (%)
Proved Ni > 1.8% & Fe < 25%	10.2	6.6	2.39	15.35	40.29	21.48
Probable . . Ni > 1.8% & Fe < 25%	0.5	0.5	2.3	15.3	40.7	23.2
Total saprolite reserves	10.7	7.1	2.3	15.3	40.3	21.6
Indicated . . Ni > 1.8% & Fe < 25%	4.5	3.0	2.7	13.7	36.5	22.2
Total saprolite resources	4.5	3.0	2.7	13.7	36.5	22.2
Measured . . Ni > 1.8% & Fe < 25%	20.8	13.5	1.68	40.56	9.68	2.56
Indicated . . Ni > 1.8% & Fe < 25%	0.5	0.3	1.5	39.7	11.8	3.2
Total limonite resources	21.3	13.8	1.67	40.5	9.7	2.5

Source: ANTAM data

The following table summarizes the Pakal Island mine's production:

	Year Ended December 31,					Six months ended	
	2010	2011	2012	2013	2014	June 30,	2015
				(wmt)			
Pakal Island mine							
Saprolite	—	—	271,150	749,500	—	—	513,675
Limonite	—	—	193,975	320,325	—	—	—

Source: ANTAM data

Sangaji nickel deposits

The Sangaji deposits are located near the Tanjung Buli mine and are divided into five blocks, which in aggregate is estimated to have 92.0 million tons of probable ore reserves. ANTAM is still undertaking detailed exploration activity in Sangaji.

ANTAM's substantial reserves in East Halmahera are projected to become the main source for ANTAM's East Halmahera Ferronickel Plant Development Project. The table below shows the nickel reserves and resources in Sangaji as of December 31, 2014.

Cut-off Grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ² (%)	MgO (%)
Probable . . Ni > 1.55%	92.0	67.5	1.9	12.2	40.7	27.2
Total saprolite reserves	92.0	67.5	1.9	12.2	40.7	27.2
Measured . . Ni > 1.55%	6.0	3.9	2.12	12.28	39.01	26.12
Indicated . . Ni > 1.55%	11.5	7.5	2.2	12.2	41.2	23.7
Inferred . . . Ni > 1.55%	51	42	2	13	41	27.5
Total saprolite resources	68.5	53.4	2.0	12.8	40.8	26.8
Measured . . Ni > 1 & Ni < 1.55%	35.0	22.7	1.21	40.73	14.16	2.35
Indicated . . Ni > 1 & Ni < 1.55%	78.9	50.5	1.2	41.8	12.5	2.5
Inferred . . . Ni > 1 & Ni < 1.55%	54	38	1	42	11	2.5
Total limonite resources	167	111.2	1.13	41.6	12.3	2.4

Source: ANTAM data

Gag Island nickel resources

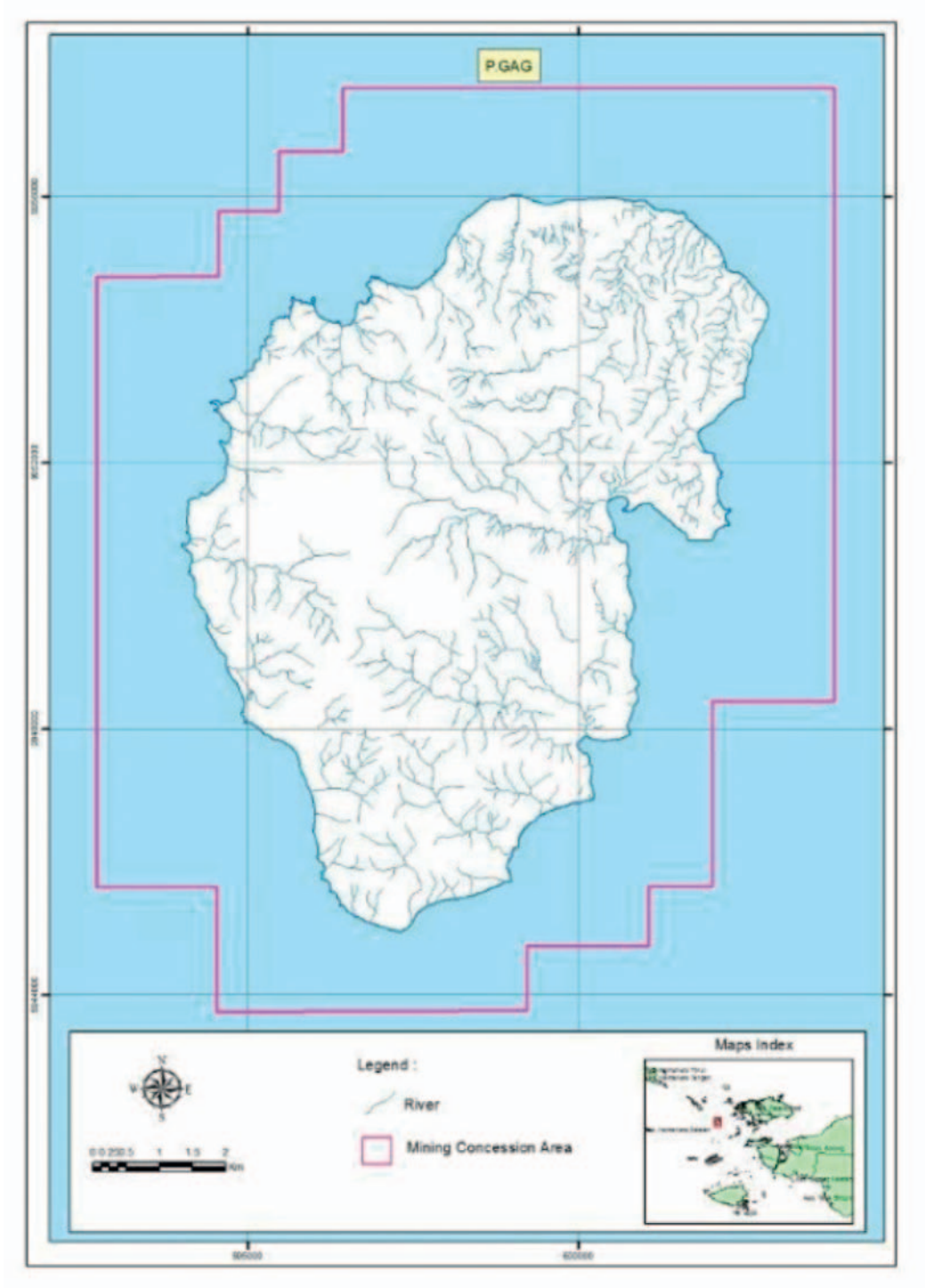
ANTAM has substantial nickel resources in Gag Island under its subsidiary, PT Gag Nickel, in which ANTAM owns 100% shares through both direct ownership (amounting to 25% shareholding) and indirect ownership (amounting to 75% shareholding through the ownership of Asia Pacific Nickel Pty. Ltd., a 100% owned Australian subsidiary of ANTAM).

The Gag Island concession currently covers an approximate area of 13,136 hectares. The concession is secured under the Generation VII Contract of Work signed by and between the government and PT Gag Nickel dated February 19, 1998.

The table below shows the current status of the Contract of Work for Gag Island:

	Area	Expiry date
	(ha)	
CoW of PT Gag Nickel (Generation VII)	13,136	2028

Map of Gag Island



The table below shows the nickel reserves and resources for Gag Island as of December 31, 2014:

<u>Cut-off Grade</u>	<u>Tonnage (million wmt)</u>	<u>Tonnage (million dmt)</u>	<u>Ni (%)</u>	<u>Fe (%)</u>	<u>SiO2 (%)</u>	<u>MgO (%)</u>
Measured . . Ni > 1.5%	45.7	32.4	1.88	14.88	38.45	22.30
Indicated . . Ni > 1.5%	11.7	8.3	1.84	14.47	39.11	22.40
Inferred . . . Ni > 1.5%	130.9	93.6	1.82	16.09	39.22	22.13
Total saprolite resources	188.3	134.3	1.8	15.7	39.0	22.1

<u>Cut-off Grade</u>	<u>Tonnage (million wmt)</u>	<u>Tonnage (million dmt)</u>	<u>Ni (%)</u>	<u>Fe (%)</u>	<u>SiO2 (%)</u>	<u>MgO (%)</u>
Measured . . Ni > 1.2%	34.3	21.5	1.40	41.98	10.97	1.82
Indicated . . Ni > 1.2%	8.1	5.1	1.42	40.58	10.98	1.59
Inferred . . . Ni > 1.2%	128.0	80.7	1.46	39.40	11.12	1.79
Total limonite resources	170.4	107.3	1.4	39.9	11.0	1.7

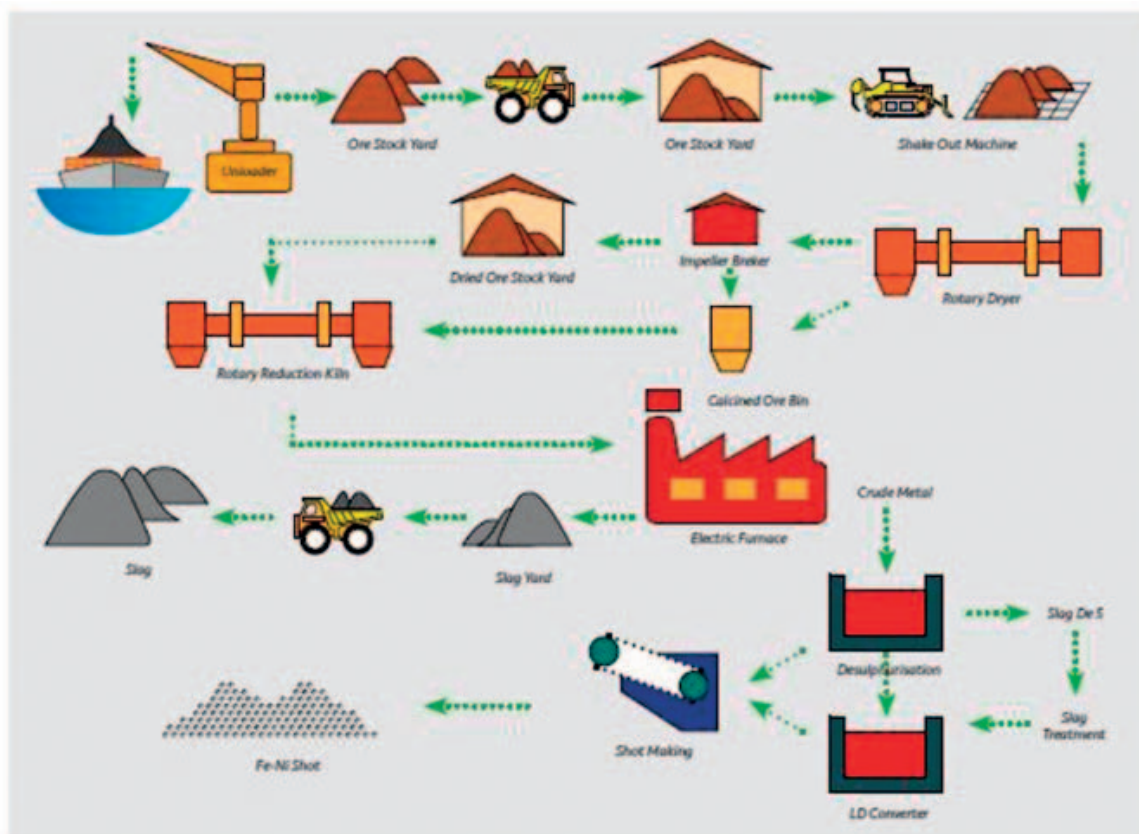
Source: ANTAM data

Ferronickel processing

Ferronickel generally consists of 20-25% nickel and 75-80% iron and its processing consumes saprolite, which ANTAM sources saprolite from its Pomalaa and Pakal Island mines. ANTAM's ferronickel, differentiated into high and low carbon ferronickel, is sold in the form of shots or pellets to stainless steel producers mainly in Europe and South Korea. About 70% of ferronickel produced globally is used to produce stainless steel, while the rest is used for various industrial purposes such as batteries, electronics, aerospace applications and gas turbines. Approximately 75-90 wmt of saprolite ore is required to produce one ton of nickel contained in ferronickel. Ferronickel production is contingent upon the grade of ore feed and the smelter load.

Ferronickel is produced by smelting nickel ore to produce ferronickel in the form of shots (pellets), using a pyrometallurgy processing which consumes large amounts of electricity. Saprolite with an average grade of 2.23% is fed through a shakeout machine to a rotary drier to lower its moisture content from 3033% to 20-22%, using heat produced from the combustion of pulverised coal at an operating temperature of 800 degree Celsius. The dried ore is screened at five centimeters at the impeller breaker and passed to the ore bins in the mixing house. The oversized ore is crushed in a breaker and rejoins the undersized ore and the dust from the rotary drier. Other bins contain anthracite, limestone and coal which are mixed with the ore in exact proportions. The addition of limestone is required to increase slag basicity in the electric furnace. The ore is then fed into the rotary kilns.

Figure 1: Flowchart for Pomalaa Ferronickel Plant



In order to process the ore in the electric furnace, the rest of the moisture inside the ore must be removed, including water of hydration of minerals such as serpentine and goethite contained in the ore. This is carried out in rotary kilns where the operating temperature is 1,000 degrees Celsius. Dust is collected from the kiln in the form of exhaust gas through a dust collecting system. It is formed into pellets for recycling as kiln feed.

The calcined product from the kiln is collected in a surge hopper, weighed and charged into insulated, closed containers to conserve heat and to minimise dust. These containers are automatically transferred and charged to the top bin of the electric furnace. The electric furnace is a cylindrical Elkem-type furnace. The FeNi I (commenced operation in 1976 and has been decommissioned in 2013), FeNi II and FeNi III furnaces are rated at 32, 42 and 38 MW respectively. Smelting temperature is around 1,600 degree Celsius. Slag is tapped at one side of the furnace while metal is tapped at the other. The off gases from the furnace pass through a baghouse system (GCT) to remove particulates prior to recycling to the rotary drier. The slag from the electric furnace is water granulated and used to construct roads, the port area and reclamation areas.

The crude ferronickel from FeNi II and FeNi III are collected in 25 ton lots in ladles and transferred to the refinery. The crude ferronickel is desulphurised by the addition of calcium carbide (CaC_2) and soda ash (Na_2CO_3) which are stirred into the molten ferronickel. The slag produced in this process is skimmed off manually. This slag contains 8% to 9% nickel. Metal and slag are separated by hand picking and the metal so recovered is returned to the electric furnace. This recovers about 70% of the entrained nickel. The desulphurisation process takes approximately 20 minutes to complete. The final sulphur content is 0.02% maximum.

The high carbon ferronickel product from desulphurization is either routed to casting or shotting if a high carbon product is required. If a low carbon product is required, the desulphurised ferronickel is passed to a shaking converter where oxygen is top blown onto the liquid metal to remove carbon, phosphorous and to slag off chromium and silica. Burnt lime and limestone are added as flux. The converting process takes about 60 minutes to complete. The off-gases from the shaking converter are cleaned in an electrostatic precipitator and the collected dust sent to the pelletizer.

The slag from the shaking converter is granulated and handpicked to recover metal which is recycled to the electric furnace. The low carbon ferronickel is then shotted in water. Shot material is screened to provide a product in the size range of 5 millimeters to 50 millimeters. Oversize and undersize material is recycled to the converter as coolant. Scrap metal is also recycled as coolant or sold to end-buyers and offtakers. Nickel recovery was approximately within the range of 94% to 96%.

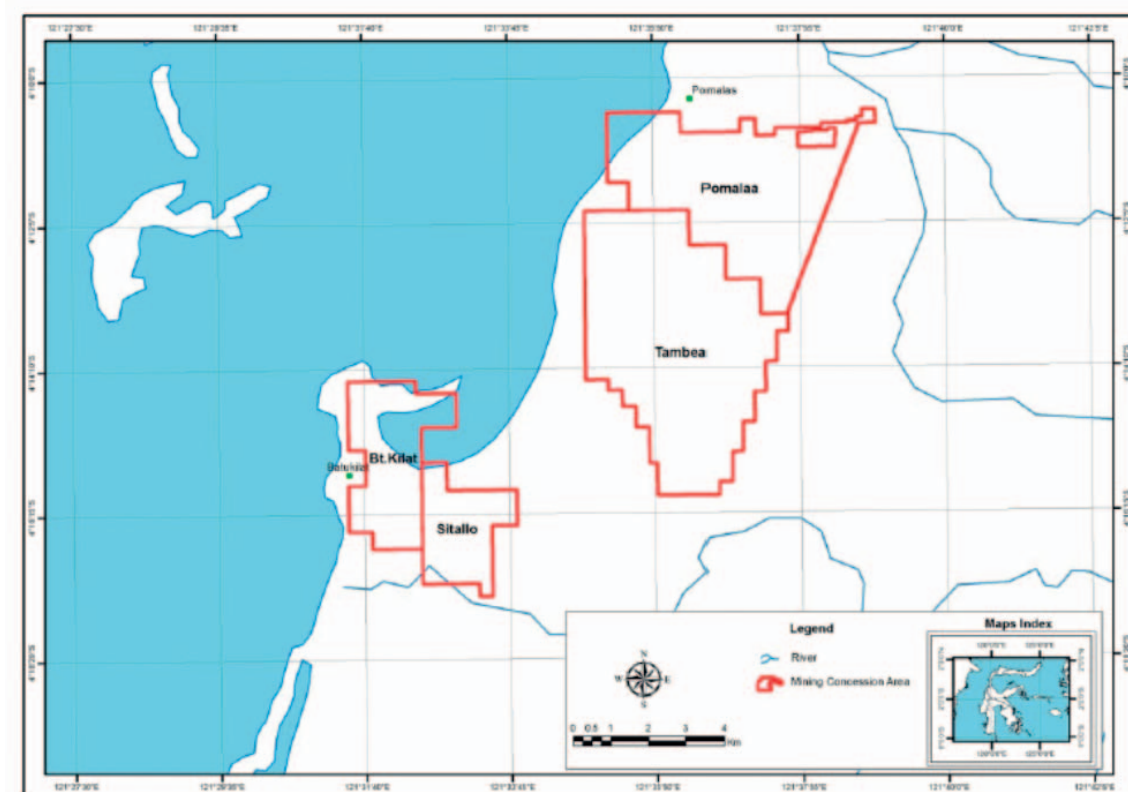
The ferronickel smelters operate on three shifts a day of eight hours each for seven days a week. Once in ten year period. ANTAM carries out overhauling for ANTAM's FeNi plant in order to repair the lining of the kiln and furnace. Every two months. ANTAM also carries out preventative maintenance scheduling to ensure the adequate operation of the plant.

The smelting process at the ferronickel smelter received accreditation under ISO 9001 in 1996, ISO 14001 in 2001 and OHSAS 18001 in 2009. The accreditation includes from the mining activities to the process plant.

Pomalaa ferronickel processing facilities

ANTAM operates two ferronickel plants, FeNi II and FeNi III, which commenced operations in 1995 and 2007, with a combined capacity of 18,000-20,000 tons of contained nickel in ferronickel (TNi). A third plant, FeNi I, which commenced operations in 1976, suspended production in 2013 to give way to a plant expansion project through the construction of FeNi IV plant intended to increase ANTAM's ferronickel capacity to 27,000-30,000 TNi using a >1.9% nickel ore feed. ANTAM aims to commence production under the expanded Pomalaa facility by the end of 2015.

Map of Pomalaa area



On June 19, 2015 ANTAM successfully commenced ferronickel production through the first metal tapping of the Electric Smelting Furnace-4 (“**ESF-4**”) facility which is part of the Pomalaa Ferronickel Plant Expansion project (“**P3FP**”). The first metal tapping of the ESF-4 signals the P3FP is on track for the start of commercial operations in the 4th quarter of 2015. In line with the completion of P3FP, ANTAM’s annual ferronickel production is expected to increase from 18,000-20,000 TNi to 27,000-30,000 TNi. The completion of the project is also expected to lower the ferronickel cash cost which is expected to make ANTAM one of the lowest ferronickel cash cost producer globally.

P3FP consists of eight packages, namely Package I: Jetty & Facilities, Package II: Belt Conveyors, Package III: FeNi Plant-1, Package IV: Ladle Furnace, Package V: Ore Preparation & Calcination, Package VI: Electric Smelting Furnace, Package VII: Oxygen Plant and Package VIII: Development of 2x30 MW coal fired power plants.

ANTAM’s ferronickel plants are powered by a 8x17 MW diesel oil power plant operated by the Wartsila group of Finland. These plants are managed by ANTAM’s Southeast Sulawesi Nickel Mining Business Unit. ANTAM plans to retrofit these plants to allow them to run on natural gas, to be supplied by PT PGN LNG Indonesia, which is expected to lower ferronickel production cost once completed. ANTAM is currently building a 2x30MW coal-fired power plant to power the auxiliaries of Pomalaa smelters to reduce electricity costs.

The ore processed in the Pomalaa smelter comes primarily from the Pomalaa mine and is sometimes blended with ore from Pakal Island. The ferronickel smelters used approximately 1,581,773, 1,566,347, 1,415,320, 1,417,701, 1,225,513 and 628,969 wmt of ore in 2010, 2011, 2012, 2013, 2014 and the first six months of 2015.

On-site laboratories at the Pomalaa plant carry out sample preparation on exploration samples, ore samples and ferronickel samples. There are three workshops on site at the smelter: a maintenance shop for heavy equipment, a mechanical maintenance workshop and an electrical workshop. There is also a dockyard facility for ship repairs. A two-month stock of spare parts is maintained.

The Pomalaa smelters produced ferronickel as follows:

	Year Ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	(TNi)						
Ferronickel	18,688	19,690	18,372	18,249	16,851	7,578	9,443

Source: ANTAM data

In 2014, in line with the implementation of the ore blending optimization, ANTAM used the ore feed from its mine in Pakal which called for some adjustments at its ferronickel smelters, resulting in lowered production level. On July 15, 2015, a transformer in FeNi II, the Pomalaa plant’s second smelter, was damaged, and ANTAM has reduced this smelter’s electrical load and, consequently, its ferronickel production. The damaged transformer has not been fully repaired and may lower total ferronickel production in 2015. ANTAM is compensating by shifting production to other smelters and feed higher grade ore to increase production.

ANTAM's sales from ferronickel are summarized in the following table:

	Year ended December 31,						Six months ended June 30,		
	2010	2011	2012	2013	2014	2014	2014	2015	2015
	(Rp billion)					(US\$ million)	(Rp billion)		(US\$ million)
Ferronickel .	3,679	3,728	3,175.6	2,072.0	3,975.8	298.2	1,738.8	1,923.2	144.3

Source: ANTAM data

The average ferronickel sales prices are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	(US\$ million)					(US\$ million)	
Ferronickel (lb) . .	10.12	9.96	7.81	6.32	7.74	7.82	6.01

Source: ANTAM data

The average cash costs are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	(US\$ million)					(US\$ million)	
Ferronickel (lb) . .	5.58	6.39	6.90	6.24	5.48	5.84	4.38

Source: ANTAM data

Pomalaa plant expansion

The Pomalaa Ferronickel Plants Expansion Project (P3FP) aims to improve the Pomalaa smelters' efficiency and increase total production capacity from 18,000-20,000 TNi per annum to 27,000-30,000 TNi per annum. As part of the expansion, ANTAM constructed a 2x30MW coal-fired power plant, which will allow the Pomalaa facility to take advantage of low coal prices and reduce dependence on more expensive fuel oil. This is expected to reduce the production costs as processing ferronickel is electricity intensive. The expansion also added a fourth rotary kiln, an additional ladle furnace, an additional ore preparation and calcination line, additional refining facilities, and additional support facilities such as a new jetty, conveyor belts and an oxygen plant.

The expansion cost an estimated US\$600 million and ANTAM aims to commence by the end of 2015. The construction is being handled by an unincorporated consortium of Kawasaki Heavy Industries and PT Wijaya Karya, and the power plant is being built by Sumitomo Corporation. P3FP was 96.32% complete under its EPC contract as of September 30, 2015.



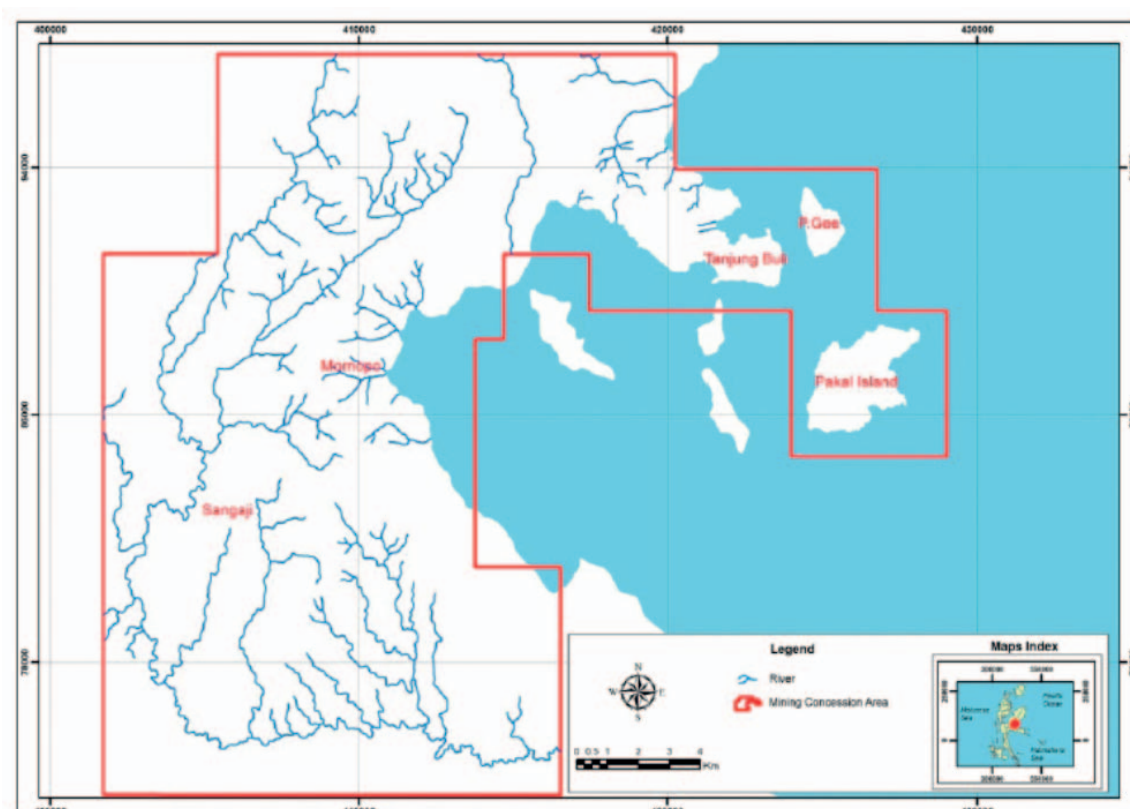
ANTAM obtained a US\$160 million investment credit facility from Indonesia Eximbank in 2014, consisting of a US\$100 million tranche obtained in 2014 and a US\$60 million tranche obtained in 2015. This facility has been fully drawn to fund the Pomalaa ferronickel plant expansion project. Previously, ANTAM also issued Rp3 trillion of bonds in 2011 to fund the plant expansion.

East Halmahera Ferronickel Plant Development Project

In addition to the Pomalaa plant expansion project, ANTAM is building a new ferronickel processing facility on the island of Halmahera with an estimated total capacity of 27,000-30,000 TNi per year upon completion. The East Halmahera Ferronickel Plant Development Project is projected to have an annual capacity of 13,500-15,000 TNi after the completion of its first phase, and a subsequent 13,500-15,000 TNi after the completion of its second phase. The East Halmahera Ferronickel Plant Development Project Phase 1 has a total estimated project cost of Rp3.5 trillion. As of August 31, 2015, ANTAM has completed construction of the plant's supporting facilities, including camp sites, the main office, the port and jetty, and the water intake facility.



Map of East Halmahera area



The East Halmahera project area includes the mining site, ferronickel plant, two jetties (one for processed ferronickel and another for liquid and solid fuel), power plant and town site, and spans the Maba District and South Maba District of East Halmahera Regency, North Maluku province. ANTAM has acquired all of the land required for the project. The project site has the advantage of being less than one kilometer from the jetty site, minimizing transport and handling of both raw materials and processed ferronickel.

The project area may be reached through a small airport about 10 kilometers east of Buli, Maba District. This airport is usable by medium sized turboprop airplanes that carry about 40 passengers each. There is a single daily flight from Ternate to Buli and back that takes 25 minutes each way. Ternate is linked by commercial flights from Manado, Makassar and Kendari. Buli may also be reached overland from Sofifi. Sofifi may be reached by a 90 minute speed boat ride from Ternate.

Other nickel development projects

ANTAM and its subsidiaries are currently studying several projects under its nickel segment. ANTAM also explores the possibility of carrying out the projects in such areas through joint ventures with strategic partners.

Gold and refinery operating segment

Overview

The gold and refinery operating segment is composed of ANTAM's gold, silver and precious metals refining services. This segment contributed 38%, 43%, 54% and 73% of total consolidated sales in 2012, 2013, 2014 and the first six months of 2015. Unlike ANTAM's other metals, its gold output is primarily sold in Indonesia. 77.6% of ANTAM's gold sales (which represented 95.7% of gold and silver sales) in 2014 arose from sales in Indonesia.

Gold and silver are produced from the mining and smelting of gold ore into gold bullion. ANTAM currently mines gold ore from its underground gold mines in Pongkor, West Java, operated by ANTAM's Gold Mining Business Unit, and Cibaliung, Banten, operated by ANTAM's subsidiary, PT Cibaliung Sumberdaya. Pongkor's gold production ranges between 1,500-2,000 kg (48,226-64,301 oz) annually. Cibaliung production ranges between 1,000-1,500 kg (32,151-48,225 oz) of gold annually. ANTAM's gold and silver output is sold mainly in the domestic market, with a portion exported to Singapore and India. ANTAM's gold and silver are accredited internationally by the London Bullion Market Association.

ANTAM is required to pay concession fees of 3.75% of its gross gold sales.

Mining process

The Pongkor mine has three primary veins of gold, all of which are currently being mined: Ciguha, Kubang Cicau and Ciurug. A conventional cut and fill stopping mining method with hydraulic replacement of tailings is used for the first two of these veins with hydraulic placement of tailings as fill. A mechanised cut and fill method, with hydraulic jumbo drill and load haul dump (LHD), was introduced in 2000 for the third vein, Ciurug. This form of mining requires new technology and was initially operated by sub-contractors. After training with international experts on the operation of the jumbo drills and LHD, ANTAM assumed these operations in 2001. The use of mechanised cut and fill is intended not only to assist in meeting the increased production targets but also to lower overall production costs and to improve efficiency.

Ore from the stopes is carried to the primary crusher. The product from the primary crusher continues to the fine ore bin via a triple deck washing screen which separates out the oversize and undersize material. The oversize is fed to a secondary crusher while the undersize, a 12.5 millimetres (+1 millimetre) fraction, feeds directly to the fine ore storage bin and the finest fraction (-1 millimetre) comprising clays is collected in a surge pond. The fine ore is fed to a conventional single ball mill operating in closed circuit with hydro cyclone classifiers, with the addition of cyanide to commence leaching and lime for pH control. Fines slurry from the crushing stage is pumped to the grinding circuit.

The cyclone overflow usually operates a pulp density of 40% solids. This feeds into a standard carbon-in-leach process which comprises two tanks for cyanide leaching and five tanks for absorption. The pulp flows through the sequence of tanks of reducing cyanide concentration while activated carbon is passed counter current through the five adsorption tanks, becoming progressively loaded with absorbed precious metals. The overall recovery rate, particularly of silver, during leaching and absorption is highly sensitive to the overall retention time in the circuit, which is controlled by the pulp density.

The absorbed metals are recovered from the loaded carbon by elution using the AARL (carbon stripping) system, on a batch basis in which one elution is carried out per day and is completed in one shift. The high strength eluate is passed through the electrowinning circuit where the gold and silver is deposited on stainless steel cathodes. Cathodes are removed at approximately four day intervals, adhering deposits and sediment are washed, filtered and calcined in a diesel hearth before melting and casting into anode moulds for refining. The pulp from the final adsorption tank is pumped to two high rate tailings thickeners in series. The thickened pulp is pumped to the tailing dam approximately 2.5 kilometres north of the process plant where the cyanide is allowed to break down naturally. Overflow from the tailing dam caused by rainfall passes through a cyanide destruction plant before being released into a river and the rest of the process water from the tailing dam is recycled for reuse in the process plant. The solid matter is left in the tailing dam to be later used as filling material in the mine.

ANTAM has a detoxification plant, consisting of two tanks, to reduce the cyanide content on tailing to below the threshold limit value ("TLV") of 0.5 ppm, so that it can be safely used as a total tailing backfill system in combination with cement.

Pongkor mine

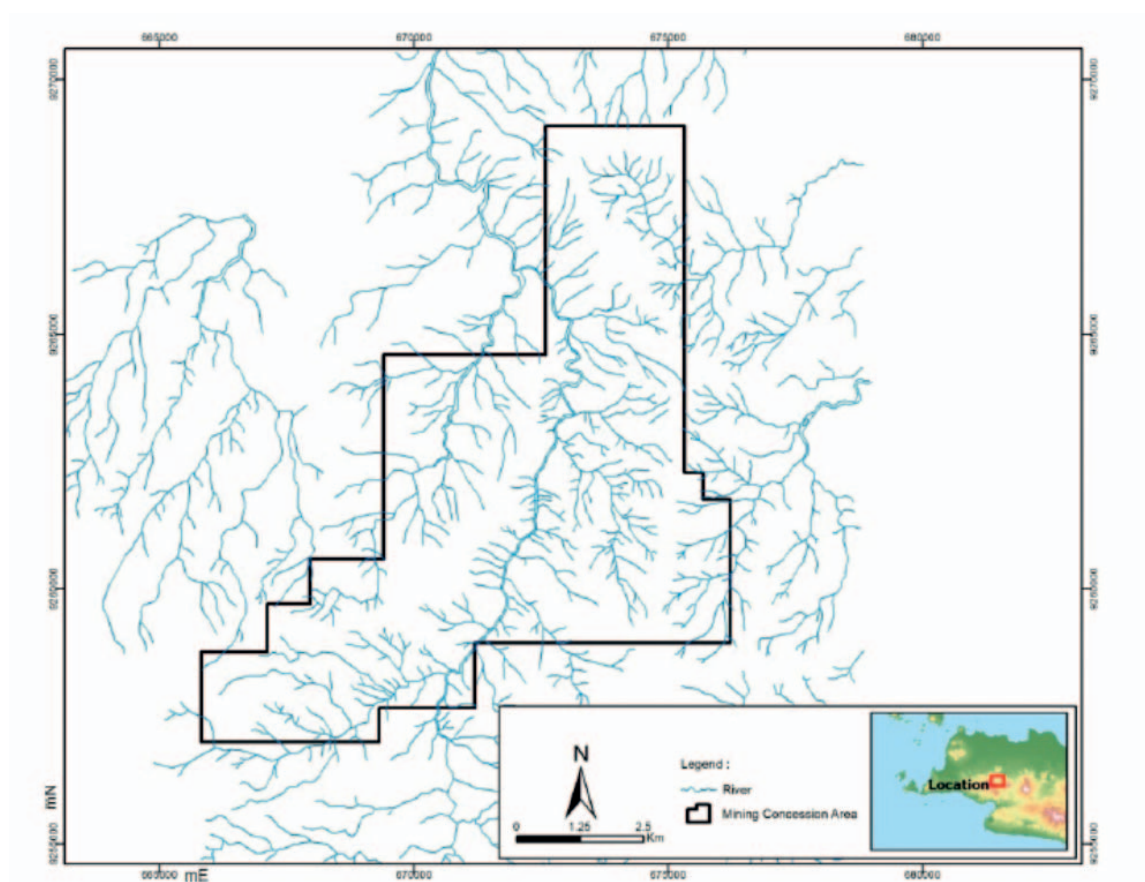
The Pongkor mine is located near Bogor, in West Java province, and approximately 80 kilometres southwest of Jakarta.

The table below shows the current status of the KP for the Pongkor mine:

	Area	Expiry date
	(ha)	
541.2/005/kpts/ESDM/2010 (Bogor, West Java)	6,047	March 9, 2021

ANTAM also secured an Operation and Production Mining License Specially for Processing and Refinery from the MEMR to permit the processing, transport and sale of the gold products.

Map of Pongkor area



The following tables summarize ANTAM's estimates of its Pongkor reserves as of December 31, 2014:

Reserve classification	Tonnage (million dmt)	Grade		Contained metal	
		Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Proved	1.04	5.95	75	0.20	2.52
Probable	1.08	4.30	64	0.15	2.21
Total gold reserves	2.12	5.10	70	0.35	4.73

Reserve classification	Tonnage (million dmt)	Grade		Contained metal	
		Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Measured	0.53	4.67	57	0.08	0.97
Indicated	3.13	3.30	36	0.33	3.63
Inferred	0.17	7.00	83	0.04	0.44
Total gold resources	3.83	4.00	41	0.45	5.04

Source: ANTAM data

The following table summarizes the Pongkor mine's production:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	(oz)						
Pongkor gold mine							
Gold	79,895	63,883	54,656	55,363	51,698	25,142	24,306
Silver	<u>595,721</u>	<u>501,744</u>	<u>482,100</u>	<u>481,361</u>	<u>429,245</u>	<u>223,255</u>	<u>202,164</u>

Source: ANTAM data

Cibaliung mine

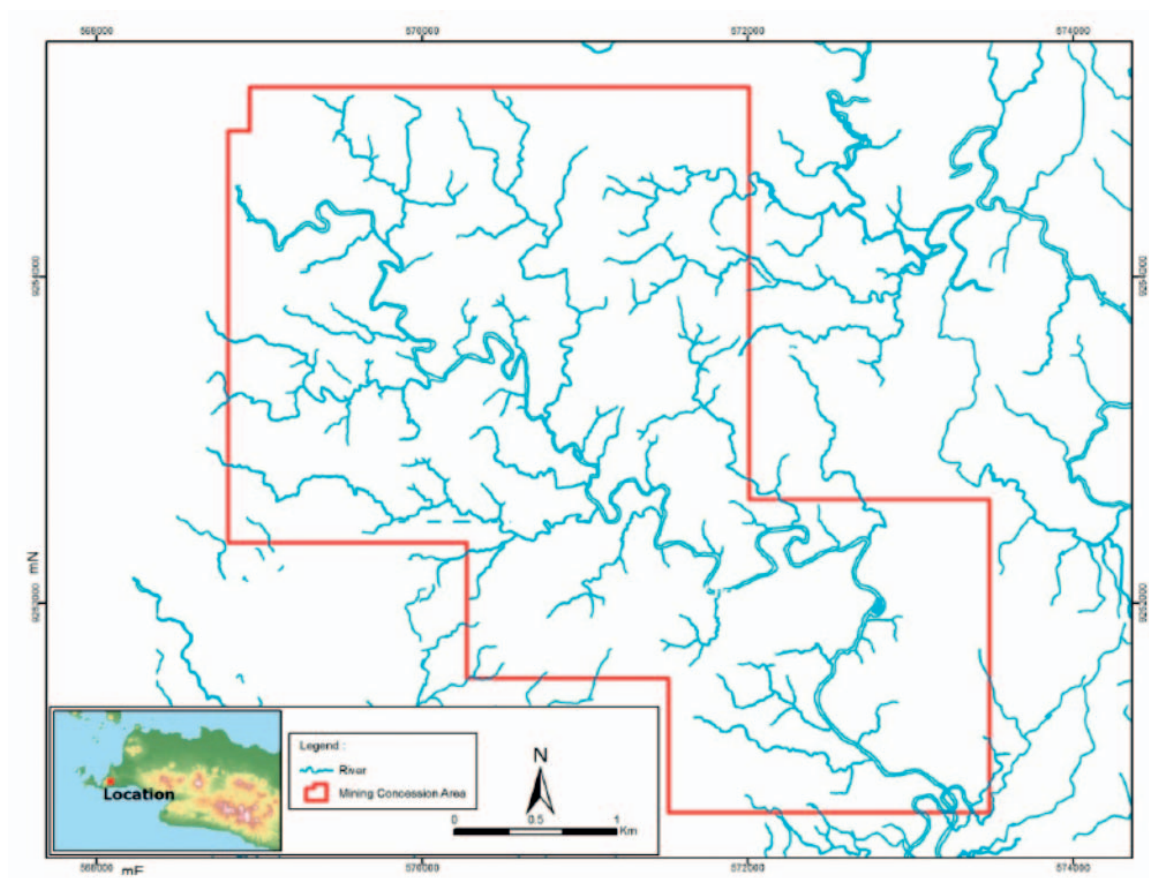
The Cibaliung mine is located in Banten Province in Pandeglang Regency near the western tip of the island of Java. The tenement covers an area of 16,590 ha and is 150 km due southwest of Jakarta. The mine is about four hours away from Jakarta by car. The mine comprises the high grade Cikoneng and Cibitung gold-silver shoots in an epithermal quartz vein system with a known strike length of 1.5 km.

The table below shows the current status of the IUP for the Cibaliung mine:

	Area	Expiry date
	(ha)	
821.13/Kep.1351-BPPT/2014 (98PP0138) (Pandeglang, Banten) . . .	<u>1,340</u>	July 27, 2025

In 2014, activities at the Cibaliung mine was disrupted by minor cave-ins caused by illegal gold mining at the surface of the mine. The illegal mining operations have ceased and no longer affect the Cibaliung mine's activity

Map of Cibaliung area



The following tables summarize ANTAM's estimates of its subsidiary PT Cibaliung Sumberdaya's gold reserves as of December 31, 2014:

Reserve Classification	Tonnage (million dmt)	Grade		Contained metal	
		Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Proved	1.88	5.93	51	0.36	3.07
Probable	0.35	6.6	73	0.07	0.82
Total gold reserves	2.23	6.0	54	0.43	3.89

Reserve Classification	Tonnage (million dmt)	Grade		Contained metal	
		Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Inferred	0.07	4	43	0.01	0.09
Total gold resources	0.07	4	43	0.01	0.09

Source: ANTAM data

Production

The following table summarizes the Cibaliung mine's production:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
	(oz)						
Cibaliung gold mine							
Gold	9,356	21,862	37,745	26,974	23,599	12,539	11,253
Silver	—	125,774	210,652	152,266	148,247	75,393	67,356

Source: ANTAM data

Logam Mulia Precious Metals, Processing and Refinery

ANTAM owns and operates a precious metals refinery with an annual production capacity of 60 tons of fine gold and 250 tons of fine silver. The Logam Mulia refinery is the only precious metals refinery in Indonesia which is accredited by the London Bullion Market Association and refines a substantial amount of the primary bullion produced in the country and a small quantity of recycled scrap gold, silver and platinum. 30% of the refinery's output is gold refined from ANTAM's own ore, and the remainder is refined for customers. The refinery forms the core of ANTAM's Logam Mulia Precious Metals, Processing and Refinery Business Unit.

ANTAM derives income from Logam Mulia's operations from the refining charges levied on the producers of the bullion sale of jewelry. Income is not derived from the sale of refined gold and silver from bullion supplied by third parties as this is passed to such suppliers, although income is generated from sales of refined gold and silver from bullion produced by ANTAM's mines.

ANTAM's Logam Mulia Precious Metals, Processing and Refinery Business Unit is located in Pulogadung, East Jakarta. ANTAM's gold and silver-bearing "LM" trade mark has been marketed both locally and internationally. The "LM" trade mark is registered with the Directorate General of Copyright, Patents and Trademarks, Ministry of Law and Human Rights in Indonesia under number IDM000395268. In 1999, Logam Mulia received the ISO Guide 25 from Assay Laboratories and gained admittance to the London Bullion Market Association's "Good Delivery List for Gold".

The following table summarizes the refinery's production:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Gold (tons)	31	40	40	37	36	16	18
Silver (tons)	34	62	83	135	155	64	89

Source: ANTAM data

Production process

The quality of the feed material to the refinery varies with different suppliers, both in total precious metals and in the gold to silver ratio. Two types of feed are distinguished, which require different treatment procedures and are therefore kept in separate process lines:

- high silver bullion, generally with a high silver content and very high silver to gold ratio, which characterises the feed from the Pongkor mine operations; and
- high gold bullion, generally from alluvial mining and handled through a merchant or trader who acts as an intermediary with the mining operation, as well as feed from reprocessing of scrap gold.

On reception, each batch of material is handled separately for the purposes of weighing, sampling and accounting. The processes comprise both batch operations and continuous processes. Batch operations are carried out in one shift. The electrolysis stage is a continuous process which runs through the night inside a sealed area, attended only by security staff.

The gold-bearing sludge from the silver electrolysis is washed with nitric acid to remove base metal impurities and the resulting gold sand is filtered prior to melting and casting gold anodes for electrolysis; high gold content feed is melted directly to anodes. The section for high gold content feed comprises two crucible furnaces of 20 kilogrammes capacity and the anodes for gold electrolysis are five kilograms each. The gold electrolysis section contains 30 cells in which the electrolyte is a solution of gold in hydrochloric acid and the cathodes are of titanium. Gold is deposited as a massive sponge on the cathodes and these are periodically removed and washed, the gold being melted and cast in bars.

The section for high silver bullion contains six gas-fired crucible furnaces of 450 kg capacity which are manually controlled. Some larger suppliers have furnaces dedicated for their material alone, and at the end of the useful life of the crucible it is returned to the supplier for retreatment. An assay sample of the molten metal is taken using a graphite ladle and the remainder of the metal is cast into 20 kilogrammes anodes for the silver electrolytic cells. The refining of silver dore anodes is carried out in 42 Moebius cells with silver nitrate solution as electrolyte and with stainless steel cathodes. Silver is deposited as crystals which gravitate to the crystal tray of the cell. The crystals are washed to separate them from the electrolyte. A small proportion of the silver crystals is removed and dissolved in nitric acid to produce fresh silver nitrate electrolyte. The silver crystals are dewatered and then melted and granulated to produce silver granules of size ranging from two millimetres to five millimetres.

Fine gold, containing at least 99.99% gold, is produced in bars of one kilogramme for return to the original suppliers. Some production is in small bars of 100, 50 or 25 grammes for local sale and medallions of fine gold in smaller weights are also sold in the local market. Silver is produced as fine granules of minimum 99.95% silver, for return to the original supplier or for sale on the local market.

A laboratory carries out route control assays and also the accounting assays for the commercial financial transactions. The laboratory follows industry standards and normally uses routine assays for the accounting work and atomic absorption spectrophotometer assays for work on solutions and impurities.

Logam Mulia gold boutiques and depository services

ANTAM opened four additional gold boutiques in 2014 in Semarang, Balikpapan, Banjarmasin and Medan, adding to its existing boutiques in Jakarta-TB Simatupang, Surabaya-CITO, Surabaya-Kebon Rojo, Makassar, Bandung, Palembang and Jakarta-Sarinah. These boutiques aim to reach retail customers in Indonesia and diversify ANTAM's gold customer base.

ANTAM also launched its precious metal depository services, BRANKAS (Planned and Safe Gold Management), in 2014. This service offers investors a two layers of security for gold investing. First, ANTAM's gold bullion is internationally certified by the London Bullion Market Association. Second, ANTAM provides insurance protection through its gold boutique network.

The gold boutique network and BRANKAS are managed by ANTAM's Logam Mulia Precious Metals, Processing and Refinery Business Unit.

Anode slime project

Anode slime is an output from copper processing, from which gold can be extracted. ANTAM built a top blown rotary converter to increase operational efficiency of the Logam Mulia refinery at the end of 2014. This converter can also process anode slime and is currently in evaluation to test the recovery level of gold and other precious metals from anode slime.

ANTAM plans to construct a separate anode slime processing facility at Gresik, East Java near Jakarta. The project cost is estimated at US\$40 million and ANTAM is currently evaluating possible sites to be purchased or leased for the proposed site. The facility is planned to process 2,000 tons anode slime per year. The anode slime project is expected to be completed in mid-2017.

ANTAM is currently discussing regulations regarding anode slime with the government.

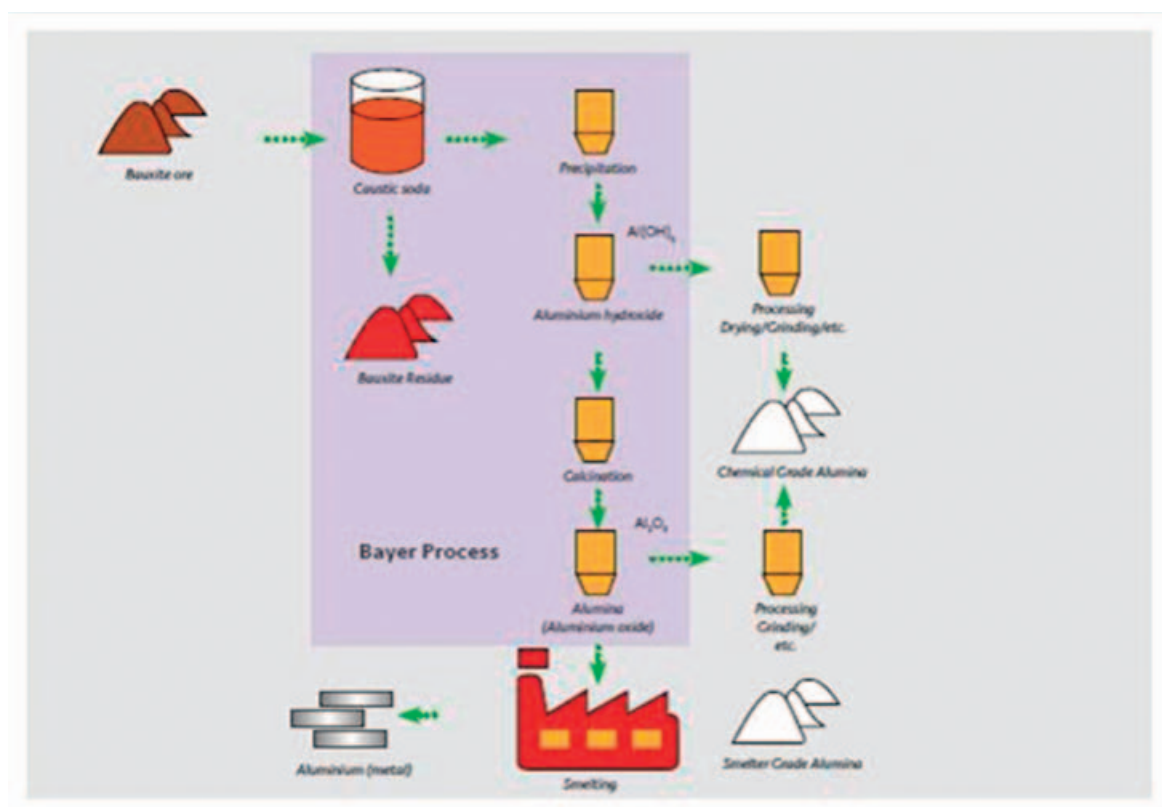
Other operating segment

ANTAM's Other operating segment is composed of its bauxite and coal operations, which contributed 2.4%, 1.3%, 2.1%, and 1.8% of total consolidated sales in 2012, 2013, 2014 and the first six months of 2015.

Bauxite mining and processing segment

ANTAM's bauxite ore is produced by the Tayan bauxite mine, which is operated by the Bauxite Mining Business Unit. The mined bauxite is fed for consumption at the Tayan CGA plant, which commenced operations in 2015. The mine is conducted with open pit methods with truck and excavator. After the ore is mined, the ore is washed and screened to be transported to the Tayan plant, which is located next to the mine.

Figure 3: Flowchart of bauxite processing



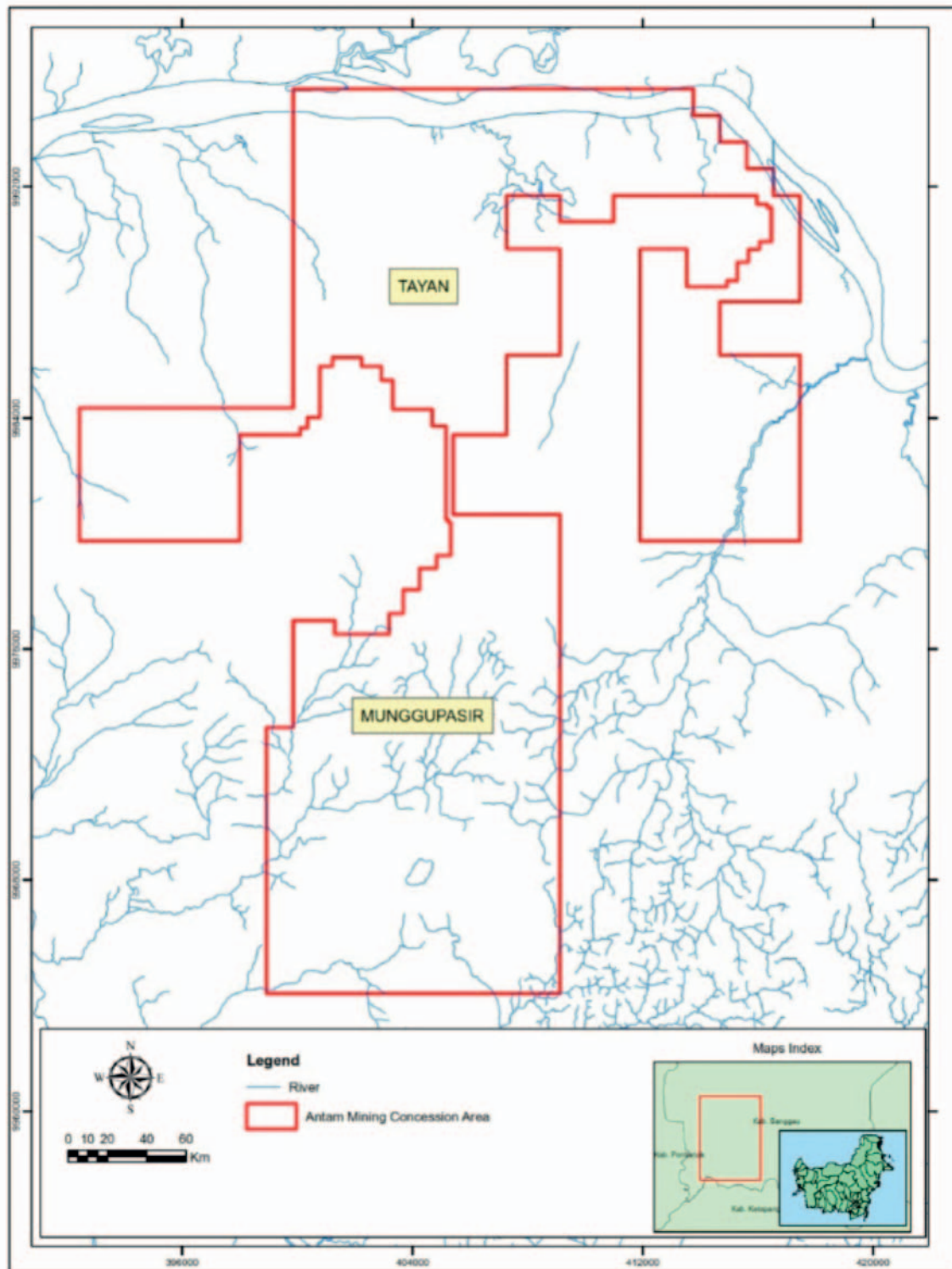
Tayan bauxite mine

Until 2005, ANTAM was Indonesia's sole bauxite producer. Bauxite was first discovered in 1924 on Bintan Island, in the province of Riau, Western part of Indonesia. Bauxite from Bintan Island has been mined and exported since 1935. ANTAM previously exported bauxite ore from Bintan bauxite mine and ceased operations of the mine in 2011.

ANTAM's present bauxite mine is located in Tayan, West Kalimantan and Munggu Pasir. The table below shows the current status of the mining license for the Tayan mine:

	Area	Expiry date
	(ha)	
15/Distamben/2015 (KW 98PPO183) (Sanggau, West Kalimantan)	34,630	January 4, 2030

Map of Tayan and Munggu Pasir



The following tables summarize ANTAM's estimates of its Tayan reserves and resources as of December 31, 2014:

Location	Prospect	Cut-off grade	Washed bauxite		Average grade (%)				
			Tonnage (million wmt)	Tonnage (million dmt)	T-SiO ²	R-SiO ²	Al ² O ³	Fe ² O ³	T ¹ O ²
Proved reserves									
Tayan.	Tayan	A ¹² O ³ >40 R-SiO ² < 5.8	28.3	24.1	13.66	3.35	47.94	11.54	0.86
Tayan.	Munggu Pasir	Non COG	39.7	33.7	12.05	3.25	45.72	14.83	1.07
Proved bauxite reserves			68	57.8	12.72	3.29	46.65	13.46	0.98
Tayan.	Tayan	A ¹² O ³ >40 R-SiO ² < 5.8	30.0	25.5	13.8	3.4	47.7	12.8	1.0
Tayan.	Munggu Pasir	Non COG	13.5	11.5	11.4	3.3	43.2	14.5	1.1
Probable bauxite reserves			43.5	37.0	13.1	3.4	46.3	13.3	1.0
Total bauxite reserves			111.5	94.8	12.9	3.3	46.5	13.4	1.0

Source: ANTAM data

Location	Prospect	Cut-off Grade	Washed bauxite		Average Grade (%)				
			Tonnage (million wmt)	Tonnage (million dmt)	T-SiO ²	R-SiO ²	Al ² O ³	Fe ² O ³	T ¹ O ²
Measured mineral resources									
Tayan.	Tayan	A ¹² O ³ >40 R-SiO ² < 5.8	2.9	2.4	12.69	2.88	48.84	12.00	0.90
Tayan.	Munggu Pasir	Non COG	6.4	5.4	11.17	2.78	46.53	15.42	1.11
Total bauxite resources			9.3	7.8	11.63	2.81	47.2	14.3	1.0

Source: ANTAM data

ANTAM's bauxite reserves are all located in Tayan and Munggu Pasir, in West Kalimantan.

Mining technique

Mining is carried out under an open pit mining method, using the combination of trucks and excavators.

First, the vegetation is cleared and the overburden is stripped. Upon the exposure of the bauxite ore, ANTAM commences the extraction process of the bauxite ore layer, having an average thickness of 6 meters.

After being extracted, the bauxite ore is then transported to a washing plant, where the ore is being crushed, washed and screened. The washed bauxite is transported by truck to the stockpile, which will be later blended according to the feed specification of the processing and refinery plant.

Production

The following table summarizes production volumes from the Tayan mine:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Bauxite ore (wmt)	—	32,744	194,190	570,721	267,292 ⁽¹⁾	190,359 ⁽¹⁾	109,399 ⁽¹⁾

Source: ANTAM data

- (1) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant. ICA is 80% owned by ANTAM.

The Tayan mine's average sales prices are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
			(US\$)			(US\$)	
Bauxite ore (wmt)	—	14.96	32.44	39.48	26.98 ⁽¹⁾	27.15 ⁽¹⁾	27.00 ⁽¹⁾

Source: ANTAM data

- (1) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant. ICA is 80% owned by ANTAM.

The Tayan mine's average cash costs are summarized in the following table:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
			(US\$)			(US\$)	
Bauxite ore (wmt)	—	—	25.74	25.94	15.41 ⁽¹⁾	11.60 ⁽¹⁾	19.47 ⁽¹⁾

Source: ANTAM data

- (1) Bauxite ore was sold mostly to ICA in 2014 and 2015 for processing in the Tayan CGA plant. ICA is 80% owned by ANTAM.

Tayan chemical grade alumina plant

ANTAM commenced commercial production under the Tayan CGA plant in early 2015. The plant may process 850,000 wmt of washed bauxite per annum, resulting in production of 300,000 tons of CGA. The plant produced 35,572 tons of CGA in the first half of 2015, and sold 29,587 tons.

This plant is located near its mine in Tayan, West Kalimantan. It processes bauxite into CGA. Aluminum hydroxide is an intermediary product used toward the productions of water purification agents, smelter grade aluminium, and others. Alumina is used in the manufacture of refractory materials and raw materials for electronic components. The facility consists of a bauxite washing plant, a bayer plant, a fine-hydrate plant, a white hydrate plant, a calcining plant and a utility plant.



The Tayan CGA project was developed by ICA, 80% of whose shares are owned by ANTAM, with the remaining 20% owned by Showa Denko K.K. of Japan (“**SDK**”). ANTAM and SDK have an offtake contract to sell 100,000 tons and 200,000 tons, respectively, of the plant’s annual output. The project was facilitated by loans from the Japan Bank for International Cooperation (JBIC) and a consortium of Japanese banks with a debt guarantee provided by the Japan Oil, Gas and Metals National Corporation (JOGMEC). ICA requires unanimous consent of its shareholders for significant financial and operating decisions, thus ICA is accounted for in ANTAM’s financials using the equity method and not as a subsidiary. The project cost an estimated US\$490 million. PT ICA was granted a 6-year tax allowance facility, which will result in tax savings until 2021.

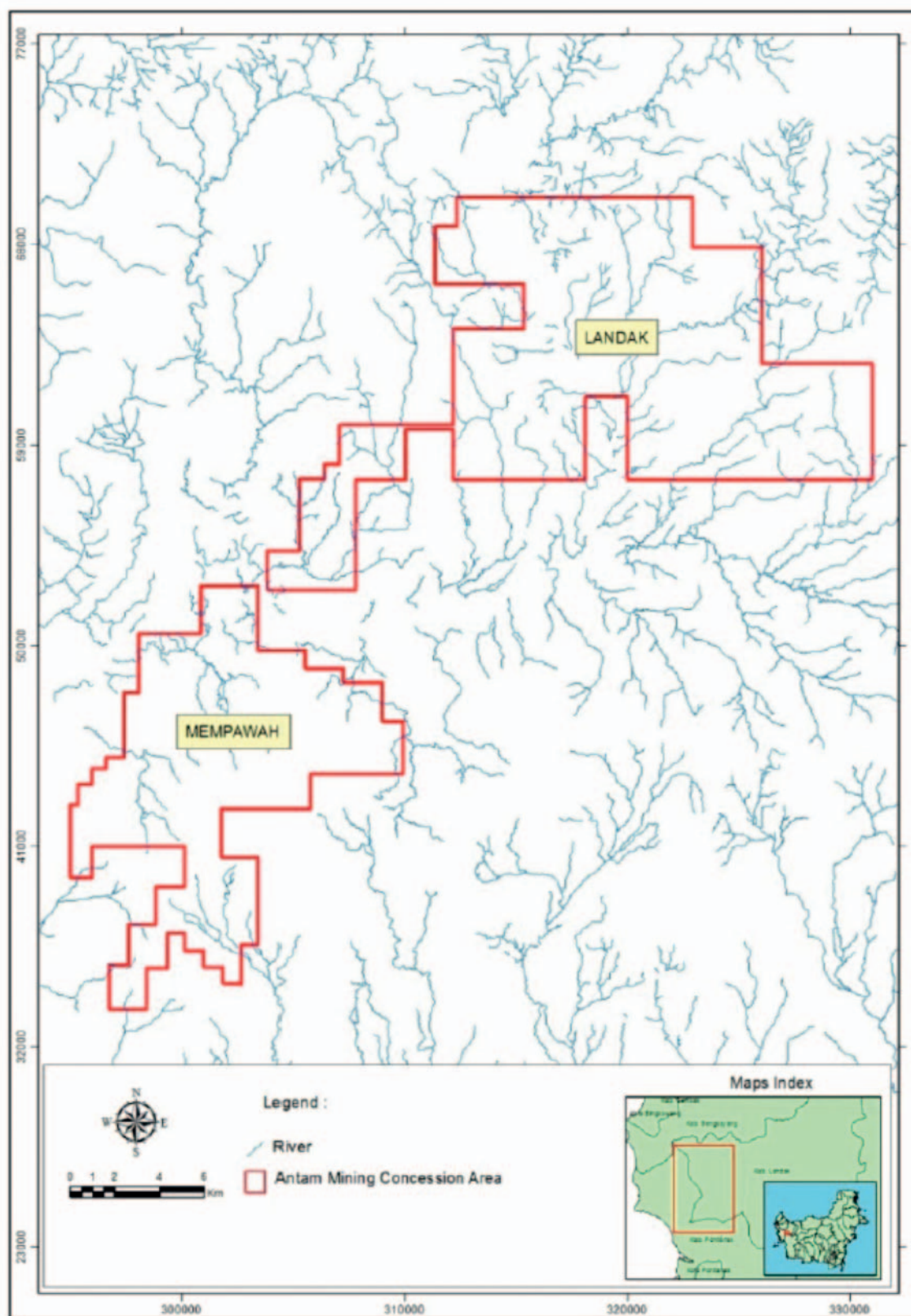
Mempawah SGA Project

ANTAM previously conducted a feasibility study for a plant to process bauxite ore into smelter grade alumina (SGA), the raw material for aluminum plants in Mempawah, West Kalimantan. This plant has a planned production capacity of 1.7 to 2.0 million tons of SGA per annum. The proposed project cost is US\$1.7 billion. The Mempawah plant’s groundbreaking is expected to take place by mid-2016. The project is scheduled to be completed by 2019. ANTAM has signed a heads of agreement with Inalum to form a joint venture company.

The table below shows the current status of the KPs for the Mempawah mine:

	Area	Expiry date
	(ha)	
221 Tahun 2009	12,630	July 1, 2028
544.11/330/HK2014	20,710	December 16, 2034
Total	<u>33,340</u>	

Map of Mempawah area



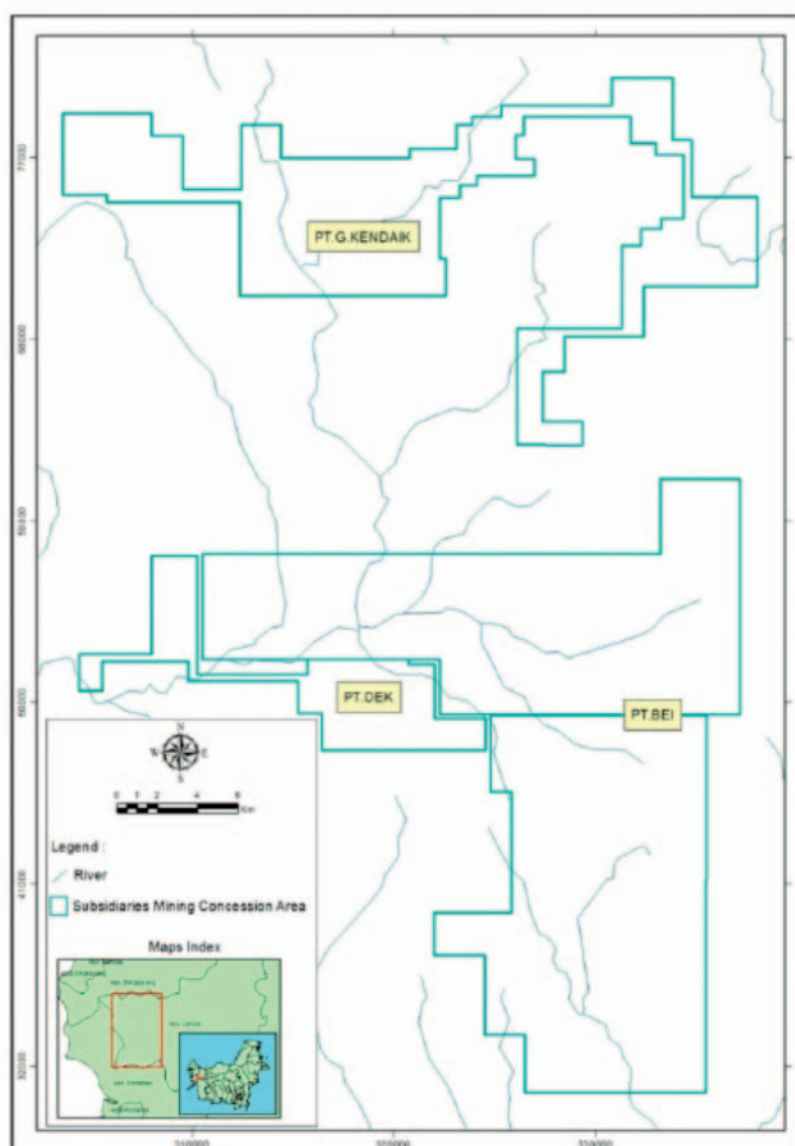
Other bauxite reserves and resources

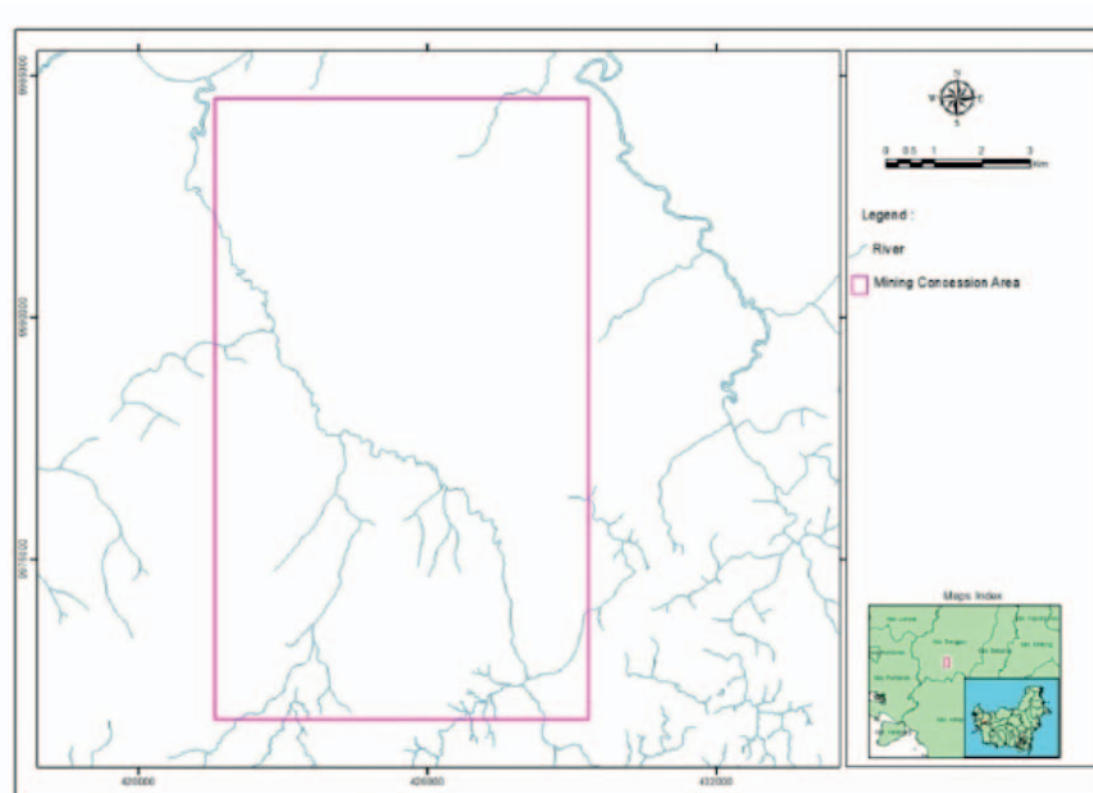
ANTAM holds mining concessions containing bauxite resources in Landak Regency, West Kalimantan under three of its subsidiaries, PT Borneo Edo International, PT Dwimitra Enggang Khatulistiwa and PT Gunung Kedaik, and in Sanggau Regency, West Kalimantan under its subsidiary PT Mega Citra Utama.

The table below shows the current status of the mining licenses for the West Kalimantan bauxite resources:

	Area	Expiry date
	(ha)	
544.11/98/HK-2013 (PT Borneo Edo International)	18,630.00	April 22, 2033
544.11/98/HK-2014 (PT Borneo Edo International)	19,090.00	September 16, 2034
444 Tahun 2009 (PT Mega Citra Utama)	10,000.00	December 21, 2028
544.2/213/HK-2010 (PT Dwimitra Enggang Khatulistiwa)	4,900.00	September 23, 2016
573/Distamben/2015 (PT Gunung Kedaik)	12,184.00	May 25, 2035
Total	<u>64,804.00</u>	

Maps of Kalimantan area





The following tables summarize ANTAM's estimates of its total bauxite resources in West Kalimantan:

Location	Prospect	Cut-off grade	Washed bauxite		Average grade (%)				
			Tonnage (million wmt)	Tonnage (million dmt)	T-SiO ²	R-SiO ²	Al ² O ³	Fe ² O ³	T ¹ O ²
Measured mineral resources									
PT Borneo Edo International . . .	Menjalin	Al ² O ³ ≥ 38 R - SiO ² ≤ 6	16.4	13.9	22.21	3.81	43.69	9.65	0.63
PT Borneo Edo International . . .	Sebadu	Al ² O ³ ≥ 38 R - SiO ² ≤ 6	11.0	9.3	25.79	3.59	42.77	8.77	0.58
PT Mega Citra Utama	Meliau	R - SiO ² ≤ 5.8	33.4	28.4	27.05	3.58	41.62	7	0.57
PT Dwimitra Enggang Khatulistiwa	Sebau	Al ² O ³ ≥ 38 R - SiO ² ≤ 6	1.8	1.5	21.41	3.84	44.29	10.27	0.74
Measured mineral resources			62.6	53.1	25.40	3.65	42.44	8.10	0.59
Inferred mineral resources									
PT Borneo Edo International . . .	Menjalin	Al ² O ³ ≥ 38 R - SiO ² ≤ 6	93	79	22.5	4	44	9.5	0.5
PT Borneo Edo International . . .	Sebadu	Al ² O ³ ≥ 38 R - SiO ² ≤ 6	158	134	22.5	3.5	45	10.5	0.5
PT Mega Citra Utama	Meliau	Al ² O ³ ≥ 38 R - SiO ² ≤ 6	35	30	27	3	42.5	8	0.5
PT Dwimitra Enggang Khatulistiwa	Sebau	R - SiO ² ≤ 5.5	30	25	24	4	43.5	9.5	0.5
PT Gunung Kendak	Purasak	Al ² O ³ ≥ 38 R - SiO ² ≤ 5.3	87	74	26	4	43	9.5	0.5
Inferred mineral resources			403	342	23.0	3.7	44.0	9.8	0.5
Total bauxite resources			465.6	395.1	25.1	3.7	42.6	8.3	0.6

Source: ANTAM data

Coal

ANTAM produces coal from its coal mine in Sarolangun, Jambi, which is operated by its indirect subsidiary PT Citra Tobindo Sukses Perkasa (“PT CTSP”). The Sarolangun coal mine commenced production in 2010. ANTAM through PT CTSP sells its coal, contributing revenues to ANTAM. In the future, ANTAM plans to divert coal output for the consumption of ANTAM’s 2x30MW coal-fired power plant that powers the Pomalaa ferronickel plants and the planned coal-fired power plant that will power the East Halmahera Ferronickel Plant Development Project.

PT CTSP currently produces steam coal with calorific values between 5,300 kcal/kg and 5,500 kcal/kg on an “air dried basis” (“ADB”). The specifications of PT CTSP’s coal is summarized as follows:

Coal data	Value
Proximate Analysis	
Total moisture (%) (GAR) ⁽¹⁾	44.12
Inherent moisture (%) (ad) ⁽²⁾	14.21
Calorific value (kcal/kg) (GAR) ⁽¹⁾	3,480
Calorific value (kcal/kg) (ad) ⁽²⁾	5,342
Ash content (%) (ad) ⁽²⁾	5.45
Total sulfur (%) (ad) ⁽²⁾	0.20
Volatile matter (%) (ad) ⁽²⁾	43.26
Fixed carbon (%) (ad) ⁽²⁾	37.07
Grindability (HGI) ⁽³⁾	72.00

Source: ANTAM data

Notes:

- (1) GAR: “gross as received” basis.
- (2) ad: “air dried” basis.
- (3) HGI: Hardgrove Grindability Index. The HGI was developed to determine the relative difficulty of reducing various coals to a particle size required for efficient combustion in pulverized coal boiler furnaces. In general, the higher the HGI value, the more readily the coal can be reduced to smaller particle sizes.

Mining technique

In general, a mining concession area is covered with primary and secondary forest. To get to the coal seam, the land has to be cleared. First, marketable timber is recovered and vegetation is cleared. Top soil is then removed and transported directly to reclamation areas or stockpiled. To shatter the overburden layer, drilling and dozer ripping are performed to fragment the layer. Waste is then removed using a typical hydraulic shovel-and-truck configuration. Waste is typically removed to a level slightly above the coal seam.

Once the coal is exposed, it is mined using hydraulic excavators and transported by rear dump trucks. Coal is dumped directly into either a crusher surge bin hopper or delivered to a stockpile. This is then transported to the crushing plants located at the run of mine in Sarolangun for processing, then shipped to the jetty at Talang Duku, Jambi Province for delivery to customers.

Indonesian coal mining companies typically rent most of the labor and equipment required for mining activities from contractors with a view to maximizing efficiency while minimizing costs. All of the mining equipments, transportation equipments, and the personnel required to operate and maintain the equipments are owned and hired by ANTAM and its subsidiaries. Other related activities, such as stevedoring, coal-quality analysis and substantially all of the barging are outsourced to contractors.

Coal mine operations can be impacted by adverse weather conditions, particularly during the rainy season, which can slow down overburden removal and reduce coal production volumes

Production

The following table summarizes production volumes from the Sarolangun mine:

	Year ended December 31,					Six months ended June 30,	
	2010	2011	2012	2013	2014	2014	2015
Coal (tons)	—	583,794	607,606	424,574	464,002	214,356	297,328

Source: ANTAM data

The cash cost of production of coal by ANTAM from the Sarolangun mine for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 was approximately zero, US\$19.83, zero and US\$18.50 per wmt, respectively.

ANTAM estimates that as of December 31, 2014, it has the following coal reserves:

	Proved reserves	Probable reserves	Total proved and probable reserves	Measured resources	Indicated resources	Inferred resources	Total resources
(million tons)							
Coal	6.1	0.1	6.2	21.7	6.5	10.9	39.1

Source: ANTAM data

ANTAM's coal reserves are substantially smaller than its other metals reserves and resources. ANTAM's internal estimates of its coal reserves are prepared by its engineers and it does not maintain JORC-compliant estimates of these coal reserves.

Joint ventures and associates

ANTAM aims to grow in part by forming strategic partnerships with both domestic and foreign mining companies to develop its mining areas. As part of such partnerships, ANTAM may obtain initial shareholdings without investing its own funds, as well as options to increase its ownership by extending loans to the relevant entities at the beginning of a joint project.

Sponge iron: PT Meratus Jaya Iron & Steel

ANTAM has partnered with PT Krakatau Steel (Persero) Tbk ("**PTKS**") to develop a sponge iron facility in Batulicin, Tanah Bumbu Regency, South Kalimantan under PT Meratus Jaya Iron & Steel ("**PT MJIS**"), which is 64% owned by PTKS and 34% owned by ANTAM. The two state-owned enterprises aim to combine their respective expertise in steel production and mining. The sponge iron plant is based on rotary kiln technology and is planned to have an annual production capacity of 315,000 tons of sponge iron. The project cost is approximately Rp1.38 trillion. The plant is currently in operation.

Gold: PT Nusa Halmahera Minerals

PT Nusa Halmahera Minerals is a joint venture company between Newcrest Mining Limited (“NML”) and ANTAM, which they own 75% and 25%, respectively. NHM has been operating its underground gold mine since 2005 in North Halmahera regency in North Maluku Province, using cyanide solution to extract gold from ore.

NHM has, as of December 31, 2014, a total of proven and probable gold reserves of 3 million dmt with gold and silver grades of 12 and 20 gpt, respectively, and gold and silver metal content of 1.1 million and 1.9 million oz, respectively. NHM recorded total gold resources of 4.6 million dmt with gold and silver content of 13 and 22 gpt, respectively, and gold and silver metal content of 1.9 million and 3.2 million oz, respectively.

NHM recorded gold and silver production of 329,669 oz and 458,284 oz, respectively, in 2014, with an annual gold cash cost and average selling price of AU\$994 per oz and AU\$1,414 per oz, respectively.

ANTAM increased its original 17.5% stake in NHM to 25.0% effective December 20, 2012. ANTAM invested US\$160 million in NHM following approval from the MEMR as well as the Indonesia Investment Coordinating Board. ANTAM injected US\$130 million in cash following pursuant to its additional investment, and the remaining US\$30 million will be disbursed once NHM’s gold reserves increase by one million ounces, which is targeted at the end of 2017. ANTAM also posted a non-cash gain of Rp2.48 trillion following the re-valuation of its original 17.5% by an independent appraiser Suwendho Rinaldy & Rekan in accordance with Indonesian Financial Accounting Standards No. 55 on Financial Instruments: Recognition and Measurement.

NHM’s operations in 2014 are summarized in the table below:

	Unit	2014				
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Description						
Gold production	oz	70.562	124.967	67.676	66.464	329.666
	kg	2.000	3.543	1.919	1.884	9.346
Gold sales	oz	78.970	103.809	98.714	57.823	339.316
	kg	2.239	2.943	2.798	1.639	9.619
Silver production	oz	66.005	220.583	88.627	83.069	458.284
	kg	1.871	6.253	2.513	2.355	12.992
Cash cost per unit of gold produced	AUS\$/oz	706	409	784	845	637
Total cost per unit of gold produced	AUS\$/oz	1.093	722	1.125	1.269	994
Gold average selling price	AUS\$/oz	1.489	1.382	1.393	1.402	1.414

Source: ANTAM data

Nickel: PT Weda Bay Nickel

ANTAM entered into a joint venture with Eramet S.A (“ESA”) and Mitsubishi Corporation (“Mitsubishi”) to exploit nickel and cobalt and build a nickel processing plant employing hydrometallurgical technology in Weda Bay, an area located between the Central and East Halmahera Regencies in North Maluku province. The project being undertaken by PT Weda Bay Nickel (PT WBN), which is 10% owned by ANTAM and 90% owned by Strand Minerals (Indonesia) Pte Ltd. (SMI), which is in turn 66.6% owned by ESA and 33.4% owned by Mitsubishi. ANTAM has the option to increase its ownership up to 25%. The Weda Bay facility is planned to produce 65,000 tons of nickel

per annum using sulfuric acid atmospheric pressure leaching technology developed by ESA. The project has not pushed through due to volatility in global nickel prices and pending negotiations with the government of Indonesia regarding certain tax allowances. ESA made a €313 million write off in its 2014 financial statements arising from the delay.

Gold: PT Sorikmas Mining

PT Sorikmas Mining (“**PT SM**”) is a joint venture company that is planned to operate a gold mine in Mandailing Natal Regency, North Sumatera Province. PT SM is 75% owned by Sihayo Gold Limited (“SGL”), a publicly-listed Australian mining company, and 25% owned by ANTAM. PT SM is still conducting its feasibility studies, with the latest study conducted by SGL estimating total indicated and inferred gold resources in the area at 16.9 million dmt with an average gold grade of 2.6 gpt and gold metal content of 1,424 million oz. PT SM is projecting a gold production volume of 43,000 oz within a ten year period and an annual cash cost of US\$775 per oz, assuming that the project is using diesel fuel. PT SM estimates the project cost at approximately US\$58.7 million.

PT SM obtained on September 24, 2014 the initial approval from the Director General of Minerals and Coal of the MEMR. On December 8, 2014, PT SM submitted its ANDAL, Management Plan (RKL) and Monitoring Plan (RPL) to the Ministry of Environment.

Diamonds: PT Galuh Cempaka

PT Galuh Cempaka (“**PT GC**”) processes alluvial diamond reserves in Cempaka and Seran Lake, in Southeast Kalimantan. PT GC is 80% owned by Ashton Mining Singapore and 20% owned by ANTAM. The Cempaka mine produces white diamonds and a variety of colored diamonds that are priced at prevailing global diamond prices.

Exploration

Overview

ANTAM reports its exploration results and estimates of its ore reserves and mineral resources based on the reporting standard issued by the Joint Ore Reserve Committee (JORC), which is comprised of the Australian Institute of Mining and Metallurgy (the “**AusIMM**”), the Australian Institute of Geoscientists, and the Minerals Council of Australia. ANTAM’s exploration activities are handled by its Geomin unit, which had 105 employees as of June 30, 2015. These include 30 geologists and geophysicists, with three certified by the AusIMM as a JORC Competent Person (as defined under JORC), seven certified by the IAGI (the Geologists Association of Indonesia), MGEI (*Masyarakat Geologi Ekonomi Indonesia* or Indonesian Society of Economic Geologists) and PERHAPI (Association of Indonesian Mining Professionals), respectively, as KCMI (the *Kode Cadangan Mineral Indonesia* or Indonesia Mineral Reserve Code) Competent Persons (as defined under KCMI), and a holder of a doctorate in geology from the University of Tasmania, Australia.

ANTAM has refocused its exploration activities on gold, in the short term, given that its nickel and bauxite reserves and resources are sufficient to support operations at currently anticipated production levels for more than 100 years. ANTAM aims to augment its gold production both by finding a new source of gold to replace its maturing Pongkor gold mine and by completing its anode slime project, which is projected to extract approximately 20 tons of gold each year from anode slime.

In 2014, ANTAM’s exploration cost decreased 94% to Rp10.5 billion (US\$0.8 million) compared to Rp179.4 billion in 2013 pursuant to ANTAM’s cost-cutting measures.

Gold exploration

ANTAM is currently exploring for gold in the vicinity of its existing Pongkor and Cibaliung mines and a total of nine areas in Java, Sulawesi, Nusa Tenggara, North Sulawesi and Southwest Maluku. ANTAM, in the short term, is focusing on three areas: the Cimahpar-Pasir Jawa prospect in West Java, Jember in East Java, and Buru Island in Maluku.

In the first half of 2015, ANTAM carried out gold exploration activities in Pongkor, West Java, the Cimahpar-Pasir Jawa prospect, the Gunung Dahu prospect and the Cimanganten prospect. ANTAM conducted detailed geological mapping, core drilling, rock sampling, core drilling sampling, track measurement and drilling activities in Pongkor. Exploration in Batangasai, Jambi tested for the presence of gold by conducting detailed geological mapping, ground-magnet measurement, and structure and alteration observations. ANTAM conducted drilling tests in the Cimahpar-Pasir Jawa prospect, track measurement in the Gunung Dahu prospect and geological mapping and sampling in the Cimanganten prospect.

In 2014, ANTAM explored for gold in Batangasai, Jambi; Air Niru, Bengkulu; and Pongkor and Papandayan, West Java. The Batangasai exploration assessed the potential of the Kayu Aro and South Hulu Tangkui areas through detailed geological mapping, groundmagnet surveying, and alteration analysis. The Air Niru exploration assessed the mineralization distribution of the vein system (low sulfidation) both above and underneath the surface of the Air Niru prospect and preliminarily determined the area's potential before evaluating the Gunung Husen and Lebong Kandis prospects in greater detail. The Papandayan exploration assessed the potential of high sulphidation systems and probed the possibility of the development of porphyry systems below the surface of the Cijulang area.

ANTAM's total consolidated gold reserves decreased by 8% to 4.4 million dry metric tons (dmt) as of December 31, 2014 from 2.4 million dmt as of December 31, 2013, due to the detailing of exploration activities results. ANTAM's gold resources decreased by 39% to 3.9 million dry metric tons (dmt) as of December 31, 2014 from 6.4 million dmt as of December 31, 2013, due to depletion of the Pongkor gold mine.

The following tables summarize ANTAM's estimates of its total consolidated gold reserves as of December 31, 2014, including those of its subsidiary PT Cibaliung Sumberdaya:

Location	Reserve classification	Tonnage (million dmt)	Grade		Contained metal	
			Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Pongkor	Proved	1.04	5.95	75	0.20	2.52
Pongkor	Probable	1.08	4.3	64	0.15	2.21
Cibaliung	Proved	1.88	5.93	51	0.36	3.07
Cibaliung	Probable	0.35	6.6	73	0.07	0.82
Total gold reserves		4.35	5.6	62	0.78	8.62

Location	Reserve classification	Tonnage (million dmt)	Grade		Contained metal	
			Au (gpt)	Ag (gpt)	Au (million oz)	Ag (million oz)
Pongkor	Measured	0.53	4.67	57	0.08	0.97
Pongkor	Indicated	3.13	3.3	36	0.33	3.63
Pongkor	Inferred	0.17	7	83	0.04	0.44
Cibaliung	Inferred	0.07	4	43	0.01	0.09
Total gold resources		3.90	4	41	0.46	5.13

Source: ANTAM data

Nickel exploration

ANTAM's nickel exploration activities are a second priority given the need to find new sources of nickel ore near Pomalaa Mines to feed the expanded Pomalaa ferronickel plant, given that ANTAM's new principal reserves of nickel ore are located in Halmahera, a different island.

ANTAM's nickel exploration in Pomalaa in the first half of 2015 consisted of detailed geological mapping, single tube core drilling, core sampling, core logging and grid measurement. These exploration activities resulted 0.6 million wmt in second quarter of 2015.

ANTAM's nickel exploration in Pomalaa in 2014 includes single tube core drillings with a total depth of 3,180.5 meters, triple core drillings with a total depth of 1,275.5 meters, semi detailed geological mappings with an area of 118.6 hectares, surface surveys with a total of two samples, core sample collections with a total of 4,763 samples collected, core logging with a total depth of 4,555.9 meters, grid measurements of 26.7 km, and sample preparations of 5,297 samples.

ANTAM's saprolite reserves decreased by 1% in 2014 from 134.8 million wmt as of December 31, 2013 to 133.6 million wmt as of December 31, 2014. ANTAM's total saprolite resources likewise decreased by 1% to 299.4 million wmt as of December 31, 2014 from 301.5 million wmt as of December 31, 2013 due to the detailing of exploration activities results.

The following tables summarize ANTAM's estimates of its total consolidated nickel ore reserves as of December 31, 2014, including those of its subsidiary PT Gag Island:

Location	Prospect	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ₂ (%)	MgO (%)
Proved reserves								
East Halmahera	Tanjung Buli	Ni ≥ 1.8% & Fe < 25%	7.3	4.7	2.17	13.13	43.11	25.75
East Halmahera	Pakal Island	Ni ≥ 1.8% & Fe < 25%	10.2	6.6	2.39	15.35	40.29	21.48
Kolaka.	Pomalaa	Ni ≥ 1.8%	3.1	2.3	2.13	16.31	39.61	18.94
Proved saprolite reserves			20.6	13.6	2.27	14.75	41.15	22.52
East Halmahera	Tanjung Buli	Ni ≥ 1.8% & Fe < 25%	10	0.5	2.2	13.1	38.2	17.3
East Halmahera	Pakal Island	Ni ≥ 1.8% & Fe < 25%	0.5	0.5	2.3	15.3	40.7	23.2
East Halmahera	Mornopo	Ni ≥ 1.8% & Fe < 25%	18.5	12.5	2.2	11.8	44.8	26.6
East Halmahera	Sangaji	Ni ≥ 1.55%	92.0	67.5	1.9	12.2	40.7	27.2
Kolaka.	Pomalaa	Ni ≥ 1.8%	1.0	1.0	2.0	14.2	40.6	29.9
Probable saprolite reserves			113.0	82.0	2.0	12.2	41.3	26.9
Total saprolite reserves			133.6	95.6	2.0	12.6	41.3	26.3
Measured mineral resources								
East Halmahera	Sangaji	Ni ≥ 1.55%	6.0	3.9	2.12	12.28	39.01	26.12
North Konawe	Tapunopaka	Ni ≥ 1.8% & Fe < 25%	5.3	3.4	2.25	15.77	36.27	17.48
North Konawe	Bahubulu	Ni ≥ 1.8% & Fe < 25%	4.7	3.1	2.34	14.39	38.71	14.42
Kolaka.	Pomalaa	Ni ≥ 1.8%	0.2	0.1	2.17	12.51	42.2	22.36
Gag Island	Gag Island	Ni ≥ 1.5%	45.7	32.4	1.88	14.88	38.45	22.30
Measured saprolite resources			66.8	46.1	2.0	14.8	38.3	21.6
Indicated mineral resources								
East Halmahera	Pakal Island	Ni ≥ 1.8% & Fe < 25%	4.5	3.0	2.7	13.7	36.5	22.2
East Halmahera	Sangaji	Ni ≥ 1.8%	11.5	7.5	2.2	12.2	41.2	23.7
Konawe Utara	Tapunopaka	Ni ≥ 1.8% & Fe < 25%	0.5	0.3	2.1	17.0	35.0	17.6
North Konawe	Mandiodo	Ni ≥ 1.8% & Fe < 25%	3.0	2.0	2.1	15.4	39.3	20.0
North Konawe	Bahubulu	Ni ≥ 1.8% & Fe < 25%	9.5	6.0	2.3	15.7	37.3	17.2
North Konawe	Lalindu & Lasolo	Ni ≥ 1.8% & Fe < 25%	8.5	5.5	2.2	15.4	38.2	20.2
Kolaka.	Pomalaa	Ni ≥ 1.8%	0.5	0.5	2.1	12.3	42.3	23.6
Gag Island	Gag Island	Ni ≥ 1.5%	11.7	8.3	1.84	14.47	39.11	22.40
Indicated saprolite resources			49.7	33.1	2.2	14.3	38.9	21.2
Inferred mineral resources								
East Halmahera	Sangaji	Ni ≥ 1.55%	51	42	2	13	41	27.5
Kolaka.	Pomalaa	Ni ≥ 1.55%	1	1	2	11.5	43	22.5
Gag Island	Gag Island	Ni ≥ 1.5%	130.9	93.6	1.82	16.09	39.22	22.13
Inferred saprolite resources			182.9	136.6	1.9	14.9	39.5	23.0
Total saprolite resources			299.4	215.8	2.0	14.8	39.1	22.4

Location	Prospect	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Ni (%)	Fe (%)	SiO ₂ (%)	MgO (%)
Measured mineral resources								
East Halmahera	Tanjung Buli	Ni ≥ 1.2% & Fe ≥ 25%	7.8	5.0	1.58	39.06	14.78	4.82
East Halmahera	Pakal Island	Ni ≥ 1.2% & Fe ≥ 25%	20.8	13.5	1.68	40.56	9.68	2.56
East Halmahera	Mornopo	Ni ≥ 1.2% & Fe ≥ 25%	9.8	6.3	1.53	40.67	14.83	3.75
East Halmahera	Sangaji	Ni ≥ 1% & Ni < 1.55%	35.0	22.7	1.21	40.73	14.16	2.35
North Konawe	Tapunopaka	Ni ≥ 1.2% & Fe ≥ 25%	27.8	18.0	1.52	41.03	10.47	3.34
North Konawe	Mandiodo	Ni ≥ 1.2% & Fe ≥ 25%	28.2	18.3	1.49	41.01	11.25	3.99
North Konawe	Bahubulu	Ni ≥ 1.2% & Fe ≥ 25%	5.3	3.4	1.49	31.08	14.8	8.56
Kolaka	Pomalaa	Ni ≥ 1.2%	2.4	1.6	1.42	30.89	26.31	6.04
Gag Island	Gag Island	Ni ≥ 1.2%	34.3	21.5	1.40	41.98	10.97	1.82
Measured limonite resources			171.4	110.3	1.4	40.5	12.2	3.1
Indicated mineral resources								
East Halmahera	Tanjung Buli	Ni > 1.2% & Fe ≥ 25%	1.0	0.5	1.4	41.1	10.7	4.2
East Halmahera	Pakal Island	Ni > 1.2% & Fe ≥ 25%	0.5	0.3	1.5	39.7	11.8	3.2
East Halmahera	Mornopo	Ni > 1.2% & Fe ≥ 25%	2.5	1.5	1.5	37.5	16.4	4.8
East Halmahera	Sangaji	Ni > 1% & Fe < 1.55%	78.0	50.5	1.2	41.8	12.5	2.5
North Konawe	Tapunopaka	Ni > 1.2% & Fe ≥ 25%	9.5	6.0	1.6	40.2	10.7	4.9
North Konawe	Mandiodo	Ni > 1.2% & Fe ≥ 25%	19.5	13.0	1.5	39.1	12.5	4.9
North Konawe	Bahubulu	Ni > 1.2% & Fe ≥ 25%	20.5	13.5	1.5	31.3	21.2	8.9
North Konawe	Lalindu & Lasolo	Ni > 1.2% & Fe ≥ 25%	41.0	26.5	1.5	38.3	13.7	4.5
Kolaka	Pomalaa	Ni > 1.2%	4.5	3.0	1.4	32.1	24.2	5.9
Gag Island	Gag Island	Ni > 1.2%	8.1	5.1	1.42	40.58	10.98	1.59
Indicated limonite resources			185.1	119.9	1.4	39.1	14.0	4.1
Inferred mineral resources								
East Halmahera	Sangaji	Ni ≥ 1% & Ni < 1.55%	54	38	1	42	11	2.5
Kolaka	Pomalaa	Ni ≥ 1.2%	14	10	1.5	26	26	5
Gag Island	Gag Island	Ni ≥ 1.2%	128.0	80.7	1.46	39.40	11.12	1.79
Inferred limonite resources			196.0	128.7	1.4	39.6	12.7	3.1
Total limonite resources			552.5	358.9	1.4	39.7	13.0	3.4

Source: ANTAM data

Bauxite exploration

ANTAM explores for bauxite in Tayan, Mempawah and Landak, West Kalimantan.

ANTAM's total consolidated bauxite reserves decreased by 0.3% to 111.5 wmt as of December 31, 2014 from 111.8 million wmt as of December 31, 2013, due to depletion from ANTAM's operations. ANTAM's bauxite resources increased by 0.3% to 589.5 wmt as of December 31, 2014 from 587.7 million wmt as of December 31, 2013, due to reestimation of resources conducted by SRK Consulting.

The following tables summarize ANTAM's estimates of its total consolidated bauxite ore reserves and resources as of December 31, 2014, including the resources of its subsidiaries PT Borneo Edo International at Menjalin and Sebadu, PT Mega Citra Utama at Meliau, PT Dwimitra Enggang Khatulistiwa at Sebau, and PT Gunung Kendaik at Purasak:

			Washed bauxite						
Location	Prospect	Cut-off grade	Tonnage (million wmt)	Tonnage (million dmt)	Average grade (%)				
					T-SiO ²	R-SiO ²	Al2O ³	Fe ² O ³	TiO ²
Proved reserves									
Tayan.	Tayan	Al ² O ³ ≥40 R-SiO ² ≤ 5.8	28.3	24.1	13.66	3.35	47.94	11.54	0.86
Tayan.	Munggu Pasir	Non COG	39.7	33.7	12.05	3.25	45.72	14.83	1.07
Subtotal proved reserves			68	57.8	12.72	3.29	46.65	13.46	0.98
Proved reserves									
Tayan.	Tayan	Al ² O ³ ≥40 R-SiO ² ≤ 5.8	30.0	25.5	13.8	3.4	47.7	12.8	1.0
Tayan.	Munggu Pasir	Non COG	13.5	11.5	11.4	3.3	43.2	14.5	1.1
Subtotal probable reserves			43.5	37.0	13.1	3.4	46.3	13.3	1.0
Total bauxite reserves			111.5	94.8	12.9	3.3	46.5	13.4	1.0
Measured mineral resources									
Tayan.	Tayan	Al ² O ³ ≥40 R-SiO ² ≤ 5.8	2.9	2.4	12.69	2.88	48.84	12.00	0.90
Tayan.	Munggu Pasir	Non COG	6.4	5.4	11.17	2.78	46.53	15.42	1.11
Pontianak.	Toho, Mempawah	Al ² O ³ ≥38 R-SiO ² ≤6	10.5	8.9	16.7	2.22	45.96	13.01	0.91
Landak	Mempawah Hulu	Al ² O ³ ≥38 R-SiO ² ≤6	51.1	43.4	24.73	3.5	43.35	8.79	0.69
PT Borneo Edo International .	Menjalin	Al ² O ³ ≥38 R-SiO ² ≤6	16.4	13.9	22.21	3.81	43.69	9.65	0.63
PT Borneo Edo International .	Sebadu	Al ² O ³ ≥38							
R-SiO ² <6			11.0	9.3	25.79	3.59	42.77	8.77	0.58
PT Mega Citra Utama	Meliau	R - SiO ² ≤ 5.8	33.4	28.4	27.05	3.58	41.62	7	0.57
PT Dwimitra Enggang Khatulistiwa	Sebau	Al ² O ³ ≥38 R-SiO ² ≤6	1.8	1.5	21.41	3.84	44.29	10.27	0.74
Subtotal measured mineral resources			133.5	113.2	23.5	3.4	43.4	9.2	0.7
Inferred mineral resources .									
Pontianak.	Toho, Mempawah	Al ² O ³ ≥38 R-SiO ² ≤6	13	11	27	3	43	8	1
Landak	Mempawah Hulu	Al ² O ³ ≥38 R-SiO ² ≤6	40	34	29	3.5	42.5	8	0.5
PT Borneo Edo International .	Menjalin	Al ² O ³ ≥38 R-SiO ² ≤6	93	79	22.5	4	44	9.5	0.5
PT Borneo Edo International .	Sebadu	Al ² O ³ ≥38 R-SiO ² ≤6	158	134	22.5	3.5	45	10.5	0.5
PT Mega Citra Utama	Meliau	Al ² O ³ ≥38 R-SiO ² ≤6	35	30	27	3	42.5	8	0.5
PT Dwimitra Enggang Khatulistiwa	Sebau	R - SiO ² ≤ 5.5	30	25	24	4	43.5	9.5	0.5
PT Gunung Kendaik	Purasak	Al ² O ³ ≥38 R-SiO ² ≤5.3	87	74	26	4	43	9.5	0.5
Subtotal inferred mineral resources			456	387	23.6	3.7	43.8	9.6	0.5
Total bauxite resources			580.5	500.2	23.6	3.6	43.7	9.5	0.6

Source: ANTAM data

Sales agreements

Overview

The majority of our ferronickel and gold supply agreements, as measured by volume supplied, are for one year or longer.

Many of our sales agreements specify a quantity of the commodity that must be delivered each year and include an option for the customer to request for a 10% to 20% increase or decrease in the agreed contractual quantities or additional shipments. Most of our sales agreements allow an independent inspection agency to inspect, sample and test the supplied mineral prior to delivery to our customers to ensure that these comply with contract specifications. Most agreements also provide for price adjustments where the product supplied does not comply with contract specifications.

Prices are generally negotiated at the time the agreement is entered into, with reference to certain international indices, such as the London Metal Exchange nickel and precious metals and Asian Metal alumina price database, and adjusted taking into account various other factors, such as costs of production for gold, goods, specification, deviations, refinery costs, handling costs, freight differentials and payment terms. The prices are further negotiated or adjusted annually or after shorter periods/on demand basis. Payments are made by wire transfers or letters of credit from reputable financial institutions. Most of our domestic customers have terms requiring spot payments. A number of our supply agreements also require us to provide a performance bond.

Almost all of our export sales are made on CIF terms, meaning that insurance and freight are arranged by us on behalf of the customer, while the balance of sales are made on FOB terms meaning that insurance and freight are arranged by buyers. We seek to maximize our FOB sales and minimize CIF sales because we believe that our customers are better able to manage their own insurance and freight costs. For our CIF term sales, the price of insurance and freight in CIF term sales are built into our selling price to our customers.

Our supply agreements generally permit early termination based on force majeure, which includes events such as natural disasters, war, acts of government, riots and accidents of navigation. A number of our supply agreements also contain liquidated damages provisions for delays and quality shortages, and the agreements typically contain demurrage provisions requiring us to pay certain penalties in the event of any delay in loading vessels.

Customers and export markets

ANTAM has several major customers whose contributions to its total consolidated sales differs each year. Sales to ANTAM's ten major customers represented approximately 70%, 48%, 56% and 85% of its total sales in 2012, 2013, 2014 and for the six months ended June 30, 2015. These customers are principally located in India, China, South Korea, Europe, Singapore and Indonesia.

The following tables summarizes ANTAM's major customers in terms of total consolidated sales:

			Six months ended June 30, 2015		
Customer	Metal	Country ⁽¹⁾	Rp	US\$ ⁽²⁾	% of sales
			(billion)	(million)	
1. J. B. Overseas	Gold	India	2,843.0	213.2	36.2%
2. Xion Gems & Jewellers Pvt. Ltd.	Gold	India	1,010.5	75.8	12.9%
3. Tisco Trading (H.K.) Ltd	Ferronickel	China	518.0	38.9	6.6%
4. Standard Bank Plc	Gold	Singapore	518.7	38.9	6.6%
5. Glencore International AG	Ferronickel	Europe	499.0	37.4	6.4%
6. Pohang Iron & Steel Co. Ltd.	Ferronickel	South Korea	418.6	31.4	5.3%
7. PT Pegadaian (Persero)	Gold	Indonesia	290.4	21.8	3.7%
8. Outokumpu Stainless	Ferronickel	Europe	262.0	19.7	3.3%
9. Sri Export	Gold	India	192.6	14.4	2.5%
10. Mitsubishi Corp Rim International	Ferronickel	China	120.3	9.0	1.5%
Total			<u>6,673.1</u>	<u>500.5</u>	<u>85.0%</u>

(1) Country of each customer is based on port of destination.

(2) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in the Prospectus".

			Year ended December 31, 2014		
Customer	Metal	Country ⁽¹⁾	Rp	US\$ ⁽²⁾	% of sales
			(billion)	(million)	
1. Pohang Iron & Steel Co. Ltd	Ferronickel	South Korea	1,757.2	131.8	18.7%
2. Outokumpu Nirosta GmbH	Ferronickel	Europe	1,011.9	75.9	10.7%
3. Glencore International AG	Ferronickel	China	755.9	56.7	8.0%
4. Standard Bank Plc	Gold	Singapore	547.9	41.1	5.8%
5. Ugitech	Ferronickel	France	301.3	22.6	3.2%
6. Outokumpu Stainless Ltd	Ferronickel	Europe	250.6	18.8	2.7%
7. Sri Eksports	Ferronickel	India	200.0	15.0	2.1%
8. Perum Pegadaian	Gold	Indonesia	180.0	13.5	1.9%
9. Aperam Sourcing Sca	Ferronickel	Luxembourg	165.3	12.4	1.8%
10. Arcelor Mittal S.A. Industeel	Ferronickel	Japan	114.7	8.6	1.2%
Total			<u>5,284.8</u>	<u>396.4</u>	<u>56.1%</u>

Source: ANTAM data

(1) Country of each customer is based on port of destination.

(2) Convenience translations to US dollars have been provided as described in "Important information for investors outside of Indonesia — Conventions which apply in the Prospectus".

ANTAM's sales in recent periods were made to the following areas in the following approximate proportions:

- 2012: Europe (24%), China (14%), South Korea (13%) and Japan (9%);
- 2013: Europe (15%), China (9%), Japan (3%), Singapore (9%) and South Korea (6%);
- 2014: Europe (25%), Singapore (28%), South Korea (22%), India (3%) and China (7%);
- The six months ended June 30, 2015: India (51%), China (9%), Europe (9%), South Korea (5%), and Singapore (7%).

ANTAM has long-term sales contracts for ferronickel with Outokumpu Nirosta GmbH (formerly ThyssenKrupp Nirosta GmbH), Aperam Sourcing SCA (formerly Arcelor Mittal Purchasing SAS), Outokumpu Stainless Ltd., Ugitech SA, Pohang Iron & Steel (POSCO). Customers with spot contracts are Ni-Met Metal & Minerals Inc., Mitsui & Co., Ltd, Nisshin Steel Co., Ltd, Mitsubishi Corporation RtM International Pte Ltd, and Glencore International AG. ANTAM's principal customers for precious metals include PT Bukit Asam (Persero) Tbk, PT Garuda Indonesia (Persero) Tbk, PT Krakatau Steel (Persero) Tbk, PT Pegadaian (Persero), PT Pertamina (Persero), and PT Timah (Persero) Tbk. ANTAM's principal customer for bauxite is Showa Denko KK. Alumina customers include PT Timur Raya, PT Indah Kiat Pulp and Paper, CV Muliya Dirgantara, PT Fajar Kimindo Abadi, Universal Harvester, Manila, PT Indonesia Acid Industries, PT Utama Inti Hasil Kimia Industri, PT Pacinesia Chemical Industry, PT Liku Telaga, Taiwan Unimind Enterprise Co., Ltd., and PT Indocera Utama Precisi.

ANTAM is not substantially dependent on any specific gold or ferronickel customer. This may be seen from the development of its customer growth and its lists of its ten largest customers, which vary year to year.

Competition

ANTAM competes in international and Indonesian markets with other metals and minerals producers. Competition is primarily based on a company's quality, price, reliability of delivery and ability to supply minerals as and when required by customers. ANTAM believes that it has strong competitive advantages over its competitors based on its diversified portfolio of processed metals, consistent product quality, reliable delivery, cost-efficient transportation and shipping to customers, a proven track record of supplying its various products to customers.

ANTAM believes that the markets for its key products such as ferronickel, gold, bauxite and coal are large, global commodities markets where prices are not influenced by any single customer or producer, or any group thereof.

The global economic downturn has affected industrial activity in China, India, South Korea and other parts of the world, which has decreased demand or prices for many of our products and, as a result, increased competition.

Based on the AME Report, in 2014, ANTAM produced approximately 16.9 kilotons of nickel from its Pomalaa ferronickel processing plant. Based on ANTAM's statements and estimates, it is the fourteenth largest ferronickel producer in the world based on 2014 nickel contained production.

With respect to gold, ANTAM produced approximately 75,000 ounces of gold from its Pongkor and Cibaliung mines in 2014. Along with its stake in the Gosowong gold mine, ANTAM's attributable gold production in 2014 was approximately 157,000 ounces, based on ANTAM's internal reports.

When benchmarked against gold companies operating in Southeast Asia, ANTAM is estimated to be the fourth largest gold producer in the region, based on the AME Report. The largest gold producer in SEA is Freeport McMoRan Copper & Gold, which owns the Grasberg copper and gold mine in Indonesia. This is followed by the G-Resources group, which owns the Martabe gold mine in Indonesia, and Newcrest Mining, which owns a stake in the Gosowong mine in Indonesia.

Meanwhile, other key producers in Southeast Asia include Kingsgate Consolidated, which owns the Chatree gold mine in Thailand, and PanAust, which owns stakes in the Phu Kham and Ban Houayxai mines in Laos.

Global mined nickel production grew by an estimated CAGR of approximately 8.0% from around 1,385 kilotons in 2009 to 2,030 kilotons in 2014. The Philippines is the largest mined nickel producing country in the world, accounting for an estimated 20% of global supply in 2014. Canada (which accounted for 12% of estimated global production in 2014), Russia (11%) and Australia (11%) are also key mined nickel producing countries. Mined nickel produced from the Philippines and Indonesia are largely in the form of nickel laterite ores, as opposed to sulphide ores typically produced in Canada and Russia. Australia, on the other hand, produces both laterite and sulphide nickel ores.

ANTAM seeks to expand its market share by entering new markets and retaining its shares in existing markets by providing competitive prices through a variety of efficiency measures to reduce production costs.

To keep up with competitors, ANTAM has a Marketing and Customer Support (MCS) Division, as well as representative offices in Tokyo, Japan and Shanghai, China to support communication and product delivery to consumers in Asia. ANTAM also has a marketing agent to support product delivery to European consumers.

In facing its competition, ANTAM also controls the quality of products to consumers. ANTAM is implementing an integrated quality management system which is a series of activities performed in production processes in accordance with international standards and performed on each ANTAM's production and distribution activities. Quality control of products and services by ANTAM has gained ISO 9001: 2008 certification for each of its unit/business unit. ANTAM also obtain testing laboratories accreditation according to the ISO 17025 standard issued by the National Accreditation Committee (KAN) for gold, silver, and platinum in *Pengolahan dan Pemurnian Logam Mulia* business unit. ANTAM is also the only gold producer in Indonesia which has been accredited Good Delivery from the London Bullion Market Association (LBMA) with reliable refinement and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) certification from the European Union which confirms product's merchantability.

Health, safety, environment and community participation

Health and safety

ANTAM applies international standards of industrial health and safety. ANTAM maintains ISO 9001 and ISO14001 certifications, among others, which are internationally recognized environmental and occupational health and safety management systems certifications. See "*Certifications*".

Regrettably, ANTAM experienced one fatality in its mining operations in 2014. In addition, ANTAM experienced two major and three minor accidents in 2014. ANTAM's President Commissioner has reiterated ANTAM's aim to have a zero fatal accident operating record. See "*Risk Factors—Risks affecting our business—We may experience accidents at our mine sites.*"

In order to mitigate the fundamental dangers in hazardous areas, ANTAM has implemented its Occupational Safety and Health Management System (SMK3). This overarching set of rules for our mine sites and facilities, including rules relating to, among others: (1) road and traffic safety, (2) safety procedures for working at height and in confined spaces, (3) use of lifting equipment and (4)

working in certain particular types of mining areas (including blast areas, loose digging faces, near water and land clearing areas). Violations of these rules could result in the termination of employment of a worker in accordance with our agreement with the labor unions. ANTAM provides reliable occupational safety equipment, specifically for employees in mining and processing activities, and promotes continuous occupational safety training and inspections. To improve personal risk assessment capability, ANTAM has also approved a new procedure intended to provide risk assessment guidelines for each worker before commencing work.

Environment

ANTAM operates in compliance with the environmental conditions of its mining and shipping permits and other Indonesian environmental standards. In 2014, Company's Gold Mining Business Unit received a green flag and all other business units received blue flags under the Ministry of Environment and Forestry's Company Performance Rating Program (PROPER). The program awards three levels of achievement, gold, green and blue, with gold being the highest. ANTAM's President Commissioner has encouraged business units to strive for gold flags in succeeding years.

ANTAM also earned numerous environmental awards in 2014, including the Gold Award for Enhancing Biodiversity and Restoring Natural Habitats-Pongkor ANRAM Cluster PKKH Program, and Indonesia Green Award 2014 for biodiversity enhancement. The Southeast Sulawesi Nickel Mining Business Unit, Gold Mining Business Unit and PT CSD won the Aditama Award (Gold) in the Energy and Mineral Resources Ministry Award for environmental management for mining sites, while the North Maluku Nickel Mining Business Unit won the Pratama Award (Bronze). Finally, the Pongkor gold mine has initiated the use of toxic sand tailings as material reusable as part of concrete.

Tailings are the result of operational activities at Gold Mining Business Unit. The volume of tailings generated in 2014 amounted to 311,094 dmt, a decrease from the total in 2013 of 321,873 dmt. Tailings can be used to construct underground mine production access passages at UBP Emas and as smooth aggregate in the production of concrete, including as paving blocks, concrete blocks, rigid pavement, light blocks (habel), cone blocks, pre-cast, roof tiles, culverts, concrete walls and other construction items. The volume of tailings used in underground mine access in 2014 reached 180,815 dmt, or 58.1% of total volume produced. The remainder was dumped in a landfill with a permit from the Ministry of Environment and Forestry.

ANTAM seeks to be a pioneer in the conversion of toxic by-products into production inputs.

ANTAM is required to prepare and submit a quarterly report on environmental performance to the Government of Indonesia. The MEMR, in conjunction with the Environmental Ministry, oversees compliance with environmental laws and regulations in Indonesia. ANTAM has, in general, complied with relevant environmental laws and regulations and no significant environmental incident has been noted.

Energy and related carbon impact

ANTAM has established an energy management team, comprising representatives from the departments that influence energy use, to plan and monitor energy saving and efficiency programs across its mining, processing and shipping operations. Each relevant department has completed energy use studies to identify scope for energy saving. ANTAM has commenced work to obtain consistent and appropriate energy reporting data as a basis for setting targets for energy saving and to enable reporting on energy consumption and related carbon emissions.

Land management and biodiversity

ANTAM's environmental permits impose conditions in relation to land disturbance and reclamation for mining operations, including the posting of a fund that can be recovered when required reclamation is deemed by the government to be complete.

ANTAM participates in various government-initiated environmental programs such as the One Billion Indonesian Trees program. Under this program, ANTAM planted the following number of trees:

Year	Trees (thousands)
2010	470
2011	1,067
2012	1,442
2013	1,431
2014	903
2015 (as of June 30)	368

Source: ANTAM data

ANTAM engages service companies from local communities to revegetate mined land. As part of community programs, ANTAM returns reclaimed land to local communities for ongoing development. Post-reclamation uses for land include planting of commercial crops, creating fish farms and developing recreational areas. ANTAM closely monitors and treats water run-off from disturbed areas in settlement ponds before it is used to develop irrigated areas for more intensive farming. In addition, ANTAM attempts to minimize the area of land disturbed by mining activity. ANTAM plans out-of-pit waste dumps, with the waste being deposited in mounds up to ten meters high. The final dump forms are contoured, covered with topsoil and planted with various fast-growing local grasses and trees. ANTAM implements rehabilitation of land in consultation with the MEMR of Indonesia which, in turn, consults with the appropriate local governments.

Waste management

ANTAM manages its waste generated by mining, processing and refinement, as well as other ancillary processes, including from the employee housing area, utilizing the 3R principle of reduce, reuse and recycle, as well as safe disposal. ANTAM manages two broad and different categories of waste, namely waste containing toxic and hazardous materials ("B3") and non-B3 waste. ANTAM has waste management procedures that are founded on Law No. 18/2008 on Waste and Government Regulation No. 101/2014 on the Management of Toxic and Hazardous Waste. These procedures encompass the planning, management and monitoring of all waste generated by ANTAM's operations.

To manage toxic and hazardous waste, ANTAM complies with all licensing requirements for toxic waste, such as requirements for temporary storage areas and packaging of B3 waste with appropriate symbols and labeling. ANTAM reports its B3 waste management quarterly to the Ministry of Environment and Forestry and sends copies to local environment agencies.

ANTAM's operations generate a limited quantity of B3 waste, which are managed by storing these in separate temporary areas in special packaging and pursuant to safety and security standards and government regulations. The B3 waste is then incinerated or turned over to an appropriate contractor for further processing.

ANTAM implements standard operating procedures and supervises every stage of B3 waste management, including the management of other hazardous liquids. ANTAM is mindful that liquid B3 waste can contaminate water sources. ANTAM also implements specific measures including substituting lead nitrate with biopolymer (wood extract) as a chemical reagent to assist in increasing the percentage of gold ore extract and reducing potential B3 waste in UBP Emas, reusing morganite

trays by adding coil cement and cutting the refining stage using a direct reduction method, thus reducing B3 waste from gold smelting at the Logam Mulia refinery, utilizing marine fuel oil (MFO) sludge as a mixing agent with fuel for the rotary kilns in ferronickel processing, and utilizing B3 waste from specific sources, such as slag at from ferronickel processing and tailings from gold refining.

ANTAM processes marine fuel oil (MFO) sludge by reusing it, mixed with fuel, for the kiln. The volume of MFO sludge reused in 2014 amounted to 1,315 tons, which is lower than the 1,590 tons utilized in 2013 because of reduced ferronickel production.

Air quality

ANTAM monitors air quality continuously in each of its concession areas and at intervals to ensure that dust levels comply with environmental standards and to minimize impact on local communities.

ANTAM is strongly committed to reducing emissions from Ozone Depleting Substances/ODS such as CFC containing refrigerants and halon in fire extinguishers. To reduce CFC emissions, ANTAM has replaced the freon in all of its cooling units with R417A (HFC), which is more environmentally friendly. This step is in line with Presidential Regulation No. 23/1992 on Ratification of the Vienna Convention for Protection of the Ozone Layer and the Montreal Protocol on reducing the use of materials with the potential to damage the ozone layer.

In addition to handling ODS emissions, ANTAM is also strongly committed to reducing the use of other gases with the potential to damage health and the atmosphere, such as NOX, SOX and particulates from chimney smoke. The results of measurements of stationary sources of emissions and other particulate pollutants that are routinely performed show that none exceed environmental quality standards set by the government.

Coal dust is controlled by fixed water sprays placed at intervals around the coal stockpiles. Water run-off from stockpiles is channeled through a drainage system to settling ponds for settlement of all solids, including coal dust. ANTAM closely monitors water released from these settling ponds.

Community

ANTAM operates in concession areas with villages located near the mines and haul roads leading to the ports. ANTAM is sensitive to the needs of these local communities and aims to minimize any adverse impact its activities may have on them. For the sustainability and long-term success of its operations, ANTAM strongly believes that it is important to maintain close relationships with and benefit local communities. ANTAM has implemented policies that guide community interaction, such as support for community projects, other contributions, donations and resettlement work.

Community development

ANTAM actively supports programs to enhance the health, education, social and economic well-being of the communities in which it operates. Its community development investments include scholarship to the communities and local educators, development of solar powered power plant, building of religious facilities and training of local workforce.

ANTAM intends to continue fostering community ties through development programs focusing on health, education and technical assistance as well as job creation for the communities in the areas in which it operates, and strongly believes that these efforts are integral to the stability and development of its business.

Community investment

Despite a long history of strong relations and ongoing engagement and investment, there are continuing and increasing pressures for higher levels of contribution. It is not possible for ANTAM to meet all such demands, and, in particular, those which are in addition to community development project commitments agreed with relevant communities. ANTAM has in some cases entered into formal memoranda of understanding with relevant communities to document how the funds it contributes are administered by community organizations and what level of funding is mandatory under local legislation. ANTAM has taken proactive steps to discuss the nature, level and disbursement of such funding with the local governments and communities concerned.

In line with the principles of good corporate citizenship, ANTAM cannot grow without including local communities in its mutual growth and development. Therefore, by implementing its corporate social responsibility programs, ANTAM continues to involve communities in the vicinities of its locations and in post mining areas.

All of ANTAM's operational areas and business units involve the local communities in every community empowerment program, as well as conducting community needs assessments on programs before they are launched. Community development is implemented by ANTAM with the goal of improving community quality of life and welfare. The receiving communities receive benefit not only as the object but also as the subject, as the owner of the program being implemented and thus are jointly responsible for its success.

Community involvement includes ANTAM's participation in the development plan discussions at the district level, embracing the Trimitra concept. This forum is attended by local-level stakeholders, such as the local government, community figures, NGOs and ANTAM to discuss and decide on which CSR programs will be run.

The success of these CSR programs is then measured using a survey to identify the Community Satisfaction Index (CSI). The CSI survey is conducted to measure the community's level of satisfaction with the CSR program being run.

During 2014, ANTAM realized several programs to develop communities and their welfare in its operational areas. The main expectation expressed by these communities was improved welfare and quality of life, economically and socially, in line with ANTAM's growth and development. Local communities play an important role in supporting ANTAM's growth. While at the same time, ANTAM must focus its attention on vulnerable groups and implement a range of programs to establish community self-sufficiency, both economically and socially, as well as participation in efforts to conserve the environment.

Human resources

ANTAM views each employee as one of ANTAM's main assets. Its human resources strategy aims to improve the capability of its employees sustainably through the recruitment of qualified employees, increase of employees' competencies through training and other programs, and the alignment of work performance and remuneration. ANTAM's employee competency development program is characterized by equal opportunity and non-discriminatory policies in relation to tribe, religion, ethnicity, geographic group, gender or physical disability. ANTAM's human resources management is conducted by four main divisions: Organization Effectiveness and Development, Human Resources Management, Learning and Development and Information Communication and Technology.

The following table summarizes ANTAM's workforce as of June 30, 2015:

	As of June 30, 2015			
	Employees	Temporary/ outsourced	Contractor personnel	Total
Head office	443	309	—	752
Southeast Sulawesi Nickel Mining Business Unit	1,253	677	822	2,752
North Maluku Nickel Mining Business Unit	248	41	217	506
Gold Mining Business Unit	500	324	—	824
Logam Mulia Precious Metals Processing and Refinery Business Unit	133	226	12	371
Bauxite Mining Business Unit	40	74	22	136
Geomin (exploration) Unit	104	123	—	227
Total	<u>2,721</u>	<u>1,774</u>	<u>1,073</u>	<u>5,568</u>

Source: ANTAM data

As of June 30, 2015, 30% of ANTAM's permanent employees held university degrees, 7% held vocational diplomas, and 63% held high school diplomas. In terms of age, 5% of ANTAM's permanent employees were 18-25 years old, 65% were 26-45 years old, and approximately 30% were 46-55 years old. 3% were in ANTAM's retirement preparation program.

Employee productivity in ANTAM's ferronickel operations decreased by 6% to 15.8 TNi/employee in 2014 from 16.8 TNi/employee in 2013. Productivity in its gold operations increased by 22% to 2.8 kg/employee in 2014 from 2.3 kg/employee in 2013.

As part of the cost-cutting initiatives and to streamline its workforce, ANTAM implemented an early retirement initiative through the Board of Directors Decree No. 335.K/774/DAT/2014 and Decree No. 90.K/774/DAT/2015. 35 permanent employees opted for voluntary retirement under this program as of June 30, 2015.

Training

Through its Learning and Development Division, ANTAM strives to continuously improve its employees' competency (knowledge, skill, and attitude) for increasing ANTAM's performance and productivity. ANTAM conducted various competency development programs in leadership, technical aspects, other general aspects, benchmarking and internship at other mining companies. In 2014, ANTAM conducted three groups of training namely ANTAM Leadership Development Program (ALDP), ANTAM Functional Development Program (AFDP) and ANTAM General Development Program (AGDP). These programs, together, ran for 24,353 training hours, with each employee spending an average of 9.6 hours in training in one year, at an average cost of Rp1,383,000 per employee. In 2014, ANTAM spent Rp10.0 billion for these training programs, which was substantially reduced from Rp35.9 billion in 2013 as part of ANTAM's cost cutting measures. Despite the reduced budget, ANTAM believes it implemented such programs more efficiently, and took measures such as maximizing the use of employees as internal trainers. In 2014, 24% of ANTAM's training expenditure was on technical core aspects namely geology, mining, metallurgy, 63% on other general aspects such as legal, project management, corporate, social responsibility and others, and 13% on leadership namely ALDP.

ANTAM has operated the ANTAM Leadership Development Centre (ALDC) in Cibulan, West Java since 2012. ANTAM plans to transform the Learning and Development Division into a Strategic Business Unit in which the concept was formulated at the end of 2014.

As is typical in the mining industry because of physical requirements, the majority of employees in ANTAM's mine sites are male. ANTAM strives to recruit women for roles outside these physically demanding mining jobs but believes that there is currently a shortage of qualified female mining and other engineers in Indonesia. ANTAM continues to conduct recruitment, performance appraisal and promotion based on competency and performance and without regard to gender.

Health benefits

ANTAM turned over in 2014 management of its health programs to PT Medika Yakespen Utama, which runs the ANTAM MEDIKA Hospital. This hospital is managed by ANTAM's Pension Health Foundation (YAKESPEN). ANTAM manages another hospital under its Southeast Sulawesi Nickel Mining Business Unit. ANTAM also registered its employees at the BPJS Kesehatan in January 2015.

ANTAM conducts regular health training and programs at the business unit, unit and head office. Each permanent employee receives regular health checkups at least once a year, as well as free vaccinations. Additional health programs and precautions are conducted at high risk locations such as mines and processing plants.

ANTAM provides health benefits to its pensioners and their family members through its Pensioners' Health Foundation and under third party health insurance policies. ANTAM fully subsidizes pensioners' medical expenses for certain diseases. ANTAM covers medical expenses for all type of diseases, including terminal kidney failure, diabetes, heart disease, and post stroke treatment. For ANTAM's pensioners, insurance providers further cover haemodialysis, heart surgery and kidney transplant.

ANTAM maintains a defined benefit pension program under a company pension fund, as well as a third party defined contribution pension fund. ANTAM had pension liabilities and post retirement obligations of Rp419 billion (US\$31.5 million) as of December 31, 2014, compared to Rp1,236 billion as of December 31, 2013. Total labor related expenses including salaries and benefits amounted to Rp923 billion (US\$69.3 million) in 2014, a 12.7% decrease of Rp1,057 billion in 2013. In 2013, ANTAM implemented a minimum monthly cash benefit under its pension of Rp1 million.

Labor unions

ANTAM believes that it has good relationships with its employees' main labor union, the Union of Aneka Tambang Employees (PERPANTAM). A smaller labor union, the All Indonesian Workers Union (SPSI), has organized in Pomalaa and ANTAM's employees in Pomalaa have a choice of joining either union, although the majority in that location are members of the main union. ANTAM maintains channels for employee complaints and feedback and conducts regular meetings with union representatives. ANTAM respects Law No. 13, Year 2003 on Labor and International Labor Organization Convention 87, which guarantees each worker's right to join a labor union.

ANTAM believes that it has not experienced any material labor dispute in the past five years. ANTAM engages both unions, consults them regarding new human resources and performance review policies and revisions of ANTAM's guiding principles, and communicates with them regarding industrial relations disputes. ANTAM believes that it has approached ethnic groups, who own areas within its mining concessions and represent substantial portions of its labor force in their respective localities, has contributed substantially to ANTAM's good relations with its employees.

Insurance

ANTAM maintains insurance coverage for its employees and board of directors, facilities, and various equipment through policies issued by insurers which include, among others, life and personal accident insurance, health insurance, financial institutions pension fund, post employment insurance, savings plan insurance, and post employment insurance for the Board of Directors. ANTAM currently maintains (for a one year period ending October 18, 2015) US\$1.25 billion of insurance coverage for

its fixed assets, an additional US\$91.7 million of coverage for its inventories, and marine cargo insurance purchased on a per shipment basis. ANTAM pays approximately US\$5.2 million in insurance premiums each year, excluding marine cargo insurance premiums. ANTAM expects to substantially increase its insurance coverage to cover the expanded Pomalaa ferronickel processing facilities, which are planned to commence production by the end of 2015, and after other key development projects are completed at later dates.

ANTAM's insurance coverage includes the following insurance policies:

- comprehensive heavy equipment insurance for third party liability as well as for loss, damage, destruction or breakage caused by, among other things, labor dispute and earthquake;
- industrial all risks, property all risks, moveable all risk and earthquake insurance for ANTAM's plants and power generation and other equipment;
- marine cargo insurance for ANTAM's shipments of nickel ore from its Tanjung Buli mine to its Pomalaa ferronickel smelters and for ANTAM's deliveries to customers;
- insurance for inventories;
- vehicle insurance for vehicles owned by ANTAM;
- business interruption insurance;
- life and group personal accident insurance for all employees and directors; and
- directors and officers liability insurance.

The insurance policies arranged by us do not cover liability or damage arising from acts of war and terrorism, and other customary exclusions from coverage.

All employees are insured against death and accidents under the state insurance scheme as required by Indonesian law.

ANTAM believes it is adequately insured for all material insurable risks relating to its business, and that its fixed assets are adequately insured based on the replacement cost of these assets in relation to their insurance coverage. ANTAM currently has no material pending insurance claims with its insurers.

Litigation

From time to time, ANTAM is involved in legal proceedings concerning matters arising from the conduct of its business. ANTAM is involved in legal proceedings as follows. However, ANTAM believes that the following legal proceedings will not have a material adverse impact on ANTAM.

PT Dian Nikel Mining litigation

On September 18, 2012, PT Dian Nikel Mining ("**DNM**"), as a sub-contractor of PT Minerina Bhakti ("**MB**"), a related party, filed a suit against MB and ANTAM in the District Court of South Jakarta. DNM as the plaintiff filed a tort claim after MB and ANTAM discontinued a nickel mining project in Mornopo, East Halmahera during the contracted project period, after DNM already financed certain infrastructure development and incurred operational costs related to the project. On November 14, 2013, the district court upheld DNM's claims and required MB and ANTAM to pay material damages amounting to Rp102.6 million and US\$120,073, including the immaterial damages amounting to Rp25 billion. The High Court of DKI Jakarta affirmed the district court decision on appeal. ANTAM appealed to the Supreme Court from the high court decision on December 5, 2014, and the appeal remains pending.

ANTAM believes that there is no legal basis for the lawsuit by DNM because there is no privity of contract between ANTAM and DNM, MB's sub-contractor. This view is supported by the legal opinion issued by Imran Nating & Partners based on its report to ANTAM dated February 20, 2014. ANTAM has not made any provision for this lawsuit on the basis of this legal opinion

PT Minerina Bhakti litigation

MB, one of ANTAM's contractors and a subsidiary of ANTAM's pension fund, filed a claim against ANTAM alleging that it incurred losses due to the suspension of ANTAM's mining activities in relation to certain land rights issues and its lack of certain permits and licenses. MB sued for indemnification of material damages amounting to Rp301 billion and US\$120,000, and immaterial damages amounting to approximately Rp83.3 billion. The first hearing was held on July 8, 2015 in the District Court of South Jakarta and at the date of this Prospectus is still in the process of examination in the District Court of South Jakarta.

Tax claim

ANTAM filed a claim against the Director General of Tax and Customs in relation to a customs facility for import activities for export-purposes (*Kemudahan Impor Tujuan Ekspor* or KITE) of approximately Rp47 billion. The Supreme Court of Indonesia is currently reviewing ANTAM's petition for reconsideration regarding this claim.

Concession overlaps

ANTAM's Mandiodo concession overlaps with certain other concessions issued by the regent of North Konawe. ANTAM has not initiated legal action in relation to this. Instead, it has engaged in discussions with the relevant local governments and applied for a Clear and Clean (CnC) certificate from the central government regarding its own concession to resolve this issue.

ANTAM's mining concessions in Sanggau and Landak overlap with the palm plantation concessions of PT AAC and PT Hilton. ANTAM has not initiated legal action in relation to this.

ANTAM's mining concession for the Lasolo area near its Tapunopaka mine was subject of litigation, but this ended after ANTAM was issued a CnC certificate. ANTAM is currently having its Lasolo permit reactivated to allow it to resume operations.

Related party transactions

ANTAM has undertaken in the past, and is likely to undertake in the future, transactions with related parties. It is ANTAM's policy not to enter into transactions with affiliates unless the terms thereof are no less favourable to ANTAM than those which could be obtained by ANTAM on an arm's length basis from an unrelated third party. Accordingly, ANTAM believes that its transactions with related parties have been undertaken on terms and conditions similar to those with unrelated parties. See Note 29 to the audited consolidated financial statements of ANTAM as of and for the year ended December 31, 2014 appended to this Prospectus for a description of ANTAM's related party transactions.

On August 4, 2015, ANTAM renewed a US\$100,000,000 working capital credit facility from BRI until July 15, 2016. ANTAM drew the full amount of the facility on August 2015, subject to interest of 1.75% per annum and maturing on November 5, 2015.

Corporate governance

ANTAM is a state-owned enterprise that is dual listed in the Indonesia Stock Exchange ("IDX") and Australian Securities Exchange ("ASX"), and is committed to implementing the best corporate governance practices amidst the challenges of its business environment and commodity price

fluctuations. ANTAM, its Board of Commissioners and its Board of Directors consider such best practices in any strategic decision, as well as the good corporate governance (“GCG”) principles of transparency, accountability, responsibility, independence, fairness, and consideration of the interests of all stakeholders.

ANTAM has adopted international best practices of corporate governance, particularly the ASX Corporate Governance Principles and Recommendation, as amended in 2013, the Association of Southeast Asian Nations (ASEAN) Corporate Governance Scorecard issued by the ASEAN Capital Market Forum in 2012, and the Indonesia Code of GCG issued by the National Committee on Governance in 2006 and referred to in the criteria and methodology in the Decree of the Minister of State-Owned Enterprise No. SK-16/S. MBU/2012 dated June 6, 2012.

ASX GCG implementation adopts a single board system, while Indonesian corporations use a two-board system (Board of Commissioners and Board of Directors) where each board has clear authority and responsibility based on ANTAM’s Articles of Association and relevant Indonesian laws. ANTAM has thus applied the spirit of ASX GCG principles to its Indonesian structure as well as its being a state-owned enterprise.

ANTAM assigns an independent assessor to assess the implementation of best GCG practices in ANTAM and constantly reviews the assessor’s recommendations. ANTAM continuously updates its GCG policies, including its Corporate Governance Policy, Code of Conduct, Board of Commissioners Charter, Board of Directors Charter, Supporting Committees of Board of Commissioner Charters, Internal Audit Charter, and Risk Management Policy, and publishes these on its website and intranet to promote their application in daily operations. ANTAM has appointed GCG champions in all its units to ensure that GCG policies are implemented in all of ANTAM’s activities. Finally, ANTAM requires its business partners, suppliers and other stakeholders to adhere to its Code of Conduct.

The reports of these independent assessors in 2013 and 2014 concluded that GCG practices have generally been implemented throughout ANTAM. ANTAM has won several corporate governance awards such as “Most Trusted Company” from the Indonesian Institute of Corporate Governance in 2014.

Further, ANTAM and its facilities are subject to several independent audits and reviews: (1) Quality Management System (“QMS”) Audit by SGS International, SAI Global, TUV Rheinland, (2) Environment Management System (“EMS”) audit conducted by SAI Global, TUV, Rheinland, SGS International and DQS , (3) Occupational Health and Safety Management System (“OHSAS”) Audit, (4) audit by ANTAM’s external auditors, PwC, and (5) audit by the Audit Board of the Republic of Indonesia (*Badan Pemeriksa Keuangan RI* or “BPK”). There were no material adverse findings under the QMS, EMS and OHSAS audits or the audit conducted by ANTAM’s external auditors in 2013 and 2014. The BPK raised 26 preliminary findings in Audit Report No 64/Auditama VII/ PDTT/12/2014; dated December 24, 2014. 22 of these findings have been resolved while ANTAM is still discussing the remaining four with BPK. ANTAM does not believe that any of these four remaining findings indicate any material issue regarding its internal controls.

Certifications

ANTAM maintains the following certifications:

- Quality Management System Certificate-ISO 9001: 2008 (SGS International) for ferronickel processing and supporting activities, obtained on May 17, 2002 (upgrade from ISO 9002: 1994 version, obtained on April 3, 1996 and from ISO 9001: 2000 obtained on May 20, 2010). This certificate is recertified and valid from April 3, 2014 until April 3, 2017.
- Environmental Management System Certification-ISO 14001: 2004 (SGS International) for mining, ferronickel processing and supporting activities, obtained in 2006 (upgrade from ISO 14001: 1996 version obtained in 2001). This certificate is valid until May 2, 2018.

- Occupational, Health and Safety Management System- OHSAS 18001: 2007 (SGS International) for mining, ferronickel processing and supporting activities obtained on May 7, 2012. This certificate is valid until May 7, 2018.
- REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Registration was obtained on November 23, 2008 to fulfill the European Union regulation on safe use of chemical substance in ferronickel processing cycle.
- Quality Management System Certification- ISO 9001: 2008 (SAI Global) for gold mining and processing at Pongkor, obtained on March 3, 2000 (upgrade from ISO 9001: 2000 version obtained on March 3, 2009). This certificate is valid until March 2, 2018.
- Occupational, Health and Safety Management System Certification-OHSAS 18001: 2007 (SAI Global) for gold mining and processing at Pongkor, obtained on October 15, 2008. This certificate is recertified and valid until October 14, 2017.
- Quality Management System-ISO 9001:2008 (SAI Global) Certification for nickel ore mining process at Tanjung Buli and Pakal Island. This certificate is obtained since May 26 2011, it is recertified in April 2014 and valid until May 25, 2017.
- Environmental Management System-ISO 14001:2004 (SAI Global) Certification for nickel ore mining at Tanjung Buli and Pakal Island. This certificate is obtained since May 26 2011, it is recertified in April 2014 and valid until May 25, 2017.
- Occupational, Health and Safety Management System-ISO 18001:2007 (SAI Global) Certification for nickel ore mining at Tanjung Buli and Pakal Island. This certificate is obtained since May 26 2011, it is recertified in April 2014 and valid until May 25, 2017.
- Accreditation of SNI ISO/IEC 17025:2005 for test laboratory at North Maluku Nickel Mining Business Unit from the National Accreditation Committee (KAN). The Certificate is obtained since January 17, 2013 and valid until January 16, 2017.
- Quality Management System Certification of ISO 9001:2008 (TUV) for Policy Management and Implementation and Business and Operation Development at the Head Office. This certificate is obtained since December 20, 2011 and it is valid until March 5, 2015 and has been extended until March 5, 2018.
- Quality Management System Certification ISO 9001: 2008 (TUV) for all processing activities at Precious Metals Processing and Refinery Business Unit, obtained in 2004 (upgrade from iso 9001: 2000 version obtained on June 12, 2010). This certificate is valid until June 14, 2014 and has been extended until June 8, 2017.
- Environmental Management System Certification-ISO 14001: 2004 (TUV) for all processing activities at Precious metals Processing and Refinery Business unit, obtained in 2004. This certificate is valid until June 14, 2014 and has been extended until June 8, 2017.
- Certification for all processing activities at Logam Mulia Precious Metals Processing and Refinery Business Unit. This certificate is obtained since December 28, 2011 and it is valid until June 8, 2016.
- Testing Laboratory Accreditation in accordance to ISO 17025, issued by the National Accreditation Committee (*Komite Akreditasi Nasional* (KAN)) for gold, silver, gold and silver mixture and platinum analysis at Precious Metals Processing and Refinery Business Unit, obtained in June 2003. This accreditation expired after August 17, 2015 and is currently in the process of renewal.

- Accreditation from London Bullion Market Association. The accreditation was obtained after Logam Mulia underwent its product testing procedures. The accreditation was obtained on January 1, 1999.
- Certification from Dubai metal and Commodities Centre for Logam Mulia's small gold bar, obtained in August 2005. the accreditation certifies Logam Mulia's gold bars to be traded freely at the Middle East market without any modification to Logam Mulia's identity.
- Quality Management System Certification- ISO 9001: 2008 (TUV) for all exploration and supporting activities at Geomin Unit, obtained on October 28, 2005 (upgrade from ISO 9001: 2000 version obtained on November 6, 2009. This certificate is valid until November 5, 2015.
- Accreditation of SNI ISO/IEC 17025:2005 for test laboratory at Geomin Unit from the National Accreditation Committee (KAN). The Certificate is obtained since April 30, 2014 and valid until April 29, 2018.

Awards

ANTAM recently received the following awards:

Award	Event	Date	Organizer
Fortune Indonesia's Most Admired Companies 2014	Fortune Indonesia's Most Admired Companies 2014	April 2, 2014	Fortune
Indonesia Most Admired Company Award 2014	Warta Ekonomi-Indonesia Most Admired Company Award 2014	April 30, 2014	Warta Ekonomi
Biodiversity Conservation Award	Indonesia Green Awards 2014	June 19, 2014	La Tofi School of CSR
The Best in Building and Managing Corporate Image Kategori Mineral Mining	Corporate Image Award 2014	June 4, 2014	Tempo dan Frontier Consulting
• Platinum and First Rank in Mineral Category			
• Gold Award for Global Best Reporting Cover			
• 14th Rank in Top 100 Annual Reports	2013 Vision Awards Annual Report Competition	July 22, 2014	League of American Communication Professionals
Social Business Innovation and 2014 Green CEO	Warta Ekonomi Award	June 26, 2014	Warta Ekonomi
Strongest Adherence to Corporate Governance	4th Annual Corporate Awards 2014	August 26, 2014	Alpha Southeast Asia
• First rank in Best Overall GCG			
• Fifth Rank in Best Overall			
• Second Rang in Mining Sector			

Award	Event	Date	Organizer
2014 Best Inner Potential CEO	2014 Indonesian Listed Company Award	August 29, 2014	Business Review
Aditama, Utama and Pratama Awards in Mining Environment and Workplace Health and Safety Management	2014 Environment and Workplace Health and Safety Management	September 16, 2014	Ministry of Energy and Mineral Resources
Top Ten Best companies in Creating Leaders within 2014	Indonesia Leadership and Human Capital Summit 2014	October 16, 2014	SWA
Runner up in the Non-Finance Listed State Owned Enterprise Category	Annual Report Aware 2013	October 16, 2014	Ministry of State Owned Enterprise
Indonesian CSR Award 2014 in the Human Rights; Environment; Community Development and Development Categories			
Best CEO	Indonesian CSR Award 2014	November 28, 2014	Ministry of Social Affairs and Corporate Forum for Community Development
Southeast Sulawesi Nickel Mining Business Unit: Blue PROPER			
North Maluku Nickel Mining Business Unit: Blue PROPER			
Gold Mining Business Unit: Green PROPER			
Logam Mulia Precious Metals Processing and Refinery Business Unit: Blue PROPER			
PT Cibaliung Sumberdaya: Blue PROPER	PROPER 2014	December 2, 2014	Ministry of Environment and Forestry
Best State Owned Enterprise	The 6th Indonesian Institute for Corporate Directorship Award (IICD) Corporate Governance Conference and Award 2014	December 9, 2014	Indonesian Institute for Corporate Directorship

Award	Event	Date	Organizer
• Third Best Sustainability Report in Mining and Metal Category • Commendation for 1st time GRI Report 2013	Sustainability Reporting Award 2013	December 10, 2014	NCSR, Indonesia Netherlands Association, American Chamber of Commerce KNKG, IAMII, FCGI, AEI
Indonesia Green Company & SRI KEHATI Award 2014	Indonesia Green Company & SRI KEHATI Award 2014	December 11, 2014	SRI KEHATI
Most Trusted Company	Corporate Governance Perception Index (CGPI) Award 2014	December 17, 2014	Indonesia Institute for Corporate Governance
Special Achievement in CSR Social Aspect of Society — Culture	Center for Entrepreneurship, Change and Third Sector Corporate Social Responsibility (CECT CSR)	March 17, 2015	Center for Entrepreneurship, Change and Third Sector (CECT)
• Best in Human Capital Strategy • Best in Human Capital Technology • Top 10 Companies Indonesia Human Capital Award 2015			
• Best in Goal Oriented	Indonesia Human Capital Awards 2015	March 26, 2015	Business Review Magazine
Most Admired Company, Mining Industry Category	Most Admired Company 2015	April 15, 2015	Economic News Magazine
Award for Development of Biodiversity and Maintenance of Water Resources	Indonesia Green Awards 2015	June 4, 2015	Ministry of Industry
Corporate Image Awards, Mining Category	Corporate Image Awards 2015	June 11, 2015	Tempo Magazine and Frontier Consulting Group

Award	Event	Date	Organizer
- Platinum Award, Participation of Marine & Coastal Empowerment Program - Gold Award, Tree Planting on Unproductive Land for the Fruit Centre Development for Greening and Economy Empowerment Program in Nanggung sub-district, Bogor - Gold Award, ANTAM Save Jakarta Program by Rehabilitating Degraded Land in Bogor Area Program	Culture-based Community Empowerment Award (GPMB Award) 2015 — CSR Best Practices for MDGs Towards SDGs	July 29, 2015	Coordinating Ministry for Human Development and Culture, the Corporate Forum For Community Development (CFCD) and PT Cendekia Mulia Komunikasi (CMK)
- Acknowledgement, Top Ten Social Business Innovation - Acknowledgement, Best Social Business Innovation, Mining, Oil and Gas Industry	Social Business Innovation Award 2015	August 25, 2015	Warta Ekonomi Magazine
Awardee for Precious Metals Product Category (Logam Mulia brand)	Indonesia Original Brands Appreciation 2015	August 26, 2015	SWA Group
Top score of A — Very Good, Mining Category	Indonesia Good Corporate Governance Award 2015 (IGCGA-2015)	August 26, 2015	Economic Review magazine, IPMI, Sinergi Daya Prima, and Indonesia Asia Institute-Ideku Group
Ranked first for Finance, Risk Management, Human Capital, Information Technology and Corporate Secretary segments, Metals and Other Minerals category, Mining sector	Listed Company Award (Anugerah Perusahaan Terbuka Indonesia or APTI) 2015	August 27, 2015	Economic Review magazine and IPMI International Business School
- Best Overall Annual Report Award - First Place, Listed Non-Finance State Owned Enterprises category	Annual Report Awards 2014: “Accountability and Information Transparency to Win Business Competitions in the Era of ASEAN Economic Integration”	September 22, 2015	Ministry of State-owned Enterprises, Bank of Indonesia, Directorate General of Taxation, the Indonesian Accountant Association, the Financial Services Authority, the Indonesia Stock Exchange, and the National Committee for Good Corporate Governance

Award	Event	Date	Organizer
Three Aditama, two Utama and five Pratama awards	Mineral and Coal Mining Safety and Environmental Management Awards 2015	September 17, 2015	Directorate General of Coal and Minerals of the Ministry of Energy and Mineral Resources
Most Favorite Mining and Energy SOE	State Owned Enterprises (SOE) Web Awards 2015	September 30, 2015	Investor Magazine and Beritasatu.com
Indonesian Best Corporate Secretary Team Award, Mining Industry Category	PR Program and People of the Year 2015	October 1, 2015	Mix MarComm Magazine
Appreciation of Human Capital Management System Improvement	Human Capital Study (IHCS) 2015	October 22, 2015	Dunamis Human Capital and Business News Magazine

MANAGEMENT

In accordance with Indonesian law, ANTAM has both a Board of Commissioners and a Board of Directors. The two boards are separate and no individual may serve as a member on both boards. The rights and obligations of each member on ANTAM's Board of Commissioners and Board of Directors are regulated by our Articles of Association, the decisions of ANTAM's shareholders in general meetings, the Law No. 40/2007 on Limited Liability Company (the "Company Law") and after ANTAM's listing on the IDX, Bapepam regulations and IDX regulations.

ANTAM's Board of Directors, under the supervision of the Board of Commissioners, is responsible for ANTAM's management and day-to-day operations. The members of the Board of Directors and Board of Commissioners are appointed by ANTAM's shareholders at a general meeting of shareholders. Under ANTAM's Articles of Association, members of the Board of Directors and Board of Commissioners each serve for a term of five) years, respectively. One member of ANTAM's Board of Directors must be a non-affiliate director.

ANTAM's Board of Commissioners acts as the overall supervisory and monitoring body. Decisions involving transactions above certain monetary thresholds must be referred to the Board of Directors, Board of Commissioners or shareholders for their review and approval, depending on the threshold.

Under ANTAM's Articles of Association, the Board of Directors must consist of at least three members whereas one must be appointed as the President Director. The President Director, or a member of the Board of Directors who has been appointed in writing by the President Director, can act for an on behalf of the Board of Directors and respectively legally bind ANTAM, except that for certain transactions, such as borrowing or lending money on behalf of ANTAM, acquiring, leasing or renting immovable goods, relinquishing or changing immovable goods owned by ANTAM, binding ANTAM as guarantor or establishing new businesses, the Board of Directors requires the prior written approval from the Board of Commissioners and/or General Meeting of Shareholders. The Board of Commissioners must consist of at least three members whereas one must be appointed as the President Commissioner.

BOARD OF COMMISSIONERS OF ANTAM

The following table sets forth certain information regarding the Board of Commissioners of ANTAM:

Name	Age	Title	Appointment date
Gen. (Ret.) Fachrul Razi	68	President Commissioner	October 7, 2015
Zaelani, S.E.	55	Commissioner	May 31, 2012
Bambang Gatot Ariyono	55	Commissioner	October 7, 2015
Prof. Robert A. Simanjuntak, S.E., M.Sc., Ph. D	53	Commissioner	March 26, 2014
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.	66	Independent Commissioner	May 31, 2012
Prof. Hikmahanto Juwana, S.H., LL. M., Ph.D.	50	Independent Commissioner	May 27, 2009

Set forth below is a short biography of each of the commissioners of ANTAM:

Gen. (Ret.) Fachrul Razi was appointed as the President Commissioner on October 7, 2015. He graduated from the Indonesian Military Academy in Magelang, Central Java in 1970 and retired in 2000 after serving as a four star general and Deputy Commander of the Indonesian armed forces. He previously served as Secretary General of the Ministry of Defense (1999), Chief of the Armed Forces General Staff (1998-1999), Operations Assistant KASUM Armed Forces (1997-1998), Governor of the Military Academy (1996-1997), Chief of Staff of Military Region VII (Wirabuana), Assistant Deputy Army Chief of Staff for Operations, and Commander of the 17th Airborne Infantry Brigade.

Mr. Zaelani was appointed as Commissioner on May 31, 2012. He received an undergraduate degree in Economics from Airlangga University in 1984. He has served as main secretary of the State Intelligence Agency since 2014. Previously, he was Case Officer BAKIN in Lampung (1987-1988), Case Officer BAKIN in East Java (1989-1997) and Staff of Politics Section in the Embassy of Indonesia at Teheran, Iran (1997-2000). He is an alumnus of LEMHANAS PPSA XVI 2009. Previously, he held several key positions such as Director of Sosek Raising DE V of the State Intelligence Agency (2004), Director of Counter Terrorism DE III of the State Intelligence Agency (2006), Expert Staff in Economics of the State Intelligence Agency (2007), and Deputy IV in Economics to the Head of State Intelligence Agency (2010-2014).

Bambang Gatot Ariyono was appointed as Commissioner on October 7, 2015. He received a Bachelor's degree in Geology from the University of National Development "Veteran" Yogyakarta in 1987, a Master's degree in Management from IPWI Jakarta in 1997, and a graduate degree from the École Nationale Supérieure des Mines de Paris in 2002. He is currently the Director General of Mineral and Coal at the Ministry of Energy and Mines. He previously served as Advisor to the Minister for the Economy (2014-2015) and worked in the Ministry of Energy and Mines in the following capacities: Head of Business Development (2008-2013), Deputy Director for Investment, Cooperation, Mineral and Geothermal (2006-2008), Head of Subconcession Services (2001-2006), Acting Deputy Director of Investment (1998-2001), Section Head of Information and Applications (1993-1998), and Acting Section Head of Information and the Ministry of Energy and Mineral Resources Applications (1992-1993).

Mr. Robert A. Simanjuntak was appointed as Commissioner on March 26, 2014. He graduated with a Doctor of Philosophy in Public Economics degree from the University of Birmingham, England in 1998. Since 2008, he has been a Professor of Economics at the University of Indonesia. He was previously Chairman of the Master of Economics Programs (1999-2005) and Head of the Economics Department of the University of Indonesia (2005-2009). Besides actively teaching at the University of Indonesia since 2000, Mr. Simanjuntak has been an advisor to the Ministry of Finance, especially on Fiscal Decentralization and Regional Finance issues. Since 2014, he has been Special Staff to the Minister of Finance on the Formulation of Fiscal Policy. He was Independent Commissioner at PT Tugu Pratama Insurance (2010-2012) and Commissioner at PT Perkebunan Nusantara VII (2013-2014). He actively writes articles, journals and books and speaks at various seminars in Indonesia and abroad.

Mr. Laode M. Kamaluddin was appointed as Independent Commissioner on May 31, 2012. He received a Doctor of Philosophy in Industrial Technology (Doctoral degree), Iowa State University, USA in 1990. Currently he is Professor of Economic Faculty, Muhammadiyah Malang University (UMM) (2013-now), Rector of the Sultan Agung Islamic University (Unissula) Semarang (2009-2013). He was the Dean of the Faculty of Economics at the Asyafi'ia Islamic University in Jakarta in 1991-1996, member of the People Consultative Assembly from the Southeast Sulawesi delegate from 1993-1997 and member of the House of Representatives from 1996-1998. He held several key positions such as Expert Staff to the Vice President of the Republic of Indonesia for the Development of the Outside of Java and Bali Region in 1998, General Inspector for the Development of Disadvantaged Region at the Office of the President of the Republic of Indonesia (1999), member of the Indonesian Maritime

Board (2000-2009), Senior Member of the Indonesian Ocean Board from 2009 to the present, Chairman of the Technical Team on the Review of Independent Agency on Prevention and Handling of Ocean Oil Spills (2000-2004), Regional Director of Borneo Tropical Rain Forest Foundation in Geneva, Switzerland and CEO Global Eco Rescue (2005-2008), Daily Executive Secretary of the Vice President of the Republic of Indonesia (2001-2002), Coordinator of Special Staffs of the Vice President of the Republic of Indonesia (2001-2004), Coordinator of the Economic Recovery Team of the Vice President of the Republic of Indonesia (2002-2004), Special Staff of the Vice President of the Republic of Indonesia (2004-2006), Chairman of the Indonesian Maritime Society Cooperative (2000-now), Director of Fishery Division of Damba Intra (2004-2008), Chairman of the Sub Technical Committee of the Terrestrial Digital Multimedia Broadcasting (TDMB) of the Ministry of Information and Communication (2007-2009), Commissioner of PT Wakatobi Dive Resort (2007 to the present), Chairman of Advisors on Investment and Trade to the Governor of Southeast Sulawesi (2008 to the present) and Chief Operation Officer (COO) Dayak Eco Carpentry (2008-2009), Chairman of Indonesian Forum of Rectors (FRI) 2013 and Chairman of Board of Council of Indonesia Forum of Rectors since 2014.

Mr. Hikmahanto Juwana was appointed as Independent Commissioner on May 27, 2009. He received a doctoral degree in Philosophy in International Law from the Faculty of Law, University of Nottingham, UK in 1997. He has been a Professor of International Law at the University of Indonesia since June 2001. He is currently as a member of tasks legal empowerment of the Ministry of SOE, and Independent Commissioner in PT Unilever Tbk since May 2011. He previously held several key positions such as Assistant Lawyer at O.C. Kaligis & Associates (1986-1987), Law Consultant at Lubis Ganie Surowidjojo Law Firm (1994-1997), Expert Staff in Law and Institution of the Coordinating Minister of Economic Affairs (Echelon I/b) (1999-2001), Dean of the Faculty of Law of the University of Indonesia (2004-2008), Independent Commissioner of PT Tugu Reasuransi Indonesia in 2008-2012, member of the Tax Supervisory Committee and member of the Tax Committee of the Finance Ministry of Indonesia (March 2010-2013). He is actively publishes various books, articles and journals for conferences, both at home and overseas. He is also active as speakers in various seminars and conferences both in Indonesia and abroad.

The business address of the commissioners of ANTAM is ANTAM's registered office address: Gedung Aneka Tambang, Jl. Letjen. T.B. Simatupang No. 1, Lingkar Selatan, Tanjung Barat, Jakarta 12530, Indonesia.

BOARD OF DIRECTORS OF ANTAM

The following table sets forth certain information regarding ANTAM's Board of Directors:

Name	Age	Title	Appointment date
Ir. Tedy Badrujaman, M.M.....	49	President Director	April 30, 2015
Agus Zamzam Jamaluddin, S.T., M.T.	46	Operations Director	February 20, 2015
Johan N.B. Nababan, S.E.	49	Development Director	February 20, 2015
		Human Resources	
Ir. Hari Widjajanto, M.M.	52	Director	March 26, 2014
		General Affairs & CSR	
Ir. I Made Surata, M.Si.	54	Director	April 30, 2013
Dimas Wikan Pramudhito.	33	Finance Director	October 7, 2015

The following are brief biographies of the directors:

Mr. Tedy Badrujaman joined ANTAM in 1992. He earned a degree in Metallurgical Mining Engineering from the Institut Teknologi Bandung in 1991 and graduated from the Prasetiya Mulia Business School in 2004 with a Master's Degree in International Management. He previously held the following key positions in ANTAM: Marketing Manager (2000-2002); Deputy Senior Vice President for Operations (2005-2008) and Senior Vice President (2008-2010), Nickel Mining Business Unit; Senior Vice President for Operations, Southeast Sulawesi Nickel Mining Business Unit (2010-2012); Senior Vice President and Corporate Secretary Division Head (2012-2013); and Operations Director (2013-2015).

Mr. Agus Zamzam Jamaluddin joined ANTAM in 1996. He received a Bachelor of Science in Metallurgical Engineering and a Master's in Engineering degree from the Bandung Institute of Technology in 2013. He previously held the following key positions in ANTAM: Vice President, PT Cibaliung Sumberdaya Operations Management (2014), General Manager, Gold Mining Business Unit (2014-2015), and President Director, PT Indonesia Chemical Alumina (2015).

Mr. Johan N.B. Nababan joined ANTAM in 2015. He received a Bachelor's degree in Finance from the Christian University of Indonesia in 1990. He served as Manager (1994-1995) and Senior Manager and Relationship Manager, Tetam I (1995-1998) of the Corporate Banking Division and Vice President of the Corporate Banking & Corporate Finance Division (1998-1999) of PT Bank PDFCI Tbk, Assistant to the Deputy Minister for Mines, Strategic Industries, Energy and Telecommunication (2000-2001), Secretary to the Board of Commissioners of PT Indosat Tbk (2000-2003), Business Partner of PT Moores Rowland Indonesia (2003-2009), and Managing Director of PT Putra Bestari from 2009 to 2015.

Mr. Hari Widjajanto joined ANTAM in 1989. He received a Bachelor's Degree in Geological Engineering from the Bandung Institute of Technology in 1988 and a Master's degree in International Management from the Prasetiya Mulia Business School in 1999. He previously held the following key positions in ANTAM: member of the Analysis Staff of the Development Director (2006), Senior Manager for Corporate Strategy Development (2006-2011) and General Manager and Senior Vice President, Gold Mining Business Unit (2011-2014).

Mr. I Made Surata joined ANTAM in 1990. He received a Geological Engineering degree from Gadjah Mada University in 1988 and Master's degree in the Development of Mining and Mineral Resources Area from Padjadjaran University in 2007. He previously held the following key positions in ANTAM: Exploration Manager (2005-2007), Senior Manager for Exploration (2007-2008) and Unit Head (2008-2013) of the Geomin Unit.

Mr. Dimas Wikan Pramudhito joined ANTAM in 2015. He received a Master's in Business Administration (Corporate Finance) degree from the Edward S. Ageno School of Business of Golden Gate University in 2005 and a Bachelor's degree in Business Administration from the University of San Francisco in 2003. He previously served as a Vice-President and Senior Relationship Manager of corporate banking of the Bank of Tokyo-Mitsubishi UFJ (2012-2015), an Associate Director in Standard Chartered Bank (2008-2011) and a Relationship Manager in Rabobank (2006-2008). He obtained a Level 3 certificate from Indonesia's *Badan Sertifikasi Management Resiko* (Risk Management Certification Agency) in 2011.

The business address of the directors of ANTAM is ANTAM's registered office address: Gedung Aneka Tambang, Jl. Letjen. T.B. Simatupang No. 1, Lingkar Selatan, Tanjung Barat, Jakarta 12530, Indonesia.

Compensation of commissioners and directors

ANTAM's directors do not enter into service agreements with ANTAM but are appointed by its shareholders. ANTAM's commissioners and directors receive compensation in the form of salaries, discretionary bonuses, other allowances and benefits-in-kind. In 2014 and the first half of 2015, ANTAM paid Rp13.8 billion (approximately US\$1.0 million) and Rp7.7 billion (approximately US\$0.6 million) in salaries and bonuses to its directors and Rp5.8 billion (approximately US\$0.4 million) and Rp2.8 billion (approximately US\$0.2 million) to its commissioners.

Committees supporting the Board of Commissioners

The Board of Commissioners established an Audit Committee, which reviews ANTAM's financial information, appoints and monitors ANTAM's external auditor, evaluates ANTAM's internal auditor, internal controls and risk management, monitors compliance with laws, regulations and Company policies, and discusses complaints received by ANTAM whistleblowing team.

The Board of Commissioners also established a Risk Management Committee, which assists the Board of Commissioners in providing professional and independent opinions to ensure that the implementation of enterprise risk management (ERM) is performed in a proper and integrated manner by the Board of Directors. The implementation of Risk Management Committee duties and responsibility covers the review, oversight and recommendations on risk identification, risk valuation, and risk mitigation by related working units. The Risk Management Committee has the authority to fully and freely access every Company policy and decision related to risk management.

Finally, the Board of Commissioners established the Committee for Good Corporate Governance and Nomination and Remuneration ("**GCG-NR Committee**"). The merged committee assists the Board of Commissioners by providing professional and independent opinions on the implementation of the principles of good corporate governance and ethical standards in ANTAM, monitoring compliance with social and environmental obligations and monitoring nominations to positions and remuneration under ANTAM's Human Capital management. The GCG-NR Committee also evaluates and follows up actions on the evaluation report issued by ANTAM's independent GCG assessor and discusses complaints received by ANTAM's whistleblowing team. Finally, the GCG-NR Committee reviews training, education and development of ANTAM's employees.

The Board of Commissioners updated each committee's charter on August 28, 2014 and published these on ANTAM's website. The various committee charters govern, among others, each committee's structure, membership requirements (including competence and independence), tasks and responsibilities, and committee meetings.

PRINCIPAL SHAREHOLDERS

The government of Indonesia owns 65.0% of ANTAM's Shares, as well as the Dwiwarna share. See "*Description of ANTAM's Shares.*"

None of ANTAM's shareholders other than the government owns more than 5.0% of ANTAM's Shares. ANTAM's ten next largest shareholders, after the government, own a total of 11.0% of ANTAM's Shares.

AFFILIATED PARTY TRANSACTIONS

ANTAM is controlled by the government of Indonesia and has entered into in the ordinary course of business with other entities likewise controlled by the government. ANTAM believes that each such arrangement has been entered into on arm's length terms or on terms that ANTAM believes have been at least as favorable to it as similar transactions with non-related parties. For a complete list of related party transactions, see Note 29 to ANTAM's consolidated financial statements included elsewhere in this Prospectus.

ANTAM generated 4.4% (Rp343.0 billion or US\$25.7 million) of its total consolidated sales in the six months ended June 30, 2015 from sales to other SOEs, which is a decrease from 10.0% (Rp397.3 billion) in the six months ended June 30, 2014. ANTAM generated 10.9% (Rp1,023.0 billion or US\$76.7 million) of its total consolidated sales in 2014 from sales to other SOEs, which is a decrease from 13.9% (Rp1,568.7 billion) in 2013. In the six months ended June 30, 2015, ANTAM generated sales of Rp290.4 billion (US\$21.8 million) to PT Pegadaian (Persero) ("**Pegadaian**"), Rp35.4 billion (US\$2.7 million) to PT Indonesia Chemical Alumina (or ICA), and Rp17.1 billion (US\$1.3 million) to Bank Mandiri. In 2014, ANTAM generated sales of Rp953.9 billion (US\$71.5 million) to Pegadaian, Rp21.5 billion (US\$1.6 million) to BRI and Rp19.7 billion (US\$1.5 million) to ICA.

Purchases from other SOEs accounted for 3.7% (Rp289.6 billion or US\$21.7 million) of ANTAM's total consolidated cost of goods sold and operating expenses in the six months ended June 30, 2015, which is a substantial decrease from 16.3% (Rp678.4 billion) in the six months ended June 30, 2014. Purchases from other SOEs accounted for 10.5% (Rp1,003.2 billion or US\$75.2 million) of ANTAM's total consolidated cost of goods sold and operating expenses in 2014, which is a decrease from 15.0% (Rp1,606.0) in 2013. In the six months ended June 30, 2015, ANTAM purchased Rp248.7 billion (US\$18.7 million) of goods from Pertamina and Rp26.4 billion (US\$2.0 million) from Koperasi Karyawan dan Pensiunan PT Antam Tbk ("**ANTAM Cooperative**"). In 2014, ANTAM purchased Rp911.6 billion (US\$68.4 million) of goods from Pertamina, Rp46.3 billion (US\$3.5 million) from ANTAM Cooperative and Rp19.5 billion (US\$1.5 million) from PT Minerina Bhakti.

As of June 30, 2015 and December 31, 2014, ANTAM held 5.0% (Rp1,131.6 billion or US\$84.9 million) and 7.0% (Rp1,546.1 billion or US\$116.0 million) of its cash in banks and time deposits in state-owned banks including Bank Mandiri, PT Bank Negara Indonesia (Persero) Tbk, BRI, PT Bank Syariah Mandiri, and PT Bank Tabungan Negara Tbk. This percentage was 6.9% (Rp1,509.1 billion) as of December 31, 2013.

3.1% (Rp334.3 billion or US\$25.1 million) and 2.4% (Rp238.8 billion or US\$17.9 million) of ANTAM's trade payables in the six months ended June 30, 2015 and 2014 were to other SOEs, an increase from 0.8% (Rp75.3 billion) in 2013. In the six months ended June 30, 2015, ANTAM had trade payables of Rp171.4 billion (US\$12.9 million) to PT Wijaya Karya (Persero) Tbk ("**Wika**"), Rp119.1 billion (US\$8.9 million) to Pertamina and Rp20.4 billion (US\$1.5 million) to PT Adhi Karya (Persero) Tbk. In 2014, ANTAM had trade payables of Rp192.1 billion (US\$14.4 million) to Wika and Rp21.6 billion (US\$1.6 million) to Pertamina.

12.3% and 12.7% of ANTAM's total liabilities as of June 30, 2015 and December 31, 2014 are represented by short-term loans from state-owned banks, which is a slight decrease from 12.7% as of December 31, 2013. In 2014, ANTAM had a short-term loan of Rp1,353.2 billion (US\$101.5 million) from BRI. As of December 31, 2014, ANTAM had a short-term loan of Rp1,244.0 billion (US\$93.3 million) from Bank Mandiri and Rp20.0 billion (US\$1.5 million) from BRI.

DESCRIPTION OF ANTAM'S SHARES

ANTAM's authorized share capital as of June 30, 2015 was one Series A Dwiwarna Share and 37,999,999,999 series B common shares with a par value of Rp100 per share, and ANTAM's issued share capital was composed of 9,538,459,749 Shares.

The following is a summary of the material rights and restrictions related to ANTAM's shares under Indonesian law and its articles of association.

Series B common shares

All transfers of ANTAM's Shares must be evidenced by an instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee or based on other documents which give satisfactory evidence of such transfer in the opinion of ANTAM's board of directors. In addition, any transfer of ANTAM's Shares must comply with rules and regulations applicable in the Indonesian capital market and of the IDX. Transfers of Shares take effect only after the transfer is registered in ANTAM's register of shareholders (the "**Register**"). The transferor of any Shares will be treated as the owner of such Shares until the name of the transferee has been recorded in the Register by the board of directors, through ANTAM's Share Registrar. Under the scripless system, the Indonesian Central Securities Depository, (PT Kustodian Sentral Efek Indonesia, or "**KSEI**") will be registered as the holder of the shares in the Register, in its capacity as the central securities depository institution which holds the shares on behalf of KSEI Participants (as defined below) which in turn hold the shares on behalf of the investors (the "**Beneficial Shareholders**"). The holders of shares whose names are recorded in the Register ("**Registered Shareholders**") are entitled to preemptive rights in the event we issue rights shares, convertible bonds, warrants or other securities convertible into equity securities, except as provided below. See "*Risk Factors—Risks relating to Indonesia—The right to participate in ANTAM's rights issues could be limited, which would cause dilution to holdings.*" For shares deposited with KSEI, all ownership rights are automatically distributed by KSEI, through KSEI Participants, to investors ultimately holding the shares as Beneficial Shareholders (or their assignees). Such preemptive rights may be sold and transferred to third parties without the consent of any party to the extent permitted by the rules and regulations applicable in the Indonesian capital market and of the IDX. If the Registered Shareholders or the Beneficial Shareholders (or their respective assignees) do not exercise their preemptive rights within a period of time determined by the board of directors (in accordance with the prevailing regulations) after the issuance of new securities, our board of directors may issue such Shares, convertible bonds, warrants or other securities to third parties on the same terms and conditions. Under the Indonesian Company Law No. 40 of 2007 (the "**Company Law**"), the provisions set forth therein and our articles of association shall be applicable to ANTAM, provided, however, that if our articles of association conflict with the Company Law, then the applicable provisions of the Company Law shall apply instead. In accordance with our Articles of Association and the prevailing capital market regulations, ANTAM may increase its capital without providing preemptive rights to the Registered Shareholders or the Beneficial Shareholders to subscribe for securities if, within any two-year period, the increase in our issued share capital without preemptive rights for existing shareholders is no more than 10% of our paid-in capital. Other than as described above, ANTAM's authorized share capital only may be increased or decreased by a resolution passed at a general meeting of shareholders, after which ANTAM's articles of association will be amended. Any such amendment will be effective only after the approval of the Minister of Law and Human Rights is obtained. In the case of a decrease in ANTAM's authorized share capital, the approval from the Minister of Law and Human Rights may only be given if (i) such decrease has been approved at a general meeting of shareholders; (ii) there are no written objections from our creditors; (iii) a settlement has been reached on any objection raised; and (iv) any creditors' lawsuit as a result of objections by creditors has been resolved through a final and binding judgment rendered by the court.

The Dwiwarna share

All of ANTAM's Shares are registered under the name of the holder recorded in the Register. The Dwiwarna share may only be owned by Indonesia. The Dwiwarna share is not transferable. The government's rights with respect to the Dwiwarna share will not terminate unless ANTAM's articles of association are amended, which would require the approval of the government as the holder of the Dwiwarna share. All candidates for election to the Board of Commissioners and to the Board of Directors must be nominated by the holder of the Dwiwarna share. The holder of the Dwiwarna share has rights which are not held by the holder of ANTAM's Series B common shares, such as the right to (i) amend ANTAM's Articles of Association, (ii) amend ANTAM's capital structure, (iii) appoint and/or terminate members of the Board of Directors and/or members of the Board of Commissioners, (iv) merge, consolidate, acquire, spin-off or change the form of ANTAM's legal entity and (v) dissolve and liquidate ANTAM.

Shareholders' meetings and voting rights

Each Share entitles the owner thereof to cast one vote at a general meeting of shareholders. In the case of Shares held by KSEI, prior to ANTAM taking any corporate action, KSEI must provide details to us concerning the share entitlements of all the Beneficial Shareholders on whose behalf it holds Shares. A KSEI Participant holding Shares on behalf of a Beneficial Shareholder is obliged to notify such Beneficial Shareholder of the exercise of any preemptive rights, deliver annual reports and other notices, including with respect to general meetings of shareholders. Beneficial shareholders or their legal representatives have the right to be present and vote at our general meetings of shareholders.

ANTAM's annual general meeting of shareholders must be held by no later than June 30 of each year. At such annual general meeting, the Board of Directors must (i) submit for approval the report on ANTAM's affairs and management and the results for the most recent financial year, which have been reviewed by ANTAM's Board of Commissioners; (ii) submit for ratification the audited balance sheet and audited profit and loss statement for the prior financial year; (iii) submit for ratification the report of the Board of Commissioners relating to its supervision of ANTAM for the most recent financial year; (iv) submit a plan for the use of profits and the amount of dividends, if any, to be declared with respect to the prior financial year; (v) propose, for appointment by the shareholders, the registered public accountant; (vi) to the extent necessary, propose, for election and appointment by the shareholders, members of the Board of Commissioners and the Board of Directors; and (vii) submit all other matters to be addressed in the meeting. All materials associated with the matters described above must be made available in ANTAM's office for inspection by any shareholder from the day such shareholder is notified of the annual general meeting through the date of the annual general meeting. Proposals duly submitted by the Board of Commissioners or one or more shareholders owning an aggregate of at least 10% of our subscribed Shares must be included in the agenda of such meeting, provided that such proposals are received by the Board of Directors at least seven days prior to the date notice is given to shareholders of such meeting and the Board of Directors is of the opinion that the proposal is directly related to ANTAM's business activities. Either the Board of Directors or the Board of Commissioners may convene an extraordinary general meeting of shareholders. In addition, an extraordinary general meeting of shareholders must be convened upon receipt of written notice requesting a meeting from one or more shareholders owning an aggregate of at least 10% of our Shares. In the event neither the Board of Directors nor the Board of Commissioners provides a notice of an extraordinary general meeting of shareholders within 15 days of receipt of such written notice, the applicable shareholders may call a meeting at ANTAM's expense after obtaining the approval from the District Court. At least 14 days prior to the issuance of notice of both extraordinary general meetings and annual general meetings of shareholders (excluding the date of the announcement and the date of the notice), an announcement that a shareholders' meeting is to be called must be made by placing an advertisement in at least one daily newspaper published in Bahasa Indonesia, which must have a wide circulation in Indonesia, IDX website and Company website. Notice to the shareholders of the meeting must also be made by newspaper advertisement, as described above, published at least 21 days before the date of the meeting (excluding the date of the notice and the date of the meeting). The quorum for an annual general meeting of shareholders requires shareholders

and/or authorized proxies representing more than 50.0% of the issued Shares with voting rights to be represented either in person or by a power of attorney at such meeting. The quorum requirement for an extraordinary general meeting of shareholders may be greater, depending on the nature of the resolutions to be considered at such meeting. Shareholders may be represented in a general meeting of shareholders by any person holding a power of attorney, provided that if the proxy is our commissioner, director or employee, then the vote of any such proxy shall not be counted. In order to be adopted resolutions of our shareholders must receive the affirmative vote of shareholders holding more than 50.0% of the Shares which are either present or represented in the meeting (except for resolutions concerning certain transactions such as (i) the transfer or disposal of rights of the net assets of ANTAM within one financial year or more or the encumbrance of all or a majority of ANTAM's total assets, (ii) amendments to ANTAM's articles of association, (iii) a merger, consolidation, acquisition, spin-off or dissolution, or (iv) a transaction which involves a conflict of interest.

Dividends

A portion of ANTAM's profits, as determined by an annual general meeting of shareholders, after deduction of corporate tax, must be used as a reserve fund up to an amount of at least 20.0% of ANTAM's subscribed capital that can be used only to cover losses suffered by ANTAM for dividends and certain other purposes.

Dividends, if any, are paid in accordance with a resolution adopted by an annual general meeting of shareholders, which resolution must establish the dividend payment amount. All Shares that are fully paid and outstanding at the time a dividend or other distribution is declared are entitled to share equally in such dividend or other distribution. Dividends are payable to the persons whose names are recorded in the Register. ANTAM's Articles of Association and the Company Law provide that dividends to be unclaimed after a period of 5 (five) years will be placed in a special reserve fund and dividends already placed in a special reserve fund and still unclaimed over a period of ten years will be owned by ANTAM.

A reserve fund, up to an amount of at least 20.0% of our subscribed capital, may be established to cover future losses and the amount to be placed in such reserve fund is determined by the general meeting of shareholders. Amounts in the reserve fund up to 20.0% of ANTAM's subscribed capital may be used only to cover ANTAM's losses. Any interest or other profit earned from such reserve fund must be entered in ANTAM's profit and loss account.

Amendments to the Articles of Association

Amendments to ANTAM's Articles of Association can only be effected pursuant to a resolution at an extraordinary general meeting of shareholders attended by holders of at least two-thirds of the total number of Shares outstanding and the holder of the Dwiwarna share, and the resolutions must be approved by shareholders or their proxies representing at least two-thirds of the votes cast with respect thereto and the holder of the Dwiwarna share. Any amendment that would change ANTAM's name, business activities, objectives and purpose, term of establishment or would increase or reduce its authorized capital, reduce the subscribed capital or change our status will only be effective upon approval by the Minister of Law and Human Rights. Any other amendments will only be effective if such amendments have been notified to the Ministry of Law and Human Rights within 30 days of the related resolution and registered with ANTAM Registry maintained by Ministry of Law and Human Rights. A resolution reducing the capital must be delivered to ANTAM's creditors and announced in at least one newspaper published in Indonesia with wide circulation within seven days after such resolution. If a quorum for such extraordinary general meeting is not obtained, then no earlier than 10 days and no later than 21 days after the date of such original extraordinary general meeting, a second meeting may be held to render a legal and binding resolution on matters that were not resolved at the

first meeting. The second meeting must be attended by shareholders representing at least 3/5 of the total issued Shares and resolutions adopted at such a meeting must be approved by the affirmative of at least 50% of the total votes cast of the meeting, including the affirmative vote of the Dwiwarna shareholder.

Liquidation

A resolution for ANTAM's dissolution must be approved at a general meeting of shareholders attended by holders of at least 75% of the total number of Shares outstanding and the holder of the Dwiwarna share. The resolution must be approved by at least 75% of the total votes cast at the meeting, including the affirmative vote of the Dwiwarna shareholder. If a quorum for such general meeting of shareholders is not obtained, then no earlier than 10 days and no later than 21 days after the date of such original General Meeting of shareholders, a second meeting may be held to render a legal and binding resolution on matters that were not resolved in the first meeting. The second meeting must be attended by shareholders representing at least two-thirds of the total issued Shares, the Dwiwarna shareholder must be present, and resolution adopted at such meeting must be approved by the affirmative of at least three-quarters of the total votes cast of the meeting including the affirmative vote of the Dwiwarna shareholder. In the event ANTAM is wound up, dissolved or declared bankrupt, subject to insolvency or for any other reason provided under the Company Law, the general meeting of shareholders must appoint a liquidator to perform the liquidation procedures. If the general meeting of shareholders fails to appoint a liquidator, the Board of Directors is required to act as the liquidator.

The liquidators must notify the Minister of Law and Human Rights of the resolution for ANTAM's dissolution to be registered in ANTAM Register, notify the IDX and the OJK, and notify ANTAM's creditors by publishing it in the State Gazette and announcing it in daily newspapers published in Indonesia by no later than 30 calendar days from the dissolution of ANTAM.

Rights of shareholders

In general, Indonesian law has traditionally afforded shareholders fewer rights than those available in common law jurisdictions such as the United Kingdom. See *“Risk Factors — Risks relating to Indonesia — Investors may be subject to limitations on minority shareholders rights.”* The Company Law affords certain rights to shareholders, and certain additional rights to one or more shareholders collectively representing at least 10% of all voting shares of a company (**“minority shareholders”**).

A shareholder generally has the right to lodge a legal action against ANTAM if it has been harmed by any unfair and unreasonable action ANTAM has taken. In addition, each shareholder of a public company has the right to request ANTAM to repurchase the shareholder's Shares at the then prevailing market price if such shareholder disagrees with certain of ANTAM's actions which harm our interests or the interests of such shareholder. These actions include the amendment of ANTAM's articles of association; the sale, transfer or pledge of more than 50.0% of ANTAM's net assets; or ANTAM's merger, consolidation, acquisition or spin off. Under the Company Law, ANTAM may repurchase its Shares, provided that such repurchase (a) may not cause ANTAM's net assets to become lower than the subscribed capital and the accrued compulsory reserves, and (b) the total of the repurchased Shares and the share pledge or fiducia on the Shares held by ANTAM itself and/or other company which shares are directly or indirectly owned by ANTAM, do not exceed 10.0% of ANTAM's subscribed capital, except as otherwise regulated by securities laws. The repurchase of shares is required to comply with the procedure and the requirement under Indonesian Capital Law in particular Regulation No. XI.B.2 Attachment to Decision of the Chairman of Bapepam-LK No. KEP-105/BL/2010 dated April 13, 2010 concerting Repurchases of Shares that have been issued by an Issuer or Public Company. Under Article 40 of the Company Law, Shares repurchased by ANTAM may not be used to cast a vote in a general meeting of shareholders, and will not be counted in determining the quorum that has to be achieved in accordance with the Company Law and ANTAM's articles of association and cannot receive any dividends.

ANTAM's minority shareholders have certain other rights, which include the right to call a general meeting of shareholders in the event that the Board of Directors or Board of Commissioners fail to convene such meeting within the stipulated time and the right to lodge a derivative action on ANTAM's behalf against the directors or commissioners who, through error or negligence, have caused ANTAM losses. Under the Company Law, directors and commissioners are obliged to act in good faith, with full responsibility and in ANTAM's best interests when carrying out their corporate duties. The minority shareholders may request that ANTAM be examined by a court if there is suspicion that ANTAM has committed an act contrary to law which damages the shareholders or third-party or if there is any suspicion that any of its directors or commissioners has committed an act contrary to law which damages ANTAM, the shareholders, or the third party. Minority shareholders may also apply to a court for ANTAM's dissolution. However, the Company Law does not specify the circumstances under which such application may be made.

REGULATION OF THE INDONESIAN MINING INDUSTRY

Regulations of the Indonesian mining industry

Under Article 33 paragraph (2) and (3) of the Indonesian 1945 Constitution, as amended, all mineral resources are deemed to be national assets and are therefore controlled by the state for the best interests of the nation and the prosperity of the people. In 1967, Law No. 11 of 1967 regarding Basic Principles of Mining (“**Law 11/1967**”) was enacted to govern general mining activities in Indonesia, followed by its implementing regulations, namely Government Regulation No. 32 of 1969 regarding the Implementation of Mining Law, as amended by Government Regulation No. 79 of 1992 and Government Regulation 75 of 2001 and the Decree of the MEMR No. 1453.K/29/MEM/2000, dated November 3, 2000 regarding the Technical Guidelines for Undertaking Governmental Duties in the General Mining Sector (“**Decree 1453**”), and the Decree of the Minister of Energy No. 1614 of 2004 regarding the Guidelines for Processing Applications of Contracts of Work and Coal Contracts of Work in the Framework of Foreign Investment (“**Decree 1614/2004**”) which was revoked by MEMR Regulation No. 12 of 2011 regarding the procedure for specifying mining operational area and regional information system of mineral and coal mining operational area and MEMR Regulation No. 18 of 2009 regarding the procedures to the changes of investment for the implementation of Contracts of Work and Coal Contracts of Work. On January 12, 2009, the president of Indonesia enacted Law No. 4 of 2009 on Mineral and Coal Mining (“**the Mining Law**”) which revoked Law 11/1967. The implementing regulations of Law 11/1967 continue to apply to the extent that they are not contrary to the provisions of the Mining Law. Further, the Government issued implementing regulations to implement the Mining Law through the promulgation of, among others: (i) Government Regulation No. 22 of 2010 regarding Mining Area (“**Government Regulation 22/2010**”) on February 1, 2010, (ii) Government Regulation No. 23 of 2010 regarding Implementation of Mineral and Coal Mining Business Activities (“**Government Regulation 23/2010**”) as amended by Government Regulation No. 24 of 2012 on February 21, 2012 and lastly amended by Government Regulation No. 1 of 2014 on January 11, 2014 and most recently amended by Government Regulation No. 77 of 2014 on October 14, 2014 (“**Government Regulation 77/2014**”), (iii) Government Regulation No. 55 of 2010 regarding Guidance and Supervision of Mining Business Practice (“**Government Regulation 55/2010**”) on July 5, 2010, and (iv) Government Regulation No. 78 of 2010 regarding Reclamation and Post-Mining Activities (“**Government Regulation 78/2010**”), on December 20, 2010.

Law 11/1967 provides that authority over, control, and regulation of strategic and vital mineral resources, including coal, in Indonesia is vested in the MEMR, while authority over, control, and regulation of non-strategic and non-vital mineral resources is vested in the regional governments of Indonesia where mineral resources are located. Law 11/1967 also stipulates that general mining activities, including but not limited to the general survey of, the exploration for, and exploitation of, processing and refining of, transport and sale of, mineral resources may be undertaken by government institutions, state-owned companies and Indonesian entities through a mining authorization (*Kuasa Pertambangan* or “**KP**”). Further provisions with regard to the contents, authority, extent of area and certain other aspects of the KP are regulated by the implementing regulations. A number of these implementing regulations have subsequently devolved the authority over, and control, of strategic and vital minerals that are the subject of a KP to regional and provincial governments (depending on the area delineated by the KP) as discussed further below.

Under the Law 11/1967, the Government of Indonesia is the holder of a KP in relation to all natural resources in the mining territory of Indonesia and has the authority to operate mining activities. As part of this authority, the Government of Indonesia may appoint a contractor and enter into an agreement with such contractor to operate mining activities. The terms and conditions of such agreement are regulated in separate regulations.

Mining Law

On January 12, 2009, the Mining Law regulating mineral and coal mining in Indonesia came into effect. One of the purposes of the Mining Law is to allocate the authority for the regulation of the mineral and coal mining industry among the Government of Indonesia and the regional government agencies.

Under the Mining Law, no form of contractual-based concessions will be available for new mining projects. For a non-investment company or a domestic investment company, a mining business license (*Izin Usaha Pertambangan* or “IUP”) will be issued by the regional, provincial or central government, depending on the geographical coverage of the mine and its infrastructure, while for a foreign investment company, the IUP will be issued by the central government, in this case is the MEMR. For mining areas that have been declared by the Government of Indonesia as “state reserve areas,” a special mining business license (*Izin Usaha Pertambangan Khusus* or “IUPK”) will be issued directly by the central government instead. An IUPK may be issued with respect to coal or one type of metal minerals such as copper, lead, golden iron, nickel and borate. Another type of mining license is the people mining license (*Izin Pertambangan Rakyat* or “IPR”), granted either to individuals, community groups or cooperatives within a limited mining operational area.

Under Law 11/1967, the KPs could not be held by Indonesian entities with foreign ownership or management. Under the Mining Law, an IUP can be held by Indonesian entities, including entities which are established and domiciled in Indonesia that are foreign owned. However, it imposes obligations on an IUP holder with foreign shareholders to implement a divestment program after five years from the commencement of production. An IUPK to develop state reserve areas must be first offered to state or regional government-owned companies. In the event that it is not taken up, the IUPK may then be offered to companies in the private sector through a tender process. IUPKs are only applicable for coal, copper, lead, gold, iron, nickel and bauxite. There are two types of IUPs or IUPKs for metals such as gold, nickel and bauxite. Firstly, an Exploration IUP or IUPK may be granted for general survey, exploration and feasibility studies for a period of eight years. The licensed area shall be between 5,000 to 100,000 hectares. Secondly, a Production Operation IUP or IUPK may be granted for construction mining and related operations for a period of 20 years with two options to extend the license period by ten years each. The licensed area shall be a maximum of 25,000 hectares.

Under Government Regulation 77/2014, as the foreign shareholders of an IUP and IUPK holder must divest their shares gradually each year after five years as of commencement of production period. Such divestment obligations are divided into:

- Production Operation IUP and IUPK holders who do not perform their own processing and/or refinery activities, after the end of the fifth year since production: the foreign shareholder(s) must divest at least: (a) sixth year: 20%; (b) seventh year: 30%; (c) eighth year: 37%; (d) ninth year: 44%; and (e) tenth year: 51%; of the total shares.
- Production Operation IUP and IUPK holders who perform their own processing and/or refinery activities, after the end of the fifth year since the production: the foreign shareholder(s) must divest at least: (a) sixth year: 20%; (b) tenth year: 30%; and (c) the fifteenth year: 40%; of the total shares.
- Production Operation IUP and IUPK holders conducting mining activities using underground mining methods, after the end of the fifth year since the production: the foreign shareholder(s) must divest at least: (a) sixth year: 20%; (b) tenth year: 25%; and (c) fifteenth year: 30%; of the total shares.
- Production Operation IUP and IUPK holders conducting mining activities using underground mining and open pit mining methods, after the end of the fifth year since the production: the foreign shareholder(s) must divest at least: (a) sixth year: 20%; (b) eighth year: 25%; and (c) tenth year: 30%; of the total shares.

The government and the local government have the first priority to purchase the divested shares, followed by any state-owned company and any regional government-owned company through an auction. If none of the government, local government, state-owned company or regional government-owned company is interested in purchasing the divested shares, it will be offered to Indonesian entities through an auction. The procedures and pricing for such divested shares is further regulated in MEMR Regulation No. 27 of 2013 regarding the procedures for pricing investment shares and the changes of investment in the business of mineral and coal.

The obligation to divest foreign ownership in an IUP and IUPK holder demonstrates the Government's intention to protect and promote national and local mining companies. This is also reflected in the obligation of IUP or IUPK holders to engage local mining services companies and/or national mining services companies. Other mining services companies which are partially or completely owned by foreign entities and/or foreigner and non-Indonesian companies may only be engaged to provide mining services in situations where upon announcement in the local and/or mass media, no local and/or national mining services companies fulfill with the required classifications and qualifications. In addition, a mining services company has the obligation to prioritize both local contractors and human resources in supporting their activities. A holder of an IUP or an IUPK is also prohibited from engaging its subsidiaries and/or affiliated mining services companies in its mining operational area, unless a permit has been obtained from the MEMR and there are no unaffiliated mining services companies qualified to provide such services. This prohibition is further affirmed by Regulation of the Minister for Energy and Mineral Resources No. 28 of 2009 concerning Operation of Mineral and Coal Mining Services Business as amended by MEMR Regulation No. 24 of 2012 ("**MEMR Regulation 28/2009**"). MEMR Regulation 28/2009 revoked the Decree of the Minister of Mining No. 423/Kpts/M/Pertamb/1972 on Mining Services Companies (other than Oil and Gas), as amended by Decree of the Minister of Mining and Energy No. 536.K/201/M.PE/1995. MEMR Regulation 28/2009 states that such approval may only be granted after the IUP or IUPK holders announce a bidding process in local and/or national newspapers and guarantee that there will be no transfer pricing or transfer profit. Under MEMR Regulation 28/2009, IUP holders are required to mine, process and refine the metal by themselves; however, they are allowed to continue to outsource the overburden removal and transport, as well as the transportation of metal other than from the mining pit, to third party contractors. MEMR Regulation 28/2009 also prohibits IUP holders from using their subsidiaries and/or affiliates to carry out mining operations in their mining concession areas, unless approved by the MEMR and there are no other unaffiliated mining services companies that are available or qualified and interested. MEMR Regulation 28/2009 defines a subsidiary and/or an affiliate as a mining service company that has a direct share ownership with the mining company.

Pursuant to Director General of Mineral, Coal and Geothermal Regulation No. 376.K/30/DJB/2010 regarding the Procedure and Requirements to Request Approval of Using Subsidiaries and/or Affiliates in the Mining Service Business the following mining service company is deemed to have a direct share ownership with the mining company:

- a company in which at least 20% shares are directly owned by the mining company;
- a company in which than 50% of the voting rights belonged to the mining company by virtue of an agreement; and/or
- a company in which the mining company has the authority to appoint and discharge the finance and operational directors, or persons having equivalent positions.

MEMR Regulation 28/2009 (as amended) also requires all mining companies holding an IUP to use local and/or domestic mining services companies in their operations; except if none has the financial or technical capability to undertake the project, a mining company may then engage a mining service company having foreign share ownership, or foreign investment mining service company.

Other material provisions of the Mining Law include:

- a CoW holder who has carried out exploration, feasibility studies or who is at the construction or operation production stages must submit its activity plan to the Government of Indonesia by January 12, 2010, which is one year from the effective date of the Mining Law;
- while existing CoWs will remain valid until their expiry, their contract terms must be amended within one year from the effective date of the Mining Law to bring them in line with the provisions of the Mining Law, except for terms related to state revenue;
- all holders of IUP and IUPK will be required to pay production royalties in an amount to be further decided by regulation. For state reserve areas, the holder of a IUPK will be required to pay an additional royalty equal to 10% of net profit;
- all holders of IUP and IUPK must prioritize the use of local or national mining contractors and mine owners are prohibited from using their affiliates to carry out mining operations unless approval from MEMR is obtained (and these principles have already been further expanded upon under MEMR Regulation 28/2009);
- the Indonesian Government has the power to determine production levels for each commodity in each year on a province by province basis;
- IUP and IUPK holders may not transfer their IUPs and IUPKs to any third party;
- both the IUP and IUPK holders must submit a plan of reclamation and post mining activity and to provide a reclamation security fund and post mining security fund;
- the holders of IUP and IUPK must conduct processing and refining of domestic mining products (either themselves or through the use of facilities owned by other companies licensed to process and refine mining projects in Indonesia), and for existing CoW holders, those companies must commence domestic processing and refining by January 12, 2014; and
- applications for contracts of work submitted to MEMR before January 12, 2008 and which have obtained in-principle approval or a preliminary survey approval shall remain respected and will be processed (in the form of an IUP) without the need for any tender.

As mentioned above, the Mining Law requires existing CoWs to be adjusted (by January 12, 2010, which has already passed). However, the Mining Law does not set out what provisions or principles of the Mining Law are required to be reflected in the CoW other than expressly specifying the following two key principles, and how they are to be treated in the context of conforming the CoW:

- (a) State revenues: provisions on State revenues are not be adjusted; and
- (b) Size of Mining Areas: no later than January 12, 2010, one year after the enactment of the Mining Law, the holder of a CoW must submit to MEMR for approval an activity plan for the full mining area under its CoW covering the period up to the expiry of the CoW, failing which the mining area granted under the CoW must be reduced to the maximum area provided for in the Mining Law.

Under the Mining Law, its implementing regulations should have been issued by October 3, 2010. The government had issues four government regulations as follows:

Government Regulation No. 22/2010

Government Regulation 22/2010 regulates the procedures to determine the mining operational area (*Wilayah Usaha Pertambangan* or “WUP”), special mining operation area (*Wilayah Usaha*

Pertambangan Khusus or “**WUPK**”) and people’s mining area (*Wilayah Pertambangan Rakyat* or “**WPR**”). The determination of these mining areas lies on the sole discretion of the Government, and specifically for WUPK, prior approval from the House of Representatives (*Dewan Perwakilan Rakyat*) is required.

Government Regulation 23/2010 restates the obligation of coal and minerals companies to carry out the processing and refining of mining products in Indonesia. Further provisions on the detail of this obligation are to be set out in a MEMR regulation.

Prior to the issuance of Government Regulation 23/2010, Regulation of MEMR No. 34 of 2009 on Prioritization of Mineral and Coal Supplies for Domestic Interest (“**Regulation 34/2009**”) was issued by the MEMR. See “— *MEMR Regulation 34/2009*”.

As it relates to existing CoWs (and CoW applications), Government Regulation 23/2010 provides that CoWs which have not secured the first extension and/or second extension (to the production period) may be extended in the form of an IUP without tender.

Government Regulation 77/2014

Government Regulation 77/2014 states the procedure for obtaining IUP, IUPK and IPR, which may only be obtained by the said company after it has acquired a mining business license area (*Wilayah Izin Usaha Pertambangan* or “**WIUP**”) or a special mining business license area (*Wilayah Izin Usaha Pertambangan Khusus* or “**WIUPK**”). A WIUP or WIUPK can only be acquired through an auction held by a committee which is assembled by the Government (the MEMR, the governor or the regent/major, depending on the location of WIUP/WIUPK). Especially for a WIUPK, first priority is given to a state-owned company or a local government-owned company. If none of them are interested, the WIUPK will be offered to mineral mining companies through an auction.

Government Regulation 77/2014 provides that the holders of Production Operation IUP that export their produced mineral and/or coal must refer to the benchmark prices to be determined by the MEMR based on market mechanism and/or in accordance with the price which is generally applicable in the international market. Details of the determination of these benchmark prices will be regulated in a Ministerial regulation.

Based on the Mining Law, all designated stones, including coal are required to be processed in-country prior to export by January 12, 2014. This mandate was acted upon by Government Regulation 77/2014, which requires the processing of coal, metals, minerals and stones prior to export, either by the holder of the Production Operation IUP/IUPK itself, or in collaboration with another Production Operation IUP/IUPK or a company that holds a Special Processing IUP/IUPK. Pursuant to Government Regulation 77/2014 metal processing includes smelting, refining and/or metal manufacturing and fabricating. Government Regulation 77/2014 further stipulates that the contract of work and production operation IUP holders who have conducted the metal processing and refining in Indonesia, may export a certain amount of their processed metal. Further, the Minister of Trade issued Minister of Trade (“**MOT**”) Regulation No. 04/M-DAG/PER/1/2014 regarding export provisions for mining products, which revoked MOT Regulation No. 29/M-DAG/PER/5/2012 (as amended by MOT Regulation No. 52/M-DAG/PER/8/2012) in which companies that process metals, non-metal minerals and stone are allowed to export such products after obtaining a letter of acknowledgement as a registered exporter.

Government Regulation 77/2014 also provides that the holders of Production Operation IUP and Production Operation IUPK must prioritize domestic needs for minerals. The holder of Production Operation IUP and Production Operation IUPK may export its minerals only after the domestic needs of minerals have been fulfilled. Further details on the procedures of prioritization minerals for domestic needs are regulated in a Ministerial regulation.

MEMR Regulation 34/2009

Prior to the issuance of Government Regulation 77/2014, MEMR Regulation 34/2009 required producers of coal and minerals in Indonesia to allocate a portion of their annual production output to the domestic Indonesian market. Some of its material provisions are:

- **Tonnage**—(1) Minerals producers are obligated to prioritize supply of the domestic market; (2) certain mineral producers are required to meet a minimum percentage of mineral sales to the domestic market (with such percentage being set by the MEMR from time to time), with mineral companies to which the DMO minimum percentage applies being specified in an attachment to the MEMR's decree, which is issued on an annual basis; (3) if a mineral company's DMO is not met in one year, the unmet obligation accumulates to the following year.
- **Price**—The price of mineral allocated for the domestic market will refer to the mineral benchmark price, which is based on the international index. Details of the implementation of these benchmark prices are as provided in MEMR Regulation 17/2010 (as described below).
- **Annual Work Program and Budget**—MEMR Regulation 34/2009 provides that each mineral company must include in its annual work program and budget the minimum percentage of its production proposed to be made available for domestic market obligation sales.
- **Buy in**—Mineral producers may buy mineral from other sources to satisfy their domestic market obligation.
- **On-selling prohibition**—MEMR Regulation 34/2009 prohibits domestic purchasers from exporting their purchased mineral.

MEMR Regulation 17/2010

On September 23, 2010, the MEMR enacted Regulation 17 of 2010, which sets benchmark prices for sales of mineral to domestic and international customers based on market mechanisms and/or in accordance with prices generally applicable in the international market. Indonesian mineral producers are required to use these benchmark prices for all sales of coal to third parties, including to their affiliates and any party that has a direct ownership interest in them and that may indirectly influence their decision-making. Under MEMR Regulation 17/2010, mineral benchmark prices comprise (i) metal (including but not limited to gold, nickel and bauxite) benchmark prices; (ii) non-metal minerals benchmark prices; and (iii) stone benchmark prices. Metal and minerals may be sold (i) on a FOB Vessel basis, (ii) on a FOB Barge basis, (iii) in the form of ore concentrates or interactions by way of a FOB Vessel or FOB Barge (iv) to end-users in domestic or (v) on a cost insurance freight or cost and freight basis. Except for sales as stated in (ii)-(v), in calculating the metal or mineral sales price, the applicable metal or mineral benchmark price may be adjusted by adding or subtracting an amount based on certain recognized costs approved by the Director General on behalf of the MEMR. These adjustments include costs incurred for barging, surveys, transshipment treatment cost and refinery cost and/or metal payable, and/or insurance costs. In addition, sales may be on a spot or term basis based on the price agreement between IUP and IUPIS holders with the metal and minerals buyers that refer to metals and minerals benchmarks. In the case of spot agreements, the price for such sales must be the coal benchmark price as of the month of coal delivery. In the case of term agreements, the price for such sales must be the average coal benchmark price for the last three months before the agreement is entered into. The agreed metal and mineral sales prices must be submitted to the MEMR through the Director General, and as a follow up to the agreed metal and mineral sale price, the parties must execute the coal sales and purchase agreement no later than one month following the agreement on the coal sale price. For metal products and (ii) three months following the agreement on the metal mineral sale price in the form of ore concentrate and/or intermediate product metal. MEMR Regulation 17/2010 also requires that the delivery of metals and minerals must be reported to the Director General at the beginning of each year, and changes to delivery schedules must be reported periodically. IUP and IUPK (production operation) holders shall have the obligation to adjust the sale prices on a term basis

once a year. In the case of term agreements, MEMR Regulation 17/2010 also requires that the annual delivery of must be made periodically including the change of delivery schedule as well. An IUP and IUPS (production operation) of metal or mineral shall have the obligation to adjust the sale price of the metal or mineral on a term basis once a year. Under MEMR Regulation 17/2010, metal and mineral producers are required to submit reports on the sales of their metal and mineral every month together with supporting information, such as invoices, bills of lading, as well as export declaration and surveyor reports for exported commodities. These reports must be submitted no later than the tenth day of each month to the MEMR, governor, regent or mayor, in accordance with their respective authorities. Furthermore, metal and mineral producers are required to submit to the Director General a report on their annual timetable for metal and mineral shipments at the beginning of each year and any changes to this timetable. Spot agreements executed prior to the promulgation of MEMR Regulation 17/2010 were required to be conformed within six months and term agreements were required to be conformed to MEMR Regulation 17/2010 within 12 months from its promulgation. However, MEMR Regulation 17/2010 does not apply to price adjustments in term or spot agreements that were renegotiated based on an order of the MEMR or Director General. MEMR Regulation 17/2010 also sets out administrative sanctions for coal producers which fail to comply with its provisions. Such sanctions can include written warnings.

MEMR Regulation 27/2013

Pursuant to MEMR regulation No. 27 of 2013, prior MEMR approval is required for an IUP holder to implement, among others, an amendment to its articles of association. This will mean that after ANTAM's General Meeting of Shareholders ("GMS") to approve the proposed increase of issued and paid-up capital, ANTAM will be required to obtain MEMR's approval in order for ANTAM to implement those resolutions reached at the GMS. In connection herewith, ANTAM will be required to submit documents which should explain their reason for applying for such amendment and provide relevant evidence of their compliance, such as the copy of the minutes of the GMS resolution approving the proposed amendment of the articles of association, proof of payment of deadrent/production fees of the last two years, audited financial statements, and a copy of the relevant IUP which has been registered with the Directorate General and which is stated to be clear and clean.

The MEMR (previously the provincial government), who pursuant to the Director General for Mineral and Coal Mining's Circular Letter No. 02.E/30/DJB/2015 concerning the Mining Business License of State-Owned Enterprises, now has the authority over IUPs of state-owned companies (including ANTAM), will grant an approval or reject the application within a period of 14 working days since the application has been duly submitted to the MEMR.

Government Regulation 55/2010

Government Regulation 55/2010 provides that the supervision of licensed mining activities is generally conducted by the MEMR, governors, regent or mayors. Those who fall under the scope of their regulatory supervision are holders of IUPs, small-scale mining licenses (IPRs) or special mining business licenses (IUPKs). Government Regulation 55/2010 also stipulates that supervision over mining business activities will apply to, among others, mining techniques, marketing, finances, mineral and coal data management, conservation of mineral and coal mining, operational safety and health, environmental management, reclamation and post mining management and technical training of laborers, local community empowerment, development and implementation of mining technology, as well as a host of production data on the types, qualities, and total amounts of extracted minerals. Supervision towards certain matters is carried out by the Mining Inspector (*Inspektur Tambang*). Government Regulation 55/2010 provides that the Mining Inspector has the authority to: (i) enter into mining site(s) at any time; (ii) suspend mineral and coal mining activities either partially or entirely if such activities are deemed to potentially endanger the safety of mine workers or public safety or to cause environmental pollution and/or destruction; and (iii) recommend to the Head of Mining Inspector (*Kepala Inspektur Tambang*) that such suspension be converted into a permanent cessation

of mineral and coal mining activities. Notwithstanding the supervision carried out by the Mining Inspector, the MEMR, governors, regents and mayors may also appoint their officers to conduct supervision on mining business activities through periodic or incidental or integrated inspections and/or verifications and evaluation of reports submitted by the holders of IUPs, IPRs or IUPKs.

Government Regulation 78/2010

Under Government Regulation 78/2010, implemented by MEMR Regulation 7/2014 Concerning the Implementation of Reclamation and Post Mining on Mineral and Mining Activities (“**MEMR Regulation 7/2014**”), mining companies are obliged to carry out reclamation and post-mining-related activities. Reclamation is required in both the exploration and production operation stages. After completing a feasibility study but prior to commencing exploration activities, mining companies must prepare reclamation and post-mining plans, seek approval from the relevant grantor of mining licenses (whether a minister, governor or regent/mayor) for such plans and file an application of Production Operation IUP. In addition, before the production operation stage, mining companies must also prepare a post-mining activities plan. Government Regulation 78/2010 also sets forth mining companies’ obligations to deposit guarantee funds in a bank designated by the Government for the following matters: (i) reclamation in the exploration stage; (ii) reclamation in the production operation stage; and (iii) post-mining activities.

Overlap of mining concessions

In July 2015, the Directorate General of Mineral and Coal (“**DGMC**”) of the MEMR issued an announcement regarding the Sixteenth Reconciliation of IUPs. The announcement and the previous reconciliation announcements include a list of IUPs that are categorized as clean and clear by DGMC, e.g., that do not have any overlaps (with other mining concessions).

It further clarifies that IUPs not listed in the announcement (categorized as non-clear and clean) still need to be verified by the relevant issuing authority on their compliance to the requirements under Government Regulation 77/2014. The announcement mentioned that companies whose IUPs are not listed as clear and clean may send their response to the announcement in writing to the relevant issuing authority with copy to DGMC.

The “clean and clear” status has no formal significance under the Indonesian mining regulatory framework. However, as a practical matter, it is likely that the MEMR will refer to this list when seeking to issue recommendation letters and the like for certain approvals required for mining operations (e.g. the MEMR is required to give a non-objection letter for a company applying for a borrow and use permit, Minister of Forestry requires the IUP of the mining company applying for borrow and use permit to be registered in the “clean and clear” list), and accordingly it may be that the MEMR either delays or refuses to issue such approvals for companies not on the “clean and clear” list.

In addition, the DGMC is currently preparing an Indonesian general mining map setting out all the mining areas in Indonesia. It has required all the local and provincial governments in Indonesia to register to DGMC all the mining concessions that the local and provincial governments have issued. Consequently, if a mining concession is not registered in the DGMC’s records at the time the mining area is determined by the MEMR, the area of that mining concession will be considered as an open area, and therefore, open for a tender.

Exploration

There are two types of IUPs and two types of IUPKs for metal minerals, namely an Exploration IUP/IUPK and the Production Operation IUP/IUPK. The following table sets out certain material terms relating to IUPs and IUPKs for metallic minerals:

Production operation

A holder of an IUP/IUPK will be required to pay production royalties to the Indonesian Government as stipulated in implementing regulations. Currently, a range of royalties apply with respect to different types of coal and mineral mining, and it is expected that such an arrangement will continue under the Mining Law.

However, for mines located in state reserve areas, an additional royalty amounting to 10% of net profit from the mine will be payable, comprising 4% to be paid to the Indonesian Government and 6% being shared between the relevant provincial and regional governments in whose jurisdictions the mine is located.

Under the Mining Law, coal and other minerals mined within Indonesia will be required to be processed domestically. As of the date of this Prospectus, the Mining Law provides that “processing and refinery” shall mean a process which increases the quality of a commodity. In addition, the Mining Law restricts foreign- owned mining services contractors from engaging in the provision of mining services within Indonesia. The Mining Law requires Indonesian concession holders to prioritize domestic contractors, labor, products and services. We are not a foreign-owned mining services contractor under the Mining Law.

The Mining Law states that all concessions for coal and other minerals and metals currently in existence and issued under the previous mining regulations will continue to be valid until their expiry. However, the Mining Law further states that the contract terms of those CoWs must be modified within one year following the adoption of the Mining Law, to bring them into conformity with the obligations of mining rights holders under the Mining Law. The Mining Law expressly states that the provisions of these existing contracts of work related to state revenue, including royalty and tax payments, will not be amended. Despite this provision, in a meeting held by MEMR on June 16, 2009 with various concession holders, the Minister proposed, among other things, to amend the provisions in such concessions relating to operation periods, royalties and dead rents and area size. These proposed amendments are still being discussed between MEMR and various concession holders including us. Currently, drafts of implementing regulations pursuant to the Mining Law are being discussed between various government departments and various mining stakeholders.

Mining services regulation

The regulation of general mining services is governed under the Mining Law and MEMR Regulation 28/2009. Based on these laws and regulations, a company which intends to provide general mining services (a “**mining services company**”) must first obtain a business license (*Izin Usaha Jasa Pertambangan Umum*) from the MEMR. These licenses are generally issued for a period of three years and renewable upon application.

Mining services companies may be engaged or appointed to perform mining business activities for concession holders (comprising holders who are granted concessions under previous mining regulations and IUP/IUPK holders under the Mining Law.) The Mining Law provides that concession holders shall be responsible and held liable for all activities conducted by mining services companies engaged by them, and imposes certain restrictions on concession holders and mining services companies.

Under the Mining Law, mine owners are prohibited from using their affiliates to carry out mining operations, unless the MEMR approves of such arrangement. Under the Mining Law, the permit from the MEMR can only be granted when no mining services company of similar type is available in those areas or no mining services company is interested/capable of providing such services.

Similarly, under the Mining Law, all mining companies first seek to use local or domestic mining contractors. If no local or domestic mining services companies are available, the mining company may use the foreign mining contractors instead.

On September 30, 2009, the MEMR promulgated Regulation 28/2009. As an implementing regulation of Article 127 of the Mining Law, MEMR Regulation 28/2009 stipulates that all mining concession holders are required to mine, process and refine metals, minerals and coal by themselves. Only stripping and transport related activities may be assigned to a qualified mining service company.

Although MEMR Regulation 28/2009 became effective on September 30, 2009, it was not publicly disseminated by the MEMR on its website until October 13, 2009. MEMR Regulation 28/2009 states that all contractual arrangements between concession holders and mining contractors existing on the effective date of the regulation are grandfathered for a maximum period of three years. However, at the end of that three year period on September 30, 2012, concession holders and mining contractors are required to have amended their contracts to comply with the regulation. New mining service contracts entered into after September 30, 2009 are required to immediately comply with the requirements of MEMR Regulation 28/2009. On October 9, 2012, the MEMR enacted Regulation No. 12/2012 to amend MEMR Regulation 28/2009 to permit the provision of equipment rental and third party labor outsourcing services by contractors to mining concession holders.

See “Risk factors—Risks relating to ANTAM’s business and industry—Indonesia’s Mining Law and future regulations may impose additional restrictions on ANTAM, increase its costs and adversely affect its operations.”

Mineral benchmark pricing

Regulation 17/2010 stipulates that the mineral price arrangement between the seller and purchaser should be no less than the mineral benchmark price that is determined by the government (“**Government Benchmark Price**”). Such Government Benchmark Price requirement applies to both domestic and export sales. For metals, the MEMR, through the Director General of Mineral and Coal (“**DGMC**”), will be responsible for determining the Government Benchmark Price as set out in DGMC Regulation No. 630.K/32/DJB/2015 on Formula to Determine Metal Minerals Benchmark Price. The governor and regent/mayor of the relevant area will be responsible for determining the Government Benchmark Price for non-metal minerals. The Government Benchmark Price will be updated monthly and determined in accordance with market prices while The formula to determine the minerals benchmark price will be reviewed once every six months.

Regional government law

Indonesia is divided into provinces, which are further subdivided into regencies and municipalities. The regencies and municipalities within a province are autonomous in most of their activities and, therefore, are not subservient to the province government.

In 1999, the government adopted Law No. 22 of 1999 Concerning the Regional Government (“**Law 22**”), which transferred and delegated to the regional governments certain powers that had previously been exercised by the national government. On October 15, 2004, the government enacted Law No. 32 of 2004 Concerning the Regional Government, as most recently amended by Law No. 12 of 2008 (“**Regional Government Law 32**”), which replaced Law 22 and, as was the case with Law 22, substantially changed the legal and regulatory framework of the mining industry in Indonesia. However, on October 2, 2014, the President of Indonesia enacted Law No. 23 of 2014 regarding the Regional Government, as amended by Government Regulation in Lieu of Law No. 2 of 2014, which

was later reaffirmed as law by Law No. 2 of 2015 and lastly amended by Law No. 9 of 2015 (“**Law 23**”), which revoked Regional Government Law 32. Law 23 requires that regional governments maintain fair and harmonious relationships with the national government and other regional governments when discharging their governmental affairs, including in connection with the utilization of natural and other resources. The governmental affairs affected include matters such as (i) authority and responsibility for, and utilization, maintenance and control of the impact on, cultivation and conservation of natural and other resources, (ii) profit sharing from the utilization of natural and other resources and (iii) environmental harmonization, space arrangement plans and land rehabilitation.

The government has issued several implementing regulations under Regional Government Law 32. Government Regulation No. 38/2007 on the Division of Governmental Duties between the Central Government, Provincial Government and Regency Government (“**Regulation 38/2007**”) stipulates that government affairs consist of government affairs which fully belong to the central government authority and government affairs which authority are shared between government levels and/or government structures. Government affairs under the authority of the central government include foreign policy, defence, security, justice, national monetary and fiscal, and religion. Government affairs which authorities are shared between government levels and/or government structures include all other affairs outside of such government affairs under the authority of the central government.

With regard to energy and mineral resources, the Mining Law provides that mining business licenses shall be granted pursuant to the following benchmarks: (i) where the mining business license area is in one district/city: by the regent/mayor; (ii) where the mining business license area overlaps with the boundaries of districts/cities within one province: by the governor after obtaining recommendation from the relevant local regent/mayor in accordance with the prevailing laws and regulations; and (iii) where the mining business license area overlaps with the boundaries of provinces: by the Minister after obtaining recommendation from the relevant governors and the local regents/mayors in accordance with the prevailing laws and regulations. However, following the promulgation of Law 23, the issuance of mining business licenses has been, since October 2, 2014, limited to to the Minister of Energy and Mineral Resources and provincial governors pursuant to the following benchmarks: (i) where the mining business license area is located in the territory regions across the province or where the mining business license area is directly adjacent to another country or where the sea area is more than 12 miles: by the minister; and (ii) where the mining business licesence area is located within one province, including a sea area of up to 12 miles: by the Governor. This has also been further elucidated by MEMR’s Circular LetterNo. 04.E/30/DJB/2015 dated April 30, 2015 concerning the Implementation of Government Affairs in the Field of Mineral and Coal Mining after the Applicability of Law 23 (“**Circular 04**”), in which it is further reiterated that the regent/mayor does not have authority any more in the administration of government affairs in the field of mineral and coal mining as of October 2, 2014. With the enactment of Law 23, any provision in the Mining Law and its implementing regulations which governs the authority of the regent/mayor, does not have any binding legal force. The government has issued several implementing regulations under Regional Government Law 32. Government Regulation No. 38/2007 on Division of Governmental Duties Between the Central Government, Provincial Government and Regency Government (“**Regulation 38/2007**”) stipulates that authority over energy and mineral resources are divided among the three highest levels of government in accordance with their respective authority. Regency and municipal governments may choose whether to manage energy and mineral resources if they think that such management may significantly increase their community welfare.

Other mining regulations

Other regulations applicable to ANTAM’s mining operations include those regarding the use of groundwater and technical guidelines to control air pollution from immovable sources.

Companies that propose to explore, drill and acquire groundwater for their operations are required to comply with the provisions of Decree of Minister of Energy and Mineral Resources No. 1451K/10/MEM/2000, which includes, among other things, requirements to obtain licenses to explore, drill and acquire groundwater. Failure to comply can lead to the suspension or revocation of the relevant licenses or permits.

Non-compliance with these requirements may result in a sanction imposed by the Indonesian Government in accordance with the applicable laws and regulations.

Forestry regulation

Law No. 41 of 1999 concerning Forestry, as amended by Law No. 19 of 2004 which ratifies Government Regulation in Lieu of Law No. 1 of 2004 (“**Forestry Law**”), provides that open-pit mining operations cannot be conducted within protected forests. Notwithstanding this general prohibition, a number of licenses and contracts for open-pit mining in forest areas that existed prior to the enactment of the Forestry Law remain valid until their expiration. Significant areas of Indonesia have been classified as protected forests.

ANTAM’s concession area does not fall within protected forests but falls within commercially producing forests and, therefore, it will require borrow-use permits for its mining operations in those parts of its concession areas.

Under Forestry Law, the use of forest areas for mining purposes is required to be conducted based on a Borrow and Use License Over Forest Area (*Izin Pinjam Pakai*) issued by the Minister of Forestry of Indonesia. Under Government Regulation No. 24 of 2010 on the Utilization of Forest Area as amended by Government Regulation No. 61 of 2012 and Regulation of Minister of Forestry No. P.18/Menhut- II/2011 regarding the Guidelines of Borrow and Use of Forest Area as amended by Regulation of Minister of Forestry No. P.38/Menhut-II/2012, Regulation of Minister of Forestry No. P.14/Menhut-II/2013, and lastly amended by Regulation of Minister of Forestry No. P16/Menhut-II/2014 (“**Minister Regulation 18/2011**”) which revoked the Regulation of Minister of Forestry No. P.43/Menhut- II/2008, a company applying for a Borrow and Use License Over Forest Area may deliver land compensation or pay the compensation in the form of a non-tax state income. It also stipulates that a Borrow and Use License Over Forest Area for survey and exploration activity is valid for two years and may be extended based on the relevant operational license (i.e. the mining permits).

Pursuant to Decree of the Minister of Forestry No. P.4/Menhut-II/2011 dated January 14, 2011 regarding Guidelines for Forest Reclamation, a mining company whose mining activities are conducted within a forest area, based on a Land-use of Forest Area Permit (*Izin Penggunaan Kawasan Hutan*) from the Minister of Forestry, is required to include forest reclamation as a part of its mining activities. The reclamation process shall commence without waiting for the mining operations or exploitation to be completed, and shall be finished by one year prior to expiry of the Land-use of Forest Area Permit or at the latest one year before the time limit for returning the Land-use of Forest Area Permit, in the event the company will return such permit before the expiry date.

The reclamation process is required to be consolidated in a five-year plan with additional details contained in the annual plan. The reclamation plan will be assessed by the Directorate General of Watershed Management and Social Forestry (*Direktorat Jenderal Bina Pengelolaan Daerah Aliran Sungai dan Perhutanan Sosial*) at the Ministry of Forestry, on behalf of the Minister. If found to be adequate, then a recommendation will be issued by the Directorate General of Watershed Management and Social Forestry at the Ministry of Forestry, on behalf of the Minister of Forestry, and will be further approved by the MEMR, the head of the regional or the regency government. If the mining period is less than five years, the reclamation plan will be adjusted to the mining period, while the assessment and the approval by the related authorities will follow the “five-year plan” procedures. In addition, Government Regulation No. 76 of 2008 regarding Forest Rehabilitation and Reclamation requires the holders of such rights to conduct forest rehabilitation and reclamation.

The holder of a Land-use of Forest Area Permit is required to establish a special body to execute the forest reclamation process, which must include experts in forestry, agriculture, mining, soil and other fields related to forest reclamation. A quarterly and annual progress report concerning the reclamation process must be submitted to the Directorate General of Watershed Management and Social Forestry

at the Ministry of Forestry, with copies to the related authorities. Minister Regulation 18/2011 requires that the holder of a Borrow and Use License Over Forest Area for mining purposes provides compensation in the form of land in exchange for the area under the Borrow and Use License Over Forest Area.

The President of the Republic of Indonesia has recently enacted President Instruction No. 10 of 2011 on the Moratorium of the Granting New Licenses and the Perfection of the Management of Premier Natural Forest and Peat Soil (“**PR 10/2011**”). Generally, PR 10/2011 instructs governmental authorities not to issue new permits, recommendations and/or location permits to applicants who wish to engage in business activities in a “primary natural forest” and peat soil located in conservation forests, protected forests or production forests, and other utilization areas (APL). This moratorium, however, is not applicable to, among other things, those applicants who have obtained an in principle permit from the Ministry of Forestry, those who are performing an activity that is regarded as vital to national development, such as those engaging in the geothermal, oil and gas, and electricity industries, applicants planting rice or sugar cane, or the existing use by a forest license holder who intends to extend the license (provided that the license for the forest license holder’s business is still valid) and ecosystem restoration.

On May 13, 2015, the president of Indonesia issued President Instruction No.8 of 2015 on the Moratorium for Granting New Licenses and the Perfection of Primary Natural Forest and Peat Soil Management. This new regulation extended the above moratorium on the grant of license for two years from the date of the regulation’s issue.

Environmental regulation

Environmental protection in Indonesia is governed by various laws, regulations and decrees, including:

- Law No. 32 of 2009 regarding Environmental Protection and Management (“**Environmental Law**”), which revokes the previous law on the same matter, Law No. 23 of 1997 (“**Law 23/1997**”);
- Government Regulation No. 27 of 2012 regarding Environmental Permit (“**Izin Lingkungan**”);
- Government Regulation 78/2010 regarding Reclamation and Post-mining;
- Regulation of the State Minister of Environmental Affairs No. 5 of 2012 regarding Types of Business and/or Activities that Require AMDAL (“**Minister Regulation 5/2012**”);
- Regulation of the State Minister of Environmental Affairs No. 16 of 2012 regarding Guidelines for Preparing Environmental Documents (*Pedoman Penyusunan Dokumen Lingkungan Hidup*);
- Decree 1453 regarding the Technical Guidelines with respect to the Organization of the Government Duty in the Field of General Mining;
- Decree of MEMR No. 1457 K/28/MEM/2000 dated November 3, 2000 regarding Technical Guidelines for Environmental Management in the Field of Mines and Energy (“**Decree 1457**”); and
- MEMR Regulation 7/2014.

The Environment Law, which was enacted on October 3, 2009 to replace the previous Law 23/1997, stipulates several materials provisions as follows:

- A new permit, the Environmental Permit (*Izin Lingkungan*) is now mandatory for a company to obtain an AMDAL or a UKL/UPL. The environmental permit would be a prerequisite to obtain

the relevant business license and if the environmental permit is revoked, the business license will be terminated as well. The Environmental Law requires all existing environmental permits to be integrated into one environmental permit within one year as of the enactment of the Environmental Law.

- An environmental audit is now required for (i) businesses in high-risk sectors or (ii) companies that do not appear to comply with environmental laws and regulations.
- All holders of environmental permit are required to provide an environmental guarantee to be placed in designated state owned-banks in order to ensure recovery of environmental functions.
- Any business which potentially has important impact to the environment must conduct environmental risk analysis.
- All waste disposals require licensing and may only be conducted in specified locations determined by the Minister of Environmental Affairs.
- The imposition of remedial and preventative measures and sanctions (such as the obligation to rehabilitate tailings areas, the imposition of substantial criminal penalties and fines and the cancellation of approvals) to remedy or prevent pollution caused by operations.
- The sanctions imposed range from three to 15 years of imprisonment applicable to any person who caused environmental pollution or environmental damage and/or fines ranging from Rp 500 million to Rp 15 billion. The imprisonment and the amount of fine will be increased by one-third if the criminal offense is conducted by the management on behalf of a company. A monetary penalty may be imposed in lieu of performance of an obligation to rehabilitate damaged areas.

On February 23, 2012, the Government of Indonesia issued Government Regulation No. 27 of 2012 regarding Environmental Permits. All other implementing regulations of Law 23/1997 will remain valid to the extent that they are not contradictory to the Environmental Law.

Waste water disposal

Waste water disposal is further regulated by Government Regulation No. 82 of 2001 concerning Water Quality Management and Water Pollution Control (“**Government Regulation 82**”). Government Regulation 82 requires responsible parties, including mining companies, to submit reports regarding their disposal of waste water detailing their compliance with the relevant regulations. Such reports are to be submitted to the relevant mayor or regent, with a copy provided to the Minister of Environmental Affairs, on a quarterly basis.

The Decision of the Minister of Environmental Affairs No. 113 of 2003 concerning Standard Quality of Waste Water for Coal Mining Business and/or Activities (“**Decision 113**”) further regulates mining companies’ treatment of waste water. Decision 113 obliges mining companies to (i) process their waste water from mining activities and processing/washing activities in accordance with mandated quality standards stipulated in Decision 113; (ii) manage water that is affected by mining activities by way of sedimentation pools; and (iii) examine the location for the point of compliance of the waste water from mining activities where the waste water from the sedimentation pools and/or the waste water treatment facilities is discharged into the surface water. Under Decision 113, mining companies must (i) comply with requirements stipulated in their respective licenses regarding disposal of waste water; and (ii) submit an analysis of the waste water and daily flow rate to the regent or mayor, with copies to the governor and the Minister of Environmental Affairs and other related government institutions on a quarterly basis.

Waste water disposal is regulated by Government Regulation No. 82 of 2001 regarding Water Quality Management and Water Pollution Control (“**Government Regulation 82/2001**”). Government

Regulation 82/2001 requires responsible parties, including mining companies, to submit reports of their disposal of waste water detailing their compliance with the relevant regulations. Such reports are obligated to be submitted to the relevant mayor or regent, with a copy provided to the Minister of Environmental Affairs, on a quarterly basis.

Hazardous and toxic waste materials

Mining companies must also comply with other regulations, including Government Regulation No. 18 of 1999 as amended by Government Regulation No. 85 of 1999 regarding Management of Hazardous and Toxic Waste Materials and Government Regulation No. 74 of 2001 regarding Management of Hazardous or Toxic Materials (*Bahan Berbahaya dan Beracun*) and on October 17, 2014, the government enacted Government Regulation No. 101 of 2014 regarding the Management of Hazardous and Toxic Waste Materials, relating to the management of certain materials and waste. Flammable, poisonous or infectious waste from mining operations is subject to these regulations unless the company can prove scientifically that it falls outside the categories set forth in such regulations. These regulations require a company that uses such materials or produces waste to obtain a license in order to store, collect, utilize, manage and accumulate such waste. This license may be revoked and operations may be required to cease if the regulations relating to such waste are violated.

However, the Environment Law does not provide details on the applicable formula for determining the amount and the form of guarantee deposit to be paid. These questions are expected to arise. With regard to mining companies, for example, it is unclear whether they will be required to provide the guarantee deposit in addition to the reclamation bond and mine closure bonds already required under mining laws and regulations. It appears that the issue will remain unclear pending the issuance of implementing regulations on the guarantee deposit.

Law 32/2009 stipulates that all licenses that have been issued by the Minister of Environment, governors or regents/ mayors must be integrated into the environmental license within one year of the enactment of the Environment Law (or by October 3, 2010). The Environment Law also specifically provides that companies that have not obtained their AMDAL or UKL-UPL approval (where in fact they are required) must complete their environmental audit (in the event an AMDAL is required) or prepare their environmental management documents (in the event a UKL-UPL is required) by October 3, 2011. The environment license requirement has not been implemented pending the issuance of a government regulation on the matter, as mandated by the Environment Law, which was required to be issued under the Environment Law by October 3, 2010.

The activities of storing and collecting used lubricant oil is regulated by the Decree of the Head of Regional Environmental Impact Controlling Agency (*Badan Pengendalian Dampak Lingkungan Daerah*) No. 255 of 1996 concerning the Procedure and Requirements on the Storing and Collecting of Used Lubricant Oil ("**Decree 255**") which provides, among other things, that an entity which collects used oil for further use or processing must comply with certain requirements, as regulated by Decree 255, including obtaining a license, meeting certain specifications with regard to the buildings where used oil is to be stored, setting up a standard procedure on storage and transportation of used oil and submitting quarterly periodic reports with regard to these activities.

Environmental reporting requirements

Decree 1453 provides technical guidelines for the preparation of the AMDAL, RKL and RPL documents for general mining activities. Decree 1453 states that regional governments are responsible for monitoring the implementation of environmental regulations and for AMDAL approvals. ANTAM has obtained AMDAL approvals for areas where it has mining and production activities. However, under Article 3 of Minister of Environment Regulation No. 5 of 2012 on Types of Activity(ies) Plan(s) and/or Activities with Mandatory AMDAL Requirement (*Jenis Rencana Usaha dan/atau Kegiatan yang Wajib Analisis Mengenai Dampak Lingkungan Hidup*), ANTAM is not required to obtain AMDAL approvals for its exploration areas. Additionally, ANTAM has submitted necessary UKL/UPL for approval in relation to environmental obligations in these exploration areas. Under Decree 1453,

holders of mining rights are required to provide to the relevant regional government an Annual Environmental Management and Monitoring Plan (*Rencana Tahunan Pengelolaan dan Pemantauan Lingkungan* or “**RTKPL**”) and an Annual Environmental Management Plan (*Rencana Tahunan Pengelolaan Lingkungan* or “**RTKL**”), which are now known as the Annual Technical and Environmental Working Plan (*Rencana Kerja Tahunan Teknis dan Lingkungan*). Additionally, such holders are required to provide a reclamation guarantee in the form required under MEMR Regulation No. 7 of 2014 regarding Implementation of Reclamation and Post Mining in Mineral and Coal Mining Business Activities. ANTAM has complied with its obligations to submit RPL, RKL, RKTTL and safety and occupational health reports to the government and has taken other actions necessary to comply with its reclamation guarantee obligations.

Under Decree of the Minister of Mines and Energy No. 1211.K/008/M.PE/1995 dated July 17, 1995 regarding Prevention and Management of Destruction and Pollution of the Environment in General Mining Activities (“**Decree 1211**”) requires a mining company to have the facilities and bear the costs and expenses of performing activities to prevent and minimize environment pollution and destruction resulting from its mining activities. For this purpose, the mining company is required to conduct the following actions:

- appoint a Head of Mine Technology (*Kepala Teknik Tambang*) who is required to directly manage the prevention of environmental damage and pollution caused by general mining activities and submit a report regularly every six months to the Head of Mine Inspection (*Kepala Pelaksana Inspeksi Tambang* or “**KAPIT**”), and a copy to the Head of Regional Mine Inspection Implementation (*Kepala Pelaksana Inspeksi Tambang Wilayah*);
- submit a RTKL, which includes information regarding reclamation activities to the Head of Mine Inspection (KAPIT) and a copy to the Head of Regional Mine Inspection Implementation (*Kepala Pelaksana Inspeksi Tambang Wilayah*); and
- submit an Annual Plan for Environment Monitoring (*Rencana Tahunan Pemantauan Lingkungan*) to the KAPIT and a copy to the Head of Regional Mine Inspection Implementation (*Kepala Pelaksana Inspeksi Tambang Wilayah*).

In relation to the reclamation and closing of mines under MEMR Regulation 7/2014, a holder of a mining business license must provide reclamation and closing of mines guarantee in the form of time deposit, bank guarantee, insurance or accounting reserve. The amount guaranteed will be determined by the Minister, governor, regent or mayor, as relevant, having jurisdiction over the mining operational area. Failure to comply with such obligation will result in administrative sanctions in the form of a written warning, temporary suspension of part or all of the mining activities and/or revocation of the mining license.

Environmental license

Environmental Law also introduced a new environmental license for companies conducting its activities. This instrument was not recognized under the previous law. Companies that are required to undertake an AMDAL or UKL-UPL must also obtain an environmental license before they can obtain an operational license from the relevant technical ministries (e.g. MEMR). Any changes made to the business and/or activity of such companies would require them to renew their environmental license.

The granting of an environmental license is based on either (i) an environmental feasibility study carried out by an independent third party, which is approved by the AMDAL Assessment Commission (Komisi Penilai Amdal), based on the recommendation of the State Minister of Environmental Affairs, governor, or mayor/regent, as applicable, or (ii) a recommendation in a UKL-UPL issued by the appropriate central or regional government institution responsible for environmental management and control of the relevant area.

Minister Regulation 5/2012 and Decree 1457 stipulate, among other matters, that mining companies whose operations have a significant environmental or social impact, except for mining exploration, must prepare and maintain an AMDAL document which consists of Terms of Reference on Environmental Impact Analysis (*Kerangka Acuan Analisis Dampak Lingkungan* or “**KA ANDAL**”), an Environmental Impact Analysis (*Analisis Dampak Lingkungan* or “**ANDAL**”), an Environmental Management Plan (*Rencana Pengelolaan Lingkungan* or “**RKL**”) and an Environmental Monitoring Plan (*Rencana Pemantauan Lingkungan* or “**RPL**”). Where the AMDAL document is not required, under Decree 1457, a mining company must prepare an Environmental Management Effort and an Environmental Monitoring Effort.

Under Environmental Law, by October 3, 2011, all companies that have business licenses but do not have an AMDAL or UKL-UPL must complete an environmental audit, if they need an AMDAL, or prepare an environment management document, if they need a UKL-UPL. Furthermore, Environmental Law requires companies to integrate their AMDAL or UKL-UPL into an environmental license by October 3, 2010. Subject to note on Government Regulation 27/2012 below, companies that have obtained an AMDAL approval or UKL-UPL recommendation prior to the issuance of this regulation (i.e., February 23, 2012) do not need to obtain an environmental license. Additionally, an environmental license is prerequisite for companies wishing to obtain their operational business license and shall expire concurrently with such operational business license. Businesses that fail to comply are subject to criminal and administrative sanctions, which may be in the form of (i) a written warning; (ii) government coercion; (iii) suspension of the environmental license; or (iv) revocation of the environmental license.

Under Government Regulation 27/2012, any company and/or activity that is required to obtain an AMDAL or UKL-UPL is also required to obtain an environmental license issued by the State Minister of Environmental Affairs, governor, or mayor/regent, as applicable. Government Regulation 27/2012 stipulates that environmental documents which have been approved prior to the effective date of Government Regulation 27/2012 will be declared valid documents and equivalent to an environmental license. Therefore, any company and/or activity that have not obtained approval from the relevant authorities for their environmental documents when this regulation became effective is required to apply for an environmental license (in addition to the AMDAL or UKL-UPL). The environmental license application process includes (i) preparation of an AMDAL and UKL-UPL; (ii) evaluation of the AMDAL and UKL-UPL; and (iii) written application for and issuance of the environmental license. The application for an environmental license must include, among other things, the AMDAL documents or a UKL-UPL form, the corporate documents of the company and the company profile.

The application for an environmental license will be announced to the public by the State Minister of Environmental Affairs, governor, or mayor/regent (as applicable) through multimedia or an announcement board at the company and/or activity’s location within either (i) five business days of the AMDAL, UKL-UPL documents being declared administratively complete or (ii) two business days of the UKL-UPL form documents being declared administratively complete. The public is allowed to provide comments or suggestions relating to the application. An environmental license will be issued together with an environmental feasibility decision (i.e., the AMDAL approval) or an UKL-UPL recommendation.

Following the issuance of the environmental license, a public announcement of the environmental license must be made in the mass media and/or multimedia. An environmental license contains (i) the requirements and obligations set out in the environmental feasibility decision or the UKL-UPL recommendation; (ii) the requirements and obligations set out by the State Minister of Environmental Affairs, governor, or mayor/regent (as applicable); (iii) the expiration date of the environmental license; and (iv) the number and type of the Environmental Protection and Management License (if required).

TERMS OF THE EXERCISE OF RIGHTS AND SUBSCRIPTIONS FOR RIGHTS SHARES

ANTAM has appointed PT Datindo Entrycom (the “**Share Registrar**”) to undertake all administrative matters and to act as the share administration agent and execution agent in relation to the Rights Issue, in accordance with Deed of Agreement on Shares Administration Management and Implementation Agent for the Limited Public Offering I Number: 30 dated August 26, 2015, made before Notary Fathiah Helmi, Bachelor of Law (Sarjana Hukum), Notary in Jakarta.

1. Qualifying Subscribers

Shareholders whose names are legally registered in ANTAM’s Register of Shareholders on October 20, 2015 at 4:00 p.m. West Indonesia Time (the “**Record Date**”) will receive Rights in the ratio of 471 Rights for every 310 Existing Shares that they own as of the Record Date. Each Right entitles the holder thereof to purchase one Rights Share at the Exercise Price of Rp371 per Rights Share, which must be fully paid upon exercise of such Right.

In the event that a Shareholder is entitled to a number of Rights which includes a fraction of a Right, such number will be rounded down to the nearest whole number and the fraction of the Right will be the property of ANTAM and will not be credited to such Shareholder’s account.

Rightful purchasers who can buy the Rights Shares are the rightful holders (“**Rights Holder**”), namely the shareholders who obtain Rights from ANTAM and have not sold such Rights yet and Rights purchasers whose names are stated on the Rights Certificate or in the endorsement column on the Rights Certificate or Rights list of name that is listed in KSEI’s collective depository (collectively, “**Qualifying Subscribers**”). Qualifying Subscribers may be individuals, Indonesian nationals and/or foreign nationals, and/or institution, and/or legal entities/business entities, either Indonesian or foreign as regulated in the Capital Market Law and its implementing regulations.

2. Distribution of rights

Shareholders who hold Existing Shares through the depository facilities of KSEI will receive their Rights electronically through the accounts of their respective securities company that is registered with the IDX (“**Securities Company**”) or custodian bank in KSEI (“**Custodian Bank**”) by October 21, 2015 (one business day after the Record Date). The Prospectus, Application for Excess Rights Shares Forms and other forms will be distributed by the Share Registrar to Shareholders other than shareholders outside Indonesia and may also be obtained by Shareholders other than shareholders outside Indonesia through their respective Securities Company or Custodian Bank (subject to all applicable laws).

Shareholders who do not hold Existing Shares through the depository facilities of KSEI, or holders of Existing Shares in scrip form, will receive their Rights in scrip form issued in their favor by ANTAM. A Shareholder may collect its Rights in scrip form from the Share Registrar’s office during working hours on any business day from October 21, 2015 until October 28, 2015 by presenting:

- a. A copy of such Shareholder’s Identification Document (for individual Shareholders) or a copy of its articles of association (for Shareholders that are not individuals). Such Shareholders will also be required to present the originals of these documents at the Share Registrar’s office; or
- b. If a Shareholder cannot be present at the Share Registrar’s office, (i) an original power of attorney of such Shareholder (with stamp duty paid) appointing a person as its representative to collect the Rights in scrip form, (ii) a copy of the Identification Document of such Shareholder and (iii) a copy of the Identification Document of the Shareholder’s representative. The representative of such Shareholder will also be required to present its original Identification Document at the Share Registrar’s office.

3. Procedures for the exercise of rights and subscription of Rights Shares

The Rights may be exercised and the Rights Shares may be subscribed from October 22, 2015 until October 28, 2015.

a. *Procedures for exercising Rights held through the depository facilities of KSEI*

1. A Qualifying Subscriber who holds Rights held through the depository facilities of KSEI may exercise its Rights and subscribe for Rights Shares by instructing its Securities Company or its Custodian Bank to exercise its Rights electronically, and pay the Exercise Price into the account designated by KSEI.
2. On the same IDX trading day that a Qualifying Subscriber exercises its Rights and its Securities Company or Custodian Bank provides such instruction to KSEI, therefore:
 - a. KSEI will debit the exercised Rights from the sub-account of such Qualifying Subscriber through C-BEST system.
 - b. After the Exercise Price for the exercised Rights and subscribed Rights Shares are received in the bank account designed by KSEI, KSEI will transfer such funds from the designated bank account to a bank account of ANTAM established for the purposes of the Rights Issue (the “**Rights Issue Account**”) on the same day.
3. One IDX trading day after KSEI receives an instruction relating to a Qualifying Subscriber’s exercise of its Rights, KSEI will furnish to the Share Registrar the following documents;
 - a. A list of instructions received by KSEI relating to the exercise of Rights which will — include information regarding the Qualifying Subscribers who have exercise Rights, such as their identity numbers, names, addresses, status of citizenship and domicile;
 - b. A letter certifying that the Exercise Price for the relevant exercised Rights has been transferred from the bank account designated by KSEI to the special bank account; and
 - c. Instructions for Rights Shares issuable as a result of the exercise of the relevant Rights to be transferred to a special account designated by KSEI.
4. Shortly after the Share Registrar receives the documents listed in the immediately foregoing paragraph, the Share Registrar will review each document and the outstanding amount in the Rights Issue Account to confirm that the Exercise Price of the exercised Rights to which the list of instructions relate have been transferred to such account.
5. By the date at the latest two IDX trading days after an instruction for the exercise of Rights is provided by KSEI and the Exercise Price of the relevant exercised Rights is deposited in good funds in the Rights Issue Account, the Share Registrar will issue or deposit Rights Shares resulting from the exercise of the relevant Rights to the special account designated by KSEI, and KSEI will distribute such Rights Shares to the Qualifying Subscriber’s sub-account through the C-BEST system. Furthermore, after making the distribution of the results of the Rights of Rights Shares, then KSEI will report the results of the distribution of the result of New Shares of Rights Issue to ANTAM and the Share Registrar.

B. *Procedures for exercising Rights not held through the depository facilities of KSEI*

1. A Qualifying Subscriber who holds its Rights in scrip form may only exercise its Rights at the Share Registrar's office.
2. In order to exercise its Rights, such Qualifying Subscriber will have to pay the Exercise Price for the Rights it wishes to exercise into the Rights Issue Account and submit the following documents to the Share Registrar:
 - a. Original Rights Certificate, signed and completed;
 - b. Original proof of payment of the Exercise Price;
 - c. A copy of such Qualifying Subscriber's Identification Document (for individual Shareholders) or a copy of its articles of association and list of the latest directors on its board of directors (for Qualifying Subscribers that are not individuals); and
 - d. If a Qualifying Subscriber cannot be present at the Share Registrar's office, an original power of attorney of such Qualifying Subscriber (with stamp duty paid) appointing a person as its representative for the purposes of exercising its Rights, a copy of the Identification Document of such Qualifying Subscriber and a copy of the Identification Document of such Qualifying Subscriber's representative.
 - e. If the Qualifying Subscriber would like to request that the Rights Shares that are issuable as a result of the exercise of its Rights be deposited into the depository facilities of KSEI, then it must exercise its Rights through a Securities Company or Custodian Bank that it has appointed. Such Qualifying Subscriber's Rights may be exercised by its Securities Company or Custodian Bank by the submission of the following additional documents:
 - Original power of attorney of the Qualifying Subscriber (with stamp duty paid) appointing the Securities Company or Custodian Bank as its attorney to exercise its Rights and to manage the Rights Shares to be issued as a result of such exercise and deposited into the depository facilities of KSEI; and
 - Original form of securities deposit, issued by KSEI, signed and completed
3. The Share Registrar will review each supporting document for the Rights subscription as specified at point B.2 above.
4. At the latest two IDX trading days after the Rights are exercised, the documents above are received by the Share Registrar and the Exercise Price for such Rights is paid in good funds into the Rights Issue account, the Share Registrar will issue the Rights Shares resulting from the exercise of the Rights in scrip form to the Qualifying Subscriber, if such Qualifying Subscriber does not want such Rights Shares to be deposited into the depository facilities of KSEI, or deposit such Rights Shares into the depository facilities of KSEI. If the Qualifying Subscriber who holds its Rights in scrip form requires New Shares included in depository facilities with the procedure described above, then at the latest two IDX trading days after the request for exercise of the Rights received by the Registrar and Exercise Price of Rights has been paid in good funds into the Rights Issue Account, the Registrar will issue/deposit a number of New Shares to the securities account through the C-BEST facilities.

4. **Procedures for applications for excess rights shares**

Qualifying Subscribers may apply for Excess Rights Shares which exceed the number of Rights Shares that they are entitled to upon exercise of their Rights by completing the Application for Excess Rights Shares Form.

Qualifying Subscribers who hold their Rights in scrip form and who have requested that the Rights Shares that are issuable as a result of the exercise of their Rights be deposited into the depository facilities of KSEI must make their application for Excess Rights Shares to the Share Registrar through their Securities Company or Custodian Bank by submitting these documents:

- a. Original Application for Excess Rights Shares Form duly completed;
- b. Original power of attorney of such Qualifying Subscriber (with stamp duty paid) appointing the Securities Company or custodian bank as its attorney to apply for Excess Rights Shares and to manage any Excess Rights Shares allotted and issued to such Qualifying Subscriber through the depository facilities of KSEI and any other power of attorney that might be given in relation to the application for Excess Rights Shares in the name of the Qualifying Subscriber;
- c. A copy of such Qualifying Subscriber's Identification Document (for individual subscribers) or a copy of its articles of association and list of the latest directors on its board of directors (for Qualifying Subscribers that are not individuals);
- d. Original proof of payment by the Qualifying Subscriber to the special bank account for the Excess Rights Shares being applied for; and.
- e. Original form of securities deposit, issued by KSEI, signed and completed for the distribution by the Share Registrar of the Qualifying Subscriber's Rights Shares as a result of its exercise of Rights;

The application must be made by the submission to the Share Registrar of the duly completed Application for Excess Rights Shares Form and the following documents:

- a. Original instruction for the exercise of such Qualifying Subscriber's Rights settled through the C- BEST system in the name of such Qualifying Subscriber;
- b. Original form of securities deposit, issued by KSEI, signed and completed for the distribution by the Share Registrar of the Qualifying Subscriber's Rights Shares as a result of its exercise of Rights; and
- c. Original proof of payment by the Qualifying Subscriber to the Rights Issue Account for the Excess Rights Shares being applied for.

Qualifying Subscribers who hold their Rights in scrip form and who have requested that the Rights Shares that are issuable as a result of the exercise of their Rights be deposited into the depository facilities of KSEI must make their application for Excess Rights Shares to the Share Registrar through their Securities Company or Custodian Bank by submitting these documents:

- a. Original Application for Excess Rights Shares Form duly completed;
- b. Original power of attorney of such Qualifying Subscriber (with stamp duty paid) appointing the Securities Company or custodian bank as its attorney to apply for Excess Rights Shares and to manage any Excess Rights Shares allotted and issued to such Qualifying Subscriber through the depository facilities of KSEI and any other power of attorney that might be given in relation to the application for Excess Rights Shares in the name of the Qualifying Subscriber;
- c. A copy of such Qualifying Subscriber's Identification Document (for individual subscribers) or a copy of its articles of association and list of the latest directors on its board of directors (for Qualifying Subscribers that are not individuals); and
- d. Original proof of payment by the Qualifying Subscriber to the special bank account for the Excess Rights Shares being applied for.

Qualifying Subscribers who wish to apply for Excess Rights Shares must make payment for all the Shares applied for in good funds into the special bank account by October 30, 2015. Qualifying Subscribers who do not comply with the instructions and terms of the application for Excess Rights Shares could have their applications rejected.

5. Allotment for Excess Rights Shares

The allotment for Excess Rights Shares will be carried out on November 2, 2015 as follows:

- a. If the number of Rights Shares subscribed, including through applications for Excess Rights Shares, does not exceed the total number of Rights Shares offered in the Rights Issue, then each Qualifying Subscriber will receive the number of Excess Rights Shares that it has applied for.
- b. If the number of Rights Shares subscribed, including through applications for Excess Rights Shares, exceeds the total number of Rights Shares offered in Rights Issue, then each Qualifying Subscriber who has applied for Excess Rights Shares shall be allotted a proportionate number of Excess Rights Shares based on the number of Rights exercised by such Qualifying Subscriber.

The Share Registrar, which is also the Allotment Manager, will submit the review report of the accountant appointed in relation to the Rights Issue to the OJK in accordance with Bapepam-LK Regulation No. VIII.G.12 regarding the Guidelines of Accountant Review of Securities Subscription and Allotment or Distribution of Bonus Shares and also Bapepam-LK Regulation No. IX.A.7 regarding the Allotment Manager's Responsibility in a Securities Subscription and Allotment in a Public Offering.

6. Payment requirements

Payments of the Exercise Price in relation to the exercise of Rights or application for Excess Rights Shares to be made by Qualifying Subscribers that are made directly to the Share Registrar must be fully paid (in good funds) in Indonesian Rupiah at the time of such exercise or application by cash, cheque, giro or transfer with reference to the number on the Rights Certificate or the Application for Excess Rights Shares Form Number and should be made to the following account of ANTAM:

PT Bank Mandiri (Persero) Tbk, Aneka Tambang Building, Jakarta Branch

A/C No: 127-000-150-9478 In the name of PT Aneka Tambang (Persero) Tbk — Rights Issue

All cheques and bank notes issued for the purposes of such payment shall be cashed upon receipt. If any cheque or bank note is rejected by the relevant bank, the exercise of Rights or application for Excess Rights Shares by the relevant Qualifying Subscriber shall be automatically rejected. A payment will be determined to have been made on the date that the funds are credited to ANTAM's account as described above.

Payment with respect to applications for Excess Rights Shares must be received in good funds in ANTAM's account at the latest on October 30, 2015.

All costs incurred in connection with the exercise of Rights or application for Excess Rights Shares by Qualifying Subscribers will be borne by such Qualifying Subscribers. If payment is not made as required under the terms set out herein, the related exercise of Rights or application for Excess Rights Shares shall be rejected.

7. Proof of receipt for the exercise of Rights or applications for Excess Rights Shares

ANTAM, through its appointed Share Registrar accepted the instruction relating to the exercise of Rights or an application for Excess Rights Shares by a Qualifying Subscriber, will provide to such Qualifying Subscriber a receipt which will be stamped and can be used by such Qualifying Subscriber to collect the Rights Shares in scrip form related to such exercise or application or claim the refund for any Excess Rights Shares that have not been allocated to it (as the case may be).

Qualifying Subscribers who hold their Rights through the depository facilities of KSEI will receive confirmation (through the receipt of Rights Shares) of their exercise of Rights and application for Excess Rights Shares through the C-BEST system.

8. Rejection of exercise of Rights or application for Excess Rights Shares

ANTAM reserves the right to reject an exercise of Rights or an application for Excess Rights Shares, in whole or in part, in accordance with the prevailing terms and conditions for the Rights Issue. Notification of such rejection will be given promptly at the same time with the announcement of allotment of share subscription.

An exercise of Rights or an application for Rights Shares may be rejected for a number of reasons, including:

- a. Application for Rights Certificate are not duly completed in accordance with the terms stated in such forms and this Prospectus;
- b. The payment conditions are not satisfied; and
- c. The failure to deliver the required documents for such exercise or application.

9. Refunds

ANTAM shall refund all payments with respect to Excess Rights Shares that are not allocated to Qualifying Subscribers due to an oversubscription of Rights Shares and all payments with respect to rejected exercises of Rights and applications for Excess Rights Shares at the latest by November 4, 2015. Qualifying Subscribers shall not be entitled to any interest on payments made that are refunded by ANTAM on or prior to November 4, 2015.

In the event of a delay in the payment of a refund, such refund shall be made with interest, which shall be calculated in starting from November 4, 2015, unless the delay is due to force majeure or a Qualifying Subscriber failing to collect its refund on the date specified.

The refund will be paid out in Indonesian Rupiah by way of transfer in favor of the Qualifying Subscriber and the subscriber are not charged.

If the refund is made by way of cheque, it can be collected from:

**PT Datindo Entrycom, Puri Datindo-Wisma Sudirman, Jl Jenderal Sudirman Kav 34-35
Jakarta 10220 Indonesia**

Tel: (62) 21-5709009 Fax: (62) 21-5709026

The refund cheque may only be collected by a Qualifying Subscriber if it presents a valid Identification Document (for individual Qualifying Subscribers) or a copy of its articles of association and power of attorney (for Qualifying Subscribers that are not individuals) and original proof of receipt of its instruction to exercise Rights or application for Excess Rights Shares. The Qualifying Subscriber will not incur with any bank charges or transfer fees for the amount refunded.

10. Distribution of Shares from the Rights Subscription

Rights Shares to be issued in connection with the exercise of Rights by a Qualifying Subscriber through KSEI will be credited to such Qualifying Subscriber's sub-account within two business days after the instruction with respect to such exercise is received from KSEI and the required payment of the Exercise Price for such Shares is made in good funds to the Rights Issue Account.

Rights Shares in scrip form to be issued in connection with the exercise of Rights in scrip form by a Qualifying Subscriber will be available for collection by such Qualifying Subscriber within two business days after such exercise, the relevant documents are received by the Share Registrar and the required payment of the Exercise Price for such Shares is made in good funds to the Rights Issue Account.

Excess Rights Shares in scrip form allocated to a Qualifying Subscriber will be available for collection or will be delivered electronically through the depository facilities of KSEI by at least two trading days after the allotment date.

Rights Shares in scrip form issued in connection with the exercise of Rights may be collected from the Share Registrar's office every business day (Monday - Friday, 09:00 - 15:00 Western Indonesian Time), which began on October 22, 2015 until October 28, 2015. Rights Shares in scrip form after allotment of Excess Rights Shares may be collected from 26 October 2015, upon the submission of the following documents:

- a. An original Identification Document (for individual subscribers);
- b. A copy of its articles of association and list of the latest directors on its board of directors (for Qualifying Subscribers that are not individuals);
- c. If the collection is made by a Qualifying Subscriber's representative, (i) an original power of attorney of such Qualifying Subscriber (with stamp duty paid) appointing a person as its representative to collect the Rights Shares in scrip form, (ii) a copy of the Identification Document of such Qualifying Subscriber and (iii) a copy of the Identification Document of the Qualifying Subscriber's representative; and
- d. Original proof receipt of its instruction to exercise Rights or application for Excess Rights Shares.

11. Allocation for unsubscribed Rights

If the Rights Shares are not fully subscribed by the holders of the Rights, any remaining Rights Shares (the "Excess Rights Shares") will be allotted to other holders of Rights who apply for such Excess Rights Shares, as stated in the scrip form or FPPS proportionately to Rights which have been executed.

If there are any remaining Rights Shares after the allocation of the Excess Rights Shares, such remaining Rights Shares will not be issued by ANTAM.

Information Relating to the Rights Issue

The Rights Shares offered in the Rights Issue will be issued based on the Rights to be issued to the Shareholders whose names are legally registered in the Shareholders Register of ANTAM on the Record Date (the "Existing Shareholders").

A summary of certain significant terms of the Rights Issue is as follows:

1. Shareholders entitled to the Rights

Existing Shareholders will receive Rights in the ratio of 471 Rights for every 310 Existing Shares that they own as of the Record Date. Each Right entitles the holder thereof to purchase one Rights Share at the Exercise Price, which must be fully paid upon exercise of such Right.

2. Qualifying Subscribers

Only the following persons, which we refer to herein as Qualifying Subscribers, may exercise their Rights to subscribe for the Rights Shares at the Exercise Price: Existing Shareholders whose Rights have not been sold or transferred; and purchasers of Rights or holders of Rights whose names are stated on the Rights or in the endorsement column of the Rights or whose names are in KSEI's list of holders of Rights, subject in all cases to applicable laws and regulations and the procedures instituted by ANTAM. See *"Important Information For Investors Outside of Indonesia"*.

3. Trading of the Rights

Holders of Rights may trade their Rights during the Rights trading period, which begins on October 22, 2015 and ends on October 28, 2015.

The trading of Rights must comply with the regulations in Republic of Indonesia, including but not limited to, tax regulations and Capital Markets regulations such as the IDX regulations, and KSEI regulations. If holders of are in doubt as to any such regulations, they are advised to consult with their investment advisors, investment managers and other professional advisors.

Holders of Rights who intend to transfer their rights may effect such transfer over the IDX (through a Securities Company and/or Custodian Bank) if such Rights are held through the depository facilities of KSEI or off the IDX for Rights in scrip form, in each case in accordance with applicable laws and regulations. All costs and taxes incurred by holders of Rights in connection to the transfer of Rights will be borne by such holders of Rights or the transferees of such Rights.

In accordance with the Circular Letter of PT Bursa Efek Indonesia No. KEP-00071/BEI/11-2013, the Rights are tradable in multiples of 100 Rights. Trading in odd lots of Rights can only be carried out in the negotiated market at market prices. Rights can be traded on each IDX trading day from 9:30 am to 12:00 noon Jakarta Automated Trading System (JATS) time, except for Friday, when they can be traded from 9:30 am to 11:30 am JATS time. Settlement for the transfer of Rights will be effected on the same IDX trading day as the transaction (T+0) at the latest by 4:00 p.m. West Indonesia Time.

4. The form of Rights

Rights issued by ANTAM will be available in two forms:

Rights issued to Shareholders who hold their Existing Shares in scrip form will be in scrip form and will include the name and the address of the Shareholder, the number of Shares held and the number of Rights held and other required information; and

Rights issued to Shareholders who hold their Existing Shares through the depository facilities of KSEI, will be scripless and issued electronically to their securities account with their Securities Company or Custodian Bank.

5. Application for splitting of Rights in scrip form

Shareholders who hold their Rights in scrip form and are intending to sell or assign any part of the Rights specified in their Rights Evidence Certificate may do so by submitting an application letter to BAE to obtain a split of the Rights in the preferred denomination during the Rights trading period from October 22, 2015 to October 28, 2015.

6. Value of the Rights

The value of the Rights issued in the Rights Issue may fluctuate based on market demand and supply forces and there can be no assurance that there will be a liquid market for such securities.

A theoretical calculation of the value of a Right is set out below. Shareholders should be aware that such calculation does not necessarily represent, and it is not a guarantee, of the real value of a Right.

Assumption:

Market Price per share	: Rp a
Exercise Price	: Rp r
Number of Shares prior to Rights Issue	: A
Number of Shares offered in Rights Issue	: R
Theoretical ex-Rights Price	: $(Rp\ a\ X\ A) + (Rp\ r\ X\ R) = Rp\ X$
	$(A + R)$

Rights value is = $RpX - Rpr$

7. Use of the Rights

Rights entitle holders thereof to subscribe for Rights Shares. Photocopies of Rights in scrip form will not be recognized by ANTAM. Rights are not exchangeable for cash or any other form of payment from ANTAM. Proof of ownership of Rights that are held in scripless form through the depository facilities of KSEI will be provided by KSEI through a Securities Company or Custodian Bank.

8. Fractional Rights

In accordance with Regulation No. IX.D.1 Attachment to Regulation of the Chairperson of Capital Market Supervisory Agency No. Kep-26/PM/2003 dated July 17, 2003 concerning Rights (HMETD), in the event that a Shareholder is entitled to a number of Rights which includes a fraction of a Right, such number will be rounded down to the nearest whole number and the fraction of the Right will not be credited to such Shareholder's account. Such fractional Rights will be aggregated and sold by ANTAM and the proceeds from such sale will be retained by ANTAM in accordance with Indonesian law.

9. Others

The terms and conditions of the Rights Issue are governed by the prevailing laws of the Republic of Indonesia. The transfer of Rights and exercise of Rights are also subject to certain restrictions. See "Important Information for Investors Outside of Indonesia". All costs and taxes incurred by holders of Rights in connection with the transfer of Rights will be borne by such holders of Rights or the transferees of such Rights. For further information regarding the Rights Issue, please contact the Share Registrar.

TRANSFER RESTRICTIONS

Because the following restrictions will apply to the Rights and Rights Shares, purchasers are advised to consult their own legal counsel prior to making any offer, sale, resale, pledge or transfer of the Rights or the Rights Shares.

The Rights and Rights Shares have not and will not be been registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, except in offshore transactions in reliance on Regulation S.

Each purchaser of the Rights and Rights Shares will be deemed to have represented, agreed and acknowledged that:

- (1) It is, or at the time such securities are purchased will be, the beneficial owner of such securities and (a) it is located outside the United States (within the meaning of Regulation S), and (b) it is purchasing such securities in an offshore transaction pursuant to Regulation S.
- (2) It understands that such securities have not been and will not be registered under the Securities Act and that it will not offer, sell, pledge or otherwise transfer or deliver, directly or indirectly, such securities except (a) in an offshore transaction in accordance with Rule 904 of Regulation S or (b) pursuant to a transaction otherwise exempted from, or not subject to, the registration requirements under the Securities Act. ANTAM and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any securities for the account of one or more purchasers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account. It will, and each subsequent purchaser is required to, notify any subsequent purchaser of securities from it of these resale restrictions.

TAXATION

The following discussion is a summary of certain Indonesian income tax and stamp duty consequences under present law of the purchase, ownership and disposition of ANTAM's Shares. It addresses only purchasers who will hold ANTAM's Shares as capital assets. It does not address the tax treatment of investors subject to special rules including banks, dealers, insurance companies, tax-exempt entities, holders of 10.0% or more of our voting Shares, and persons holding Shares as part of a hedge, straddle, conversion or constructive sale transaction. It does not address state, local and foreign tax consequences of ownership and disposition of our Shares.

EACH PROSPECTIVE PURCHASER IS ADVISED TO CONSULT ITS TAX ADVISORS ABOUT THE PARTICULAR TAX CONSEQUENCES TO IT OF AN INVESTMENT IN OUR SHARES.

Indonesian taxation

The following is a summary of the principal Indonesian income tax consequences of the ownership and disposition of our shares for a non-resident individual or non-resident entity (a “**Non-Indonesian Holder**”) that holds shares in an Indonesian resident company. As used in the preceding sentence, a “non-resident individual” is a foreign national who does not reside in Indonesia or is not physically present in Indonesia for more than 183 days during any twelve-month period, during which period such non-resident individual receives income from the ownership or disposition of shares, and a “non-resident entity” is a corporation or non-corporate body that is established under the laws of a jurisdiction other than Indonesia, is not domiciled in Indonesia, does not carry on business or conduct activity through a permanent establishment in Indonesia, and that can receive or earn income from Indonesia without carrying on business or conducting activity through a permanent establishment in Indonesia during an Indonesian tax year in which such non-resident entity receives income from the ownership or disposition of shares.

Taxation of dividends

Dividends declared by ANTAM out of retained earnings and distributed to a Non-Indonesian Holder in respect of Shares are subject to Indonesian withholding tax, currently at the rate of 20.0%, on the amount of the gross distribution (in the case of cash dividends) or on the relevant Non-Indonesian Holder's proportional share of the value of the distribution (in the case of stock dividends). Based on Minister of Finance Decree No.06/KM.3/2014 dated September 30, 2014 regarding income tax facilities for capital investment in designated businesses and/or locations, ANTAM is granted a tax facility to impose income tax on dividend payments to non-resident tax payers at the lower of 10% or the applicable tax treaty rate. This facility may be utilized when ANTAM has implemented at least 80% of its Rp5.2 trillion capital investment plan for the Pomalaa plant expansion project, in line with Decree of the Ministry of Finance No. 06/KM.3/2014 dated September 30, 2014 on the Approval of Tax Incentives for Investment in Certain Business Fields and/or in Certain Regions.

Pursuant to Director General of Tax Regulation No. PER-61/PJ/2009 and PER-62/PJ/2009, as amended by PER-24/PJ/2010 and PER-25/PJ/2010, a lower withholding tax rate provided for under certain double taxation treaties may be applicable provided that, among others, the establishment of the relevant company in the tax treaty partner country and the transaction are not structured solely to utilize tax treaty benefits, the legal form of the transaction's structure does not differ from its economic substance solely to utilize tax treaty benefits, and the recipient is the beneficial owner of the dividends and a resident of the relevant treaty country.

The non-Indonesian holder must provide ANTAM with an original certificate of domicile (the “**CoD**”) in the form of Form DGT-1 or Form DGT-2, which are the specific forms prescribed by the Indonesian tax authority. Such CoD must be completed by the non-Indonesian holder and certified by the competent tax authorities or their authorized representatives of the jurisdiction where the Non-Indonesian Holder is domiciled, before the record date of or the date the shareholder becomes

entitled to a dividend payment. The CoD is only valid for twelve months from the date of signing by the foreign tax authority and must be renewed after such period. An original CoD must be submitted to the appropriate Indonesian tax office that has jurisdiction over ANTAM by the 20th of the month following such record date.

Tax treaties

Indonesia has concluded double taxation treaties with a number of countries including Singapore, Australia, Belgium, Canada, France, Germany, Japan, Luxembourg, The Netherlands, Sweden, Switzerland, the United Kingdom and the United States of America. Under the US-Indonesia and Singapore-Indonesia tax-treaties, the withholding tax on dividends is generally reduced to 10.0% for holders of at least 25.0% of voting stock and 15.0% for all other cases.

Under the Hong Kong-Indonesia tax treaty, the preferential tax rate on dividends is 5% for shareholders holding of at least 25% of a corporation's voting stock and 10% otherwise, subject to implementing regulations issued by the Indonesian tax authority.

Under the Indonesia-Netherlands tax treaty, the current preferential tax rate on dividends is 10%. Under the new protocol amending this treaty signed on July 30, 2015, the preferential rate is 5% for a corporate entity (other than a partnership) which directly holds at least 25% of a corporation's voting stock, 10% for a pension fund, and 15% in all other cases. The implementation of these withholding tax rates is subject to the completion of the exchange of ratification documents by both countries.

Taxation on the disposition of shares

Pursuant to Government Regulation No. 41 of 1994 regarding the withholding of income tax on income arising from share trading transactions on the stock exchange dated December 23, 1994 and its amendments in Government Regulation No. 14 of 1997 dated May 29, 1997, the sale or transfer of Shares that are listed on the IDX is subject to final income tax of 0.1% of the gross amount of the transaction value and should be withheld by the IDX through the broker handling the transaction.

Exemption from the 0.1% income tax may be available to a non-Indonesian holder under a double taxation treaty, subject to compliance with the requirements under PER-61/PJ/2009 and PER-62/PJ/2009, as amended by PER-24/PJ/2010 and PER-25/PJ/2010. In practice, however, the 0.1% final income tax is applied irrespective of the existence of any tax treaty protection. Pursuant to Article 6 of PER-61/PJ/2009 and Minister of Finance Regulation No. 187/PMK.03/2015, the Indonesian tax authorities allow a Non-Indonesian Holder to request a refund on the 0.1% final tax, if a double taxation treaty provides an exemption from such tax. In practice, the refund is not commonly requested even though the Non-Indonesian Holder may have the right to a refund.

Taxation of Rights Issue

ANTAM's grant of statutory subscription rights for its shares in compliance with Indonesian law (commonly known as a rights issue) should not be subject to Indonesian tax in the hands of Indonesian and Non-Indonesian Holders provided such holder is not a related party of ANTAM. Should a non-Indonesian holder sell such rights, the proceeds from any such sale will be considered as income for income tax purposes. Any income from the sale of rights by a Non-Indonesian Holder of such rights is technically subject to a withholding tax of the lower of 20% or the applicable tax treaty rate. However, Indonesian tax regulations currently provide no mechanism to impose this withholding tax on the transfers of such rights. Income from the sale of shares in Indonesia that are publicly listed is

not subject to income tax as transfers and sales of listed shares, assuming these are conducted through the IDX, are subject to a 0.1% final tax.

Stamp duty

According to Government Regulation No. 24 of 2000, a document that effects a sale of Indonesian shares is subject to stamp duty. Currently, the nominal amount of the Indonesian stamp duty is Rp6,000 for transactions having a value greater than Rp1,000,000 and Rp3,000 for transactions having a value of up to Rp1,000,000. Generally, the stamp duty is due at the time the document is executed or to be used as evidence before a court.

LEGAL MATTERS

Certain legal matters with respect to the Right Issue will be passed upon for ANTAM by DLA Piper Singapore Pte Ltd with respect to matters of US federal securities and New York law and Tumbuan & Partners with respect to matters of Indonesian law. Certain legal matters will be passed upon for the Selling Agents by Clifford Chance Pte Ltd with respect to matters of English, US federal securities and New York law and Hadiputranto Hadinoto & Partners with respect to matters of Indonesian law.

INDEPENDENT PUBLIC ACCOUNTANTS

ANTAM's audited consolidated financial statements as of and for the year ended December 31, 2012 included in this Prospectus have been audited by PSS (a member firm of Ernst and Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the IICPA, as stated in their audit report appearing elsewhere in this Prospectus. ANTAM's audited consolidated financial statements as of and for the years ended December 31, 2010 and 2011, which are not included in this Prospectus, have been audited by PSS (a member firm of Ernst and Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the IICPA, as stated in their audit report which is also not included in this Prospectus.

ANTAM's consolidated financial statements as of and for the six months ended June 30, 2015 and as of and for the years ended December 31, 2014 and 2013, included elsewhere in this Prospectus, have been audited by KAP Tanudiredja, Wibisana, Rintis & Rekan, formerly KAP Tanudiredja, Wibisana & Rekan (a member of the PricewaterhouseCoopers network of firms), independent public accountants, as stated in their report included in this Prospectus.

With respect to ANTAM's unaudited consolidated financial information for the six months ended June 30, 2014 included in this Prospectus, KAP Tanudiredja, Wibisana, Rintis & Rekan, formerly KAP Tanudiredja, Wibisana & Rekan (a member of the PricewaterhouseCoopers network of firms) reported that they have applied limited procedures in accordance with professional standards in Indonesia for a review of such information. However, their separate report dated October 2, 2015, included elsewhere in this Prospectus, states that they did not audit and they do not express an opinion on this unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN IFAS AND IFRS

The consolidated financial information of ANTAM included in this Prospectus has been prepared and presented in conformity with IFAS. Certain differences exist between IFAS and IFRS which might be material to the financial information herein. The matters described below summarize certain differences between IFAS and IFRS that may be material. ANTAM is responsible for preparing the summary below. ANTAM has not prepared a complete reconciliation of its consolidated financial statements and related footnote disclosures between IFAS and IFRS and has not quantified such differences. Accordingly, no assurance is provided that the following summary of differences between IFAS and IFRS is complete. In making an investment decision, investors must rely upon their own examination of ANTAM, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFAS and IFRS, and how those differences might affect the financial information herein.

Land use rights

Under IFAS, land held based on certain types of rights other than a freehold title (i.e. right to build and right to use the land) will typically be classified as a property, plant and equipment item by an entity, even though the entity does not get the freehold title. The predominant practice is to capitalize the cost of acquired land rights and not to amortize them. Expenses associated with the acquisition of a government permit to use the land are amortized over the period the holder is expected to retain the land rights.

Under IFRS, land rights are considered as leases. IFRS require land rights that are valid only for certain periods, although they could be extended, to be amortised over the lease term of the land rights.

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**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**AS AT JUNE 30, 2015 AND
DECEMBER 31, 2014, 2013 AND 2012**

**AND FOR THE SIX-MONTH PERIODS
ENDED JUNE 30, 2015 AND 2014, AND
FOR THE YEARS ENDED
DECEMBER 31, 2014, 2013 AND 2012**

**DIRECTORS' STATEMENT REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2015, 31 DECEMBER 2014, 2013 AND 2012
AND FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014,
AND FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012**

**PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG TBK
AND SUBSIDIARIES**

On behalf of the Board of Directors, we, the undersigned:

1. Name : Tedy Badrujaman
Office Address : Jl. Letjen TB Simatupang No. 1, Jakarta 12530
Address of Domicile : Mutiara Sentul N/1, RT/RW 001/010
Nanggewer, Cibinong
Telephone Number : +6221 789 1234
Position : President Director
2. Name : Johan NB Nababan
Office Address : Jl. Letjen TB Simatupang No. 1, Jakarta 12530
Address of Domicile : Jl. Kostrad Raya No.48, RT/RW 003/005
Petukangan Utara, Pesanggrahan, Jakarta 12260
Telephone Number : +6221 789 1234
Position : Acting Finance Director

Declare that,

1. We are responsible for the preparation and presentation of the consolidated financial statements of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the Company) and Subsidiaries;
2. The consolidated financial statements of the Company and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the consolidated financial statements of the Company and Subsidiaries is complete and correct;
b. The consolidated financial statements of the Company and Subsidiaries do not contain false material information or facts, nor do they omit material information or facts;
4. We are responsible for the internal control systems of the Company and Subsidiaries.

This declaration has been made truthfully.

For and on behalf of the Board of Directors:

Jakarta, 02 October 2015



Tedy Badrujaman
President Director



Johan NB Nababan
Acting Finance Director

PT ANTAM (Persero) Tbk
Head Office
Gedung Aneka Tambang
Jl. Letjen. T.B. Simatupang No. 1
Lingkar Selatan, Tanjung Barat, Jakarta 12530, Indonesia

T 62-21 789 1234
F 62-21 789 1224
E corsec@antam.com

www.antam.com





**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF**

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG TBK

We have audited the accompanying consolidated financial statements of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the "Company") and subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at 30 June 2015, 31 December 2014 and 2013 and the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the six-month period ended 30 June 2015 and for the years ended 31 December 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan
Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940 - INDONESIA, P.O. Box 2473 JKP 10001
T: +62 21 5212901, F: + 62 21 52905555 / 52905050, www.pwc.com/id



Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2015, 31 December 2014 and 2013 and their consolidated financial performance and their cash flows for the six-month period ended 30 June 2015 and for the years ended 31 December 2014 and 2013, in accordance with Indonesian Financial Accounting Standards.

Other matters

Prior to issuance of this report, we have issued independent auditor's reports Number A150814013/DC2/YSR/III/2015 dated 14 August 2015 and Number A150918001/DC2/YSR/III/2015 dated 18 September 2015 on the consolidated financial statements of Group as at and for the six-month period ended 30 June 2015 and as at and for the years ended 31 December 2014 and 2013, which expressed unmodified opinion. For the purpose of the Limited Public Offering to the shareholders of the Company in the framework of an Issuance of Preemptive Rights, the Company has reissued the consolidated financial statements of Group as at and for the six-month period ended 30 June 2015 and as at and for the years ended 31 December 2014 and 2013 to amend certain disclosures, in order to conform with the relevant requirements of the capital market regulations. There were no material changes between the previously issued consolidated financial statements and the reissued consolidated financial statements, except as disclosed in Note 40 to the reissued consolidated financial statements.

Our audit was conducted for the purpose of expressing an opinion on the consolidated financial statements taken as a whole. The supplementary information on schedule 6/1 to 6/5 in respect of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (parent company only) financial information as at and for the six-month period ended 30 June 2015 and as at and for the years ended 31 December 2014 and 2013 is presented for the purpose of additional analysis and is not required as parts of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and in our opinion, is fairly stated in all material respects, in relation with the consolidated financial statements taken as a whole.

This report has been prepared solely for inclusion in the Company's prospectus in connection with the Company's corporate action. Therefore it is not intended to be, and should not be, used for any other purpose.

JAKARTA
2 October 2015

Yusron, S.E., Ak., CPA
Licence of Public Accountant No. AP.0243



REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG TBK

Introduction

We have reviewed the accompanying interim consolidated financial statements of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the "Company") and subsidiaries (collectively referred to as the "Group"), which comprise the interim consolidated statement of financial position as at 30 June 2014, the interim consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Indonesian Financial Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", established by the Indonesian Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the interim consolidated financial position of the Group as at 30 June 2014, and their interim consolidated financial performance and their cash flows for the six-month period then ended, in accordance with Indonesian Financial Accounting Standards.

Other matters

Prior to issuance of this review report, we have issued review reports Number N20140829005/DC2/YSR/2014 dated 29 August 2014, Number N20150814002/DC2/YSR/2015 dated 14 August 2015 and Number N20150918001/DC2/YSR/2015 dated 18 September 2015 on the Group's interim consolidated financial statements as at 30 June 2014 and for the six-month period then ended. For the purpose of the Limited Public Offering to the shareholders of the Company in the framework of an Issuance of Preemptive Rights, the Company has reissued the interim consolidated financial statements of Group as at 30 June 2014 and for the six-month period then ended to amend certain disclosures, in order to conform with the relevant requirements of the capital market regulations. There were no material changes between the previously issued consolidated financial statements and the reissued consolidated financial statements, except as disclosed in Note 40 to the reissued consolidated financial statements.

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan
Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940 - INDONESIA, P.O. Box 2473 JKP 10001
T: +62 21 5212901, F: +62 21 52905555 / 52905050, www.pwc.com/id

Nomor Izin Usaha: KEP-241/KM.1/2015
N20151002001/DC2/YSR/2015



The supplementary information on schedule 6/1 to 6/5 in respect of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (parent company only) financial information as at and for the six-month period ended 30 June 2014 is presented for the purpose of additional analysis and is not required as parts of the consolidated financial statements. Such supplementary information has been subjected to the reviewing procedures applied in the review of the interim consolidated financial statements and based on our review, nothing has come to our attention that causes us to believe that the supplementary information does not present fairly, in all material respects, in relation with the interim consolidated financial statements taken as a whole.

This report has been prepared solely for inclusion in the Company's prospectus in connection with the Company's corporate action. Therefore it is not intended to be, and should not be, used for any other purposes.

JAKARTA
2 October 2015

A handwritten signature in black ink, appearing to read 'Yusron'.

Yusron, S.E., Ak., CPA
Licence of Public Accountant No. AP.0243

The original report included herein is in the Indonesian language.

Independent Auditors' Report

Report No. RPC-064/PSS/2015

The Stockholders and the Boards of Commissioners and Directors Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk.

We have audited the accompanying consolidated financial statements of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk. (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2012, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The original report included herein is in the Indonesian language.

Independent Auditors' Report (continued)

Report No. RPC-064/PSS/2015 (continued)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk. and its subsidiaries as of December 31, 2012, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matters

We have previously issued Independent Auditors' Report No. RPC-042/PSS/2015 dated September 16, 2015 on the consolidated financial statements of the Company and its subsidiaries as of December 31, 2012 and for the year then ended. In connection with the Company's proposed rights issue, the Company reissued its consolidated financial statements as of December 31, 2012 and for the year then ended, relating to the change of the completion date of the consolidated financial statements and presentation of the additional information regarding the Parent Entity's Financial Information. This report was prepared solely for inclusion in the offering document in connection with such proposed rights issue, and it is not intended to be and should not be used for any other purpose.

Our audit of the accompanying consolidated financial statements of the Company and its subsidiaries as of December 31, 2012 and for the year then ended, were performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of the Company (Parent Entity), which comprise the statement of financial position as of December 31, 2012, and statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

Purwantono, Sungkoro & Surja

E. Batara Manurung, CPA
Public Accountant Registration No. AP.0693

October 1, 2015

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 1/1

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	June 30, 2015	December 31, 2014*	December 31, 2013*	December 31, 2012*
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5,29	2,034,694,298	2,618,910,283	2,792,737,848	3,868,574,769
Trade receivables, net					
Third parties	6	1,458,523,267	1,046,094,840	1,152,368,707	1,721,967,385
Related parties	6,29	66,868,402	21,525,432	317,981	458,981
Other receivables, net		27,676,896	31,318,032	37,004,847	124,491,614
Inventories, net	7	1,877,782,517	1,761,888,223	2,445,933,902	1,449,967,933
Prepaid taxes					
Corporate income taxes	17a	-	-	3,192,273	-
Other taxes	17a	841,502,568	712,394,310	552,409,443	329,114,459
Prepaid expenses	8	28,520,281	72,758,669	65,105,737	50,518,253
Other current assets		<u>233,820,681</u>	<u>78,220,147</u>	<u>31,366,435</u>	<u>101,757,802</u>
Total current assets		<u>6,569,388,910</u>	<u>6,343,109,936</u>	<u>7,080,437,173</u>	<u>7,646,851,196</u>
NON-CURRENT ASSETS					
Restricted cash	9,29	64,564,819	11,428,559	100,997,036	74,878,179
Non-trade related party receivable	29	41,030,678	37,027,697	33,732,183	-
Investments in associates, net	10	2,543,859,155	2,687,171,571	3,582,548,750	3,956,042,901
Investment in a joint venture	10	1,703,804,045	1,438,385,425	1,350,639,204	1,154,405,032
Property, plant and equipment, net	11	8,962,508,364	8,699,660,101	6,700,155,560	4,663,449,270
Mining properties, net	12	877,416,202	893,941,509	858,785,854	666,238,614
Exploration and evaluation assets	13	717,437,528	687,064,468	709,712,614	754,404,102
Deferred charges		38,184,880	39,365,897	40,396,184	31,587,451
Prepaid taxes					
Corporate income taxes	17a	265,424,797	467,572,268	722,498,125	428,317,812
Other taxes	17a	-	-	-	47,858,790
Goodwill	14	114,589,786	133,651,462	179,941,213	185,373,972
Deferred tax assets	17d	552,047,770	476,980,523	600,061,291	36,211,700
Other non-current assets		<u>100,334,335</u>	<u>88,724,264</u>	<u>72,238,703</u>	<u>62,921,927</u>
Total non-current assets		<u>15,981,202,359</u>	<u>15,660,973,744</u>	<u>14,951,706,717</u>	<u>12,061,689,750</u>
TOTAL ASSETS		<u>22,550,591,269</u>	<u>22,004,083,680</u>	<u>22,032,143,890</u>	<u>19,708,540,946</u>

* As restated, refer to Note 4

The accompanying notes form an integral part of these consolidated financial statements.

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 1/2

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	June 30, 2015	December 31, 2014*	December 31, 2013*	December 31, 2012*
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade payables					
Third parties	15	189,140,162	448,654,416	471,822,225	378,228,386
Related parties	15,29	334,293,927	238,821,839	75,257,785	38,725,066
Accrued expenses	16	163,926,647	161,623,654	331,623,859	414,007,012
Short-term employee benefit liabilities	28	50,087,806	19,893,619	41,599,372	123,170,868
Taxes payable					
Corporate income taxes	17b	1,137,009	623,574	31,361,705	51,494,108
Other taxes	17b	82,960,421	119,546,098	149,238,123	98,513,757
Advances from customers		54,949,277	46,541,414	84,136,165	189,619,579
Short-term bank loans	18,29	2,715,730,400	2,528,041,360	2,469,800,000	1,663,900,000
Current maturities of investment loans	20	265,306,800	224,231,000	98,426,175	-
Current maturities of provision for environmental and reclamation costs	21	18,441,304	19,260,587	30,337,362	45,990,788
Other payables		<u>60,234,309</u>	<u>55,679,758</u>	<u>71,908,862</u>	<u>37,756,594</u>
Total current liabilities		<u>3,936,208,062</u>	<u>3,862,917,319</u>	<u>3,855,511,633</u>	<u>3,041,406,158</u>
NON-CURRENT LIABILITIES					
Bonds payable	19	2,994,625,475	2,994,237,464	2,993,510,374	2,992,843,970
Investment loans, net of current maturities	20	3,098,336,948	2,268,658,242	1,223,734,214	-
Provision for environmental and reclamation costs, net of current maturities	21	234,000,252	220,243,642	239,345,503	205,728,522
Pension and other post-retirement obligations	28	515,636,894	419,260,286	1,236,220,113	797,164,624
Deferred tax liabilities	17e	-	-	-	181,275,525
Other non-current liabilities	33p	<u>196,360,527</u>	<u>188,849,838</u>	<u>191,414,019</u>	<u>3,053,301</u>
Total non-current liabilities		<u>7,038,960,096</u>	<u>6,091,249,472</u>	<u>5,884,224,223</u>	<u>4,180,065,942</u>
TOTAL LIABILITIES		<u>10,975,168,158</u>	<u>9,954,166,791</u>	<u>9,739,735,856</u>	<u>7,221,472,100</u>
SHAREHOLDERS' EQUITY					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital					
Authorised capital - 1 preferred series A Dwiwarna share and 37,999,999,999 series B ordinary shares; Issued and fully paid capital - 1 preferred series A Dwiwarna share and 9,538,459,749 series B ordinary shares with par value of Rp100 (full amount) per share	22	953,845,975	953,845,975	953,845,975	953,845,975
Additional paid-in capital, net	23	29,817,600	29,817,600	29,704,906	8,370,273
Other equity components:					
Difference in foreign currency translation		55,096,808	55,102,023	54,994,778	103,200,270
Difference arising from restructuring transaction of entities under common control		-	-	-	21,334,633
Retained earnings:					
Appropriated		11,613,209,777	11,613,209,777	11,295,503,087	8,751,355,353
Unappropriated		(1,076,572,734)	(602,084,644)	(38,288,815)	2,652,317,493
Treasury stock		<u>-</u>	<u>-</u>	<u>(3,377,511)</u>	<u>(3,377,511)</u>
Total equity attributable to owners of the parent		<u>11,575,397,426</u>	<u>12,049,890,731</u>	<u>12,292,382,420</u>	<u>12,487,046,486</u>
NON-CONTROLLING INTERESTS	42	<u>25,685</u>	<u>26,158</u>	<u>25,614</u>	<u>22,360</u>
TOTAL SHAREHOLDERS' EQUITY		<u>11,575,423,111</u>	<u>12,049,916,889</u>	<u>12,292,408,034</u>	<u>12,487,068,846</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>22,550,591,269</u>	<u>22,004,083,680</u>	<u>22,032,143,890</u>	<u>19,708,540,946</u>

* As restated, refer to Note 4

The accompanying notes form an integral part of these consolidated financial statements.

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 2/1

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
SALES	25	7,849,014,989	3,986,717,430	9,420,630,933	11,298,321,506	10,449,885,512
COST OF GOODS SOLD	26	<u>7,320,945,645</u>	<u>3,743,013,459</u>	<u>8,627,269,773</u>	<u>9,611,866,573</u>	<u>8,413,609,229</u>
GROSS PROFIT		528,069,344	243,703,971	793,361,160	1,686,454,933	2,036,276,283
OPERATING EXPENSES						
General and administrative	27	351,704,136	357,102,971	783,695,715	940,652,337	939,004,861
Selling and marketing	27	<u>73,021,743</u>	<u>73,932,195</u>	<u>146,728,169</u>	<u>160,967,042</u>	<u>179,218,327</u>
Total operating expenses		424,725,879	431,035,166	930,423,884	1,101,619,379	1,118,223,188
OPERATING PROFIT/(LOSS)		103,343,465	(187,331,195)	(137,062,724)	584,835,554	918,053,095
OTHER(EXPENSES)/ INCOME						
Share of (loss)/profit of associates and joint venture	10	(163,391,036)	(310,948,074)	(370,552,808)	(181,009,979)	115,099,172
Finance income	37	22,683,549	30,658,124	68,664,556	85,316,381	166,069,157
Gain on fair value adjustment	10	-	-	-	-	2,484,007,689
Dividend income	10	-	-	-	-	375,434,214
Finance costs	37	(117,672,222)	(64,518,175)	(126,552,132)	(60,660,045)	(234,500,820)
Contingent consideration from investment	33p	-	-	-	(182,835,000)	-
Other (losses)/gains, net	38	<u>(287,391,672)</u>	<u>(187,321,922)</u>	<u>(225,289,451)</u>	<u>(214,773,449)</u>	<u>93,521,593</u>
Other (expenses)/income, net		(545,771,381)	(532,130,047)	(653,729,835)	(553,962,092)	2,999,631,005
(LOSS)/PROFIT BEFORE INCOME TAX		(442,427,916)	(719,461,242)	(790,792,559)	30,873,462	3,917,684,100
Income tax benefit/(expense)	17c	<u>46,434,011</u>	<u>48,317,232</u>	<u>47,262,966</u>	<u>501,926,804</u>	<u>(907,926,590)</u>
(LOSS)/PROFIT FOR THE PERIOD/YEAR		(395,993,905)	(671,144,010)	(743,529,593)	532,800,266	3,009,757,510
OTHER COMPREHENSIVE (LOSS)/INCOME						
Items that will not be reclassified to profit or loss:						
- Remeasurement of pension and other retirement obligations	28	(105,282,087)	50,683,860	786,237,898	(371,580,247)	(79,960,014)
- Tax effect - Remeasurement of pension and other retirement obligations	17d	<u>26,787,429</u>	<u>(12,670,965)</u>	<u>(196,559,474)</u>	<u>92,895,062</u>	<u>19,990,004</u>
		(78,494,658)	38,012,895	589,678,424	(278,685,185)	(59,970,010)
Items that may be subsequently reclassified to profit or loss:						
- Difference in foreign currency translation		<u>(5,215)</u>	<u>94,099</u>	<u>107,245</u>	<u>191,354</u>	<u>(4,091,142)</u>
		(78,499,873)	38,106,994	589,785,669	(278,493,831)	(64,061,152)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR		(474,493,778)	(633,037,016)	(153,743,924)	254,306,435	2,945,696,358

* As restated, refer to Note 4

The accompanying notes form an integral part of these consolidated financial statements.

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 2/2

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)**

	Notes	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
(LOSS)/PROFIT FOR THE PERIOD/YEAR ATTRIBUTABLE TO:						
Owners of the parent	30	(395,993,432)	(671,144,683)	(743,530,137)	532,797,012	3,009,756,761
Non-controlling interests	42	<u>(473)</u>	<u>673</u>	<u>544</u>	<u>3,254</u>	<u>749</u>
		<u>(395,993,905)</u>	<u>(671,144,010)</u>	<u>(743,529,593)</u>	<u>532,800,266</u>	<u>3,009,757,510</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR ATTRIBUTABLE TO:						
Owners of the parent		(474,493,305)	(633,037,689)	(153,744,468)	254,303,181	2,945,695,609
Non-controlling interests	42	<u>(473)</u>	<u>673</u>	<u>544</u>	<u>3,254</u>	<u>749</u>
		<u>(474,493,778)</u>	<u>(633,037,016)</u>	<u>(153,743,924)</u>	<u>254,306,435</u>	<u>2,945,696,358</u>
BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (full amount)						
	30	<u>(42)</u>	<u>(70)</u>	<u>(78)</u>	<u>56</u>	<u>316</u>

* As restated, refer to Note 4

The accompanying notes form an integral part of these consolidated financial statements.

PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES

Schedule 3/1

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	Attributable to owners of the parent						Non-controlling interests	Total equity	
		Issued and fully paid share capital	Additional paid-in capital, net	Difference in foreign currency translation	Retained earnings					
					Appropriated	Unappropriated	Treasury stock			Total
Balance as at January 1, 2014 (as previously reported)		953,845,975	29,704,906	54,994,778	11,295,503,087	462,790,683	(3,377,511)	12,793,461,918	25,614	12,793,487,532
Effect of changes in accounting policy		-	-	-	-	(501,079,498)	-	(501,079,498)	-	(501,079,498)
Balance as at January 1, 2014*		953,845,975	29,704,906	54,994,778	11,295,503,087	(38,288,815)	(3,377,511)	12,292,382,420	25,614	12,292,408,034
Difference in foreign currency translation		-	-	94,099	-	-	-	94,099	-	94,099
Appropriation for general reserve	24	-	-	-	317,706,690	(317,706,690)	-	-	-	-
Distribution of dividends	24	-	-	-	-	(92,237,426)	-	(92,237,426)	-	(92,237,426)
Loss for the period*		-	-	-	-	(671,144,683)	-	(671,144,683)	673	(671,144,010)
Other comprehensive income, net of tax:										
Remeasurements of pension and other retirement obligations*		-	-	-	-	38,012,895	-	38,012,895	-	38,012,895
Balance as at June 30, 2014*		953,845,975	29,704,906	55,088,877	11,613,209,777	(1,081,364,719)	(3,377,511)	11,567,107,305	26,287	11,567,133,592
Balance as at January 1, 2015 (as previously reported)		953,845,975	29,817,600	55,102,023	11,613,209,777	(722,440,266)	-	11,929,535,109	26,158	11,929,561,267
Effect of changes in accounting policy		-	-	-	-	120,355,622	-	120,355,622	-	120,355,622
Balance as at January 1, 2015*		953,845,975	29,817,600	55,102,023	11,613,209,777	(602,084,644)	-	12,049,890,731	26,158	12,049,916,889
Difference in foreign currency translation		-	-	(5,215)	-	-	-	(5,215)	-	(5,215)
Loss for the period		-	-	-	-	(395,993,432)	-	(395,993,432)	(473)	(395,993,905)
Other comprehensive loss, net of tax:										
Remeasurements of pension and other retirement obligations		-	-	-	-	(78,494,658)	-	(78,494,658)	-	(78,494,658)
Balance as at June 30, 2015		953,845,975	29,817,600	55,096,808	11,613,209,777	(1,076,572,734)	-	11,575,397,426	25,685	11,575,423,111

* As restated, refer to Note 4

The accompanying notes form an integral part of these consolidated financial statements.

PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	Attributable to owners of the parent						
		Issued and fully paid share capital	Additional paid-in capital, net	Difference in foreign currency translation	Difference arising from restructuring transaction of entities under common control	Retained earnings		Total equity
						Appropriated	Unappropriated	
Balance as at January 1, 2012 (as previously reported)		953,845,975	2,526,309	107,291,412	21,334,633	7,768,131,683	1,932,339,270	10,772,034,139
Effect of changes in accounting policy		-	-	-	-	-	(301,918,979)	-
Balance as at January 1, 2012*		<u>953,845,975</u>	<u>2,526,309</u>	<u>107,291,412</u>	<u>21,334,633</u>	<u>7,768,131,683</u>	<u>1,630,420,291</u>	<u>10,470,115,160</u>
Difference in foreign currency translation		-	-	(4,091,142)	-	-	-	(4,091,142)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-
Appropriation for general reserve	24	-	-	-	-	983,223,670	(883,223,670)	12,200
Distribution of dividends	24	-	-	-	-	-	(867,550,297)	-
Distribution of treasury stock for employees bonus	22	-	5,843,964	-	-	-	-	(867,550,297)
Allocation for partnership and community development program		-	-	-	-	-	-	-
Profit for the year*		-	-	-	-	-	10,057,632	15,901,596
Other comprehensive loss, net of tax:		-	-	-	-	-	(77,115,582)	(77,115,582)
Remeasurements of pension and other retirement obligations*		-	-	-	-	-	3,009,756,761	3,009,757,510
Balance as at December 31, 2012*		<u>953,845,975</u>	<u>8,370,273</u>	<u>103,200,270</u>	<u>21,334,633</u>	<u>8,751,355,353</u>	<u>2,652,317,493</u>	<u>12,487,046,486</u>
Adjustment in relation to implementation of SFAS No. 38 (revised 2012)		-	21,334,633	-	(21,334,633)	-	-	-
Difference in foreign currency translation		-	-	(48,205,492)	-	-	-	-
Appropriation for general reserve	24	-	-	-	-	2,544,147,734	(2,544,147,734)	191,354
Distribution of dividends	24	-	-	-	-	-	(448,967,247)	-
Profit for the year		-	-	-	-	-	532,797,012	(448,967,247)
Other comprehensive loss, net of tax:		-	-	-	-	-	-	-
Remeasurements of pension and other retirement obligations*		-	-	-	-	-	(278,685,185)	532,800,266
Balance as at December 31, 2013*		<u>953,845,975</u>	<u>29,704,906</u>	<u>54,994,778</u>	-	<u>11,295,503,087</u>	<u>(38,288,619)</u>	<u>(278,685,185)</u>
Difference in foreign currency translation		-	-	107,245	-	-	-	-
Appropriation for general reserve	24	-	-	-	-	317,706,690	(317,706,690)	107,245
Distribution of dividends	24	-	-	-	-	-	(92,237,426)	-
Distribution of treasury stock for employees bonus	22	-	112,694	-	-	-	-	(92,237,426)
Loss for the year		-	-	-	-	-	3,377,511	-
Other comprehensive loss, net of tax:		-	-	-	-	-	-	-
Remeasurements of pension and other retirement obligations*		-	-	-	-	-	(743,530,137)	3,480,205
Balance as at December 31, 2014*		<u>953,845,975</u>	<u>29,817,600</u>	<u>55,102,023</u>	-	<u>11,613,209,777</u>	<u>(602,084,644)</u>	<u>(743,529,953)</u>
							589,678,424	589,678,424
							-	-
							<u>12,049,890,731</u>	<u>12,049,890,731</u>
							<u>26,158</u>	<u>12,049,916,889</u>

* As restated, refer to Note 4

The accompanying notes form an integral part of these consolidated financial statements.

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 4

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

	Notes	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts from customers	6,25,38	7,331,654,852	4,398,670,830	9,372,115,558	12,100,310,592	10,058,244,598
Cash receipts from interest income		23,550,207	29,582,805	69,142,290	85,768,689	174,170,208
Payments to suppliers	7,15,16, 17,26,27	(7,825,277,390)	(3,694,649,604)	(8,086,355,609)	(10,193,430,189)	(5,912,983,703)
Payments to commissioners, directors and employees	26,27,28	(399,948,388)	(451,545,907)	(979,300,745)	(1,070,706,960)	(2,415,277,493)
Payments of tax	17	(106,563,935)	(115,187,942)	(202,969,401)	(467,808,240)	(904,884,217)
Cash receipt from tax restitution	17	266,321,558	628,321,455	628,356,897	50,603,342	189,578,001
Payments of interest	35,37	(223,555,794)	(173,848,984)	(375,755,378)	(317,054,555)	(273,892,532)
Other receipts/(payments), net	21,38	120,055,259	(59,947,183)	(33,548,936)	(30,446,333)	(24,352,511)
Net cash flows (used in)/ provided from operating activities		(813,763,631)	561,395,470	391,684,676	157,236,346	890,602,351
CASH FLOWS FROM INVESTING ACTIVITIES						
Dividend income	10a	-	176,630,410	437,105,650	69,034,671	323,221,931
Acquisitions of property, plant and equipment	11,35	(267,313,103)	(760,921,810)	(2,029,767,918)	(2,442,914,390)	(2,249,361,358)
Acquisition of investment in associates	10a	(50,000)	-	(27,500)	(2,500,000)	(1,258,300,788)
Disbursements for deferred charges		(3,521,952)	(1,288,660)	(8,581,785)	-	-
Disbursements for exploration and evaluation assets	13,35	(22,648,498)	(493,294)	(2,397,467)	(125,085,489)	(30,201,619)
Investment to joint venture	10b	(285,447,241)	-	-	(33,732,176)	-
Loan to associates		-	-	-	(33,732,176)	-
Disbursements for mining properties	12,35	(661,039)	(19,074,418)	(35,352,736)	(112,026,707)	(281,299,305)
Net cash flows used in investing activities		(579,641,833)	(605,147,772)	(1,639,021,756)	(2,647,226,091)	(3,495,941,139)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bank loans	18,20	3,360,743,040	1,176,550,288	4,365,424,850	4,617,337,058	1,659,070,467
Capital contribution from non-controlling interest		-	-	-	-	12,200
Payment of dividend	24	-	(92,237,426)	(92,237,426)	(448,967,247)	(867,550,297)
Payment of allocation for partnership and community development program		-	-	-	-	(77,115,582)
Repayment of bank loans	18,20	(2,678,435,350)	(1,197,604,790)	(3,317,105,423)	(3,281,114,176)	(20,000,000)
Net cash flows provided from/ (used in) financing activities		682,307,690	(113,291,928)	956,082,001	887,255,635	694,416,788
NET DECREASE IN CASH AND CASH EQUIVALENTS		(711,097,774)	(157,044,230)	(291,255,079)	(1,602,734,110)	(1,910,922,000)
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		126,881,789	(24,622,788)	117,427,514	526,897,189	139,818,195
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		2,618,910,283	2,792,737,848	2,792,737,848	3,868,574,769	5,639,678,574
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		2,034,694,298	2,611,070,830	2,618,910,283	2,792,737,848	3,868,574,769

The accompanying notes form an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL

a. Establishment and Other Information

Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the "Company") was established as "Perusahaan Negara (PN) Aneka Tambang" in the Republic of Indonesia on July 5, 1968 under Government Regulation ("GR") No. 22 of 1968. Its establishment was published in Supplement No. 36 of the State Gazette No. 56 dated July 5, 1968. On September 14, 1974, based on GR No. 26 of 1974, the status of the Company was changed from a state-owned corporation ("PN") to a state-owned limited liability corporation ("Perusahaan Perseroan") and the Company has since then been known as "Perusahaan Perseroan (Persero) PT Aneka Tambang" based on Deed of Incorporation No. 320 dated December 30, 1974.

The Company's Articles of Association ("AA") have been amended several times. The latest amendment took place on March 31, 2015 in relation to, among others, changes of AA in conformity with several regulations such as, Financial Services Authority ("FSA") rule No. 32/POJK.04/2014 regarding planning and implementation of the general meeting of shareholders of a public company and FSA rule No. 33/POJK.04/2014 regarding the public company's Board of Commissioners and Directors. These changes were stated in Notarial Deed No. 67 dated March 31, 2015 of Fathiah Helmi S.H. and were approved by the Minister of Law and Human Rights of the Republic of Indonesia based on his Decision Letter No. AHU-AH.01.03-0927518 dated April 27, 2015.

According to Article 3 of the Company's AA, its purpose and objective comprises of the mining of natural deposits also manufacturing, trading, transportation and other related services. The Company commenced its commercial operations on July 5, 1968.

In 1997, the Company conducted an Initial Public Offering ("IPO") of 430,769,000 shares or 35% of its 1,230,769,000 issued and fully paid shares. The shares offered to the public during the IPO were listed on the former Jakarta Stock Exchange ("JSX") and Surabaya Stock Exchange ("SSX") on November 27, 1997 (in 2008, these stock exchanges were merged to become the Indonesia Stock Exchange). As at June 30, 2015, December 31, 2014, 2013, and 2012, all the Company's issued and fully paid shares of 9,538,459,750 shares were listed on the Indonesia Stock Exchange. In 2002, the Company's shares were listed on the Australian Securities Exchange ("ASX") where its shares have been traded as Chess Depository Interests ("CDI"). As at June 30, 2015, December 31, 2014 and 2013, a total of 1,301,315 CDI units was traded on the ASX representing 6,506,575 series B ordinary shares. As at December 31, 2012, a total of 1,907,691,950 CDI units was traded on the ASX representing 9,538,459,750 series B ordinary shares.

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1. GENERAL (continued)

a. Establishment and Other Information (continued)

Based on the minutes of the Shareholders' General Meeting held on March 31, 2015, the composition of the Company's Boards of Commissioners and Directors as at June 30, 2015 was as follows:

Board of Commissioners

President Commissioner
Commissioners

Dr. Ir. R. Sukhyar
Prof. Robert A. Simanjuntak, S.E., M.Sc., Ph.D.
Velix Vernando Wanggai, M.P.A.

Independent Commissioners

Zaelani, S.E.
Prof. Hikmahanto Juwana, S.H., LL.M., Ph.D.
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.

Board of Directors

President Director
Directors

Ir. Tedy Badrujaman, M.M.
Aloysius Kiik Ro
Agus Zamzam Jamaluddin, S.T., M.T.
Johan N.B. Nababan
Ir. Hari Widjajanto, M.M.
Ir. I Made Surata, M.Si.

Based on the minutes of the Shareholders' General Meeting held on March 26, 2014, the composition of the Company's Boards of Commissioners and Directors as at December 31, 2014 was as follows:

Board of Commissioners

President Commissioner
Commissioners

Dr. Ir. R. Sukhyar
Prof. Robert A. Simanjuntak, S.E., M.Sc., Ph.D.
Velix Vernando Wanggai, M.P.A.

Independent Commissioners

Zaelani, S.E.
Prof. Hikmahanto Juwana, S.H., LL.M., Ph.D.
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.

Board of Directors

President Director
Directors

Ir. Tato Miraza, S.E., M.M.
Djaja M. Tambunan
Ir. Tedy Badrujaman, M.M.
Ir. Hendra Santika, M.M.
Ir. Hari Widjajanto, M.M.
Ir. I Made Surata, M.Si.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL (continued)

a. Establishment and Other Information (continued)

Based on the minutes of the Shareholders' General Meeting held on April 30, 2013, the composition of the Company's Boards of Commissioners and Directors as at December 31, 2013 was as follows:

Board of Commissioners

President Commissioner
Commissioners

Dr. Ir. R. Sukhyar
Dr. Robert Pakpahan
Velix Vernando Wanggai, M.P.A.
Zaelani, S.E.

Independent Commissioners

Prof. Hikmahanto Juwana, S.H., LL.M., Ph.D.
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.

Board of Directors

President Director
Directors

Ir. Tato Miraza, S.E., M.M.
Djaja M. Tambunan
Ir. Tedy Badrujaman, M.M.
Ir. Hendra Santika, M.M.
Sutikno, S.E., M.Si.
Ir. I Made Surata, M.Si.

Based on the minutes of the Shareholders' General Meeting held on May 31, 2012, the composition of the Company's Boards of Commissioners and Directors as at December 31, 2012 was as follows:

Board of Commissioners

President Commissioner
Commissioners

Dr. Ir. R. Sukhyar
Prof. Bambang P.S. Brodjonegoro, S.E., M.U.P., Ph.D.
Zaelani, S.E.
Burhan Muhammad

Independent Commissioners

Prof. Hikmahanto Juwana, S.H., LL.M., Ph.D.
Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.

Board of Directors

President Director
Directors

Ir. Alwingsyah Lubis, M.M.
Djaja M. Tambunan
Ir. Winardi, M.M.
Ir. Tato Miraza, S.E., M.M.
Achmad Ardinto, S.T., M.B.A.
Ir. Denny Maulasa, M.M.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL (continued)

a. Establishment and Other Information (continued)

As at June 30, 2015, December 31, 2014, 2013 and 2012, the composition of the Company's Audit Committee was as follows:

June 30, 2015 and December 31, 2014	
Chairman	Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.
Vice Chairman	Zaelani, S.E.
Members	Drs. Mursyid Amal, M.M. Dr. Ir. Rukmana Nugraha Adhi, DEA.
December 31, 2013	
Chairman	Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.
Vice Chairman	Zaelani, S.E.
Members	Dr. Ratna Wardhani, M.Si., CPFS Dr. Ir. Rukmana Nugraha Adhi, DEA. Alida Basir Astaris, S. E., Ak. Benjamin Hassan, Ak., B.Ec.
December 31, 2012	
Chairman	Prof. Dr. Laode M. Kamaluddin, M.Sc., M.Eng.
Vice Chairman	Zaelani, S.E.
Members	Dr. Ratna Wardhani, M.Si., CPFS Dr. Ir. Rukmana Nugraha Adhi, DEA. Alida Basir Astaris, S. E., Ak. Ragil Kuncoro, Ak., M.Sc.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Company and its subsidiaries (together the "Group") had a total of 3,574, 3,425, 3,356 and 3,191 permanent employees, respectively (unaudited).

The Company's head office is located in Gedung Aneka Tambang, Jl. Letjen T.B. Simatupang No. 1, Lingkar Selatan, Tanjung Barat, Jakarta, Indonesia. The Group has Mining Business Permits in several locations in Indonesia.

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 5/5

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL (continued)

b. Subsidiaries

The Company consolidates the following subsidiaries due to its majority ownership or its right to control their operations.

	Subsidiaries	Domicile	Nature of business	Percentage of ownership owned by the Company	Percentage of ownership owned by the Group	Start of commercial operation	Total assets before elimination			
							June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Direct ownership:										
1.	Asia Pacific Nickel Pty., Ltd. ("APN")	Australia	Investment Company	100.00%	100.00%	2003	87,070,718	89,816,082	85,979,795	91,174,478
2.	PT Indonesia Coal Resources ("ICR")	Indonesia	Coal mining exploration and operator	99.98%	100.00%	2010	205,501,614	187,197,739	221,944,831	171,698,116
3.	PT Antam Resourcindo ("ARI")	Indonesia	Mining exploration and operator	99.98%	99.98%	1997	142,481,875	145,221,437	158,615,083	137,348,524
4.	PT Mega Citra Utama ("MCU")*	Indonesia	Construction, trading, industry, agriculture and mining	99.50%	100.00%	-	118,107,847	122,455,421	135,562,232	117,907,613
5.	PT Abuki Jaya Stainless Indonesia ("AJSI")	Indonesia	Manufacturing of stainless steel	99.50%	100.00%	-	49,688,733	50,716,709	52,533,209	54,586,345
6.	PT Borneo Edo International ("BEI")	Indonesia	Construction, trading, industry, agriculture and mining	99.50%	100.00%	-	37,973,527	41,338,381	43,930,883	43,769,024
7.	PT Dwimitra Enggang Khatulistiwa ("DEK")	Indonesia	Mining exploration and operator	99.50%	100.00%	-	4,619,921	4,222,886	5,140,713	3,178,316
8.	PT Cibaliung Sumberdaya ("CSD")	Indonesia	Exploration, construction and mine development, mining, production, processing and refining, haulage and sales in the gold mining industry	99.15%	100.00%	2010	1,098,232,280	1,102,207,259	1,104,118,405	1,097,566,675
9.	PT International Mineral Capital ("IMC")	Indonesia	Services and trading	99.00%	100.00%	2011	590,718,297	579,888,692	456,223,155	240,669,545
Indirect ownership:										
10.	PT GAG Nikel ("GAG") (through APN)	Indonesia	Mining exploration and operator	25.00%	100.00%	-	19,442,854	89,280,018	85,400,386	86,966,526
11.	PT Citra Tobindo Sukses Perkasa ("CTSP") (through ICR)	Indonesia	Coal mining exploration and operator	0.00%	100.00%	2011	68,319,343	59,468,542	60,913,490	41,195,835
12.	PT Feni Haltim ("FHT") (through IMC)	Indonesia	Trading, construction and services	50.00%	100.00%	-	1,097,963,355	1,091,364,933	959,817,870	512,453,197
13.	PT Borneo Edo International Agro ("BEIA") (through MCU)	Indonesia	Agriculture, industry, agricultural land transportation, trading and services	0.00%	100.00%	-	4,386,311	4,839,763	6,657,963	5,789,287
14.	PT Gunung Kendaik ("GK")* (through MCU)	Indonesia	Construction, trading, industry, agriculture, ground transportation, services, mining and printing	0.00%	100.00%	-	5,788,164	5,422,698	5,422,072	5,539,063
15.	PT Nusa Karya Arindo ("NKA") (through ARI)	Indonesia	Mineral and coal mining service	0.00%	100.00%	2014	30,505,567	19,824,086	7,727,776	2,450,000
16.	PT Sumberdaya Arindo ("SDA")* (through ARI)	Indonesia	Mineral and coal mining service	0.00%	100.00%	-	4,295,720	4,491,257	4,616,064	5,002,987
17.	PT Borneo Alumina Indonesia ("BAI") (through IMC and BEI)	Indonesia	Industry, services, and trade	0.00%	100.00%	-	55,000	-	-	-

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL (continued)

b. Subsidiaries (continued)

			Percentage of ownership owned by the Company	Percentage of ownership owned by the Group	Start of commercial operation	Total Assets before elimination			
Subsidiaries	Domicile	Nature of business				June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Indirect ownership:									
18.	PT Antam Energi Indonesia ("AEI")* (through IMC, ARI, and ICR)	Indonesia	Services, trade, and industry	0.00%	100.00%	-	881,634	-	-
19.	PT Jatim Arindo Persada ("JAP")* (through ARI and NKA)	Indonesia	Mining exploration and operator	0.00%	100.00%	-	51,000	-	-
20.	PT Kawasan Industri Antam Timur ("KIAT")* (through ARI and IMC)	Indonesia	Management of industrial estate services	0.00%	100.00%	-	1,625	-	-
21.	PT Antam Niterra Halim ("ANH")* (through IMC and FHT)	Indonesia	Mining exploration and operator	0.00%	100.00%	-	68,046	-	-

* As of June 30, 2015, MCU, AJSI, BEI, DEK, GAG, FHT, BEIA, GK, SDA, BAI, AEI, JAP, KIAT and ANH have not yet started their respective commercial operations.

c. Joint Venture

In February 2007, the Company established PT Indonesia Chemical Alumina ("ICA") (Note 33f), a joint venture, in which the Company has a 49% ownership interest. In August 2008, the Company acquired a 16% additional interest in ICA, making the total ownership 65%. In August 2010, the Company increased its interest in ICA to 80%. ICA will process bauxite in West Kalimantan, Indonesia and is currently in the pre-production phase as of June 30, 2015.

The Company considered the contractual agreement in the Joint Venture Agreement between the Company, Showa Denko and ICA dated August 31, 2010, where significant financial and operating decisions of ICA require the unanimous consent of all shareholders and determined that, as a result of this contractual agreement, the Company does not have control over the financial and operating policies of ICA, despite the Company's 80% ownership interest. The Company's ownership in ICA is accounted for using the equity method.

d. Exploration and Exploitation Areas

As at June 30, 2015, the Group have exploration and exploitation areas covered by several Mining Business Permits ("IUP"), previously known as "Kuasa Pertambangan". The details of each of the Mining Business Permits are as follows:

Location	Mining Business Permits (IUP)	Area (Ha) (Unaudited)	IUP Exploration	IUP Production	Reserves (in '000 tons) (Unaudited)		Resources (in '000 tons) (Unaudited)	
					Proved	Probable	Measured	Indicated
Owned by the Company:								
Mardinding, Karo, North Sumatra**)	-	8,176	SK Bupati Karo No. 540/335/TAMBEN/2009 valid until 30/12/2014	-	-	-	-	-
Tanah Pinem, Dairi, North Sumatra	KW01-AT-DAIRI08	17,550	SK Bupati Dairi No. 540/403/V/2011 valid until 30/12/2016	-	-	-	-	-
Parsoburan, Toba Samosir, North Sumatra	-	5,350	SK Bupati Toba Samosir No. 503/331/BPPTM/2012 valid until 25/01/2017	-	-	-	-	-

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

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1. GENERAL (continued)

d. Exploration and Exploitation Areas (continued)

Location	Mining Business Permits (IUP)	Area (Ha) (Unaudited)	IUP Exploration	IUP Production	Reserves (in '000 tons) (Unaudited)		Resources (in '000 tons) (Unaudited)	
					Proved	Probable	Measured	Indicated
Owned by the Company: (Continued)								
Parmonangan, Sipohon and Adiankoting Tapanuli Utara, North Sumtra***)	-	33,260	SK Bupati Tapanuli Utara No. 240 Year 2011 valid until 25/2/2018	-	-	-	-	-
Garoga, Tapanuli Utara, North Sumatra***)	-	6,492	SK Bupati Tapanuli Utara No. 241 Year 2011 valid until 25/2/2018	-	-	-	-	-
Batang Asai, Sarolangun, Jambi*)	KW. 05 KP 010407	4,608	SK Bupati Sarolangun 624/ESDM/2014 valid until 28/4/2015	-	-	-	-	-
Sungai Keruh, Tebo, Jambi**)	-	4,975	SK Bupati Tebo No. 137/ESDM/2010 valid until 10/3/2014	-	-	-	-	-
Sungai Keruh, Tebo, Jambi**)	-	4,959	SK Bupati Tebo No. 138/ESDM/2010 valid until 10/3/2014	-	-	-	-	-
Ma. Bantan, Merangin, Jambi**)	-	14,910	SK Bupati Merangin No. 178/ESDM/2010 valid until 24/5/2014	-	-	-	-	-
Kec. Sungai Tenang, Merangin, Jambi*)	-	9,690	SK Bupati Merangin No. 184/ESDM/2010 valid until 1/5/2014	-	-	-	-	-
Desa Talang Tembago, Merangin, Jambi*)	-	7,633	SK Bupati Merangin No. 185/ESDM/2010 valid until 1/5/2014	-	-	-	-	-
Air Niru, North Bengkulu**)	KWBU.09-008	4,738	SK Bupati Bengkulu Utara No. 10 Year 2013 valid until 30/12/2015	-	-	-	-	-
Lebong Kandise, North Bengkulu**)	KWBU.09-009	4,983	SK Bupati Bengkulu Utara No. 12 Year 2013 valid until 30/12/2015	-	-	-	-	-
Air Nokan, North Bengkulu**)	KWBU.09-010	3,945	SK Bupati Bengkulu Utara No. 9 Year 2013 valid until 31/12/2015	-	-	-	-	-
Telatang, North Bengkulu**)	KWBU.09-011	4,419	SK Bupati Bengkulu Utara No. 11 Year 2013 valid until 31/12/2015	-	-	-	-	-
Cibalung, Pandeglang Banten	KW 96PPO019	1,340	-	SK Bupati Pandeglang No. 821.13/Kep.1351-BPPT/2014 valid until 27/7/2025	-	-	-	-
UBPP Logam Mulia, Jakarta	-	-	-	IUP Operasi Produksi Khusus untuk Pengolahan dan Pemurnian Mineral sesuai SK Menteri ESDM No.261.K/30/DJB/2011	-	-	-	-
Ds. Bantar Karet, Kec. Nanggung, Bogor, West Java	KW 98PP0138	6,047	-	SK Bupati Bogor No. 541.2/005/kpts/ESDM/ 2010 valid until 9/3/2021	1,040	1,080	530	3,130
Bungbulang, Pakenjeng, Cisewu, Pamulihan, Garut West Java	-	11,560	SK Bupati Garut No. 540/Kep.633-SDAP/2011 valid until 28/11/2016	-	-	-	-	-
Clarinem, Papandayan Garut, West Java	-	4,513	-	SK Bupati Garut No. 540/Kep.279-SDAP /2010 valid until 9/6/2020	-	-	-	-
Cisewu (Kuda Gold), Garut, West Java	-	7,427	SK Bupati Garut No.540/Kep.255-SDAP/2011 valid until 22/3/2016	-	-	-	-	-
Desa Neglasari, Kec. Lengkon, Sukabumi, West Java**)	-	149.55	-	SK Kepala Badan Pelayanan Perizinan Terpadu, No. 503.8/8931-BPPT/2010 valid until 21/1/2014	-	-	-	-

*) Production operation upgrade of permits in progress

**) Discharge of permits in progress

***) Production operation upgrade in evaluation progress or reversion

****) Relinquishment of permits in progress

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 5/8

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL (continued)

d. Exploration and Exploitation Areas (continued)

Location	Mining Business Permits (IUP)	Area (Ha) (Unaudited)	IUP Exploration	IUP Production	Reserves (in '000 tons) (Unaudited)		Resources (in '000 tons) (Unaudited)	
					Proved	Probable	Measured	Indicated
Owned by the Company (continued):								
Jatiroto, Tirtomoyo Wonogiri, Central Java***)	-	5,711.69	SK Bupati Wonogiri No. 545.21/006/2010 valid until 5/3/2014	-	-	-	-	-
Desa Wotgalih, Kec. Yosowilangun, Kec. Lumajang, East Java	-	462.40	-	SK Bupati Lumajang No. 188.45/225/427.12/2011 valid until 23/7/2020	-	-	-	-
Mempawah Hulu, Landak West Kalimantan*)	-	20,710	-	SK Bupati Landak No. 544.11/330/HK-2014 valid until 16/12/2034	-	-	43,400	-
Toho, Mempawah, West Kalimantan	-	12,630	-	SK Bupati Pontianak No. 221 Year 2009 valid until 1/7/2028	-	-	8,900	-
Toho, Mempawah, Pontianak, West Kalimantan	-	2,374	-	SK Gubernur Kalbar 444/Distamben/2015 valid until 4/3/2035	-	-	-	-
Tayan, Sanggau, West Kalimantan	KW98PP0183	34,360	-	SK Gubernur Kalbar No. 15/Distamben/2015 valid until 4/1/2030	57,800	37,000	7,800	-
Tayan Hilir, Sanggau West Kalimantan**)	-	1,701	SK Bupati Sanggau No. 547 Year 2011 valid until 1/11/2014	-	-	-	-	-
Mandor, Landak West Kalimantan**)	-	6,539	SK Bupati Landak No. 545/241/HK-2011 valid until 23/12/2014	-	-	-	-	-
Mandor, Landak West Kalimantan**)	-	6,135	SK Bupati Landak No. 545/50/HK-2012 valid until 19/3/2015	-	-	-	-	-
Tarinding & Timoro Mamasa, West Sulawesi**)	-	1,347	SK Bupati Mamasa No. 540/KPTS- 65/VI/2011 valid until 10/12/2014	-	-	-	-	-
Kalumpang, Mamuju, West Sulawesi**)	-	10,000	SK Bupati Mamuju No. 213 Year 2010 valid until 5/6/2014	-	-	-	-	-
Topoyo, Mamuju, West Sulawesi**)	-	10,000	SK Bupati Mamuju No. 214 Year 2010 valid until 5/6/2014	-	-	-	-	-
Seko, Luwu Utara, South Sulawesi**)	-	5,167	SK Bupati Luwu Utara No. 188.4.45/135/VI/2011 valid until 10/3/2016	-	-	-	-	-
Sawa, Lembo, Lasolo, Konawe Utara, Southeast Sulawesi**)	KW 07 APR ER 002	17,450	SK Bupati Konawe Utara No. 45 Year 2013 valid until 30/1/2014	-	-	-	-	-
Lasolo, Konawe Utara, Southeast Sulawesi	KW 99STP057a	6,213	-	SK Bupati Konawe Utara No. 15 Year 2010 valid until 11/1/2028	4,500	1,000	4,750	9,400
Besulutu, Konawe, Southeast Sulawesi**)	KW 07 APR ER 002	39,370	SK Bupati Konawe No. 81 Year 2010 valid until 21/4/2014	-	-	-	-	-
Asera and Molawe, Konawe Utara, Southeast Sulawesi	KW 10 APR OP 005	16,920	-	SK Bupati Konawe Utara No. 158 Year 2010 valid until 29/4/2030	-	-	9,700	18,150
Kolono Konawe Selatan, Southeast Sulawesi**)	-	9,596	SK Bupati Konawe Selatan No. 727 Year 2010 valid until 11/1/2016	-	-	-	-	-
Wolasi Konawe Selatan, Southeast Sulawesi**)	-	5,988	SK Bupati Konawe Selatan No. 728 Year 2010 valid until 11/1/2016	-	-	-	-	-
Pomalaa, Kolaka, Southeast Sulawesi	WSPM 016	1,954	-	SK Bupati Kolaka No. 198 Tahun/Year 2010 valid until 25/6/2020	2,300	1,000	100	500

*) Production operation upgrade of permits in progress

**) Discharge of permits in progress

**) Production operation upgrade in evaluation progress or reversion

****) Relinquishment of permits in progress

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 5/9

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1. GENERAL (continued)

d. Exploration and Exploitation Areas (continued)

Location	Mining Business Permits (IUP)	Area (Ha) (Unaudited)	IUP Exploration	IUP Production	Reserves (in '000 tons) (Unaudited)		Resources (in '000 tons) (Unaudited)	
					Proved	Probable	Measured	Indicated
Owned by the Company (continued):								
Batu Klat, Kolaka, Southeast Sulawesi	WSPM 017	878.20	-	SK Bupati Kolaka No. 199 Year 2010 valid until 25/6/2020	529	-	-	-
Sitallo, Kolaka, Southeast Sulawesi	KW WSPM.015	584.3	-	SK Bupati Kolaka No. 188.45/100/2014 valid until 14/3/2024	135	-	-	-
Mariang, Kolaka, Southeast Sulawesi	WSWD 003	195	-	SK Bupati Kolaka No. 188.45/099/2014 valid until 28/2/2023	110	-	-	-
Tambea, Kolaka, Southeast Sulawesi	KW WSPM.014	2,712	-	SK Bupati Kolaka No. 188.45/099/2014 valid until 14/3/2024	945	-	-	-
Maba and Maba Kota, Halmahera Timur, North Maluku	-	10,420	SK Bupati Halmahera Timur No. 188.45/540-53.6/2014 valid until 25/8/2016	-	15,000	124,800	70,250	73,050
Buli Serani, Halmahera Timur, North Maluku	KW 97PPO443	39,040	-	SK Bupati Halmahera Timur No. 188.45/540-170/2011 valid until 27/10/2040	11,300	81,000	-	-
Tentang, Manggarai Barat, East Nusa Tenggara***)	-	12,070	SK Bupati Manggarai Barat No. DPE.540/300/XII/2009 valid until 17/12/2011 (extension IV)	-	-	-	-	-
Oxybil, Pegunungan Bintang, Papua	-	49,740	SK Gubernur Papua No. 540/2876/SET Year 2010 valid until 25/8/2017	-	-	-	-	-
Oxybil, Pegunungan Bintang, Papua	-	49,830	SK Gubernur Papua No. 540/2883/SET Tahun/Year 2010 valid until 25/8/2017	-	-	-	-	-
Oxybil, Pegunungan Bintang, Papua	-	49,920	SK Gubernur Papua No. 540/2884/SET Year 2010 valid until 25/8/2017	-	-	-	-	-
Oxybil, Pegunungan Bintang, Papua	-	49,830	SK Gubernur Papua No. 540/2892/SET Year 2010 valid until 25/8/2017	-	-	-	-	-
Owned by the Subsidiaries:								
Mandiangin, Sarolangun, Jambi	KW 97 KP. 290310	199	-	SK Bupati Sarolangun No. 34 Year 2010 valid until 29/1/2020	-	-	-	-
Mandiangin, Sarolangun, Jambi**)	KW 97 KP. 251010	201	SK Bupati Sarolangun No. 365/ESDM/2012 valid until 9/1/2014	-	-	-	-	-
Sebadu, Mandor Landak, West Kalimantan	-	19,090	-	SK Bupati Landak No. 544.11/264/HK-2014 valid until 16/09/2034	-	-	9,300	-
Menjalin, Landak, West Kalimantan	MUL/MDR-EKPR07.036	18,630	-	SK Bupati Landak No. 544.11/98/HK-2013 valid until 22/04/2033	-	-	13,900	-
Menjalin Landak, West Kalimantan	-	4,900	SK Bupati Landak No. 544.2/213/HK-2010 valid until 23/09/2016	-	-	-	-	-
Melau, Sanggau, West Kalimantan	-	10,000	-	SK Bupati Sanggau No. 444 Year 2009 valid until 21/12/2028	-	-	28,400	-
Tayan Hilir, Sanggau, West Kalimantan	-	455.7	-	SK Bupati Sanggau No. 3 Year 2010 valid until 4/1/2030	-	-	-	-
Mandiodo, Konawe Utara, Southeast Sulawesi	-	-	-	SK Bupati Konawe Utara No. 87 Year 2011 valid until 21/2/2031	-	-	-	-

*) Production operation upgrade of permits in progress

**) Discharge of permits in progress

***) Production operation upgrade in evaluation progress or reversion

****) Relinquishment of permits in progress

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1. GENERAL (continued)

d. Exploration and Exploitation Areas (continued)

Location	Mining Business Permits (IUP)	Area (Ha) (Unaudited)	IUP Exploration	IUP Production	Reserves (in '000 tons) (Unaudited)		Resources (in '000 tons) (Unaudited)	
					Proved	Probable	Measured	Indicated
Owned by the Subsidiaries (continued):								
Mandiolo, Konawe Utara, Southeast Sulawesi	-	-	-	SK Bupati Konawe Utara No. 88 Year 2011 valid until 21/2/2031	-	-	-	-
Pulau Gag, Raja Ampat, West Papua	-	13,136	Contract of Work No. 735.K/20.01/DJP/1998	-	-	-	32,400	8,300
Cibaliung, Pandeglang Banten	-	1,340	-	SK Bupati Pandeglang No. No. 821.13 /Kep. 1351- B/PPT/2014 valid until 27/7/2025	1,880	350	-	-
Mempawah Hulu and Banyuke Hulu, West Kalimantan	-	12,184	-	SK Bupati Landak No. 573/Distamben/2015 valid until 23/05/2035	-	-	-	-
Buli, Maba, North Maluku	-	-	-	SK Menteri ESDM No. 872.K/30/DJB/2012 valid until 8/10/2032	-	-	-	-

*) Production operation upgrade of permits in progress

**) Discharge of permits in progress

***) Production operation upgrade in evaluation progress or reversion

****) Relinquishment of permits in progress

The information in these consolidated financial statements that relates to Exploration Results, Mineral Resources or Ore Reserves (unaudited) is based on information compiled by Trenggono Sutioso, who is a Member of the Australasian Institute of Mining and Metallurgy. Trenggono Sutioso is a full-time employee of the Company. He possesses relevant experience as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Related to the reports of mineralisation and type of deposit being reported on by him and to the activity which he is undertaking, he consents to the inclusion in this report of the matters based on his report of mineralisation and type of deposit reported in the form and context in which the information appeared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed and authorised for issuance by the Board of Directors on October 2, 2015.

These consolidated financial statements are also intended for the purpose of the Company's corporate action plan which up to the date of the completion of these consolidated financial statements is still in preparation process. Accordingly, the Company is presenting its consolidated financial statements which consists of consolidated financial performance as of and for the six-month period ended June 30, 2015, as of and for the years ended December 31, 2014, 2013 and 2012. The Company is also presenting the financial performance for the six-month period ended June 30, 2014 for comparative purpose.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Consolidated Financial Statements Preparation

The Group's consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

The consolidated financial statements are prepared on the accrual basis using the historical cost concept of accounting and using the accrual basis except for the consolidated statement of cash flows.

The consolidated statement of cash flows is prepared based on the direct method by classifying cash flows on the basis of operating, investing and financing activities.

Except as described in Note 2b, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2014 which conform to Indonesian Financial Accounting Standards.

In order to provide further understanding of the financial performance of the Group, due to the significance of their nature or amount, several items of income or expense have been shown separately.

The functional currency of the Group is the Rupiah, except for APN whose functional currency is the Australian Dollar.

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

b. Changes to Statements of Financial Accounting Standards and Interpretations of Statements of Financial Accounting Standards

The following Statements of Financial Accounting Standards ("SFAS") which affect the Group's consolidated financial statements are mandatory to apply from January 1, 2015:

- SFAS 1 (revised 2013), "Presentation of financial statements"

The revised standard requires entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled must be presented separately from items that may be recycled in the future.

The Group has presented its OCI based on whether or not they may be recycled to profit or loss in the future, as reflected in the consolidated statement of profit or loss and other comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes to Statements of Financial Accounting Standards and Interpretations of Statements of Financial Accounting Standards (continued)

- SFAS 24 (revised 2013), "Employee benefits"

Changes introduced by this revised standard among others, are as follows:

- (a) Actuarial gains and losses are recognised immediately in OCI. The corridor approach is no longer allowed.
- (b) Past-service costs are recognised in the period of a plan amendment. Unvested benefits can no longer be spread over a future-service period.
- (c) In determining amounts recognised in the profit or loss, interest cost and expected return on plan assets is replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/(asset).
- (d) Requirements of additional disclosure regarding:
 - Characteristics of and risks associated with defined benefit plans.
 - Amounts in the entity's financial statements arising from its defined benefit plans.
 - Impact of the defined benefit plans to the entity's future cash flows regarding timing, amount and uncertainty.

Management has assessed that the retrospective application of this revised standard results in a material impact to the prior period financial statements. As such, restatements of prior period financial statements are required. Refer to Note 4 and Note 28 for the effect of changes in accounting policies as a result of implementation of this standard.

- SFAS 67, "Disclosure of interests in other entities"

This new standard requires entities to disclose information of the entity's interests in subsidiaries, associates and joint arrangements and non-consolidated structured entity.

The Group has adopted this new standard and accordingly, the Group's consolidated financial statements have included disclosures required by this new standard (Note 10).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes to the Statements of Financial Accounting Standards and Interpretations of the Statements of Financial Accounting Standards (continued)

New standards, amendments and interpretations issued and effective for the financial year beginning January 1, 2015 which do not have a material impact to the consolidated financial statements of the Group are as follows:

- SFAS 4 (revised 2013), "Separate financial statements"
- SFAS 15 (revised 2013), "Investments in associates and joint ventures"
- SFAS 46 (revised 2014), "Income tax"
- SFAS 48 (revised 2014), "Impairment of assets"
- SFAS 50 (revised 2014), "Financial instruments: Presentation"
- SFAS 55 (revised 2014), "Financial instruments: Recognition and measurement"
- SFAS 60 (revised 2014), "Financial instruments: Disclosures"
- SFAS 65 (revised 2013), "Consolidated financial statements"
- SFAS 66 (revised 2013), "Joint arrangements"
- SFAS 68 (revised 2013), "Fair value measurement"
- Interpretation of Statement of Financial Accounting Standards ("ISFAS") 15 (revised 2014), "The limit on a defined benefit asset, minimum funding requirements and their interaction"
- ISFAS 26 (revised 2014), "Reassessment of embedded derivatives"

c. Principles of Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of Consolidation (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Non-controlling interest is reported as equity in the consolidated statement of financial position, separate from the owner of the parent's equity.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, at the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFAS 55 "Financial Instruments: Recognition and Measurement" either in the profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Foreign Currency Transactions and Balances

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Foreign currency transactions are translated into Rupiah using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currency are translated into Rupiah using the closing exchange rate. The exchange rate used as a benchmark is the rate that is issued by Bank of Indonesia. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the exchange rates used were as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
1 United States Dollar	13,332	12,440	12,189	9,670
100 Japanese Yen	10,896	10,413	11,617	11,197
1 Australian Dollar	10,218	10,218	10,876	10,025
1 European Euro	14,920	15,133	16,821	12,810
1 Chinese Renminbi	2,181	2,033	1,999	1,537

e. Investments in Associates and Joint Ventures

Investment in Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Investments in Associates and Joint Ventures (continued)

Investment in Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to “share of loss of associate and jointly control entity” in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group’s consolidated financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

The cost of an associate acquired in stages is measured as the sum of the fair value of the interest previously held plus the fair value of any additional consideration transferred as of the date when the investment became an associate.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognised in the profit or loss.

Investment in Joint Ventures

The Group has applied SFAS 66 (revised 2013) to all joint arrangements as of January 1, 2015. Under SFAS 66 (revised 2013) investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined that all of them are joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Investments in Associates and Joint Ventures (continued)

Investment in Joint Ventures (continued)

There is no significant impact to the Group's consolidated financial statements as a result of adoption of SFAS 66 (revised 2013) since all of the Group's interests in joint ventures have been previously accounted for using the equity method.

f. Financial Assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

iv. Held to maturity

Held-to-maturity financial assets are nonderivative financial assets with fixed or determinable payments and fixed maturity that the group have the positive intent and ability to hold maturity, and which are not designated at fair value through profit or loss or available-for-sale.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial Assets (continued)

Regular purchases and sale of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through the profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial asset held to maturity are carried at amortised cost using the effective interest method.

Net differences arising from changes in the fair value of the “finance assets at fair value through profit or loss” category are presented in the profit or loss within “finance income” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of “other income” when the Group’s right to receive payments is established. Interest income from these financial assets is included in the “finance income”.

g. Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

h. Trade and Other Receivables

Trade receivables are amounts due from customers for minerals sold or refining services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if the impact of discounting is significant, less any provision for impairment.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Trade and Other Receivables (continued)

The collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Provisions for impairment of receivables are charged to the profit or loss and presented as "Cost of good sold". Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

i. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted-average method. The cost of finished goods and work-in process comprises materials, labor and an appropriate proportion of directly attributable fixed and variable overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expense.

j. Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Initial legal costs incurred to obtain legal rights are recognised as part of the acquisition cost of the land, and these costs are not depreciated. Cost related to renewal of land rights are recognised as intangible assets and amortised during the period of land rights.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Net gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains, net" in the profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Property, Plant and Equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	<u>Years</u>
Land improvement	6 - 20
Buildings	10 - 20
Plant, machinery and equipment	8 - 25
Vehicles	4 - 8
Furniture, fixtures and office equipment	4 - 8

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

The accumulated costs of the construction of buildings and the installation of machinery are capitalised as construction in progress. These costs are reclassified to property, plant and equipment when the construction or installation is complete. Depreciation is charged from the date the assets are ready for use in the manner intended by management.

Interest and other borrowing costs, such as discount fees on loans either directly or indirectly used in financing the construction of a qualifying asset, are capitalised up to the date when construction is complete. For borrowings that are directly attributable to a qualifying asset, the amount to be capitalised is determined as the actual borrowing cost incurred during the period, less any income earned on the temporary investment of such borrowings. For borrowings that are not directly attributable to a qualifying asset, the amount to be capitalised is determined by applying a capitalisation rate to the amount expended on the qualifying assets. The capitalisation rate is the weighted-average of the total borrowing costs applicable to the total borrowings outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

k. Impairment of Non-financial Assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffer impairment are reviewed for a possible reversal of the impairment at each reporting date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Impairment of Non-financial Assets (continued)

Reversal on impairment loss for assets other than goodwill would be recognised if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal on impairment losses will be immediately recognised in the profit or loss. Impairment losses relating to goodwill would not be reversed.

l. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including payables arising from the acquisition of property, plant and equipment. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

m. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawdown, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

n. Share Capital

Incremental costs directly attributable to the issuing of new ordinary shares or options are shown in equity as a deduction, net of tax from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Transactions with Related Parties

The Group has entered into transactions with related parties. Related parties are defined as individuals or entities which are related to the Group.

An individual or family member is related to the Group if it:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or a joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) The entity is controlled or jointly controlled by a related person as identified above;
- (vii) A person that has control or joint control over the Group that has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transactions between the Group and State Owned Entities ("SOE") are considered as transactions with related parties under SFAS 7 "Related Party Disclosure".

p. Deferred Charges

Significant expenditures incurred which are considered to have a benefit of more than one year, are deferred and amortised applying the straight-line method over the period expected to benefit from such expenditures.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Exploration and Evaluation Assets

Exploration and evaluation activity involves the search for mineral resources after the Group has obtained legal rights to explore in a specific area, determine the technical feasibility and assess the commercial viability of an identified resource.

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching and sampling;
- Activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

Exploration and evaluation expenditure related to an area of interest is written off as incurred, unless it is capitalised and carried forward, on an area of interest basis, provided that one of the following conditions is met:

- (i) The rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale, or
- (ii) Exploration activities in the area of interest have not yet reached the stage which would permit a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest, and exclude physical assets, which are recorded in property, plant and equipment. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Identifiable exploration and evaluation assets acquired in a business combination are recognised initially as assets at fair value on acquisition, and subsequently at cost less impairment charges. Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the accounting policy outlined above.

As exploration and evaluation assets are not available for use, they are not depreciated.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Exploration and Evaluation Assets (continued)

Exploration and evaluation assets are assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to "mining properties - mines under development".

Expenditure incurred before the entity has obtained the legal right to explore a specific area is expensed as incurred.

r. Mining Properties

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure and excludes physical assets and land rights, which are recorded as property, plant and equipment.

Once a development decision has been taken, the carrying amount of the exploration and evaluation assets in respect of the area of interest is transferred to "mines under development" within mining properties and aggregated with the subsequent development expenditure.

"Mines under development" are reclassified as "mines in production" within mining properties at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

No depreciation is recognised for "mines under development" until they are reclassified as "mines in production".

When further development expenditure is incurred on a mining property after the commencement of production, the expenditure is carried forward as part of "mines in production" when it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise, such expenditure is classified as a cost of production.

"Mines in production" (including reclassified exploration, evaluation and development expenditure, and payments made to acquire mineral rights and leases) are amortised using the units-of-production method, with separate calculations being made for each area of interest. "Mines in production" will be depleted using the units-of-production method on the basis of proved and probable reserves.

Identifiable mining properties acquired in a business combination are initially recognised as assets at their fair value. Development expenses incurred subsequent to the acquisition of the mining properties are accounted for in accordance with the policy outlined above.

"Mines under development" and "mines in production" are tested for impairment in accordance with the policy in Note 2k.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Provision for Environmental and Reclamation Costs

The Group has certain obligations for the restoration and rehabilitation of mining areas and the retirement of assets following the completion of production. Provision for environmental and reclamation costs is recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Such obligations are measured at the present value of the expenditure expected to be required to settle the obligation using the pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. Changes in the estimated restoration and environmental expenditures to be incurred are accounted for on a prospective basis over the remaining mine life.

t. Revenue and Expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes ("VAT").

The sale of a product is recognised as revenue when the risks of ownership are transferred to the customer, and:

- the product is in a suitable form for delivery and no further processing is required by, or on behalf of, the producer;
- the quantity and quality of the product can be determined with reasonable accuracy;
- the product has been dispatched to the customer and is no longer under the physical control of the producer or ownership of the product has been passed to the customer;
- the selling price can be determined with reasonable accuracy.

The sale of a product arranged by a third party (agent) is recognised as revenue when the product is received by the end-users.

Certain ferronickel sale agreements provide for the provisional pricing of sales at the time of shipment. The final pricing is based on the London Metal Exchange ("LME") nickel price and normally ranges from 30 to 180 days after shipping to customers. Such a provisional sale contains an embedded derivative which is closely related and not recorded separately from the host sales contract. At the reporting date, the provisionally priced ferronickel sales are adjusted to the nearest subsequent monthly average LME nickel price, with the adjustments recorded in sales.

Sales of gold and silver are priced generally based on the London Bullion Market Association's quoted price at the date of the transaction. The revenue earned from services is recognised at the time the services are rendered. Expenses are recognised when incurred.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Revenue and Expenses (continued)

Revenue from services comprises of revenue from providing refinery services, mining services and heavy equipment rental. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all of the following conditions are fulfilled:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the recognised expenses that are recoverable.

Expense are recognised as incurred.

u. Transactions among Entities under Common Control

Business combinations between entities under common control are accounted for using the pooling-of-interests method.

The difference between the consideration received and the carrying value of each restructuring transaction among entities under common control is recorded as part of additional paid-in capital in the equity section of the consolidated statement of financial position.

v. Taxation

The tax expense comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates the positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Management establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Taxation (continued)

Deferred income tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted as at reporting date and is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entity where there is an intention to settle the balances on a net basis.

w. Employee Benefits

i. Pension Obligations

The Group have various pension schemes in accordance with prevailing labor-related laws and regulations and the Group's policy. A defined pension benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation. A defined pension contribution plan is a pension plan under which the Group pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Employee Benefits (continued)

i. Pension Obligations (continued)

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected-unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering currently there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The current service cost of the defined benefit plan is recognised in the profit or loss in employee benefit expense which reflects the increase in the defined obligation resulting from employee service in the current year.

A curtailment will only occur when the Group significantly reduces the number of employees covered by a plan. Curtailment gains and losses will be accounted for as a past-service cost.

Past-service costs are recognised immediately in the profit or loss.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Prior to the adoption of SFAS 24 (revised 2013), actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions, when exceeding 10% of the fair value of plan assets or 10% of the present value of the defined benefit obligations at the beginning of the year were amortised and recognised as expense or gain over the expected average remaining service periods of the eligible employees. Past-service costs were recognised immediately in profit or loss, unless the changes to the pension plan were conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs were amortised on a straight line basis over the vesting period.

ii. Post-retirement Health Care Benefits

The Group provides post-retirement healthcare benefits to its entitled retirees. The entitlement to these benefits is usually based on the employees' remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting method similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Employee Benefits (continued)

iii. Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. A liability for a termination benefit will be recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognises any related restructuring costs. Any benefit that requires future service is not a termination benefit. In case an offer is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the reporting date are discounted to their present value.

iv. Past-service Benefits

The Group also provides past-service benefits for all of its permanent employees. The liability in respect of past-service benefits is recorded based on actuarial calculations using the projected-unit-credit method by independent actuaries.

This benefit scheme is a defined benefit arrangement providing for death, permanent disability and retirement benefits depending on the years of completed service. The Group recognises the expense for the benefits when the Group receives the economic benefits arising from services provided by its employees.

x. Share Issuance Costs

Share issuance costs are presented as a deduction from the additional paid-in capital account.

y. Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

z. Operating Segments

A segment is a distinguishable component of the Group that is engaged in providing certain products and services (business segment), where the component is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process.

aa. Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

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3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

The following judgements, estimates and assumptions were made by the management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements.

a. Critical Accounting Estimates and Assumptions

i. Estimating the Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of their property, plant and equipment based on expected asset utilisation as anchored on business plans and strategies that also consider expected future technological developments and market behaviour. The estimation of the useful lives of property, plant and equipment is based on the Group's collective assessment of industry practice, an internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

The amounts and timing of recorded expenses for any year will be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's property, plant and equipment will increase the recorded operating expenses and decrease non-current assets.

ii. Goodwill and Impairment of Non-financial Assets

The consolidated financial statements reflect acquired businesses after the completion of the respective acquisition. The Group accounts for the acquired businesses using the acquisition method which requires extensive use of accounting estimates and judgements to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. Any excess in the purchase price over the estimated fair market values of the net assets acquired is recorded as goodwill in the consolidated statements of financial position. Thus, the numerous judgements made in estimating the fair market value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial performance.

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3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Critical Accounting Estimates and Assumptions (continued)

ii. Goodwill and Impairment of Non-Financial Assets (continued)

The determination of fair value less cost to sell and value in use requires management to make estimates and the assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), mineral resources and reserves, operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the profit or loss.

iii. Estimation of Pension Cost and Other Employee Benefits

The cost of the defined benefit plan and the present value of the pension obligation are determined using the projected-unit-credit method. Actuarial valuation includes making various assumptions, which consist of, among other things, discount rates, rates of compensation increases and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions.

While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in its assumptions may materially affect the costs and obligations of pension and other long-term employee benefits. All assumptions are reviewed at each reporting date.

iv. Mineral Reserve Estimates

Proven and probable reserves are estimates of the amount of output that can be economically and legally exploited from the Group's mining properties. The Group determines and reports their mineral reserves under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code") of the Australasian Joint Ore Reserves Committee ("JORC"). In order to estimate mineral reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transportation costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or mineral content of mineral reserves requires the size, shape and depth of mineral bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements to interpret the data.

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3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Critical Accounting Estimates and Assumptions (continued)

iv. Mineral Reserve Estimates (continued)

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data are generated during the course of operations, estimates of reserves may change from period to period. Changes in the reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- a. assets carrying values may be affected due to changes in the estimated future cash flows;
- b. depreciation, depletion and amortisation charged to the profit or loss may change where such charges are determined on the units-of-production basis, or where the useful economic lives of assets change;
- c. decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities;
- d. the carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

In relation to the acquisition of an additional 7.5% share ownership in PT Nusa Halmahera Mineral ("NHM") in December 2012, the management also performs an estimation of potential gold resources held by NHM at each reporting date (Note 33p).

v. Provision for Mine Rehabilitation

The Group's accounting policy for the recognition of mine closure and rehabilitation provisions requires significant estimates and assumptions, such as requirements of the relevant legal and regulatory framework, the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in a future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at that time.

vi. Exploration and Evaluation Expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires the management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable production operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the profit or loss.

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3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Critical Judgements in Applying the Entity's Accounting Policies

i. Determination of Functional Currency

In the process of applying the Group's accounting policies, the management has to make a judgement on the determination of the functional currency of the foreign subsidiaries, apart from those estimations and assumptions which have the most significant effects on the amounts recognised in the consolidated financial statements.

The functional currency of each entity within the Group is the currency of the primary economic environment in which each of the entities operates. It is the currency, among other factors, that mainly influences the sales prices for goods and services, of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, the currency that mainly influences labor, material and other costs and the currency in which funds from financing activities are generated.

ii. Uncertain Tax Exposures

Judgements and assumptions are required to determine the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes for the Group. In particular, the calculation of the Group's income tax expenses involves the interpretation of applicable tax laws and regulations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

All judgements and estimates taken by the management as discussed above may be challenged by the Directorate General of Taxation ("DGT") or the Government Auditors. As a result, the ultimate tax determination becomes uncertain. The resolution of tax positions taken by the Group can take several years to complete and it is difficult to predict the ultimate outcome. If the final tax outcome of these matters is different from the amounts initially recorded, such differences will have an impact on the income tax and deferred income tax provision in the period in which this determination is made.

Assumptions about the generation of future taxable profits depend on the management's estimates of future cash flow. These depend on the estimates of future production, sales volumes or sales of services, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

Deferred tax assets, including those arising from unrecouped tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

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3. MANAGEMENT'S USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Critical Judgements in Applying the Entity's Accounting Policies (continued)

iii. Development Expenditure

Development activities commence after the project has been sanctioned by the appropriate level of management. Judgement is applied by the management in determining when a project is economically viable. In exercising this judgement, the management is required to make certain estimates and assumptions similar to those described above for capitalised exploration expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the profit or loss.

4. RESTATEMENT OF ACCOUNTS

In December 2013, the Financial Accounting Standards Board issued SFAS 24 (revised 2013), "Employee Benefits", which is required to be applied for financial years beginning on or after January 1, 2015. This revised employee benefits standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits.

The Group had adopted SFAS 24 (revised 2013), "Employee Benefits" on January 1, 2015. The adoption of this revised standard has the following impacts on the Group's consolidated financial statements:

- a. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Prior to the adoption of SFAS 24, (revised 2013) "Employee Benefits", actuarial gains or losses were amortised and recognised as expense or gain over the expected average remaining service periods of the eligible employees using a corridor approach.
- b. Past-service costs are recognised immediately in the profit or loss in the period of a plan amendment. Unvested benefits can no longer be spread over a future-service period.
- c. Net interest expense/income is to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets.

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4. RESTATEMENT OF ACCOUNTS (continued)

Impact of changes from SFAS 24 (revised 2013), "Employee Benefits"

The following summary discloses the impact of the adoption of SFAS 24 (revised 2013), "Employee benefits" on the comparative restated consolidated financial information as at and for the years ended December 31, 2012, 2013 and 2014, and for the six-month period ended June 30, 2014.

	December 31, 2012		
	Before restatement	Restatement	After restatement
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
NON-CURRENT LIABILITIES			
Pension and other post-retirement obligations	336,835,010	460,329,614	797,164,624
Deferred tax liabilities, net	296,357,929	(115,082,404)	181,275,525
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Retained earnings: Unappropriated	2,997,564,703	(345,247,210)	2,652,317,493
	December 31, 2013		
	Before restatement	Restatement	After restatement
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
NON-CURRENT ASSETS			
Deferred tax assets	433,034,792	167,026,499	600,061,291
NON-CURRENT LIABILITIES			
Pension and other post-retirement obligations	568,114,116	668,105,997	1,236,220,113
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Retained earnings: Unappropriated	462,790,683	(501,079,498)	(38,288,815)
	December 31, 2014		
	Before restatement	Restatement	After restatement
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
NON-CURRENT ASSETS			
Deferred tax assets	517,099,063	(40,118,540)	476,980,523
NON-CURRENT LIABILITIES			
Pension and other post-retirement obligations	579,734,448	(160,474,162)	419,260,286
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Retained earnings: Unappropriated	(722,440,266)	120,355,622	(602,084,644)

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4. RESTATEMENT OF ACCOUNTS (continued)

Impact of changes from SFAS 24 (revised 2013), "Employee Benefits" (continued)

	For the year ended December 31, 2012		
	Before restatement	Restatement	After restatement
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Cost of goods sold	8,427,157,554	(13,548,325)	8,413,609,229
Operating expenses	1,126,863,902	(8,640,714)	1,118,223,188
Income tax expense	902,379,330	5,547,260	907,926,590
Other comprehensive loss	(4,091,142)	(59,970,010)	(64,061,152)
For the year ended December 31, 2013			
	Before restatement	Restatement	After restatement
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Cost of goods sold	9,682,520,825	(70,654,252)	9,611,866,573
Operating expenses	1,194,768,989	(93,149,610)	1,101,619,379
Income tax benefit	(542,877,769)	40,950,965	(501,926,804)
Other comprehensive income/(loss)	191,354	(278,685,185)	(278,493,831)
For the year ended December 31, 2014			
	Before restatement	Restatement	After restatement
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Cost of goods sold	8,644,136,017	(16,866,244)	8,627,269,773
Operating expenses	955,899,898	(25,476,014)	930,423,884
Income tax benefit	(57,848,528)	10,585,562	(47,262,966)
Other comprehensive income	107,245	589,678,424	589,785,669
For the six-month period ended June 30, 2014			
	Before restatement	Restatement	After restatement
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Cost of goods sold	3,725,892,528	17,120,931	3,743,013,459
Operating expenses	404,863,263	26,171,903	431,035,166
Income tax expense/(benefit)	37,494,024	(85,811,256)	(48,317,232)
Other comprehensive income	94,099	38,012,895	38,106,994

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5. CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Cash on hand				
Rupiah	780,542	391,779	960,160	1,111,445
United States Dollar	70,954	44,121	174,775	277,489
Japanese Yen	154,448	154,133	276,069	4,925
Chinese Renminbi	28,286	19,427	-	-
	<u>1,034,230</u>	<u>609,460</u>	<u>1,411,004</u>	<u>1,393,859</u>
Cash in banks				
Related parties (Note 29):				
United States Dollar	694,175,014	454,049,647	684,771,107	816,728,727
Rupiah	307,666,967	330,253,327	262,634,263	391,230,916
Japanese Yen	272,394	1,275,100	545,993	655,006
Australian Dollar	761,330	1,664,321	1,455,723	7,686,965
	<u>1,002,875,705</u>	<u>787,242,395</u>	<u>949,407,086</u>	<u>1,216,301,614</u>
Third parties:				
United States Dollar				
Standard Bank PLC., Singapore	84,560,096	40,397,567	74,710,100	42,033,681
Citibank N.A., Jakarta	24,747,438	100,388,019	110,458,413	92,832,371
PT Bank Danamon Indonesia Tbk	22,756,014	49,975,652	76,238,702	48,443,309
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta	29,361	27,432	39,024	31,355
PT Bank CIMB Niaga Tbk	39,306	37,457	38,238	2,825,131
PT Bank UOB Indonesia, Jakarta	13,082,095	10,531,239	11,565	9,368
PT Bank Sumitomo Mitsui Indonesia	5,960	5,383	5,249	2,673
PT Bank Central Asia Tbk	-	-	-	1,958,750
PT Bank Permata Tbk	-	-	-	1,005,435
The Bank of Nova Scotia, Jakarta	4,251,269	12,158,882	-	-
	<u>149,471,539</u>	<u>213,521,631</u>	<u>261,501,291</u>	<u>189,142,073</u>
Rupiah				
PT Bank Permata Tbk	31,867,649	29,248,841	13,085,133	24,925,686
PT Bank Central Asia Tbk	1,658,578	15,699,874	6,500,214	11,733,993
PT Bank Danamon Indonesia Tbk	2,503,618	2,458,544	1,814,019	35,490,346
Citibank N.A., Jakarta	2,031,081	2,095,531	2,653,201	4,424,071
PT Bank CIMB Niaga Tbk	1,115,802	3,166,863	282,632	734,347
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta	360,962	508,059	538,264	122,110
PT Bank UOB Indonesia, Jakarta	1,256,531	949,755	34,784	109,790
PT Bank Bukopin Tbk	32,818	8,515	268,021	1,001,737
PT Bank Pembangunan Daerah Kalimantan Barat	1,586	-	-	-
PT Bank OCBC NISP Tbk	-	195	919	1,591
	<u>40,828,625</u>	<u>54,136,177</u>	<u>25,177,187</u>	<u>78,543,671</u>
Australian Dollar				
Citibank N.A., Jakarta	4,411,044	4,445,578	7,275,582	9,774,573
Chinese Renminbi				
Industrial and Commercial Bank of China, Shanghai	151,834	106,203	-	-
Time deposits				
Related parties (Note 29):				
Rupiah	128,707,679	448,083,943	559,695,698	1,167,018,979
United States Dollar	-	311,000,000	-	290,100,000
	<u>128,707,679</u>	<u>759,083,943</u>	<u>559,695,698</u>	<u>1,457,118,979</u>

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5. CASH AND CASH EQUIVALENTS (continued)

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Third parties:				
United States Dollar				
PT Bank UOB Indonesia, Jakarta	133,320,000	248,800,000	365,670,000	-
PT Bank Permata Tbk	266,640,000	248,800,000	243,780,000	483,500,000
PT Bank International Indonesia Tbk	266,640,000	-	-	-
PT Bank CIMB Niaga Tbk	-	248,800,000	243,780,000	386,800,000
PT Bank ANZ Indonesia	-	-	121,890,000	-
	<u>666,600,000</u>	<u>746,400,000</u>	<u>975,120,000</u>	<u>870,300,000</u>
Rupiah				
PT Bank CIMB Niaga Tbk	5,000,000	22,500,000	-	46,000,000
PT Bank Permata Tbk	35,613,642	30,364,896	5,000,000	-
PT Bank Bukopin Tbk	-	500,000	8,150,000	-
	<u>40,613,642</u>	<u>53,364,896</u>	<u>13,150,000</u>	<u>46,000,000</u>
Total cash and cash equivalents	<u>2,034,694,298</u>	<u>2,618,910,283</u>	<u>2,792,737,848</u>	<u>3,868,574,769</u>

The range of interest rates on time deposits is as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Rupiah	2.50% - 9.50%	2.00% - 9.75%	3.75% - 10.00%	5.50% - 7.25%
United States Dollar	1.50% - 2.85%	1.00% - 2.75%	1.25% - 3.50%	2.00% - 3.00%

The interest rates on cash in bank and time deposits with related parties are comparable to those offered by third parties.

6. TRADE RECEIVABLES

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Third parties:				
United States Dollar				
Glencore International AG	397,619,844	235,314,586	-	-
Tisco Trading Ltd.	296,812,528	-	-	-
Outokumpu Stainless	252,746,105	312,420,380	-	-
Standard Bank PLC Singapore	121,179,055	86,143,238	-	-
Pohang Iron & Steel	113,191,869	192,984,592	-	432,957,791
Mitsubishi Corporation	87,685,736	-	69,844,792	46,732,065
Gansu Jiu Steel Group Hongxing Iron and Steel Co. Ltd.	69,494,339	-	-	-
Ni-Met Metal Inc	50,410,829	-	-	-
Ugitech SA	-	102,940,186	-	-
Aperam	-	65,738,395	-	-
Avarus AG	-	10,160,967	761,273,800	953,863,288
Raznoimport Nickel (UK) Limited	-	-	228,251,907	132,309,943
Mitsui & Co. Ltd	-	-	67,474,316	84,747,169
Others (each below Rp25,000,000)	<u>63,133,527</u>	<u>40,629,025</u>	<u>36,416,799</u>	<u>70,942,825</u>
	<u>1,452,273,832</u>	<u>1,046,331,369</u>	<u>1,163,261,614</u>	<u>1,721,553,081</u>
Rupiah				
Other (each below Rp25,000,000)	<u>20,745,036</u>	<u>15,033,886</u>	<u>4,172,492</u>	<u>7,306,884</u>
	<u>1,473,018,868</u>	<u>1,061,365,255</u>	<u>1,167,434,106</u>	<u>1,728,859,965</u>
Provision for impairment losses - third parties	<u>(14,495,601)</u>	<u>(15,270,415)</u>	<u>(15,065,399)</u>	<u>(6,892,580)</u>
Trade receivables - third parties, net	<u>1,458,523,267</u>	<u>1,046,094,840</u>	<u>1,152,368,707</u>	<u>1,721,967,385</u>

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6. TRADE RECEIVABLES (continued)

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Related parties (Note 29):				
United States Dollar	66,586,270	21,243,887	-	-
Rupiah	<u>282,132</u>	<u>281,545</u>	<u>317,981</u>	<u>458,981</u>
Trade receivables - related parties	<u>66,868,402</u>	<u>21,525,432</u>	<u>317,981</u>	<u>458,981</u>
Trade receivables, net	<u>1,525,391,669</u>	<u>1,067,620,272</u>	<u>1,152,686,688</u>	<u>1,722,426,366</u>

The aging analysis of trade receivables is as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Current	1,389,495,840	836,005,270	492,779,448	1,093,962,332
Overdue:				
1 to 30 days	84,294,305	197,448,789	368,430,754	420,476,161
31 to 90 days	13,480,812	2,979,346	127,752,786	126,290,459
Over 90 days	<u>52,616,313</u>	<u>46,457,282</u>	<u>178,789,099</u>	<u>88,589,994</u>
	<u>1,539,887,270</u>	<u>1,082,890,687</u>	<u>1,167,752,087</u>	<u>1,729,318,946</u>
Provision for impairment loss - third parties	<u>(14,495,601)</u>	<u>(15,270,415)</u>	<u>(15,065,399)</u>	<u>(6,892,580)</u>
Trade receivables, net	<u>1,525,391,669</u>	<u>1,067,620,272</u>	<u>1,152,686,688</u>	<u>1,722,426,366</u>

Trade receivables are non-interest bearing. Due to the short-term nature of trade receivables, their carrying amounts approximate their fair value.

As at June 30, 2015, trade receivables amounting to Rp3,812,000 (December 31, 2014, 2013 and 2012: Rp49,000,000) are used as collateral for a working capital loan from PT Bank Rakyat Indonesia (Persero) Tbk (Note 18c).

Based on the review of the status of the individual receivable accounts at the end of the period, management believes that the provision for impairment loss is sufficient to cover possible losses from the uncollectible receivables.

Changes in the amounts of the provision for impairment loss - third parties are as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Balance at beginning of the period/year	15,270,415	15,065,399	6,892,580	14,072,046
Provision/(recovery) during the period/year	<u>(774,814)</u>	<u>205,016</u>	<u>8,172,819</u>	<u>(7,179,466)</u>
Balance at end of the period/year	<u>14,495,601</u>	<u>15,270,415</u>	<u>15,065,399</u>	<u>6,892,580</u>

As at December 31, 2014 and 2013, based on results of review of receivables aging and collectability, management recognised additional provision for impairment of receivables amounting to Rp205,016 and Rp8,172,819.

As at June 30, 2015 and December 31, 2012, management recognised recovery of provision for impairment of receivables due to settlement of trade receivables which have been provisioned previously.

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7. INVENTORIES

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Products inventory:				
Gold and silver	1,100,972,397	779,787,024	772,462,766	557,382,085
Bauxite ore	95,112,311	87,133,247	46,821,589	14,530,248
Ferronickel	62,337,313	327,321,087	609,951,163	157,728,707
Coal	22,078,509	4,278,186	25,485,476	7,566,295
Gold and silver precipitates	11,012,406	15,872,934	7,888,113	19,397,063
Other precious metals	5,197,798	5,341,496	5,653,259	5,035,932
Ferronickel in transit	-	-	239,963,771	-
Nickel ore	-	-	209,718,385	185,847,502
	<u>1,296,710,734</u>	<u>1,219,733,974</u>	<u>1,917,944,522</u>	<u>947,487,832</u>
Raw material	303,354,788	247,605,601	31,935,931	52,170,273
Spare parts and supplies	224,686,891	250,917,547	483,717,816	376,715,371
Work-in-process	<u>59,628,992</u>	<u>50,101,749</u>	<u>55,249,761</u>	<u>73,594,457</u>
	<u>587,670,671</u>	<u>548,624,897</u>	<u>570,903,508</u>	<u>502,480,101</u>
Provision for impairment loss of inventories	<u>(6,598,888)</u>	<u>(6,470,648)</u>	<u>(42,914,128)</u>	-
Inventories, net	<u>1,877,782,517</u>	<u>1,761,888,223</u>	<u>2,445,933,902</u>	<u>1,449,967,933</u>

During the six-month period ended June 30, 2015 and the years ended December 31, 2014, 2013 and 2012, the cost of inventories recognised as expense and included in cost of goods sold amounted to Rp7,304,173,102, Rp8,547,230,909, Rp8,937,540,794 and Rp7,990,651,334, respectively.

As at June 30, 2015, December 31, 2014, 2013 and 2012, inventories of nickel, gold, silver, spare parts and supplies were insured against the risk of physical damage and theft under blanket policies with a total insurance coverage of US\$91,744,292, US\$91,744,292, US\$74,859,218 and US\$44,562,700, respectively or equivalent to Rp1,223 billion (full amount), Rp1,141 billion (full amount), Rp912 billion (full amount) and Rp 431 billion (full amount), respectively. Management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

Movement of provision for impairment of inventories is as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Beginning balance of the period/year	(6,470,648)	(42,914,128)	-	(4,367,767)
Movement during the period/year:				
Provision for obsolete inventory	(128,240)	-	(42,914,128)	-
Recovery of provision for impairment	-	36,443,480	-	4,367,767
Ending balance of the period/year	<u>(6,598,888)</u>	<u>(6,470,648)</u>	<u>(42,914,128)</u>	-

During the years ended December 31, 2014 and 2012, the Group recognised recovery of provision for impairment of raw materials and spare parts inventories because the previously provided raw materials and spare parts inventories were usable.

During the six-month period ended June 30, 2015 and the year ended December 31, 2013, the Group recognised the additions to provisions for obsolete raw materials and spare parts inventories, as a result of management's analysis of slow-moving raw materials and spare parts inventories.

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7. INVENTORIES (continued)

As at June 30, 2015, December 31, 2014, 2013 and 2012, CSD's inventories amounting to Rp37,000,000 are used as collateral for a bank loan from PT Bank Rakyat Indonesia (Persero) Tbk (Note 18d).

8. PREPAID EXPENSES

This account consists of prepayments of the following:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Insurance	15,887,439	53,751,867	58,406,840	43,605,399
Others	<u>12,632,842</u>	<u>19,006,802</u>	<u>6,698,897</u>	<u>6,912,854</u>
Total prepaid expenses	<u>28,520,281</u>	<u>72,758,669</u>	<u>65,105,737</u>	<u>50,518,253</u>

9. RESTRICTED CASH

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
PT Bank Mandiri (Persero) Tbk	58,449,673	8,909,519	48,655,673	9,524,466
PT Bank Rakyat Indonesia (Persero) Tbk	3,555,625	-	49,867,037	62,942,841
Bank Perkreditan Rakyat Bestari	<u>2,559,521</u>	<u>2,519,040</u>	<u>2,474,326</u>	<u>2,410,872</u>
Total restricted cash	<u>64,564,819</u>	<u>11,428,559</u>	<u>100,997,036</u>	<u>74,878,179</u>

Restricted cash in PT Bank Mandiri (Persero) Tbk mainly represents restricted cash in relation with fuel purchases from PT Pertamina (Persero).

Restricted cash in PT Bank Rakyat Indonesia (Persero) Tbk as at June 30, 2015 related with an insurance claim on certain insured fixed assets, whereas restricted cash in PT Bank Rakyat Indonesia (Persero) Tbk as at December 31, 2013 and 2012 related with Employees' Loan Facility Agreement (Note 33i).

Restricted cash in Bank Perkreditan Rakyat Bestari is used as a guarantee for the environmental reclamation cost of PT Antam Resourcindo, a subsidiary.

10. INVESTMENTS

The amounts recognised in consolidated statements of financial position are as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Investment in Associates				
NHM	2,534,478,945	2,649,046,884	3,460,320,246	3,783,438,034
PT Meratus Jaya Iron Steel ("MJIS")	-	28,288,092	112,191,622	166,355,335
PT Menara Antam Sejahtera ("MAS")	9,302,710	9,809,095	10,036,882	6,249,532
PT Antamloka Halimun Energi ("AHE")	50,000	-	-	-
PT Nikel Halmahera Timur ("NHT")	<u>27,500</u>	<u>27,500</u>	-	-
	<u>2,543,859,155</u>	<u>2,687,171,571</u>	<u>3,582,548,750</u>	<u>3,956,042,901</u>
Investment in a joint venture				
Indonesia Chemical Alumina ("ICA")	<u>1,703,804,045</u>	<u>1,438,385,425</u>	<u>1,350,639,204</u>	<u>1,154,405,032</u>
Total	<u>4,247,663,200</u>	<u>4,125,556,996</u>	<u>4,933,187,954</u>	<u>5,110,447,933</u>

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10. INVESTMENTS (continued)

a. Investments in associates

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
At beginning of the period/year	3,825,639,874	4,148,040,469	3,956,042,901	173,259,737
Share of profit	116,714,052	114,677,555	188,247,568	12,475,970
Dividend distribution	-	(437,105,650)	-	(7,669,583)
Addition of investment	50,000	27,500	3,750,000	3,777,976,777
	<u>3,942,403,926</u>	<u>3,825,639,874</u>	<u>4,148,040,469</u>	<u>3,956,042,901</u>
Accumulated asset amortisation based on fair value				
At beginning of the period/year	(830,342,359)	(396,034,484)	-	-
Addition	(260,076,468)	(434,307,875)	(396,034,484)	-
	<u>(1,090,418,827)</u>	<u>(830,342,359)</u>	<u>(396,034,484)</u>	<u>-</u>
Accumulated impairment of investments				
At beginning of the period/year	(308,125,944)	(169,457,235)	-	-
Addition	-	(138,668,709)	(169,457,235)	-
	<u>(308,125,944)</u>	<u>(308,125,944)</u>	<u>(169,457,235)</u>	<u>-</u>
Carrying amount of investments	<u>2,543,859,155</u>	<u>2,687,171,571</u>	<u>3,582,548,750</u>	<u>3,956,042,901</u>

Nature of investments in associates is as follows:

June 30, 2015				
Name of entities	Place of business/ country of incorporated	% interest held	Nature of relationship	Measurement method
NHM	Indonesia	25%	Note 1	Equity
MJIS	Indonesia	34%	Note 2	Equity
MAS	Indonesia	25%	Note 3	Equity
NHT	Indonesia	50%	Note 4	Equity
AHE	Indonesia	25%	Note 5	Equity
December 31, 2014				
Name of entities	Place of business/ country of incorporated	% interest held	Nature of relationship	Measurement method
NHM	Indonesia	25%	Note 1	Equity
MJIS	Indonesia	34%	Note 2	Equity
MAS	Indonesia	25%	Note 3	Equity
NHT	Indonesia	50%	Note 4	Equity
December 31, 2013 and 2012				
Name of entities	Place of business/ country of incorporated	% interest held	Nature of relationship	Measurement method
NHM	Indonesia	25%	Note 1	Equity
MJIS	Indonesia	34%	Note 2	Equity
MAS	Indonesia	25%	Note 3	Equity

Note 1 : NHM operates a gold underground mine at North Halmahera Regency, North Maluku Province.

Note 2 : MJIS operates a sponge iron plant at Tanah Bumbu Regency, South Kalimantan Province. As at June 30, 2015, MJIS is under development phase.

Note 3 : MAS owns and manages an office building at South Jakarta. Construction of MAS's building has just been completed in 2015.

Note 4 : NHT operates a nickel mine at North Halmahera Regency, North Maluku Province. NHT was established in 2014.

Note 5 : AHE engages in the electricity sector, including consultancy, construction, maintenance and development of technology relating to electricity. AHE has just been established in 2015.

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10. INVESTMENTS (continued)

a. Investments in associates (continued)

All of the associates are private companies and there is no quoted market price available for their shares.

Refer to Note 33p for contingent purchase price relating to the Group's interest in NHM.

Set out below is the summarised financial information for NHM, a material associate of the Group, which is accounted for using the equity method.

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Summarised statements of financial position				
Current				
Cash and cash equivalents	1,434,951,594	540,300,893	719,403,776	415,790,201
Other current assets (excluding cash)	825,889,927	1,526,601,821	1,756,759,887	1,321,763,039
Total current assets	2,260,841,521	2,066,902,714	2,476,163,663	1,737,553,240
Financial liabilities (excluding trade payables)	242,684,262	211,111,342	326,133,686	253,446,541
Other current liabilities (including trade payables)	123,754,878	112,727,807	63,312,959	44,085,111
Total current liabilities	366,439,140	323,839,149	389,446,645	297,531,652
Non-current				
Non-current assets	3,286,058,289	2,799,818,126	3,534,630,949	3,047,128,599
Non-current liabilities	686,403,322	630,858,465	756,137,626	591,435,567
Net assets	4,494,057,348	3,912,023,226	4,865,210,341	3,895,714,620
	June 30, 2015 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Summarised statement of profit or loss and other comprehensive income				
Revenue	2,785,396,720	5,230,179,753	4,428,387,310	6,549,319,546
Depreciation and amortisation	(664,765,616)	(1,285,279,242)	(1,041,348,353)	(686,418,026)
Interest income	4,409,120	5,915,256	1,960,774	1,377,031
Interest expense	(240,396)	(12,196,782)	(1,742,139)	(1,034,501)
Profit before income tax	789,102,800	1,097,272,690	1,315,049,213	3,722,061,366
Income tax expense	(207,068,679)	(302,037,217)	(345,553,492)	(954,264,254)
Profit for the period/year	582,034,121	795,235,473	969,495,721	2,767,797,112
Other comprehensive income	-	-	-	-
Total comprehensive income	582,042,744	795,235,473	969,495,721	2,767,797,112
Dividends received from associate	-	437,105,650	-	383,103,797

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10. INVESTMENTS (continued)

a. Investments in associates (continued)

Reconciliation of the summarised financial information presented for NHM to the carrying amount of the Group's interest in NHM is as follow:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Opening net assets January 1	3,912,023,227	4,865,210,341	3,895,714,620	3,302,524,553
Dividend distribution	-	(1,748,422,588)	-	(2,174,607,045)
Profit for the period/year	582,034,121	795,235,473	969,495,721	2,767,797,112
Other comprehensive income	-	-	-	-
Closing net assets	4,494,057,348	3,912,023,226	4,865,210,341	3,895,714,620
Interest in associate (25%)	1,123,514,337	978,005,807	1,216,302,585	973,928,655
Fair value uplift	1,544,400,901	1,804,477,370	2,238,785,245	2,634,819,728
Goodwill	174,689,651	174,689,651	174,689,651	174,689,651
Accumulated impairment of investment	(308,125,944)	(308,125,944)	(169,457,235)	-
Carrying value	2,534,478,945	2,649,046,884	3,460,320,246	3,783,438,034

Effective from December 20, 2012, the Company acquired an additional 7.5% interest in NHM, increasing the total interest acquired to 25%. Based on the independent appraisal report dated November 23, 2012 of Suwendo Rinaldy & Rekan, the fair value of the investment in NHM for the 17.5% portion amounted to Rp2,519,675,988. The excess amounting to Rp2,484,007,689 between fair value and the initial cost of the investment was recorded as a gain on a fair value adjustment in the profit or loss.

For the year ended December 31, 2012 the Company recognised dividend income from NHM amounting to Rp375,434,214.

During the years ended December 31, 2014 and 2013, the Company recognised an impairment loss on its investment in NHM amounting to Rp138,668,709 and Rp169,457,235, respectively. These impairment losses were presented in the profit or loss as "Share of (loss)/profit of associates and joint venture". The impairment on investment in NHM was mainly due to a higher gold price assumptions at the acquisition date of the investment as compared to the gold price assumptions at the time the impairment test was performed.

The summary of financial information of investments in associates which are not material to the Group as at and for the six-month period ended June 30, 2015 and for the years ended December 31, 2014, 2013 and 2012 is as follows:

	Profit or loss from continuing operations	Other comprehensive income	Total comprehensive income
June 30, 2015			
- MJIS	(99,684,407)	(1,631,699)	(101,316,106)
- MAS	(2,025,539)	-	(2,025,539)
- NHT	-	-	-
- AHE	-	-	-
December 31, 2014			
- MJIS	(246,778,302)	(1,693,399)	(248,471,701)
- MAS	(911,147)	-	(911,147)
- NHT	-	-	-

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10. INVESTMENTS (continued)

a. Investments in associates (continued)

	Profit or loss from continuing operations	Other comprehensive income	Total comprehensive income
December 31, 2013			
- MJIS	10,446,973	-	10,446,973
- MAS	149,400	-	149,400
December 31, 2012			
- MJIS	19,851,579	-	19,851,579
- MAS	(1,874)	-	(1,874)

b. Investment in a joint venture

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
At beginning of the period/year	1,438,385,425	1,350,639,204	1,154,405,032	1,051,781,830
Share of (loss)/profit	(20,028,621)	87,746,221	196,234,172	102,623,202
Addition of investment	285,447,241	-	-	-
At end of the period/year	1,703,804,045	1,438,385,425	1,350,639,204	1,154,405,032

The nature of an investment in a joint venture as at June 30, 2015, December 31, 2014, 2013 and 2012, is as follows:

Name of entity	Place of business/ country of incorporated	% interest held	Nature of relationship	Measurement method
ICA	Indonesia	80%	Note 1	Equity

Note 1: ICA engages in chemical grade alumina processing activities. As at June 30, 2015, ICA is currently in pre-production phase. ICA is strategic for the Group's expansion to the chemical grade alumina industry.

Set out below are the summarised financial information for ICA, a material joint venture of the Group, which is accounted for using the equity method.

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Summarised statement of financial position				
Current				
Cash and cash equivalents	69,054,884	109,878,511	588,375,721	786,127,598
Other current assets (excluding cash)	206,085,153	147,938,951	100,993,395	42,875,151
Total current assets	275,140,037	257,817,462	689,369,116	829,002,749
Financial liabilities (excluding trade payables)	1,922,832,771	299,866,767	108,192,906	85,572,179
Other current liabilities (including trade payables)	301,557,390	213,487,483	94,194,362	3,740,666
Total current liabilities	2,224,390,161	513,354,250	202,387,268	89,312,845
Non-current				
Non-current assets	4,101,154,550	3,764,271,584	3,221,612,833	2,637,489,886
Financial liabilities	20,133,381	1,709,949,702	2,019,858,790	1,928,277,499
Other liabilities	2,015,989	803,313	436,886	5,896,001
Total non-current liabilities	22,149,370	1,710,753,015	2,020,295,676	1,934,173,500
Net Assets	2,129,755,056	1,797,981,781	1,688,299,005	1,443,006,290

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10. INVESTMENTS (continued)

b. Investment in a joint venture (continued)

	June 30, 2015 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Summarised statement of profit or loss and other comprehensive income				
Revenue	72,580,171	-	-	-
Depreciation and amortisation	(33,690,410)	(12,595,170)	(7,901,513)	(1,319,006)
Interest income	266,843	705,137	851,211	380,500
Interest expense	(27,431,210)	(14,276,370)	(37,570,122)	(24,229,075)
(Loss)/profit before income tax	(23,859,832)	151,493,989	326,405,806	134,509,282
Income tax expense	-	(41,811,213)	(81,113,091)	(6,230,280)
(Loss)/profit for the period/year	(23,859,832)	109,682,776	245,292,715	128,279,002
Other comprehensive loss	(1,175,938)	-	-	-
Total comprehensive (loss)/income	(25,035,770)	109,682,776	245,292,715	128,279,002
Dividends received from joint venture	-	-	-	-

Reconciliation of the summarised financial information presented for ICA to the carrying amount of the Group's interest in ICA is as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Opening net assets January 1	1,797,981,781	1,688,299,005	1,443,006,290	1,314,727,288
Issuance of new shares capital	356,809,045	-	-	-
(Loss)/profit for the period	(23,859,832)	109,682,776	245,292,715	128,279,002
Other comprehensive loss	(1,175,938)	-	-	-
Closing net assets	2,129,755,056	1,797,981,781	1,688,299,005	1,443,006,290
Interest in joint venture (80%)	1,703,804,045	1,438,385,425	1,350,639,204	1,154,405,032
Goodwill	-	-	-	-
Carrying value	1,703,804,045	1,438,385,425	1,350,639,204	1,154,405,032

ICA is a private company and there is no quoted market price available for its shares.

As at June 30, 2015, ICA has an outstanding long-term loan from Japan Bank for International Cooperation ("JBIC"), Mizuho Corporate Bank Ltd. ("Mizuho Ltd") and Sumitomo Mitsui Trust Bank Ltd. ("Sumitomo Ltd") (Note 33f). ICA placed collateral for the long-term loan in the form of, among others, bank accounts with PT Bank Mizuho Indonesia ("BMI"), ICA's interest in the Manufacturing Technology and Technical Operational Assistance Agreement with Showa Denko K.K. ("SDK") and the offtake agreement with SDK and the Company. The Company and SDK also guarantee ICA's loan repayment. The Company also entered into a Pledge of Shares Agreement whereby the Company agreed to pledge all of its shares in ICA to BMI, as collateral for the full repayment of ICA's loan.

There are no contingent liabilities relating to the Group's investment in ICA.

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10. INVESTMENTS (continued)

c. Investment in Subsidiaries

Information regarding the Company's subsidiaries are disclosed in Note 1b. As at June 30, 2015, December 31, 2014, 2013 and 2012, there are no subsidiaries owned by the Company where there is a material non-controlling interests.

There are no significant restrictions on the Company's access to its subsidiaries, except for collateral placed by CSD for short-term bank loans from PT Bank Rakyat Indonesia (Persero) Tbk (Note 18d).

11. PROPERTY, PLANT AND EQUIPMENT

	January 1, 2015	Additions	Disposals	Transfers	June 30, 2015
Cost					
Land	101,683,761	3,727,752	-	8,333,909	113,745,422
Land improvements	2,453,291,831	1,117,409	(2,752,791)	85,187,091	2,536,843,540
Buildings	584,025,288	11,996,526	(2,429,052)	(857,240)	592,735,522
Plant, machinery and equipment	5,565,178,297	16,016,624	(25,916,346)	7,593,910	5,562,872,485
Vehicles	95,511,195	1,141,000	(3,198,727)	-	93,453,468
Furniture, fixtures and office equipment	147,527,117	1,436,926	(1,970,633)	1,307,916	148,301,326
Construction in progress	5,457,194,223	580,405,187	-	(101,565,586)	5,936,033,824
	<u>14,404,411,712</u>	<u>615,841,424</u>	<u>(36,267,549)</u>	<u>-</u>	<u>14,983,985,587</u>
Accumulated depreciation					
Land improvements	1,587,310,079	16,773,723	(2,752,791)	-	1,601,331,011
Buildings	251,492,982	122,105,267	(2,429,052)	-	371,169,197
Plant, machinery and equipment	3,633,330,060	199,823,268	(25,828,358)	-	3,807,324,970
Vehicles	70,347,996	4,420,555	(3,198,727)	-	71,569,824
Furniture, fixtures and office equipment	101,466,118	9,524,812	(1,713,085)	-	109,277,845
	<u>5,643,947,235</u>	<u>352,647,625</u>	<u>(35,922,013)</u>	<u>-</u>	<u>5,960,672,847</u>
Accumulated impairment loss	60,804,376	-	-	-	60,804,376
Net book value	<u>8,699,660,101</u>				<u>8,962,508,364</u>
	January 1, 2014	Additions	Disposals	Transfers	December 31, 2014
Cost					
Land	84,655,251	6,052,951	(42,049)	11,017,608	101,683,761
Land improvements	1,815,897,538	14,308,231	(280,414)	623,366,476	2,453,291,831
Buildings	526,274,379	3,390,673	(1,230,533)	55,590,769	584,025,288
Plant, machinery and equipment	5,460,573,942	41,492,635	(16,933,351)	80,045,071	5,565,178,297
Vehicles	96,267,248	1,087,210	(1,843,263)	-	95,511,195
Furniture, fixtures and office equipment	141,735,865	8,588,129	(2,856,728)	59,851	147,527,117
Construction in progress	3,556,836,039	2,670,437,959	-	(770,079,775)	5,457,194,223
	<u>11,682,240,262</u>	<u>2,745,357,788</u>	<u>(23,186,338)</u>	<u>-</u>	<u>14,404,411,712</u>
Accumulated depreciation					
Land improvements	1,308,968,008	278,537,753	(195,682)	-	1,587,310,079
Buildings	216,349,753	36,135,982	(992,753)	-	251,492,982
Plant, machinery and equipment	3,249,129,581	399,468,448	(15,267,969)	-	3,633,330,060
Vehicles	63,227,911	8,689,453	(1,569,368)	-	70,347,996
Furniture, fixtures and office equipment	83,605,073	20,129,581	(2,268,536)	-	101,466,118
	<u>4,921,280,326</u>	<u>742,961,217</u>	<u>(20,294,308)</u>	<u>-</u>	<u>5,643,947,235</u>
Accumulated impairment loss	60,804,376	-	-	-	60,804,376
Net book value	<u>6,700,155,560</u>				<u>8,699,660,101</u>

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

	January 1, 2013	Additions	Disposals	Transfers	December 31, 2013
Cost					
Land	76,331,131	6,334,102	(4,493)	1,994,511	84,655,251
Land improvements	1,538,317,824	19,139,797	(4,382,800)	262,822,717	1,815,897,538
Buildings	438,747,501	5,259,587	(3,922,938)	86,190,229	526,274,379
Plant, machinery and equipment	5,093,193,735	244,499,005	(236,997,981)	359,879,183	5,460,573,942
Vehicles	93,550,278	2,845,768	(2,418,848)	2,290,050	96,267,248
Furniture, fixtures and office equipment	135,136,204	14,822,466	(14,225,622)	6,002,817	141,735,865
Construction in progress	1,817,568,651	2,458,446,895	-	(719,179,507)	3,556,836,039
	<u>9,192,845,324</u>	<u>2,751,347,620</u>	<u>(261,952,682)</u>	<u>-</u>	<u>11,682,240,262</u>
Accumulated depreciation					
Land improvements	1,095,492,606	216,817,774	(3,342,372)	-	1,308,968,008
Buildings	188,422,540	31,094,576	(3,167,363)	-	216,349,753
Plant, machinery and equipment	3,050,149,580	404,761,911	(205,781,910)	-	3,249,129,581
Vehicles	55,390,866	10,238,893	(2,401,848)	-	63,227,911
Furniture, fixtures and office equipment	79,136,086	18,694,609	(14,225,622)	-	83,605,073
	<u>4,468,591,678</u>	<u>681,607,763</u>	<u>(228,919,115)</u>	<u>-</u>	<u>4,921,280,326</u>
Accumulated impairment loss	<u>60,804,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,804,376</u>
Net book value	<u>4,663,449,270</u>				<u>6,700,155,560</u>
	January 1, 2012	Additions	Disposals	Transfers	December 31, 2012
Cost					
Land	53,469,406	22,941,280	(79,555)	-	76,331,131
Land improvements	1,362,892,042	15,240,851	(1,217,474)	161,402,405	1,538,317,824
Buildings	391,326,581	8,355,095	(9,174,385)	48,240,210	438,747,501
Plant, machinery and equipment	4,348,700,983	146,538,836	(68,425,388)	666,379,304	5,093,193,735
Vehicles	76,870,333	17,398,388	(4,498,868)	3,780,425	93,550,278
Furniture, fixtures and office equipment	86,738,929	47,717,474	(13,520,052)	14,199,853	135,136,204
Construction in progress	659,083,153	2,063,461,577	(10,973,882)	(894,002,197)	1,817,568,651
	<u>6,979,081,427</u>	<u>2,321,653,501</u>	<u>(107,889,604)</u>	<u>-</u>	<u>9,192,845,324</u>
Accumulated depreciation					
Land improvements	897,279,552	199,430,528	(1,217,474)	-	1,095,492,606
Buildings	162,962,150	25,746,197	(285,807)	-	188,422,540
Plant, machinery and equipment	2,751,241,813	328,151,018	(29,243,251)	-	3,050,149,580
Vehicles	48,120,664	10,474,465	(3,204,263)	-	55,390,866
Furniture, fixtures and office equipment	66,956,248	14,501,732	(2,321,894)	-	79,136,086
	<u>3,926,560,427</u>	<u>578,303,940</u>	<u>(36,272,689)</u>	<u>-</u>	<u>4,468,591,678</u>
Accumulated impairment loss	<u>71,778,258</u>	<u>-</u>	<u>(10,973,882)</u>	<u>-</u>	<u>60,804,376</u>
Net book value	<u>2,980,742,742</u>				<u>4,663,449,270</u>

The Company owns 56 plots of land with "Hak Guna Bangunan" titles which will expire on various dates ranging from one to thirty years from June 30, 2015. Management believes that there will be no difficulties in obtaining the extension of the land rights as the plots of land were acquired legally and are supported by sufficient evidence of ownership.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Group's property, plant and equipment were covered by insurance against risks of loss due to natural disaster, fire, riots, sabotage, vandalism and business interruptions with a total coverage of US\$1.02 billion, US\$1.02 billion, US\$1.02 billion and US\$2.5 billion respectively, or equivalent to Rp13.6 trillion (full amount), Rp12.7 trillion (full amount), Rp 12.4 trillion (full amount) and Rp24.2 trillion (full amount) respectively, which is considered adequate by the management to cover possible losses arising from such risks.

As at June 30, 2015, CSD's property, plant and equipment amounting to Rp113,500,000 (December 31, 2014, 2013 and 2012: Rp180,000,000) are used as collateral for a bank loan (Note 18d).

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation of property, plant and equipment for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 was allocated as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Production costs (Note 26)	329,269,293	281,016,661	694,579,165	641,577,013	555,762,994
General and administrative expenses (Note 27)	<u>16,503,564</u>	<u>15,328,489</u>	<u>34,246,461</u>	<u>29,275,857</u>	<u>21,565,159</u>
Total	<u>345,772,857</u>	<u>296,345,150</u>	<u>728,825,626</u>	<u>670,852,870</u>	<u>577,328,153</u>

The amounts of depreciation on property, plant and equipment capitalised to exploration and evaluation assets and mining properties for the six-month period ended June 30, 2015 and for the years ended December 31, 2014, 2013 and 2012 were Rp6,874,768, Rp14,135,591, Rp10,879,371, and Rp1,443,530, respectively.

Construction in progress represents projects that have not been completed at the date of the consolidated statement of financial position. Construction in progress as at June 30, 2015 mainly comprised Pomalaa Ferronickel Plant Expansion Project, East Halmahera Ferronickel Plant Project and mining facilities and development in Pomalaa and Pongkor. Those constructions are estimated to be completed between 2015 and 2017 with the current percentage of completion being between 7.00%-98.50%.

The Group has capitalised borrowing costs amounting to Rp138,561,076, Rp258,699,243, Rp206,897,043 and Rp34,639,347 on qualifying assets as at June 30, 2015, December 31, 2014, 2013 and 2012. Borrowing costs were capitalised at the weighted-average rate of its general borrowings of 8.49%.

As at June 30, 2015, December 31, 2014, 2013 and 2012, management believes that provision for impairment in the value of the property, plant and equipment is adequate.

Accumulated impairment loss on property, plant and equipment as at June 30, 2015, December 31, 2014, 2013 and 2012 represents impairment loss recognised on property, plant and equipment of CSD.

During the six-month period ended June 30, 2015 and the years ended December 31, 2014, 2013 and 2012, certain property, plant and equipment were disposed at their net carrying value of Rp345,536, Rp2,892,030, Rp32,909,089 and Rp60,175,290, respectively.

As at June 30, 2015, the Group's buildings, plant, machineries and equipment (including construction in progress) with a carrying value amounting to Rp1,977,113,840 has a fair value amounting to Rp7,719,693,222. There is no significant difference between the fair value and the carrying value of property, plant and equipment other than buildings, machineries and equipment.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Group has property, plant and equipment that have been fully depreciated and are still in use totaling Rp2,686,829,182, Rp2,612,492,638, Rp2,314,551,887 and Rp2,191,458,290, respectively.

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12. MINING PROPERTIES

	January 1, 2015	Additions	Transfer	June 30, 2015
The Company producing mines:				
Tanjung Buli	310,712,150	117,121	-	310,829,271
Pongkor	220,402,449	-	-	220,402,449
Tayan	167,491,966	3,071,205	-	170,563,171
Mornopo	107,826,946	120,800	-	107,947,746
Tapunopaka	72,738,544	-	-	72,738,544
Pakal	70,743,394	6,849,417	-	77,592,811
Maniang Island	49,553,743	-	-	49,553,743
Kijang	39,610,464	-	-	39,610,464
Cikidang	5,546,530	-	-	5,546,530
Gee Island	1,215,535	-	-	1,215,535
	<u>1,045,841,721</u>	<u>10,158,543</u>	<u>-</u>	<u>1,056,000,264</u>
Subsidiaries producing mines:				
Cibaliung	449,742,337	217,471	-	449,959,808
Cikidang	14,938,136	-	-	14,938,136
Cibodas	1,816,096	-	-	1,816,096
Sarolangun	1,034,104	-	-	1,034,104
Kijang	484,105	-	-	484,105
	<u>468,014,778</u>	<u>217,471</u>	<u>-</u>	<u>468,232,249</u>
Less:				
Accumulated amortisation	(441,155,288)	(26,901,321)	-	(468,056,609)
Accumulated impairment loss Cibaliung	<u>(178,759,702)</u>	<u>-</u>	<u>-</u>	<u>(178,759,702)</u>
	<u>(619,914,990)</u>	<u>(26,901,321)</u>	<u>-</u>	<u>(646,816,311)</u>
Mining properties, net	<u>893,941,509</u>			<u>877,416,202</u>

	January 1, 2014	Additions	Transfer	December 31, 2014
The Company producing mines:				
Tanjung Buli	310,527,329	184,821	-	310,712,150
Pongkor	210,260,413	10,142,036	-	220,402,449
Tayan	151,058,922	16,433,044	-	167,491,966
Mornopo	99,311,906	8,515,040	-	107,826,946
Tapunopaka	72,738,544	-	-	72,738,544
Pakal	68,098,023	2,645,371	-	70,743,394
Maniang Island	34,921,514	14,632,229	-	49,553,743
Kijang	39,610,464	-	-	39,610,464
Cikidang	5,546,530	-	-	5,546,530
Gee Island	1,215,535	-	-	1,215,535
	<u>993,289,180</u>	<u>52,552,541</u>	<u>-</u>	<u>1,045,841,721</u>
Subsidiaries producing mines:				
Cibaliung	364,888,342	1,643,714	83,210,281	449,742,337
Cikidang	14,938,136	-	-	14,938,136
Cibodas	1,816,096	-	-	1,816,096
Sarolangun	1,034,104	-	-	1,034,104
Kijang	484,105	-	-	484,105
	<u>383,160,783</u>	<u>1,643,714</u>	<u>83,210,281</u>	<u>468,014,778</u>
Less:				
Accumulated amortisation	(380,596,017)	(60,559,271)	-	(441,155,288)
Accumulated impairment loss Cibaliung	<u>(137,068,092)</u>	<u>-</u>	<u>(41,691,610)</u>	<u>(178,759,702)</u>
	<u>(517,664,109)</u>	<u>(60,559,271)</u>	<u>(41,691,610)</u>	<u>(619,914,990)</u>
Mining properties, net	<u>858,785,854</u>			<u>893,941,509</u>

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12. MINING PROPERTIES (continued)

	January 1, 2013	Additions	Transfer	December 31, 2013
The Company producing mines:				
Tanjung Buli	234,160,677	76,366,652	-	310,527,329
Pongkor	19,809,425	88,917	190,362,071	210,260,413
Tayan	140,426,292	10,632,630	-	151,058,922
Mornopo	97,096,052	2,215,854	-	99,311,906
Tapunopaka	71,026,518	1,712,026	-	72,738,544
Pakal	64,793,304	3,304,719	-	68,098,023
Maniang Island	9,849,493	25,072,021	-	34,921,514
Kijang	39,610,464	-	-	39,610,464
Cikidang	5,546,530	-	-	5,546,530
Gee Island	1,195,535	20,000	-	1,215,535
	<u>683,514,290</u>	<u>119,412,819</u>	<u>190,362,071</u>	<u>993,289,180</u>
Subsidiaries producing mines:				
Cibaliung	361,393,083	3,495,259	-	364,888,342
Cikidang	14,938,136	-	-	14,938,136
Cibodas	1,816,096	-	-	1,816,096
Sarolangun	1,034,104	-	-	1,034,104
Kijang	484,105	-	-	484,105
	<u>379,665,524</u>	<u>3,495,259</u>	<u>-</u>	<u>383,160,783</u>
Less:				
Accumulated amortisation	(259,873,108)	(120,722,909)	-	(380,596,017)
Accumulated impairment loss Cibaliung	(137,068,092)	-	-	(137,068,092)
	<u>(396,941,200)</u>	<u>(120,722,909)</u>	<u>-</u>	<u>(517,664,109)</u>
Mining properties, net	<u>666,238,614</u>			<u>858,785,854</u>

	January 1, 2012	Additions	Transfer	Recovery	December 31, 2012
The Company producing mines:					
Tanjung Buli	169,129,936	65,030,741	-	-	234,160,677
Pongkor	19,809,425	-	-	-	19,809,425
Tayan	-	25,066,286	115,360,006	-	140,426,292
Mornopo	97,046,467	49,585	-	-	97,096,052
Tapunopaka	70,541,684	484,834	-	-	71,026,518
Pakal	-	-	64,793,304	-	64,793,304
Maniang island	1,078,710	8,770,783	-	-	9,849,493
Kijang	39,610,464	-	-	-	39,610,464
Cikidang	5,546,530	-	-	-	5,546,530
Gee Island	1,195,535	-	-	-	1,195,535
	<u>403,958,751</u>	<u>99,402,229</u>	<u>180,153,310</u>	<u>-</u>	<u>683,514,290</u>
Subsidiaries producing mines:					
Cibaliung	359,239,893	2,153,190	-	-	361,393,083
Cikidang	14,938,136	-	-	-	14,938,136
Cibodas	1,816,096	-	-	-	1,816,096
Sarolangun	-	1,034,104	-	-	1,034,104
Kijang	484,105	-	-	-	484,105
	<u>376,478,230</u>	<u>3,187,294</u>	<u>-</u>	<u>-</u>	<u>379,665,524</u>
Less:					
Accumulated amortisation	(196,263,827)	(63,609,281)	-	-	(259,873,108)
Accumulated impairment loss	(155,747,500)	-	-	18,679,408	(137,068,092)
	<u>(352,011,327)</u>	<u>(63,609,281)</u>	<u>-</u>	<u>18,679,408</u>	<u>(396,941,200)</u>
Mining properties, net	<u>428,425,654</u>				<u>666,238,614</u>

Amortisation of mining properties was charged to production costs for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012.

As at June 30, 2015, December 31, 2014, 2013 and 2012, management believes that the provision for impairment in the value of mining properties is adequate.

During the six-month period ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012, borrowing cost amounting to Rp9,714,974, Rp5,746,496, Rp18,843,518, Rp6,180,587 and Rp nil, were capitalised to mining properties.

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13. EXPLORATION AND EVALUATION ASSETS

	January 1, 2015	Additions	Transfer	Disposal	June 30, 2015
The Company:					
Sangaji	108,584,607	16,805,350	-	-	125,389,957
Pongkor	-	4,868,995	-	-	4,868,995
Papandayan	90,895,059	211,656	-	-	91,106,715
Tapunopaka	84,389,159	-	-	-	84,389,159
Mandiodo	91,489,768	-	-	-	91,489,768
Mempawah	65,697,459	404,620	-	-	66,102,079
Others	<u>63,733,688</u>	<u>6,984,428</u>	<u>-</u>	<u>-</u>	<u>70,718,116</u>
	<u>504,789,740</u>	<u>29,275,049</u>	<u>-</u>	<u>-</u>	<u>534,064,789</u>
Subsidiaries:					
Cibaliung	19,371,065	-	-	-	19,371,065
Gag island	80,707,454	536,511	-	-	81,243,965
Landak	48,360,027	-	-	-	48,360,027
Meliau	<u>33,836,182</u>	<u>561,500</u>	<u>-</u>	<u>-</u>	<u>34,397,682</u>
	<u>182,274,728</u>	<u>1,098,011</u>	<u>-</u>	<u>-</u>	<u>183,372,739</u>
Exploration and evaluation assets	<u>687,064,468</u>				<u>717,437,528</u>

	January 1, 2014	Additions	Transfer	Disposal	December 31, 2014
The Company:					
Sangaji	108,584,607	-	-	-	108,584,607
Papandayan	88,642,897	2,252,162	-	-	90,895,059
Tapunopaka	85,205,214	-	-	(816,055)	84,389,159
Mandiodo	91,489,768	-	-	-	91,489,768
Mempawah	54,814,613	10,882,846	-	-	65,697,459
Others	<u>63,918,734</u>	<u>-</u>	<u>-</u>	<u>(185,046)</u>	<u>63,733,688</u>
	<u>492,655,833</u>	<u>13,135,008</u>	<u>-</u>	<u>(1,001,101)</u>	<u>504,789,740</u>
Subsidiaries:					
Cibaliung	100,552,385	2,028,961	(83,210,281)	-	19,371,065
Gag island	76,785,940	3,921,514	-	-	80,707,454
Landak	47,439,931	920,096	-	-	48,360,027
Meliau	<u>33,970,135</u>	<u>1,289,109</u>	<u>(1,423,062)</u>	<u>-</u>	<u>33,836,182</u>
	<u>258,748,391</u>	<u>8,159,680</u>	<u>(84,633,343)</u>	<u>-</u>	<u>182,274,728</u>
Less:					
Accumulated impairment loss					
Cibaliung	<u>(41,691,610)</u>	<u>-</u>	<u>41,691,610</u>	<u>-</u>	<u>-</u>
Exploration and evaluation assets, net	<u>709,712,614</u>				<u>687,064,468</u>

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13. EXPLORATION AND EVALUATION ASSETS (continued)

	January 1, 2013	Additions	Transfer	Disposal	December 31, 2013
The Company:					
Pongkor	152,625,299	37,736,772	(190,362,071)	-	-
Sangaji	108,584,607	-	-	-	108,584,607
Papandayan	70,147,309	18,495,588	-	-	88,642,897
Tapunopaka	62,737,329	22,467,885	-	-	85,205,214
Mandiodo	80,454,591	11,035,177	-	-	91,489,768
Mempawah	39,641,313	15,173,300	-	-	54,814,613
Others	59,228,325	4,690,409	-	-	63,918,734
	<u>573,418,773</u>	<u>109,599,131</u>	<u>(190,362,071)</u>	<u>-</u>	<u>492,655,833</u>
Subsidiaries:					
Cibaliung	94,384,398	6,167,987	-	-	100,552,385
Gag island	60,626,967	16,158,973	-	-	76,785,940
Landak	39,693,549	7,746,382	-	-	47,439,931
Meliau	27,972,025	5,998,110	-	-	33,970,135
	<u>222,676,939</u>	<u>36,071,452</u>	<u>-</u>	<u>-</u>	<u>258,748,391</u>
Less:					
Accumulated impairment loss					
Cibaliung	(41,691,610)	-	-	-	(41,691,610)
Exploration and evaluation assets, net	<u>754,404,102</u>				<u>709,712,614</u>

	January 1, 2012	Additions	Transfer	Disposal	Recovery	December 31, 2012
The Company:						
Tayan	115,360,006	-	(115,360,006)	-	-	-
Pongkor	98,280,622	54,344,677	-	-	-	152,625,299
Sangaji	108,584,607	-	-	-	-	108,584,607
Papandayan	35,346,504	34,800,805	-	-	-	70,147,309
Tapunopaka	28,489,841	34,247,488	-	-	-	62,737,329
Mandiodo	62,646,898	17,807,693	-	-	-	80,454,591
Mempawah	21,770,299	17,871,014	-	-	-	39,641,313
Pakal	65,305,392	-	(64,793,304)	(512,088)	-	-
Lain-lain	55,326,713	3,901,612	-	-	-	59,228,325
	<u>591,110,882</u>	<u>162,973,289</u>	<u>(180,153,310)</u>	<u>(512,088)</u>	<u>-</u>	<u>573,418,773</u>
Subsidiaries:						
Cibaliung	91,308,992	3,075,406	-	-	-	94,384,398
Gag island	24,602,316	36,024,651	-	-	-	60,626,967
Landak	33,402,213	6,291,336	-	-	-	39,693,549
Meliau	20,633,444	7,338,581	-	-	-	27,972,025
	<u>169,946,965</u>	<u>52,729,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,676,939</u>
Less:						
Accumulated impairment loss						
Cibaliung	(47,274,925)	-	-	-	5,583,315	(41,691,610)
Exploration and evaluation assets, net	<u>713,782,922</u>					<u>754,404,102</u>

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13. EXPLORATION AND EVALUATION ASSETS (continued)

As at June 30, 2015, December 31, 2014, 2013 and 2012, the management believes that the provision for impairment in the value of the exploration and evaluation assets is adequate.

During the six-month periods ended June 30, 2015 and 2014, and for the years ended December 31, 2014, 2013 and 2012, borrowing costs amounting to Rp849,794, Rp2,111,503, Rp3,760,528, Rp7,331,226 and Rp4,836,245 were capitalised to the exploration and evaluation assets.

14. GOODWILL

	January 1, 2015	Additions	Disposal	June 30, 2015
Cost				
CTSP	83,614,545	-	-	83,614,545
APN	44,658,887	-	-	44,658,887
BEI	32,439,844	-	-	32,439,844
MCU	19,689,730	-	-	19,689,730
GK	16,307,000	-	-	16,307,000
	<u>196,710,006</u>	<u>-</u>	<u>-</u>	<u>196,710,006</u>
Accumulated impairment				
CTSP	51,722,510	19,061,676	-	70,784,186
APN	4,651,968	-	-	4,651,968
BEI	4,110,719	-	-	4,110,719
MCU	2,573,347	-	-	2,573,347
GK	-	-	-	-
	<u>63,058,544</u>	<u>19,061,676</u>	<u>-</u>	<u>82,120,220</u>
Net book value	<u>133,651,462</u>			<u>114,589,786</u>
	January 1, 2014	Additions	Disposal	December 31, 2014
Cost				
CTSP	83,614,545	-	-	83,614,545
APN	44,658,887	-	-	44,658,887
BEI	32,439,844	-	-	32,439,844
MCU	19,689,730	-	-	19,689,730
GK	16,307,000	-	-	16,307,000
	<u>196,710,006</u>	<u>-</u>	<u>-</u>	<u>196,710,006</u>
Accumulated impairment				
CTSP	5,432,759	46,289,751	-	51,722,510
APN	4,651,968	-	-	4,651,968
BEI	4,110,719	-	-	4,110,719
MCU	2,573,347	-	-	2,573,347
GK	-	-	-	-
	<u>16,768,793</u>	<u>46,289,751</u>	<u>-</u>	<u>63,058,544</u>
Net book value	<u>179,941,213</u>			<u>133,651,462</u>

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14. GOODWILL (continued)

	January 1, 2013	Additions	Disposal	December 31, 2013
Cost				
CTSP	83,614,545	-	-	83,614,545
APN	44,658,887	-	-	44,658,887
BEI	32,439,844	-	-	32,439,844
MCU	19,689,730	-	-	19,689,730
GK	<u>16,307,000</u>	-	-	<u>16,307,000</u>
	<u>196,710,006</u>	-	-	<u>196,710,006</u>
Accumulated impairment				
CTSP	-	5,432,759	-	5,432,759
APN	4,651,968	-	-	4,651,968
BEI	4,110,719	-	-	4,110,719
MCU	2,573,347	-	-	2,573,347
GK	-	-	-	-
	<u>11,336,034</u>	<u>5,432,759</u>	-	<u>16,768,793</u>
Net book value	<u>185,373,972</u>			<u>179,941,213</u>
	January 1, 2012	Additions	Disposal	December 31, 2012
Cost				
CTSP	83,614,545	-	-	83,614,545
APN	44,658,887	-	-	44,658,887
BEI	32,439,844	-	-	32,439,844
MCU	19,689,730	-	-	19,689,730
GK	<u>16,307,000</u>	-	-	<u>16,307,000</u>
	<u>196,710,006</u>	-	-	<u>196,710,006</u>
Accumulated impairment				
APN	4,651,968	-	-	4,651,968
BEI	4,110,719	-	-	4,110,719
MCU	<u>2,573,347</u>	-	-	<u>2,573,347</u>
	<u>11,336,034</u>	-	-	<u>11,336,034</u>
Net book value	<u>185,373,972</u>			<u>185,373,972</u>

Goodwill is tested for impairment annually (as at December 31) or when circumstances indicate that the carrying value may be impaired. The Company's impairment test for goodwill is based on fair value less cost to sell calculation that uses a discounted cash flow model, which is classified as fair value level 3 in the fair value hierarchy.

For the six-month period ended June 30, 2015 and for the years ended December 31, 2014 and 2013, there were impairments of goodwill of CTSP amounting to Rp19,061,676, Rp46,289,751, Rp5,432,759 respectively. The impairment loss was mainly caused by the decline in coal price during those periods. Based on management impairment analysis as at June 30, 2015, December 31, 2014 and 2013, recoverable amount of CTSP is amounting to Rp38,048,377, Rp58,409,123 and Rp97,384,844, respectively.

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14. GOODWILL (continued)

The key assumptions used in the test as at June 30, 2015, December 31, 2014, 2013 and 2012 are as follows:

	CTSP	APN	BEI	MCU	GK
December 31, 2014					
Cash flow period	2015-2019	2015-2046	2015-2046	2015-2036	2015-2031
Discount rate	9.20%	14.83%	10.84%	10.84%	10.84%
Sensitivity					
discount rate +1%	(1,400,941)	(99,110,066)	(98,778,636)	(51,284,717)	(7,004,845)
December 31, 2013					
Cash flow period	2014-2018	2014-2044	2014-2042	2014-2035	2014-2047
Discount rate	11.00%	10.12%	11.51%	7.40%	15.71%
Sensitivity					
discount rate +1%	(1,071,005)	(186,481,773)	(120,740,641)	(112,457,381)	(6,223,896)
December 31, 2012					
Cash flow period	2013-2021	2013-2041	2013-2029	2013-2032	2013-2047
Discount rate	13.61%	11.78%	11.23%	11.23%	11.23%
Sensitivity					
discount rate +1%	(7,980,398)	(171,794,402)	(91,011,254)	(46,980,409)	(14,159,538)

As at June 30, 2015, management performed an impairment assessment for goodwill of CTSP with a cash flow period from 2015 - 2021 and a discount rate of 10.81%. If the discount rate increased by 1%, the recoverable amount of CTSP would decrease by Rp2,902,427.

15. TRADE PAYABLES

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Third parties	189,140,162	448,654,416	471,822,225	378,228,386
Related parties (Note 29)	334,293,927	238,821,839	75,257,785	38,725,066
Total trade payables	523,434,089	687,476,255	547,080,010	416,953,452

Trade payables based on currency consist of:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Rupiah	323,470,692	296,696,297	512,435,502	407,868,714
United States Dollar	188,061,588	384,408,825	22,548,787	8,601,414
Japanese Yen	7,635,939	5,453,518	7,277,743	28,169
European Euro	3,723,229	596,180	4,431,645	122,721
British Poundsterling	276,217	255,147	264,714	205,206
Australian Dollar	247,707	48,464	88,668	114,355
Singapore Dollar	18,717	17,824	32,951	12,873
Total trade payables	523,434,089	687,476,255	547,080,010	416,953,452

16. ACCRUED EXPENSES

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Contractor and consultant service fees	88,926,029	112,321,831	243,654,345	278,086,545
Material purchases	29,853,066	24,927,226	356,917	15,067,242
Exploitation costs	14,333,014	3,681,765	33,215,794	73,943,844
Interest	13,460,655	16,691,286	17,646,632	12,009,720
Local retribution	742,125	1,027,778	16,679,683	12,104,297
Others (each below Rp1,000,000)	16,611,758	2,973,768	20,070,488	22,795,364
Total accrued expenses	163,926,647	161,623,654	331,623,859	414,007,012

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 5/57

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17. TAXATION

a. Prepaid taxes

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Corporate income tax	265,424,797	467,572,268	725,690,398	428,317,812
Other taxes:				
Article 23/26	1,873,048	1,581,295	1,146,479	288,344
Customs tax penalty (Note 17f)	-	-	-	47,858,790
VAT	839,629,520	710,813,015	551,262,964	328,826,115
Total prepaid taxes	1,106,927,365	1,179,966,578	1,278,099,841	805,291,061
Less current portion	(841,502,568)	(712,394,310)	(555,601,716)	(329,114,459)
Non-current portion	265,424,797	467,572,268	722,498,125	476,176,602

b. Taxes payable

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Corporate income tax	1,137,009	623,574	31,361,705	51,494,108
Other taxes:				
Article 21	7,211,304	13,243,705	8,052,699	13,740,106
Article 23/26	4,055,762	13,000,391	16,689,563	17,943,320
Land and building tax	1,422,728	-	27,507,989	-
VAT	70,270,627	93,302,002	96,987,872	66,830,331
Total taxes payable	84,097,430	120,169,672	180,599,828	150,007,865

c. Income tax (benefit)/expense

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Current tax	1,845,807	969,022	1,602,521	150,303,250	270,775,997
Adjustment in respect of prior year	-	24,613,219	24,613,219	-	-
Deferred tax	(48,279,818)	(73,899,473)	(73,478,706)	(652,230,054)	637,150,593
Income tax (benefit)/ expense	(46,434,011)	(48,317,232)	(47,262,966)	(501,926,804)	907,926,590

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits on the consolidated entities is as follows:

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Consolidated (loss)/profit before income tax	(442,427,916)	(719,461,242)	(790,792,559)	30,873,462	3,917,684,100
Tax calculated at applicable tax rates	(110,606,979)	(179,865,311)	(197,698,140)	7,718,365	979,421,025
Tax effects of:					
- Associates' results reported net of tax	40,847,759	77,737,124	92,638,202	91,008,277	(32,745,053)
- Income subject to final tax	(5,670,887)	(7,176,820)	(16,869,934)	(21,080,185)	(53,873,050)
- Expenses not deductible for tax purposes	23,197,059	22,411,700	36,090,831	35,335,026	15,123,668
- Fiscal loss adjustment	-	-	-	6,093,635	-
- Unrecognised deferred tax	5,799,037	-	-	-	-
- Reversal of deferred tax liabilities	-	-	-	(621,001,922)	-
- Adjustment in respect of prior year tax expense	-	24,613,219	24,613,219	-	-
- Deferred tax assets adjustment from the prior year	-	13,962,856	13,962,856	-	-
Income tax (benefit)/ expense	(46,434,011)	(48,317,232)	(47,262,966)	(501,926,804)	907,926,590

* As restated, refer to Note 4

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17. TAXATION (continued)

c. Income tax (benefit)/expense (continued)

The reconciliation between (loss)/profit before income tax as shown in the profit or loss and estimated taxable income/(fiscal loss) of the Company for the six-month periods ended on June 30, 2015 and 2014, and for the years ended December 31, 2014, 2013 and 2012 is as follows:

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Consolidated (loss)/ profit before income tax	(442,427,916)	(719,461,242)	(790,792,559)	30,873,462	3,917,684,100
Loss before income tax - Subsidiaries	72,252,615	51,441,907	200,598,562	9,751,358	168,373,606
Elimination adjustment	14,557,876	20,539,044	47,804,560	32,962,779	(337,594,604)
(Loss)/profit before income tax - the Company	(355,617,425)	(647,480,291)	(542,389,437)	73,587,599	3,748,463,102
Temporary differences:					
Pension and other post-retirement benefits obligations	(6,341,884)	20,715,944	(34,114,671)	60,274,736	(79,517,741)
Short-term employee benefits liabilities	29,717,014	1,942,545	(21,792,794)	(74,030,734)	(18,411,965)
Depreciation of property, plant and equipment	66,771,345	32,048,864	69,145,078	100,101,044	(1,377,194)
Provision for inventory impairment	6,598,888	(42,914,128)	(36,443,479)	42,914,128	-
Provision for environmental and reclamation cost	12,127,878	-	(11,867,495)	(37,279,268)	(12,871,126)
Gain from fair value adjustment	-	-	-	-	(2,484,007,689)
Provision/(reversal) of receivables impairment	(1,108,114)	(179,696)	205,016	6,006,732	(319,227)
	107,765,127	11,613,529	(34,868,345)	97,986,638	(2,596,504,942)
Permanent differences:					
Non-deductible expenses for tax purpose	59,033,850	22,443,594	66,612,995	119,414,213	271,058,683
Share of loss/(profit) of associates and joint venture	163,391,037	310,948,074	370,552,807	181,009,977	(130,980,212)
Recognition of contingent consideration	-	-	-	182,835,000	-
Dividend income	-	-	-	-	(61,356,666)
Interest income subject to final tax	(18,472,577)	(28,114,369)	(60,524,592)	(78,822,889)	(154,135,535)
	203,952,310	305,277,299	376,641,210	404,436,301	(75,413,730)

* As restated, refer to Note 4

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17. TAXATION (continued)

c. Income tax (benefit)/expense (continued)

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Estimated taxable income/ (fiscal loss)					
- the Company	<u>(43,899,988)</u>	<u>(330,589,463)</u>	<u>(200,616,572)</u>	<u>576,010,538</u>	<u>1,076,544,430</u>
Computation of corporate income tax at 25% tax rate	-	-	-	144,002,634	269,136,108
Current income tax	-	-	-	144,002,634	269,136,108
Less prepaid income taxes:					
Article 22	103,521,185	21,107,597	102,024,874	77,675,038	32,096,593
Article 23	723,853	456,757	1,131,249	2,104,375	51,315,519
Article 25	-	56,891,898	62,243,833	361,586,672	610,858,670
Total	<u>104,245,038</u>	<u>78,456,252</u>	<u>165,399,956</u>	<u>441,366,085</u>	<u>694,270,782</u>
Corporate income tax overpayment - the Company					
Current period/year	(104,245,038)	(78,456,252)	(165,399,956)	(297,363,451)	(425,134,674)
Restitution in current period/year	306,756,488	425,134,674	425,134,674	-	-
Beginning of the year	<u>(462,763,407)</u>	<u>(722,498,125)</u>	<u>(722,498,125)</u>	<u>(425,134,674)</u>	<u>-</u>
Total	<u>(260,251,957)</u>	<u>(375,819,703)</u>	<u>(462,763,407)</u>	<u>(722,498,125)</u>	<u>(425,134,674)</u>
Corporate income tax overpayment - Subsidiaries	<u>(5,172,840)</u>	<u>(1,462,580)</u>	<u>(4,808,861)</u>	<u>(3,192,273)</u>	<u>(3,183,138)</u>
Corporate income tax underpayment - Subsidiaries	<u>1,337,009</u>	<u>-</u>	<u>623,574</u>	<u>31,361,705</u>	<u>51,494,108</u>
Corporate income tax overpayment - Consolidated	<u>(264,087,788)</u>	<u>(377,282,283)</u>	<u>(466,948,694)</u>	<u>(694,328,693)</u>	<u>(376,823,704)</u>

The amount of taxable income/(fiscal loss) is based on preliminary calculations. The amounts may be adjusted when the Annual Tax Returns are filed to or assessed by the tax authorities.

Fiscal loss for the year ended December 31, 2014, was different amounting to Rp8,450,242 with the annual tax return submitted to DGT. Such difference was due to the difference in calculation of non-deductible expenses for tax purpose.

Taxable income for the years ended December 31, 2013 and 2012 were consistent with the annual tax return submitted to DGT.

* As restated, refer to Note 4

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17. TAXATION (continued)

d. Deferred tax assets

	January 1, 2015*	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehensive income	June 30 2015
Difference between commercial and tax base of property, plant and equipment	210,570,910	15,518,077	-	226,088,987
Pension and other post- retirement obligations	104,815,072	(2,925,526)	26,787,429	128,676,975
Provision for impairment loss on inventories	1,696,412	1,570,972	-	3,267,384
Short-term employee benefit liabilities	4,973,405	7,429,253	-	12,402,658
Accrued Interest	13,395,645	3,688,535	-	17,084,180
Accumulated impairment loss on exploration and evaluation assets	24,806,135	-	-	24,806,135
Provision for environmental and reclamation costs	8,934,928	3,031,970	-	11,966,898
Provision for receivables impairment	6,294,128	116,620	-	6,410,748
Goodwill impairment	12,930,627	4,765,419	-	17,696,046
Tax loss carried forward	88,563,261	15,084,498	-	103,647,759
Total	476,980,523	48,279,818	26,787,429	552,047,770
	January 1, 2014*	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehensive income	December 31, 2014*
Difference between commercial and tax base of property, plant and equipment	179,395,679	31,175,231	-	210,570,910
Pension and other post- retirement obligations	315,360,160	(13,985,614)	(196,559,474)	104,815,072
Provision for impairment loss on inventories	11,568,980	(9,872,568)	-	1,696,412
Short-term employee benefit liabilities	19,288,229	(14,314,824)	-	4,973,405
Accrued interest	7,727,992	5,667,653	-	13,395,645
Accumulated impairment loss on exploration and evaluation assets	24,806,135	-	-	24,806,135
Provision for environmental and reclamation costs	11,901,802	(2,966,874)	-	8,934,928
Provision for receivables impairment	9,391,493	(3,097,365)	-	6,294,128
Goodwill impairment	1,358,190	11,572,437	-	12,930,627
Tax loss carried forward	19,262,631	69,300,630	-	88,563,261
Total	600,061,291	73,478,706	(196,559,474)	476,980,523

* As restated, refer to Note 4

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17. TAXATION (continued)

d. Deferred tax assets (continued)

	January 1, 2013*	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehensive income	December 31, 2013*
Difference between commercial and tax base of property, plant and equipment	8,473,368	170,922,311	-	179,395,679
Pension and other post- retirement obligations	4,181,037	218,284,061	92,895,062	315,360,160
Provision for impairment loss on inventories	(75,437)	11,644,417	-	11,568,980
Short-term employee benefit liabilities	1,753,292	17,534,937	-	19,288,229
Accrued Interest	1,622,242	6,105,750	-	7,727,992
Accumulated impairment loss on exploration and evaluation assets	-	24,806,135	-	24,806,135
Provision for environmental and reclamation costs	(258,526)	12,160,328	-	11,901,802
Provision for receivables impairment	763,164	8,628,329	-	9,391,493
Goodwill impairment	-	1,358,190	-	1,358,190
Tax loss carried forward	19,752,560	(489,929)	-	19,262,631
Total	36,211,700	470,954,529	92,895,062	600,061,291
	January 1, 2012*	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehensive income	December 31, 2012*
Difference between commercial and tax base of property, plant and equipment	148,467,399	(139,994,031)	-	8,473,368
Pension and other post- retirement obligations	201,925,746	(197,744,709)	-	4,181,037
Provision for impairment loss on inventories	(75,437)	-	-	(75,437)
Short-term employee benefit liabilities	43,822,322	(42,069,030)	-	1,753,292
Accrued Interest	1,622,242	-	-	1,622,242
Accumulated impairment loss on exploration and evaluation of assets	24,806,135	(24,806,135)	-	-
Provision for environmental and reclamation costs	24,180,874	(24,439,400)	-	(258,526)
Provision for receivables impairment	9,562,427	(8,799,263)	-	763,164
Finance lease	75,437	(75,437)	-	-
Contractor and consultant fee	(15,850)	15,850	-	-
Stripping cost	258,526	(258,526)	-	-
Tax loss carried forward	17,466,943	2,285,617	-	19,752,560
Total	472,096,764	(435,885,064)	-	36,211,700

Management believes that the deferred tax assets that resulted from the temporary differences are realisable in future years.

* As restated, refer to Note 4

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17. TAXATION (continued)

e. Deferred tax liabilities

	January 1, 2013*	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehensive income	December 31, 2013*
Difference between commercial and tax base of property, plant and equipment	147,894,426	(147,894,426)	-	-
Pension and other post- retirement obligations	201,875,661	(201,875,661)	-	-
Short-term employee benefits liabilities	37,872,132	(37,872,132)	-	-
Accumulated impairment loss on exploration and evaluation assets	24,806,135	(24,806,135)	-	-
Provision for environmental and reclamation costs	21,221,619	(21,221,619)	-	-
Provision for receivables impairment	6,056,424	(6,056,424)	-	-
Gain on fair value adjustment	(621,001,922)	621,001,922	-	-
Total	(181,275,525)	181,275,525	-	-

	January 1, 2012*	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehensive income	December 31, 2012*
Difference between commercial and tax base of property, plant and equipment	-	147,894,426	-	147,894,426
Pension and other post- retirement obligations	-	181,885,657	19,990,004	201,875,661
Short-term employee benefits liabilities	-	37,872,132	-	37,872,132
Accumulated impairment loss on exploration and evaluation assets	-	24,806,135	-	24,806,135
Provision for environmental and reclamation costs	-	21,221,619	-	21,221,619
Provision for receivables impairment	-	6,056,424	-	6,056,424
Gain on fair value adjustment	-	(621,001,922)	-	(621,001,922)
Total	-	(201,265,529)	19,990,004	(181,275,525)

* As restated, refer to Note 4

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17. TAXATION (continued)

f. Tax and customs penalties

During the six-month period ended June 30, 2015 the Company received several Tax Overpayment Assessment Letters ("SKPLB"), as follows:

- SKPLB regarding corporate income tax ("CIT") covering fiscal year 2013 amounting to Rp266,320,773. The Company received the tax refund in May 2015.
- SKPLB regarding Value Added Tax ("VAT") covering the December 2012 period with a total amount of Rp21,375,916. The Company received the tax refund in July 2015.

During the year ended December 31, 2014, the Company received several SKPLB, as follows:

- SKPLB regarding CIT covering fiscal year of 2012 amounting to Rp400,941,384. The Company received the tax refund in April 2014.
- Various SKPLB regarding VAT covering the period from January 2012 to November 2012 with a total amount of Rp228,281,556. The Company received the tax refund in June 2014.

During the year ended December 31, 2014, the Company received various Notification of Tax Due ("SPPT") regarding Land and Building Tax of underground production for the fiscal year 2014 in Tanjung Buli amounting to Rp30,997,736. The Company paid the tax underpayment in 2014 and recognised it as expenses in the consolidated statement of profit or loss for the year ended December 31, 2014.

The Company disagrees with the SKPKB and filed a tax objection letter to Tax Office Pratama Tobelo. On April 2015, the Company received Decision Letter from DGT Regional North Sulawesi, Central Sulawesi, Gorontalo and North Maluku that reject the Company objection. On July 2015, the Company filed a tax appeal over the decision letter to the tax court.

During the year ended December 31, 2013, the Company received various SKPLB regarding VAT for the fiscal period from October 2011 to December 2011 with total amount of Rp51,142,566.

During the year ended December 31, 2012, the Company received various SKPLB regarding VAT for the fiscal period from October 2010 to September 2011 with total amount of Rp189,578,001.

The difference between the amount claimed by the Company and the amount refunded by the Tax Office was recognised in the profit or loss.

Based on the Customs Assessment Letter No. SPP-05/KPU.01/2012 dated February 13, 2012, the Company has the obligation to pay import duty, VAT and related interest totaling Rp47,858,790.

The Company paid the above assessment on July 25, 2012 and submitted an appeal on September 7, 2012. This payment was recorded as part of the prepaid taxes, in the consolidated statement of financial position.

On April 8, 2013, based on decree No. Put-45155/PP/M.XVII/19/2013, the Tax Court rejected the Company's appeal. As at June 30, 2015, the Company is still preparing to submit a Judicial Review to the Supreme Court. However the amount that was previously recorded as prepaid taxes has been fully charged to the profit or loss in 2013.

g. Administration

Under the taxation laws of Indonesia, companies which are domiciled in Indonesia calculate and pay tax on the basis of self assessment. DGT may assess or amend taxes liabilities within five years of the time the tax becomes due.

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18. SHORT-TERM BANK LOANS

		June 30, 2015	
		Carrying amount	
Creditor	Currency	Original currency (full amount)	Equivalent in Rupiah
Third parties:			
Bank of Tokyo Mitsubishi UFJ, Ltd.	US Dollar	100,000,000	1,333,200,000
PT Bank UOB Indonesia	Rupiah	29,330,400,000	29,330,400
Related party:			
PT Bank Rakyat Indonesia (Persero) Tbk	US Dollar	100,000,000	1,333,200,000
PT Bank Rakyat Indonesia (Persero) Tbk	Rupiah	20,000,000,000	20,000,000
Total			2,715,730,400

		December 31, 2014	
		Carrying amount	
Creditor	Currency	Original currency (full amount)	Equivalent in Rupiah
Third parties:			
PT Bank Central Asia Tbk	US Dollar	100,000,000	1,244,000,000
PT Bank UOB Indonesia	Rupiah	20,041,360,000	20,041,360
Related parties:			
PT Bank Mandiri (Persero) Tbk	US Dollar	100,000,000	1,244,000,000
PT Bank Rakyat Indonesia (Persero) Tbk	Rupiah	20,000,000,000	20,000,000
Total			2,528,041,360

		December 31, 2013	
		Carrying amount	
Creditor	Currency	Original currency (full amount)	Equivalent in Rupiah
Third parties:			
Bank of Tokyo Mitsubishi UFJ, Ltd.	US Dollar	100,000,000	1,218,900,000
PT Bank UOB Indonesia	Rupiah	12,000,000,000	12,000,000
Related parties:			
PT Bank Mandiri (Persero) Tbk	US Dollar	100,000,000	1,218,900,000
PT Bank Rakyat Indonesia (Persero) Tbk	Rupiah	20,000,000,000	20,000,000
Total			2,469,800,000

		December 31, 2012	
		Carrying amount	
Creditor	Currency	Original currency (full amount)	Equivalent in Rupiah
Third parties:			
Bank of Tokyo Mitsubishi UFJ, Ltd.	US Dollar	100,000,000	967,000,000
PT Bank Sumitomo Mitsui Indonesia	US Dollar	70,000,000	676,900,000
Related party:			
PT Bank Rakyat Indonesia (Persero) Tbk	Rupiah	20,000,000,000	20,000,000
Total			1,663,900,000

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18. SHORT-TERM BANK LOANS (continued)

The fair value of short-term bank loans approximates their carrying amount, since the maturity of the loans is less than one year.

a. Bank of Tokyo Mitsubishi UFJ, Ltd.

On July 25, 2012, the Company obtained a credit loan facility with a maximum limit amounting to US\$100,000,000 with an interest rate of 1.62% per annum from PT Bank of Tokyo Mitsubishi UFJ, Ltd. ("BTMU") for the funding of working capital expenditure.

The first drawdown of the facility was made on September 14, 2012 in the amount of US\$100,000,000.

On June 30, 2013, the Company and BTMU has amended the credit loan with a maximum limit amounting to US\$150,000,000.

On December 10, 2012, December 6, 2013, March 6, 2014 and September 6, 2014, the interest rate was 1.52%, 1.55%, 1.75% and 2.00% per annum, respectively.

On December 5, 2014, the Company has fully repaid the credit loan facility.

On May 11, 2015, the Company's drawdown of the facility amounted to US\$100,000,000 with an interest rate of 1.75% per annum and will be due on August 11, 2015. On June 30, 2015, the credit loan facility was extended to June 30, 2016.

Loan covenants required under the credit agreement are as follows:

1. To maintain the ratio of interest bearing debt (excluding trade payables) to a total equity not exceeding 3:1;
2. To maintain the ratio of the total Earning Before Interest, Tax, Depreciation and Amortisation ("EBITDA") plus cash on hand and cash in banks to total matured debt and interest at not less than 1.25 times;
3. To maintain net value of tangible assets greater than Rp7,000,000,000.

As at June 30, 2015, management believes that the Company has complied with all loan covenants.

b. PT Bank Central Asia Tbk

On June 13, 2013, the Company obtained a credit loan facility from PT Bank Central Asia Tbk ("BCA") with a maximum limit amounting to US\$150,000,000. The proceeds of the loan will be utilised for the funding of working capital expenditure. On May 9, 2014, the Company and BCA amended the credit loan facility with a maximum limit amounting to US\$100,000,000. On May 4, 2015, this credit loan facility was extended to May 9, 2016.

The first drawdown from the facility was made on February 12, 2014 amounting to US\$50,000,000 with an interest rate of 2.00% per annum.

On May 12, 2014, this credit facility period was extended to August 12, 2014 with an interest rate of 2.00% per annum. On November 12, 2014, the short-term loan was extended to January 9, 2015 with a 1.75% interest rate per annum.

On May 20, 2014, the Company made another drawdown from the facility amounting to US\$50,000,000 with an interest rate of 2.00% per annum. The short-term loan facility was extended to November 20, 2014 with 1.75% interest rate per annum and then was fully repaid on May 9, 2015.

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18. SHORT-TERM BANK LOANS (continued)

c. PT Bank Rakyat Indonesia (Persero) Tbk for the Company

On July 15, 2013, the Company entered into a working capital loan credit facility agreement with PT Bank Rakyat Indonesia (Persero) Tbk for the maximum credit limit amounting to US\$100,000,000.

On December 12, 2014, the period of this credit facility was extended to July 15, 2015.

On January 6, 2015, the Company's drawdown of the facility amounted to US\$100,000,000 with an interest rate of 1.75% per annum. The maturity of the loan was extended from April 6, 2015 to July 6, 2015 with a 1.75% interest rate per annum.

d. PT Bank Rakyat Indonesia (Persero) Tbk for CSD

On November 12, 2012, CSD, a subsidiary, entered into a working capital loan credit facility agreement with PT Bank Rakyat Indonesia (Persero) Tbk for the maximum credit limit amounting to Rp80,000,000.

In February 2015, CSD obtained loan extension from BRI until November 12, 2015. Based on this extension, the maximum credit limit decreasing to Rp40,000,000.

As at June 30, 2015, December 31, 2014, 2013 and 2012, the total drawdowns from this loan facility amounted to Rp20,000,000 with 10.25%, 10.50%, 9.25% and 8.40% interest rate, respectively. This loan will mature on November 12, 2015.

As at 30 June 2015, the above working capital loan credit facility agreement is secured by certain collateral as follows:

1. trade receivables amounting to Rp3,812,000;
2. inventories amounting to Rp37,000,000;
3. a 326,166m² land, property, plants and machine located in CSD's mining plant, all valued at Rp113,500,000.

e. PT Bank Mandiri (Persero) Tbk

On May 31, 2013, the Company entered into a credit agreement with PT Bank Mandiri (Persero) Tbk with a maximum credit limit of US\$100,000,000. The proceeds of the loan will be used for working capital purposes.

On March 24, 2014, the Company's drawdown of the facility amounted to US\$100,000,000 with 1.75% per annum interest rate and the loan was repaid on May 24, 2014. On July 3, 2014, the Company drewdown an amount of US\$50,000,000 and repaid it on October 3, 2014.

The Company made a drawdown of the credit facility from PT Bank Mandiri (Persero) Tbk amounting to US\$100,000,000 on November 17, 2014 with 2.00% interest rate and was fully repaid on May 15, 2015.

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18. SHORT-TERM BANK LOANS (continued)

f. PT Bank UOB Indonesia

On December 20, 2011, ICR, a subsidiary, entered into a working capital loan credit facility agreement with PT Bank UOB Indonesia for the maximum credit limit amounting to Rp30,000,000. As at December 31, 2013, the total drawdowns from this loan facility amounted to Rp12,000,000 with interest rate of Deposit Insurance Agency plus 2.75% per annum or JIBOR plus 3.50% per annum whichever is higher. The loan maturity date was on February 9, 2014 and it was fully repaid on February 6, 2014.

As at December 31, 2014, the total drawdowns from this loan facility amounted to Rp20,041,360 with an interest rate of Deposit Insurance Agency plus 2.75% per annum or JIBOR plus 3.50% per annum whichever is higher. The loan maturity date is on December 18, 2015. As at June 30, 2015, the total drawdowns from this loan facility amounted to Rp29,330,400 with an interest rate of Deposit Insurance Agency plus 2.75% per annum or JIBOR plus 3.50% per annum whichever is higher. The loan maturity date is on December 18, 2015.

As at July 18, 2014, the Company entered into a loan credit facility agreement with PT Bank UOB Indonesia in the form of Invoice Financing and Clean Trust Receipt facilities for the maximum credit limit amounting to US\$75,000,000. The Company did not made any drawdowns from the credit facility during 2015. As at July 18, 2015, the Company obtained extension for this credit facility from PT Bank UOB Indonesia until July 18, 2016.

g. PT Bank Sumitomo Mitsui Indonesia

On July 6, 2012, the Company entered into a working capital loan credit facility agreement with PT Bank Sumitomo Mitsui Indonesia for the maximum credit limit amounting US\$75,000,000.

The availability of the loan facility was up to December 6, 2012 and each drawdown bears interest at the annual rate of LIBOR at the time of drawdown plus margin of 1.20% per year. During 2012, the interest rate determined was 1.58% per annum. Maximum period of repayment is three months after each drawdown.

The first drawdown from the facility was made on September 24, 2012 in the amount of US\$70,000,000, which was due on December 27, 2012. On December 14, 2012, the due date of the loan was extended to March 27, 2013, and the interest rate was amended to 1.51% per annum.

On March 25, 2013, the Company submitted a request to extend the due date of the loan to June 27, 2013 and to revise the interest rate to become 1.48% per annum.

On June 20, 2013, the Company submitted a request to extend the due date of the loan to September 27, 2013 and to revise the interest rate to become 1.47% per annum.

On September 27, 2013, this loan was fully repaid by the Company.

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19. BONDS PAYABLE

The details of bonds payable as at June 30, 2015, December 31, 2014, 2013 and 2012 are as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Principal:				
Antam Continuation Bonds I with Fixed Interest Rate Phase I Year 2011 ("bonds")	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Unamortised bonds issuance costs (net of accumulated amortisation of Rp2,416,829 as at June 30, 2015, Rp2,028,818 as at December 31 2014, Rp1,301,728 as at December 31, 2013 and Rp635,324 as at December 31, 2012)	(5,374,525)	(5,762,536)	(6,489,626)	(7,156,030)
Total bonds payable	<u>2,994,625,475</u>	<u>2,994,237,464</u>	<u>2,993,510,374</u>	<u>2,992,843,970</u>

On December 2, 2011, the Company issued the bonds with a total principal amount of Rp3,000,000,000. Interest is payable quarterly every March 14, June 14, September 14 and December 14. Bonds series A and series B will mature on December 14, 2018 and December 14, 2021, respectively. The breakdown of the bonds are as follows:

Series	Coupon rate	Maturities	Principal (Rp)
A	8.38%	7 years	900,000,000
B	9.05%	10 years	2,100,000,000
Total			<u>3,000,000,000</u>

With regard to the Public Offering of Continuation Bonds, PT Bank Permata Tbk acts as the Trustee or the institution that is entrusted to represent the interests of the bond holders following the provisions of the Bonds Trustee Agreement Deed No. 48 dated September 30, 2011, Amendment I of Bonds Trustee Agreement Deed No. 49 dated October 28, 2011 and Amendment II of Bonds Trustee Agreement Deed No. 52 dated November 28, 2011, of Fathiah Helmi, S.H., Notary in Jakarta, between the Company and the Trustee. As a Trustee, PT Bank Permata Tbk has stated firmly that it is not affiliated with the Company, either directly or indirectly.

The bonds have been rated A (Negative Outlook) by PT Pemeringkat Efek Indonesia ("Pefindo") in its rating report released on September 11, 2014. On September 10, 2015, Pefindo has lowered the bonds rating to A- (Negative Outlook).

The bonds proceeds are used for a routine investment in the Company's business units, renovation and modernisation of ferronickel plant in Pomalaa and for the opening of nickel mines in North Maluku and/or Southeast Sulawesi and/or a bauxite mine in West Kalimantan.

The bonds are listed on the Indonesia Stock Exchange.

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19. BONDS PAYABLE (continued)

During the term of the bonds, the Company has the obligation to, among other things, meet certain financial ratios and maintain the direct and/or indirect shareholding in the Company by the Government of the Republic of Indonesia at not less than 51% of the number of shares that has been issued and fully paid. Without the written consent of the Trustee, the Company will not conduct a merger or acquisition with another company that does not comply with the intents and purposes of the Company's Articles of Association, unless this is required by applicable regulations or court decisions.

The Company will not: reduce its authorised capital, issued capital and paid-up capital; pledge assets and provide loans or guarantees to third parties without the written consent of the Trustee. Application for written consent of the Trustee will not be rejected for no apparent or fair reason.

The financial ratios required under the Trusteeship Agreement are as follows:

- The ratio of total interest-bearing debts (excluding trade payables but including syariah funding) to total equity shall not exceed three times;
- The ratio of the total of EBITDA plus cash on hand and cash in banks to total matured debt and interest shall not be less than 1.25 times;
- The equity shall be greater than Rp7,000,000,000.

As at June 30, 2015, December 31, 2014, 2013 and 2012, management believes that the Company has complied with all the debt covenants.

The fair values of the bonds payable as at June 30, 2015, December 31, 2014, 2013 and 2012 amounted to Rp2,728,500,000, Rp2,704,285,327, Rp 2,780,931,600 and Rp 3,525,315,055, respectively.

The fair values are based on price released by Indonesian Bonds Pricing Agency ("IBPA") which are within level 2 of the fair value hierarchy.

20. INVESTMENT LOANS

Creditor	Currency	June 30, 2015	
		Carrying amount	
		Original currency (full amount)	Equivalent in Rupiah
Principal:			
LPEI Indonesia Eximbank	US Dollar	160,000,000	2,133,120,000
PT Bank Mizuho Indonesia	US Dollar	63,750,000	849,915,000
PT Bank Sumitomo Mitsui Indonesia	US Dollar	29,344,778	391,224,580
			<u>3,374,259,580</u>
Unamortised up front fee (net of accumulated amortisation of Rp7,150,607)			<u>(10,615,832)</u>
Total Investment Loans			<u>3,363,643,748</u>
Net of current portion			<u>(265,306,800)</u>
Non-current portion			<u>3,098,336,948</u>

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20. INVESTMENT LOANS (continued)

Creditor	Currency	December 31, 2014	
		Carrying amount	
		Original currency (full amount)	Equivalent in Rupiah
Principal:			
LPEI Indonesia Eximbank	US Dollar	100,000,000	1,244,000,000
PT Bank Mizuho Indonesia	US Dollar	69,375,000	863,025,000
PT Bank Sumitomo Mitsui Indonesia	US Dollar	31,794,778	395,527,038
			<u>2,502,552,038</u>
Unamortised up front fee (net of accumulated amortisation of Rp5,039,677)			<u>(9,662,796)</u>
Total Investment Loans			<u>2,492,889,242</u>
Net of current portion			<u>(224,231,000)</u>
Non-current portion			<u>2,268,658,242</u>

Creditor	Currency	December 31, 2013	
		Carrying amount	
		Original currency (full amount)	Equivalent in Rupiah
Principal:			
PT Bank Mizuho Indonesia	US Dollar	75,000,000	914,175,000
PT Bank Sumitomo Mitsui Indonesia	US Dollar	34,244,768	417,409,477
			<u>1,331,584,477</u>
Unamortised up front fee (net of accumulated amortisation of Rp1,934,485)			<u>(9,424,088)</u>
Total Investment Loans			<u>1,322,160,389</u>
Net of current portion			<u>(98,426,175)</u>
Non-current portion			<u>1,223,734,214</u>

The fair value of the investment loans at the reporting dates is as follows:

	June 30, 2015	December 31, 2014	December 31, 2013
LPEI Indonesia Eximbank	2,152,966,453	1,256,627,816	-
PT Bank Sumitomo Mitsui Indonesia	393,390,783	397,872,985	419,518,011

The fair values of the loans are based on cash flows discounted using a borrowing rate of 5.00% (2014: 5.00%, 2013: 3.30%) and are within level 3 of the fair value hierarchy.

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20. INVESTMENT LOANS (continued)

a. PT Bank Mizuho Indonesia

On April 18, 2013, the Company entered into a credit agreement with PT Bank Mizuho Indonesia ("Mizuho").

Based on the credit agreement, Mizuho provided the Company with a credit loan facility amounting to US\$75,000,000 which has been fully drawdown. The proceeds of the loan are utilised for the funding of general corporate purpose financing.

The tenor of the loan is five years consisting of a one year grace period and a four years principal repayment period. The interest rate is LIBOR three months +1.80%. Interest payments are due every three months.

On October 15, 2014, the Company made the first payment of loan installments amounting to US\$5,625,000. On April 19, 2015, the Company made a second payment of loan instalment amounting to US\$5,625,000.

Loan covenants required under the credit agreement were as follows:

1. Debts to total equity should not exceed 2.5 times;
2. Net worth should not be less than Rp7,000,000,000;
3. Debt Service Coverage Ratio minimum at 1.25 times.

As at June 30, 2015, December 31, 2014 and 2013, the Company has complied with all the debt covenants.

b. PT Bank Sumitomo Mitsui Indonesia

On June 21, 2013, the Company entered into a credit agreement with PT Bank Sumitomo Mitsui Indonesia ("BSMI"). The Company obtained an investment loan facility with a maximum limit amounting to US\$75,000,000.

On July 3, 2013, the Company made a drawdown from the credit facility amounting to US\$34,244,778 which will be due on June 17, 2021 with an interest rate of 4.56% per annum. On December 17, 2014, the Company made the first payment of loan installments amounting to US\$2,450,000. On June 17, 2015, the Company made the second payment of loan instalment amounting to US\$2,450,000.

Loan covenants required under the credit agreement were as follows:

1. Debts to total equity should not exceed 2.5 times;
2. Net worth should not be less than Rp7,000,000,000;
3. Debt Service Coverage ratio minimum at 1.25 times.

As at June 30, 2015, December 31, 2014 and 2013, the Company has complied with all the debt covenants.

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20. INVESTMENT LOANS (continued)

c. LPEI Indonesia Eximbank

On May 23, 2014, the Company obtained a loan facility from LPEI Indonesia Eximbank to finance the capital expenditures. The loan has a maximum credit facility of US\$100,000,000 with an interest rate of 5.00% per annum, which was fully drawdown by the Company in 2014. The loan is payable in quarterly installments, with a two years grace period on principal repayments and shall be due on June 6, 2024.

On March 24, 2015, the Company obtained a second loan facility from LPEI Indonesia Eximbank. The loan has a maximum credit facility of US\$60,000,000 with an interest rate of 5.00% per annum, which was fully drawdown by the Company in 2015. The loan is payable in quarterly installments, with a one and half year grace period on the principal repayment and shall be due on June 6, 2024.

Loan covenants required under the credit agreement were as follows:

1. Debts to total equity should not exceed 2.5 times;
2. Net worth should not be less than Rp7,000,000,000;
3. Debt Service Coverage ratio minimum at 1.25 times.

As at June 30, 2015 and December 31, 2014, the Company has complied with all the debt covenants.

21. PROVISION FOR ENVIRONMENTAL AND RECLAMATION COSTS

The movement in the provision for environmental and reclamation costs was as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Balance at beginning of the period/year	239,504,229	269,682,865	251,719,310	222,478,656
Provision made during the period/year	2,134,986	27,077,261	22,612,427	44,988,856
Actual realisation during the period/year	-	(21,741,903)	(14,286,073)	(15,748,202)
Increase in provision due to the passage of time	5,244,008	27,288,624	25,948,795	-
Decrease in provision due to changes in assumptions	5,558,333	(62,802,618)	(16,311,594)	-
Balance at end of the period/year	252,441,556	239,504,229	269,682,865	251,719,310
Less current portion	(18,441,304)	(19,260,587)	(30,337,362)	(45,990,788)
Non-current portion	234,000,252	220,243,642	239,345,503	205,728,522

At each reporting period, the Group adjusts the provision for environmental and reclamation cost to reflect the most recent disturbed area as at the reporting date.

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22. SHARE CAPITAL

Shareholders	June 30, 2015		
	Number of shares issued and fully paid	Percentage of ownership	Amount (in Rp full amount)
Preferred Share (Series A Dwiwarna share)			
Government of the Republic of Indonesia	1	0%	100
Ordinary Shares (Series B shares)			
Government of the Republic of Indonesia	6,199,999,999	65%	619,999,999,900
Ir. Tedy Badrujaman, M.M. (President Director)	35,500	0%	3,550,000
Agus Zamzam Jamaluddin, S.T., M.T. (Director)	47,500	0%	4,750,000
Ir. I Made Surata, M.Si. (Director)	138,250	0%	13,825,000
Ir. Hari Widjajanto, M.M. (Director)	53,500	0%	5,350,000
Public (each below 5% ownership)	3,338,185,000	35%	333,818,500,000
Total	9,538,459,750	100%	953,845,975,000

Shareholders	December 31, 2014		
	Number of shares issued and fully paid	Percentage of ownership	Amount (in Rp full amount)
Preferred Share (Series A Dwiwarna share)			
Government of the Republic of Indonesia	1	0%	100
Ordinary Shares (Series B shares)			
Government of the Republic of Indonesia	6,199,999,999	65%	619,999,999,900
Ir. Tato Miraza, S.E., M.M. (President Director)	800,000	0%	80,000,000
Ir. Hendra Santika, M.M. (Director)	173,500	0%	17,350,000
Ir. I Made Surata, M.Si. (Director)	138,250	0%	13,825,000
Ir. Tedy Badrujaman, M.M. (Director)	35,500	0%	3,550,000
Ir. Hari Widjajanto, M.M. (Director)	53,500	0%	5,350,000
Public (each below 5% ownership)	3,337,259,000	35%	333,725,900,000
Total	9,538,459,750	100%	953,845,975,000

Shareholders	December 31, 2013		
	Number of shares issued and fully paid	Percentage of ownership	Amount (in Rp full amount)
Preferred Share (Series A Dwiwarna share)			
Government of the Republic of Indonesia	1	0%	100
Ordinary Shares (Series B shares)			
Government of the Republic of Indonesia	6,199,999,999	65%	619,999,999,900
Ir. Tato Miraza, S.E., M.M. (President Director)	800,000	0%	80,000,000
Ir. Hendra Santika, M.M. (Director)	173,500	0%	17,350,000
Ir. I Made Surata, M.Si. (Director)	138,250	0%	13,825,000
Ir. Tedy Badrujaman, M.M. (Director)	35,500	0%	3,550,000
Public (each below 5% ownership)	3,333,434,500	35%	333,343,450,000
Sub-total	9,534,581,750		953,458,175,000
Treasury stock	3,878,000		387,800,000
Total	9,538,459,750	100%	953,845,975,000

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22. SHARE CAPITAL (continued)

Shareholders	December 31, 2012		
	Number of shares issued and fully paid	Percentage of ownership	Amount (in Rp full amount)
Preferred Share (Series A Dwiwarna share) Government of the Republic of Indonesia	1	0%	100
Ordinary Shares (Series B shares) Government of the Republic of Indonesia	6,199,999,999	65%	619,999,999,900
Ir. Alwingsyah Lubis, M.M. (President Director)	310,000	0%	31,000,000
Ir. Tato Miraza, S.E., M.M. (President Director)	800,000	0%	80,000,000
Prof. Bambang P.S Brodjonegoro, S.E., M.U.P., Ph.D. (Commissioner)	500	0%	50,000
Public (each below 5% ownership)	3,333,471,250	35%	333,347,125,000
Sub-total	9,534,581,750		953,458,175,000
Treasury stock	3,878,000		387,800,000
Total	9,538,459,750	100%	953,845,975,000

The holder of series A shares has certain special rights in addition to the rights held by the holders of series B shares. These special rights include the rights to approve (a) the appointment and dismissal of the members of the boards of commissioners and directors, (b) dividend distributions and (c) amendments to the Articles of Association.

The Company records its treasury stock transactions using the cost method.

On May 14, 2012, the Company distributed a significant portion of the treasury stock to its employees as part of the 2011 annual bonuses. The 11,548,000 treasury shares distributed had a total value of Rp15,901,596. The excess of the value of the shares over their cost amounting to Rp5,843,964 was credited to additional paid-in capital (Note 23).

The Company distributed the remaining 3,878,000 treasury shares with a total value of Rp3,490,205 to its employees on December 24, 2014 as a proportion of the incentive component of target and work productivity for 2014. The share distribution was carried out to comply with the Regulation Number XI.B.2 Regarding Repurchase of Shares That Have Been Issued By an Issuer or Public Company, Attachment of the Decision of the Chairman of BAPEPAM-LK No. Kep-105/BL/2010 dated April 13, 2010, which requires the sale of treasury stocks within six years after the share buyback period concludes. The excess of the value of the shares amounting to Rp112,694 was credited to additional paid-in capital (Note 23).

23. ADDITIONAL PAID-IN CAPITAL

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Excess of proceeds from issuance of share capital over par value	387,692,100	387,692,100	387,692,100	387,692,100
Share issuance costs	(46,704,316)	(46,704,316)	(46,704,316)	(46,704,316)
Conversion of additional paid-in capital to bonus shares	(338,461,475)	(338,461,475)	(338,461,475)	(338,461,475)
Excess of value over cost of treasury shares distributed as bonus	5,956,658	5,956,658	5,843,964	5,843,964
Difference arising from restructuring transaction of entities under common control	21,334,633	21,334,633	21,334,633	-
Additional paid-in capital, net	29,817,600	29,817,600	29,704,906	8,370,273

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24. DISTRIBUTION OF PROFIT FOR THE YEAR

At the Company's Annual General Shareholders' Meetings ("AGMS") held on March 31, 2015, there were no dividend declared and general reserve allocated since the Group experiencing loss during the year ended December 31, 2014.

At the Company's AGMS held on March 26, 2014, April 30, 2013 and May 31, 2012, the shareholders approved the declaration of cash dividends from the 2013, 2012 and 2011 profit for the year totaling Rp92,237,426 or Rp9.67 (full amount) per share, Rp448,967,247 or Rp47.07 (full amount) per share and Rp867,550,297 or Rp90.99 (full amount) per share, respectively and an allocation for the partnership and community development program from the 2013, 2012 and 2011 profit for the year amounting to nil, nil and Rp77,115,582, respectively.

In addition, the shareholders also approved the allocation of 2013, 2012 and 2011 profit for the year amounting to Rp317,706,690, Rp2,544,147,734 and Rp983,223,670, respectively, for the Company's business development.

25. SALES

The details of sales are as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Mining products					
Gold	5,648,480,321	1,947,599,873	4,901,204,509	4,705,060,121	3,628,426,726
Ferronickel	1,923,101,732	1,738,812,487	3,975,808,745	2,072,043,486	3,175,557,022
Coal	102,015,089	73,337,316	179,413,151	80,691,664	207,681,770
Silver	53,140,115	87,376,416	158,694,044	166,462,113	235,879,834
Nickel ore	-	89,109,729	89,185,723	4,054,295,247	3,061,174,436
Bauxite ore	35,442,432	9,214,405	19,745,246	70,575,869	47,408,373
Other precious metals	3,105,314	4,318,786	4,671,699	4,350,133	3,612,332
	<u>7,765,285,003</u>	<u>3,949,769,012</u>	<u>9,328,723,117</u>	<u>11,153,478,633</u>	<u>10,359,740,493</u>
Services					
Refining of precious metals and other services	<u>83,729,986</u>	<u>36,948,418</u>	<u>91,907,816</u>	<u>144,842,873</u>	<u>90,145,019</u>
Total sales	<u>7,849,014,989</u>	<u>3,986,717,430</u>	<u>9,420,630,933</u>	<u>11,298,321,506</u>	<u>10,449,885,512</u>

The details of the above amounts of sales by customers are as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Export - third parties					
J.B Overseas	2,842,973,116	-	-	-	-
Xion Gems & Jewellers Private Ltd.	1,010,520,374	-	-	-	-
Standard Bank PLC., Singapore	518,678,084	1,038,839,565	1,974,765,325	1,066,538,640	859,122,988
Pohang Iron & Steel Co	418,568,348	861,319,056	1,558,897,631	674,373,339	-
Avarus AG	-	819,749,640	844,329,293	1,685,141,305	2,006,298,116
Others (each less than 10% of total sales)	<u>1,767,319,274</u>	<u>189,003,012</u>	<u>2,319,864,816</u>	<u>3,869,954,905</u>	<u>4,550,554,532</u>
Sub-total	<u>6,558,059,196</u>	<u>2,908,911,273</u>	<u>6,697,857,065</u>	<u>7,296,008,189</u>	<u>7,415,975,636</u>

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25. SALES (continued)

The details of the above amounts of sales by customers are as follows (continued):

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Domestic - related parties (Note 29)	342,988,733	397,334,871	1,023,016,655	1,568,711,850	1,096,882,746
Domestic - third parties Others (each less than 10% of total sales)	947,967,060	680,471,286	1,699,757,213	2,433,601,467	1,937,027,130
Total sales	7,849,014,989	3,986,717,430	9,420,630,933	11,298,321,506	10,449,885,512

Sales to related parties are set based on sales contracts using the market price.

26. COST OF GOODS SOLD

The following is the reconciliation of the cost of goods sold during the period/year:

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Production cost:					
Purchases of precious metals	5,023,020,915	1,450,826,335	3,427,636,051	3,433,799,111	2,074,788,966
Materials used	595,065,904	392,783,691	944,661,328	718,158,953	715,091,682
Fuel used	548,711,349	647,804,265	1,267,030,540	1,346,001,611	1,428,466,375
Depreciation (Note 11)	329,269,293	281,016,661	694,579,165	641,577,013	555,762,994
Salaries, wages, bonuses and employee benefits	275,906,571	290,937,646	569,180,413	677,061,957	566,959,411
Transportation and ore mining fees	147,878,014	16,538,399	282,963,731	1,611,097,329	1,309,109,557
Rent	107,300,927	106,537,793	198,771,387	447,714,991	318,635,666
Royalties	104,951,742	110,219,897	208,826,803	356,449,468	350,089,485
Indirect labor	46,689,095	45,634,686	92,406,193	105,547,738	93,352,817
Insurance	33,344,869	30,799,732	63,704,596	56,200,367	54,321,312
Amortisation	30,498,596	16,079,358	65,989,759	124,183,971	65,862,649
Repairs and maintenance	26,236,061	18,386,776	53,573,361	73,649,585	60,013,382
Tax and retribution	16,772,540	37,131,290	80,038,863	674,325,779	426,669,649
Reclamation and mine closure	6,928,391	14,503,799	1,155,989	52,505,612	60,263,243
Others (each below Rp50,000,000)	114,747,141	180,417,881	129,298,724	202,790,954	159,300,204
	<u>7,407,321,408</u>	<u>3,639,618,209</u>	<u>8,079,816,903</u>	<u>10,521,064,439</u>	<u>8,238,687,392</u>
Work-in-process (Note 7):					
Beginning of period/year	50,101,749	55,249,761	55,249,761	73,594,457	53,191,166
End of period/year	(59,628,992)	(52,622,124)	(50,101,749)	(55,249,761)	(73,594,457)
	<u>7,397,794,165</u>	<u>3,642,245,846</u>	<u>8,084,964,915</u>	<u>10,539,409,135</u>	<u>8,218,284,101</u>
Finished goods (Note 7):					
Beginning of period/year	1,219,733,974	1,917,944,522	1,917,944,522	947,487,832	1,142,812,960
Transfer of finished goods to raw materials	-	(213,317,436)	(119,462,210)	-	-
(Recovery)/impairment of inventories	128,240	(42,914,128)	(36,443,480)	42,914,128	-
End of period/year	<u>(1,296,710,734)</u>	<u>(1,560,945,345)</u>	<u>(1,219,733,974)</u>	<u>(1,917,944,522)</u>	<u>(947,487,832)</u>
Cost of goods sold	7,320,945,645	3,743,013,459	8,627,269,773	9,611,866,573	8,413,609,229

* As restated, refer to Note 4

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26. COST OF GOODS SOLD (continued)

Detail of purchase of goods and services per suppliers with transactions more than 10% of total sales are as follows:

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Related party:					
PT Pertamina (Persero) (Note 29)	248,715,397	601,538,800	911,544,655	1,449,128,453	1,205,585,987
Third parties:					
Standard Bank PLC., Singapore	2,772,531,962	1,237,291,957	1,953,247,447	3,336,716,846	1,800,490,914
The Bank of Nova Scotia, Jakarta	2,162,074,582	-	1,353,427,333	-	-
Total third parties	4,934,606,544	1,237,291,957	3,306,674,780	3,336,716,846	1,800,490,914
Total	5,183,321,941	1,838,830,757	4,218,219,435	4,785,845,299	3,006,076,901

During the six-month period ended June 30, 2014, and for the year ended December 31, 2014, nickel ore inventory amounting to Rp213,317,436 and Rp119,462,210 was transferred to and presented as raw material inventory because such inventory will be used to produce ferronickel inventory.

27. OPERATING EXPENSE

The details of operating expenses are as follows:

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
General and administrative:					
Salaries, wages, bonuses and employee benefits	145,953,068	183,343,338	354,202,446	379,548,752	269,280,309
Corporate social environmental responsibilities program	33,548,071	22,549,905	62,778,067	92,051,699	133,004,278
Professional services	18,790,692	10,310,079	24,778,853	46,184,320	42,416,975
Office supplies	18,003,020	13,775,120	30,852,852	53,869,766	65,186,275
Depreciation (Note 11)	16,503,564	15,328,489	34,246,461	29,275,857	21,565,159
Rent	15,873,068	13,836,154	32,205,286	30,864,069	26,557,815
Reclamation and mine closure	15,867,261	17,411,605	38,637,151	34,146,972	77,890,479
Exploration	12,989,198	14,072,565	29,374,130	80,362,063	90,435,775
Business travel	11,660,662	11,748,657	29,958,813	32,033,655	32,064,764
Training	7,171,747	3,315,113	9,973,743	35,852,417	57,457,416
Others (each below Rp2,000,000)	55,343,785	51,411,946	136,687,913	126,462,767	123,145,616
	351,704,136	357,102,971	783,695,715	940,652,337	939,004,861
Selling and marketing:					
Commissions, freight and insurance	65,216,063	65,418,840	128,132,569	150,597,605	165,811,257
Representative office expenses - Tokyo	7,805,680	8,513,355	18,595,600	10,369,437	13,407,070
	73,021,743	73,932,195	146,728,169	160,967,042	179,218,327
Total operating expenses	424,725,879	431,035,166	930,423,884	1,101,619,379	1,118,223,188

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY

Short-term employee benefits liability

Short-term employee benefits liability comprises accrued incentives for employee which will be due in period less than one year.

Pension and other post-retirement obligations

The pension and other post-retirement obligations for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 were calculated in accordance with SFAS 24 (revised 2013) "Employee Benefits" by an independent actuary, PT KAIA Magna Consulting ("KAIA"), as stated in its reports dated July 27, 2015. Expenses for the six-month periods ended June 30, 2015 and 2014 are based on the total projected expenses for the years ended December 31, 2015 and 2014.

The details of employee benefit obligations are as follows:

	June 30, 2015	December 31, 2014*	December 31, 2013*	December 31, 2012*
Pension benefits	21,131,202	26,352,784	259,965,868	21,491,963
Post-employment medical benefits	211,925,885	116,094,980	654,475,471	418,556,321
Other post-retirement benefits	204,474,396	197,485,133	254,432,486	285,113,049
Other long-term employment benefits	78,105,411	79,327,389	67,346,288	72,003,291
Total	515,636,894	419,260,286	1,236,220,113	797,164,624

The details of employee benefit costs are as follows:

	June 30, 2015 (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Pension benefits	(7,755,351)	38,509,652	152,260,737	11,478,705
Post-employment				
Post-employment medical benefits	36,100,422	125,417,868	76,877,705	56,442,877
Other post-retirement benefits	39,526,091	38,200,240	40,140,263	48,309,542
Other long-term employment benefits	5,290,921	17,426,583	(844,793)	14,624,318
Total	73,162,083	219,554,343	268,433,912	130,855,442

The details of remeasurement of employee benefit obligations are as follows:

	June 30, 2015 (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Pension benefits	32,851,724	(154,340,606)	93,773,330	6,827,119
Post-employment medical benefits	61,807,477	(585,502,751)	312,478,628	61,925,201
Other post-retirement benefits	10,622,886	(46,394,541)	(34,671,711)	11,207,694
Total	105,282,087	(786,237,898)	371,580,247	79,960,014

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

a. Pension benefits

The Company received approval from the Minister of Finance of the Republic of Indonesia in his Decision Letter No. Kep-369/KM.17/1997 dated July 15, 1997 as amended by Decision Letter No. Kep-348/KM.17/2000 dated September 11, 2000 to establish a separate trustee-administered pension fund, Dana Pensiun Antam, from which all employees, after serving a qualifying period, are entitled to receive defined benefits upon retirement, disability or death.

The amounts recognised in the consolidated statement of financial position were determined as follows:

	June 30, 2015	December 31, 2014*	December 31, 2013*	December 31, 2012*
Present value of funded obligations	903,794,851	911,805,523	928,410,428	747,895,290
Fair value of plan assets	(1,073,589,334)	(1,089,278,219)	(668,444,560)	(726,403,327)
Impact of minimum funding/assets ceiling	190,925,685	203,825,480	-	-
Net	21,131,202	26,352,784	259,965,868	21,491,963

The movement in the defined benefits obligation over the period/year is as follows:

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ assets ceiling	Total
At January 1, 2012*	729,850,481	(733,445,853)	(3,595,372)	12,978,426	9,383,054
Current service cost	6,762,199	-	6,762,199	-	6,762,199
Interest expense/(income)	78,061,091	(73,344,585)	4,716,506	-	4,716,506
	84,823,290	(73,344,585)	11,478,705	-	11,478,705
Remeasurements:					
- (Gain)/loss from change in financial assumptions	(13,903,528)	33,709,073	19,805,545	-	19,805,545
- Change in asset ceiling	-	-	-	(12,978,426)	(12,978,426)
	(13,903,528)	33,709,073	19,805,545	(12,978,426)	6,827,119
Contributions:					
- Employers	-	(4,994,601)	(4,994,601)	-	(4,994,601)
- Plan participants	-	(1,012,267)	(1,012,267)	-	(1,012,267)
Benefit paid by plan:					
- Benefit payments	(52,874,953)	52,684,906	(190,047)	-	(190,047)
	(52,874,953)	46,678,038	(6,196,915)	-	(6,196,915)
At December 31, 2012*	747,895,290	(726,403,327)	21,491,963	-	21,491,963

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

a. Pension benefits (continued)

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ assets ceiling	Total
At December 31, 2012*	747,895,290	(726,403,327)	21,491,963	-	21,491,963
Current service cost	15,934,211	-	15,934,211	-	15,934,211
Past service cost	138,033,722	-	138,033,722	-	138,033,722
Interest expense/(income)	68,087,250	(69,794,446)	(1,707,196)	-	(1,707,196)
	<u>222,055,183</u>	<u>(69,794,446)</u>	<u>152,260,737</u>	-	<u>152,260,737</u>
Remeasurements:					
- Loss from change in financial assumptions	22,937,851	70,835,479	93,773,330	-	93,773,330
	<u>22,937,851</u>	<u>70,835,479</u>	<u>93,773,330</u>	-	<u>93,773,330</u>
Contributions:					
- Employers	(11,020)	(5,128,862)	(5,139,882)	-	(5,139,882)
- Plan participants	-	(1,039,936)	(1,039,936)	-	(1,039,936)
Benefit paid by plan:					
- Benefit payments	(64,466,876)	63,086,532	(1,380,344)	-	(1,380,344)
	<u>(64,477,896)</u>	<u>56,917,734</u>	<u>(7,560,162)</u>	-	<u>(7,560,162)</u>
At December 31, 2013*	928,410,428	(668,444,560)	259,965,868	-	259,965,868
Current service cost	18,002,984	-	18,002,984	-	18,002,984
Interest expense/(income)	74,115,921	(53,609,253)	20,506,668	-	20,506,668
	<u>92,118,905</u>	<u>(53,609,253)</u>	<u>38,509,652</u>	-	<u>38,509,652</u>
Remeasurements:					
- Gain from change in financial assumptions	(39,232,986)	(318,933,100)	(358,166,086)	-	(358,166,086)
- Change in asset ceiling	-	-	-	203,825,480	203,825,480
	<u>(39,232,986)</u>	<u>(318,933,100)</u>	<u>(358,166,086)</u>	<u>203,825,480</u>	<u>(154,340,606)</u>
Contributions:					
- Employers	-	(114,196,812)	(114,196,812)	-	(114,196,812)
- Plan participants	-	(1,036,021)	(1,036,021)	-	(1,036,021)
Benefit paid by plan:					
- Benefit payments	(69,490,824)	66,941,527	(2,549,297)	-	(2,549,297)
	<u>(69,490,824)</u>	<u>(48,291,306)</u>	<u>(117,782,130)</u>	-	<u>(117,782,130)</u>
At December 31, 2014*	911,805,523	(1,089,278,219)	(177,472,696)	203,825,480	26,352,784
Current service cost	7,776,349	-	7,776,349	-	7,776,349
Interest expense/(income)	28,148,357	(43,680,057)	(15,531,700)	-	(15,531,700)
	<u>35,924,706</u>	<u>(43,680,057)</u>	<u>(7,755,351)</u>	-	<u>(7,755,351)</u>
Remeasurements:					
- (Gain)/loss from change in financial assumptions	(7,044,020)	52,795,539	45,751,519	-	45,751,519
- Change in asset ceiling	-	-	-	(12,899,795)	(12,899,795)
	<u>(7,044,020)</u>	<u>52,795,539</u>	<u>45,751,519</u>	<u>(12,899,795)</u>	<u>32,851,724</u>
Contributions:					
- Employers	-	(28,733,040)	(28,733,040)	-	(28,733,040)
- Plan participants	-	(500,516)	(500,516)	-	(500,516)
Benefit paid by plan:					
- Benefit payments	(36,891,358)	35,806,959	(1,084,399)	-	(1,084,399)
	<u>(36,891,358)</u>	<u>6,573,403</u>	<u>(30,317,955)</u>	-	<u>(30,317,955)</u>
At June 30, 2015	903,794,851	(1,073,589,334)	(169,794,483)	190,925,685	21,131,202

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

a. Pension benefits (continued)

Pension benefits charged for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 were allocated as follows:

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Cost of goods sold (Note 26)	(3,112,335)	19,937,422	16,898,152	75,348,781	4,606,570
General and administrative expenses (Note 27)	(4,643,016)	24,883,136	21,611,500	76,911,956	6,872,135
Total	(7,755,351)	44,820,558	38,509,652	152,260,737	11,478,705

As result of increase in minimum pension benefit, during the year ended December 31, 2013, the Company recognised past service cost amounting to Rp138,033,722.

The actual return on plan assets during the six-month period ended June 30, 2015 and the years ended December 2014, 2013 and 2012 were Rp33,320,567, Rp62,595,591, Rp58,406,639 and Rp67,524,130, respectively.

Plan assets comprise the following:

	June 30, 2015		December 31, 2014		December 31, 2013		December 31, 2012	
	Fair value	%	Fair value	%	Fair value	%	Fair value	%
Debt instruments	378,628,176	35%	352,961,900	32%	300,449,845	45%	357,645,093	49%
Equity instruments	130,381,626	12%	148,717,908	14%	144,803,010	22%	145,267,527	20%
Property	395,780,000	37%	391,657,542	36%	99,456,206	15%	109,569,640	15%
Mutual fund	17,716,594	2%	19,916,775	2%	44,472,352	7%	50,235,478	7%
Others	151,082,938	14%	176,024,094	16%	79,263,147	11%	63,685,589	9%
Total	1,073,589,334	100%	1,089,278,219	100%	668,444,560	100%	726,403,327	100%

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Company's plan assets for pension benefit plan are invested in the Company's shares and bonds that listed in Indonesia Stock Exchange amounting to Rp28,407,365, Rp31,355,695, Rp34,057,845 and Rp50,203,997, respectively.

The Group's plan assets as at June 30, 2015 amounting to Rp475,469,884 (December 31, 2014: Rp467,319,903, December 31, 2013: Rp436,152,968, December 31, 2012: Rp498,658,479) represent investments in stocks, government bonds, corporate bonds and mutual funds traded on the Indonesia Stock Exchange. Meanwhile, plan assets amounting to Rp140,000,000 (December 31, 2014: Rp143,000,000, December 31, 2013: Rp40,500,000, December 31, 2012: Rp44,500,000) represent investments in liquid investments, such as time deposits and deposits on-call.

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

a. Pension benefits (continued)

The principal actuarial assumptions used by KAIA in determining the employee benefits obligation were as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Discount rate	8%	8%	9%	10%
Future salary increases	8%	8%	8%	8%
Mortality table-active employees	TMI 3 (2011)	TMI 3 (2011)	TMI 3 (2011)	TMI 2 (1999)
Mortality table-pensioners	Group Annuity Mortality 1971	Group Annuity Mortality 1971	Group Annuity Mortality 1971	Group Annuity Mortality 1971
Voluntary resignation	10% at age 25 and reduced linearly to 0% at at age 45 and flat rate of 3% thereafter	10% at age 25 and reduced linearly to 0% at at age 45 and flat rate of 3% thereafter	10% at age 25 and reduced linearly to 0% at at age 45 and flat rate of 3% thereafter	10% at age 25 and reduced linearly to 0% at at age 45 and flat rate of 3% thereafter
Normal retirement age	56 years	56 years	56 years for non-operators and 50 years for operators	56 years for non-operators and 50 years for operators

The effect of 0.5% movement of discount rate in pension benefit obligation is as follow:

June 30, 2015	Change in assumptions	Impact on overall liability
Discount rate	increase by 0.5% decrease by 0.5%	decrease by Rp3,092,632 increase by Rp3,256,419

Through its defined benefits pension plan, post-employment medical benefits plan (Note 28b), and other post-retirement benefits plan (Note 28c), the Group is exposed to a number of risks which include but are not limited to the following:

- The plan liabilities are calculated using a discount rate set with reference to government bond yields. If plan assets underperform this yield, this will create a deficit.
- A decrease in government bond yield will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holding.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investment are well-diversified, so that the failure of any single investments would not have a material impact on the overall assets. The Pension Fund spread its investments proportionally in high liquid investments, investments traded in active market, private equity instruments and property.

Contributions are computed annually by the Pension Fund whereby the employee contribute 5.00% of pension basic salary and the Company contribute 31.81% of pension basic salary.

Expected contributions to pension plans for the year ending December 31, 2015 are Rp25,951,312.

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

b. Post-employment medical benefits

The Company operates a post-employment medical benefits scheme. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. The principal actuarial assumptions used were also similar except for:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Discount rate	7.93%	7.93%	9%	10%
Health cost increase	9%	9%	9%	9%

The effect of 0.5% movement of discount rate in pension benefit obligation is as follow:

June 30, 2015	Change in assumptions	Impact on overall liability
Discount rate	increase by 0.5% decrease by 0.5%	decrease by Rp39,716,644 increase by Rp43,817,342

The amounts recognised in the consolidated statement of financial position were determined as follows:

	June 30, 2015	December 31, 2014*	December 31, 2013*	December 31, 2012*
Present value of funded obligations	1,377,633,732	1,333,399,150	1,752,973,968	1,429,641,729
Fair value of plan assets	(1,165,707,847)	(1,217,304,170)	(1,098,498,497)	(1,011,085,408)
Net	211,925,885	116,094,980	654,475,471	418,556,321

The movement in the defined benefit obligation over the period/year is as follows:

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ assets ceiling	Total
At January 1, 2012*	1,332,512,822	(869,904,831)	462,607,991	-	462,607,991
Current service cost	12,695,571	-	12,695,571	-	12,695,571
Adjustment on plan asset	-	2,803,938	2,803,938	-	2,803,938
Interest expense/(income)	133,251,282	(92,307,914)	40,943,368	-	40,943,368
	<u>145,946,853</u>	<u>(89,503,976)</u>	<u>56,442,877</u>	-	<u>56,442,877</u>
Remeasurements:					
- Loss from change in financial assumptions	1,645,301	60,279,900	61,925,201	-	61,925,201
Contributions:					
- Employers	-	(161,379,832)	(161,379,832)	-	(161,379,832)
- Plan participants	-	(1,039,916)	(1,039,916)	-	(1,039,916)
Benefit paid by plan:					
- Benefit payments	(50,463,247)	50,463,247	-	-	-
	<u>(50,463,247)</u>	<u>(111,956,501)</u>	<u>(162,419,748)</u>	-	<u>(162,419,748)</u>
At December 31, 2012*	1,429,641,729	(1,011,085,408)	418,556,321	-	418,556,321

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

b. Post-employment medical benefits (continued)

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ assets ceiling	Total
At December 31, 2012*	1,429,641,729	(1,011,085,408)	418,556,321	-	418,556,321
Current service cost	17,715,518	-	17,715,518	-	17,715,518
Adjustment on plan asset	-	2,094,232	2,094,232	-	2,094,232
Interest expense/(income)	162,868,790	(105,800,835)	57,067,955	-	57,067,955
	180,584,308	(103,706,603)	76,877,705	-	76,877,705
Remeasurements:					
– (Gain)/loss from change in Financial assumptions	198,150,769	114,327,859	312,478,628	-	312,478,628
Contributions:					
– Employers	-	(152,489,746)	(152,489,746)	-	(152,489,746)
– Plan participants	-	(947,437)	(947,437)	-	(947,437)
Benefit paid by plan:					
– Benefit payments	(55,402,838)	55,402,838	-	-	-
	(55,402,838)	(98,034,345)	(153,437,183)	-	(153,437,183)
At December 31, 2013*	1,752,973,968	(1,098,498,497)	654,475,471	-	654,475,471
Current service cost	52,053,391	-	52,053,391	-	52,053,391
Interest expense/(income)	161,326,084	(87,961,607)	73,364,477	-	73,364,477
	213,379,475	(87,961,607)	125,417,868	-	125,417,868
Remeasurements:					
– (Gain)/loss from change in financial assumptions	(576,113,320)	(9,389,431)	(585,502,751)	-	(585,502,751)
Contributions:					
– Employers	-	(77,197,072)	(77,197,072)	-	(77,197,072)
– Plan participants	-	(1,098,536)	(1,098,536)	-	(1,098,536)
Benefit paid by plan:					
– Benefit payments	(56,840,973)	56,840,973	-	-	-
	(56,840,973)	(21,454,635)	(78,295,608)	-	(78,295,608)
At December 31, 2014*	1,333,399,150	(1,217,304,170)	116,094,980	-	116,094,980
Current service cost	6,490,592	22,625,632	29,116,224	-	29,116,224
Interest expense/(income)	52,869,276	(45,885,078)	6,984,198	-	6,984,198
	59,359,868	(23,259,446)	36,100,422	-	36,100,422
Remeasurements:					
– (Gain)/loss from change in financial assumptions	4,969,266	56,838,211	61,807,477	-	61,807,477
Contributions:					
– Employers	-	(1,527,726)	(1,527,726)	-	(1,527,726)
– Plan participants	-	(549,268)	(549,268)	-	(549,268)
Benefit paid by plan:					
– Benefit payments	(20,094,552)	20,094,552	-	-	-
	(20,094,552)	18,017,558	(2,076,994)	-	(2,076,994)
At June 30, 2015	1,377,633,732	(1,165,707,847)	211,925,885	-	211,925,885

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

b. Post-employment medical benefits (continued)

Post-employment medical benefits charged for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 were allocated as follows:

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Cost of goods sold (Note 26)	14,106,560	34,526,585	42,642,075	32,663,911	22,055,554
General and administrative expenses (Note 27)	21,993,862	54,544,260	82,775,793	44,213,794	34,387,323
Total	36,100,422	89,070,845	125,417,868	76,877,705	56,442,877

The actual return on plan assets as at June 30, 2015, December 31, 2014, 2013 and 2012 were Rp(8,730,393), Rp105,640,582, Rp10,629,973 and Rp31,793,859, respectively.

Expected contributions to post-employment medical benefits plan for the year ending December 31, 2015 are Rp77,197,072.

Plan assets comprise the following:

	June 30, 2015		December 31, 2014		December 31, 2013		December 31, 2012	
	Fair value	%	Fair value	%	Fair value	%	Fair value	%
Equity instruments	326,520,750	28%	321,581,201	27%	282,265,568	26%	297,945,485	29%
Debt instruments	458,262,292	39%	455,645,520	37%	516,973,998	47%	372,398,361	37%
Mutual fund	172,040,881	15%	152,012,210	12%	131,512,710	12%	107,512,590	11%
Others	208,883,924	18%	288,065,239	24%	167,746,221	15%	233,228,972	23%
Total	1,165,707,847	100%	1,217,304,170	100%	1,098,498,497	100%	1,011,085,408	100%

As at June 30, 2015, December 31, 2014, 2013 and 2012, the Company's plant assets for post-employment medical benefits plan are invested in the Company's shares and bonds that listed in Indonesia Stock Exchange amounting to Rp5,706,313, Rp8,884,644, Rp18,623,883 and Rp12,590,563, respectively.

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

b. Post-employment medical benefits (continued)

The Group's plan assets as at June 30, 2015 amounting to Rp705,503,923 (December 31, 2014: Rp653,302,391, December 31, 2013: Rp832,902,918, December 31, 2012: Rp733,436,433) represent investment in stocks, government bonds, corporate bonds and mutual funds traded on the Indonesia Stock Exchange. Meanwhile, plan assets amounting to Rp192,200,000 (December 31, 2014: Rp270,700,000, December 31, 2013: Rp152,930,000, December 31, 2012: Rp217,130,000) represents investment in liquid investment such as time deposits and deposits on call.

c. Other post-retirement benefits

The Company also provides for other post-retirement benefits such as past-service benefits, severance, compensation for accumulated unused leave, compensation for repatriation, funeral allowance and special awards. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. The principal assumptions used in determining the benefits were similar to those used for defined benefit pension scheme, except for:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Discount rate	8.30%	8.30%	9.00%	10.00%

The effect of 0.5% movement of discount rate in pension benefit obligation is as follow:

June 30, 2015	Change in assumptions	Impact on overall liability
Discount rate	increase by 0.5% decrease by 0.5%	decrease by Rp1,460,394 increase by Rp3,808,010

The amounts recognised in the consolidated statement of financial position were determined as follows:

	June 30, 2015	December 31, 2014*	December 31, 2013*	December 31, 2012*
Present value of obligations	235,664,114	228,673,136	282,841,836	313,833,897
Fair value of plan assets	(31,189,718)	(31,188,003)	(28,409,350)	(28,720,848)
Net	204,474,396	197,485,133	254,432,486	285,113,049

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

c. Other post-retirement benefits (continued)

The movement in the defined benefit obligation over the period/year is as follows:

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ assets ceiling	Total
At January 1, 2012*	278,425,597	(23,583,699)	254,841,898	-	254,841,898
Current service cost	30,065,438	-	30,065,438	-	30,065,438
Interest expense/(income)	19,489,792	(1,245,688)	18,244,104	-	18,244,104
	<u>49,555,230</u>	<u>(1,245,688)</u>	<u>48,309,542</u>	-	<u>48,309,542</u>
Remeasurements:					
– (Gain)/loss from change in financial assumptions	(17,845)	11,225,539	11,207,694	-	11,207,694
Contributions:					
– Employers	-	(19,060,764)	(19,060,764)	-	(19,060,764)
– Benefit payments	(14,129,085)	3,943,764	(10,185,321)	-	(10,185,321)
	<u>(14,129,085)</u>	<u>(15,117,000)</u>	<u>(29,246,085)</u>	-	<u>(29,246,085)</u>
At December 31, 2012*	313,833,897	(28,720,848)	285,113,049	-	285,113,049
Current service cost	22,802,382	-	22,802,382	-	22,802,382
Interest expense/(income)	18,830,034	(1,492,153)	17,337,881	-	17,337,881
	<u>41,632,416</u>	<u>(1,492,153)</u>	<u>40,140,263</u>	-	<u>40,140,263</u>
Remeasurements:					
– (Gain)/loss from change in financial assumptions	(53,641,338)	18,969,627	(34,671,711)	-	(34,671,711)
Contributions:					
– Employers	-	(22,603,755)	(22,603,755)	-	(22,603,755)
– Benefit payments	(18,983,139)	5,437,779	(13,545,360)	-	(13,545,360)
	<u>(18,983,139)</u>	<u>(17,165,976)</u>	<u>(36,149,115)</u>	-	<u>(36,149,115)</u>
At December 31, 2013*	282,841,836	(28,409,350)	254,432,486	-	254,432,486
Current service cost	15,102,451	-	15,102,451	-	15,102,451
Interest expense/(income)	25,455,765	(2,357,976)	23,097,789	-	23,097,789
	<u>40,558,216</u>	<u>(2,357,976)</u>	<u>38,200,240</u>	-	<u>38,200,240</u>
Remeasurements:					
– (Gain)/loss from change in financial assumptions	(46,368,678)	(25,863)	(46,394,541)	-	(46,394,541)
Contributions:					
– Employers	-	(17,278,332)	(17,278,332)	-	(17,278,332)
– Benefit payments	(48,358,238)	16,883,518	(31,474,720)	-	(31,474,720)
	<u>(48,358,238)</u>	<u>(394,814)</u>	<u>(48,753,052)</u>	-	<u>(48,753,052)</u>
At December 31, 2014*	228,673,136	(31,188,003)	197,485,133	-	197,485,133

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

c. Other post-retirement benefits (continued)

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ assets ceiling	Total
At December 31, 2014*	228,673,136	(31,188,003)	197,485,133	-	197,485,133
Current service cost	8,041,644	23,288,814	31,330,458	-	31,330,458
Interest expense/(income)	9,489,935	(1,294,302)	8,195,633	-	8,195,633
	<u>17,531,579</u>	<u>21,994,512</u>	<u>39,526,091</u>	<u>-</u>	<u>39,526,091</u>
Remeasurements:					
– Loss from change in financial assumptions	<u>6,374,107</u>	<u>4,248,779</u>	<u>10,622,886</u>	<u>-</u>	<u>10,622,886</u>
Contributions:					
– Employers	-	(9,330,299)	(9,330,299)	-	(9,330,299)
– Benefit payments	<u>(16,914,708)</u>	<u>(16,914,707)</u>	<u>(33,829,415)</u>	<u>-</u>	<u>(33,829,415)</u>
	<u>(16,914,708)</u>	<u>(26,245,006)</u>	<u>(43,159,714)</u>	<u>-</u>	<u>(43,159,714)</u>
At June 30, 2015	<u>235,664,114</u>	<u>(31,189,718)</u>	<u>204,474,396</u>	<u>-</u>	<u>204,474,396</u>

Other post-retirement benefits charged for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 were allocated as follows:

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
Cost of goods sold (Note 26)	21,871,345	11,544,813	31,087,794	16,884,632	26,731,575
General and administrative expenses (Note 27)	<u>17,654,746</u>	<u>12,868,491</u>	<u>7,112,446</u>	<u>23,255,631</u>	<u>21,577,967</u>
Total	<u>39,526,091</u>	<u>24,413,304</u>	<u>38,200,240</u>	<u>40,140,263</u>	<u>48,309,542</u>

Expected contributions to other post-retirement benefits plan for the year ending December 31, 2015 are Rp18,660,598.

Plan assets comprise the following:

	June 30, 2015		December 31, 2014		December 31, 2013		December 31, 2012	
	Fair value	%	Fair value	%	Fair value	%	Fair Value	%
Insurance fund	<u>31,189,718</u>	<u>100%</u>	<u>31,188,003</u>	<u>100%</u>	<u>28,409,350</u>	<u>100%</u>	<u>28,720,848</u>	<u>100%</u>

* As restated, refer to Note 4

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

d. Other long-term employment benefits

Apart from pension benefits, post-employment medical benefits and other post-employment benefits, the Company also provides long-term employment benefits such as continuing salary before retirement age and service allowances. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. The principal assumptions used by KAIA in determining the benefits were similar to those used in other post-retirement benefits (Note 28c).

The effect of 0.5% movement of discount rate in pension benefit obligation is as follow:

June 30, 2015	Change in assumptions	Impact on overall liability
Discount rate	increase by 0.5% decrease by 0.5%	decrease by Rp1,212,650 increase by Rp1,287,972

The amounts recognised in the consolidated statement of financial position were determined as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Present value of obligations	78,105,411	79,327,389	67,346,288	72,003,291

The movement in the defined benefit obligation over the period/year is as follows:

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ assets ceiling	Total
At January 1, 2012	63,512,927	-	63,512,927	-	63,512,927
Current service cost	4,607,599	-	4,607,599	-	4,607,599
Interest expense/(income)	4,445,905	-	4,445,905	-	4,445,905
Actuarial (gain)/loss	5,570,814	-	5,570,814	-	5,570,814
	<u>14,624,318</u>	-	<u>14,624,318</u>	-	<u>14,624,318</u>
Benefit payments	(6,133,954)	-	(6,133,954)	-	(6,133,954)
At December 31, 2012	<u>72,003,291</u>	-	<u>72,003,291</u>	-	<u>72,003,291</u>
Current service cost	3,968,344	-	3,968,344	-	3,968,344
Interest expense/(income)	4,320,197	-	4,320,197	-	4,320,197
Actuarial (gain)/loss	(9,133,334)	-	(9,133,334)	-	(9,133,334)
	<u>(844,793)</u>	-	<u>(844,793)</u>	-	<u>(844,793)</u>
Benefit payments	(3,812,210)	-	(3,812,210)	-	(3,812,210)
At December 31, 2013	<u>67,346,288</u>	-	<u>67,346,288</u>	-	<u>67,346,288</u>
Current service cost	3,871,292	-	3,871,292	-	3,871,292
Interest expense/(income)	6,061,166	-	6,061,166	-	6,061,166
Actuarial (gain)/loss	7,494,125	-	7,494,125	-	7,494,125
	<u>17,426,583</u>	-	<u>17,426,583</u>	-	<u>17,426,583</u>
Benefit payments	(5,445,482)	-	(5,445,482)	-	(5,445,482)
At December 31, 2014	<u>79,327,389</u>	-	<u>79,327,389</u>	-	<u>79,327,389</u>

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28. EMPLOYEE BENEFIT LIABILITY (continued)

Pension and other post-retirement obligations (continued)

d. Other long-term employment benefits (continued)

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ assets ceiling	Total
At December 31, 2014	79,327,389	-	79,327,389	-	79,327,389
Current service cost	2,018,288	-	2,018,288	-	2,018,288
Interest expense/(income)	3,292,086	-	3,292,086	-	3,292,086
Actuarial (gain)/loss	(19,453)	-	(19,453)	-	(19,453)
	<u>5,290,921</u>	<u>-</u>	<u>5,290,921</u>	<u>-</u>	<u>5,290,921</u>
Benefit payments	(6,512,899)	-	(6,512,899)	-	(6,512,899)
At June 30, 2015	<u>78,105,411</u>	<u>-</u>	<u>78,105,411</u>	<u>-</u>	<u>78,105,411</u>

Other long term employment benefits charged for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012, were allocated as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Cost of goods sold (Note 26)	3,753,075	2,933,022	5,866,045	(3,121,621)	10,373,650
General and administrative expenses (Note 27)	<u>1,537,846</u>	<u>1,623,594</u>	<u>11,560,538</u>	<u>2,276,828</u>	<u>4,250,668</u>
Total	<u>5,290,921</u>	<u>4,556,616</u>	<u>17,426,583</u>	<u>(844,793)</u>	<u>14,624,318</u>

29. RELATED PARTIES INFORMATION

The Company is controlled by the Government of the Republic of Indonesia. Transactions with related parties are as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Sales:					
PT Pegadaian (Persero)	290,400,583	353,278,756	953,891,499	1,428,332,529	967,300,385
ICA	35,445,232	9,184,405	19,745,246	-	-
PT Bank Mandiri (Persero) Tbk	17,142,918	2,660,497	2,690,303	26,214,129	-
PT Nusa Halmahera Minerals	-	6,576,547	9,308,805	8,765,226	-
PT Bank Negara Indonesia (Persero) Tbk	-	4,482,454	4,923,935	18,056,435	-
PT Bank Rakyat Indonesia (Persero) Tbk	-	3,996,075	21,496,587	27,752,559	60,644,766
PT Pertamina (Persero)	-	-	20,285	33,674,429	45,088,829
PT Bukit Asam (Persero) Tbk	-	-	4,232,940	5,571,738	9,762,155
Others (each below 0.5% of paid in capital)	-	17,156,137	6,707,055	20,344,805	14,086,611
	<u>342,988,733</u>	<u>397,334,871</u>	<u>1,023,016,655</u>	<u>1,568,711,850</u>	<u>1,096,882,746</u>
Percentage of total sales	<u>4.37%</u>	<u>9.97%</u>	<u>10.86%</u>	<u>13.88%</u>	<u>10.50%</u>

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29. RELATED PARTIES INFORMATION (continued)

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Purchase of goods/services :					
PT Pertamina (Persero)	248,715,397	601,538,800	911,554,655	1,449,128,453	1,205,585,987
Koperasi Karyawan dan Pensiunan PT Antam Tbk	26,431,488	29,308,139	46,311,952	27,223,675	103,561,757
PT Reksa Griya Antam	6,204,478	4,590,171	8,291,981	17,497,503	10,574,495
PT Dahana (Persero)	5,937,256	6,574,766	10,916,748	10,711,643	-
PT Minerina Bhakti	-	16,790,953	19,475,116	85,793,603	25,318,947
Others (each below 0.5% of paid in capital)	2,279,270	19,636,092	6,669,654	15,602,937	6,490,451
	<u>289,567,889</u>	<u>678,438,921</u>	<u>1,003,220,106</u>	<u>1,605,957,814</u>	<u>1,351,531,637</u>
Percentage of total cost of goods sold and operating expenses	3.74%	16.25%	10.50%	14.99%	14.18%

Balances with related parties are as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Cash in banks:				
PT Bank Mandiri (Persero) Tbk	932,001,311	729,686,524	870,342,443	1,153,390,955
PT Bank Rakyat Indonesia (Persero) Tbk	47,322,374	29,627,229	16,825,648	38,479,167
PT Bank Negara Indonesia (Persero) Tbk	23,116,366	24,842,324	58,855,551	24,430,453
PT Bank Syariah Mandiri	435,654	2,872,463	3,383,444	1,039
	<u>1,002,875,705</u>	<u>787,028,540</u>	<u>949,407,086</u>	<u>1,216,301,614</u>
Time deposits:				
PT Bank Negara Indonesia (Persero) Tbk	100,000,000	-	3,500,000	74,000,000
PT Bank Tabungan Negara (Persero) Tbk	14,000,000	104,349,867	106,094,848	268,825,566
PT Bank Rakyat Indonesia (Persero) Tbk	8,553,465	616,348,846	405,000,000	1,090,100,000
PT Bank Mandiri (Persero) Tbk	6,154,214	37,999,995	40,640,850	24,193,413
PT Bank Syariah Mandiri	-	385,235	4,460,000	-
	<u>128,707,679</u>	<u>759,083,943</u>	<u>559,695,698</u>	<u>1,457,118,979</u>
	<u>1,131,583,384</u>	<u>1,546,112,483</u>	<u>1,509,102,784</u>	<u>2,673,420,593</u>
Percentage of total assets	5.02%	7.03%	6.85%	13.56%
Trade receivables:				
ICA	58,189,012	20,437,730	-	-
MJIS	7,380,306	-	-	-
Others (each below 0.5% of paid in capital)	1,299,084	1,087,702	317,981	458,981
	<u>66,868,402</u>	<u>21,525,432</u>	<u>317,981</u>	<u>458,981</u>
Percentage of total assets	0.30%	0.10%	0.001%	0.002%
Non-trade receivable:				
MJIS	41,030,678	37,027,697	33,732,183	-
Percentage of total assets	0.18%	0.17%	0.15%	-

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29. RELATED PARTIES INFORMATION (continued)

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Restricted cash:				
PT Bank Mandiri (Persero) Tbk	58,449,673	8,909,519	48,655,673	9,524,466
PT Bank Rakyat Indonesia (Persero) Tbk	3,555,625	-	49,867,037	62,942,841
	<u>62,005,298</u>	<u>8,909,519</u>	<u>98,522,710</u>	<u>72,467,307</u>
Percentage of total assets	0.27%	0.04%	0.45%	0.37%
Trade payables:				
PT Wijaya Karya (Persero) Tbk	171,377,890	192,145,705	-	-
PT Pertamina (Persero)	119,050,141	21,570,267	49,779,238	4,604,379
PT Adhi Karya (Persero) Tbk	20,435,039	11,375,728	-	11,083,521
PT Nindya Karya (Persero)	8,514,086	-	8,588,262	-
PT Dahana (Persero)	5,122,505	1,736,038	2,275,309	3,773,110
PT Menara Antam Sejahtera	4,300,190	-	-	-
Others (each below 0.5% of paid in capital)	5,494,076	11,994,101	14,614,976	19,264,056
	<u>334,293,927</u>	<u>238,821,839</u>	<u>75,257,785</u>	<u>38,725,066</u>
Percentage of total liabilities	3.05%	2.40%	0.77%	0.54%
Short-term bank loans:				
PT Bank Rakyat Indonesia (Persero) Tbk	1,353,200,000	20,000,000	20,000,000	20,000,000
PT Bank Mandiri (Persero) Tbk	-	1,244,000,000	1,218,900,000	-
	<u>1,353,200,000</u>	<u>1,264,000,000</u>	<u>1,238,900,000</u>	<u>20,000,000</u>
Percentage of total liabilities	12.33%	12.70%	12.72%	0.28%

The aggregate compensation of key management personnel of the Company for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 is as follows:

June 30, 2015				
	Board of Directors		Board of Commissioners	
	% of total employee cost	Rp	% of total employee cost	Rp
Salaries	1.60	6,737,747	0.55	2,319,000
Tantiem and bonus	0.23	962,280	0.10	433,026
Total	1.83	7,700,027	0.65	2,752,026
June 30, 2014				
	Board of Directors		Board of Commissioners	
	% of total employee cost	Rp	% of total employee cost	Rp
Salaries	1.81	8,615,996	0.43	2,044,125
Tantiem and bonus	0.43	2,029,735	0.19	910,292
Total	2.24	10,645,731	0.62	2,954,417
December 31, 2014				
	Board of Directors		Board of Commissioners	
	% of total employee cost	Rp	% of total employee cost	Rp
Salaries	1.09	10,040,910	0.47	4,345,313
Tantiem and bonus	0.40	3,737,793	0.16	1,495,117
Total	1.49	13,778,703	0.63	5,840,430

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29. RELATED PARTIES INFORMATION (continued)

	December 31, 2013			
	Board of Directors		Board of Commissioners	
	% of total employee cost	Rp	% of total employee cost	Rp
Salaries	1.26	13,382,289	0.50	6,145,087
Tantiem and bonus	0.48	5,069,500	0.10	2,216,844
Total	1.74	18,451,789	0.60	8,361,931

	December 31, 2012			
	Board of Directors		Board of Commissioners	
	% of total employee cost	Rp	% of total employee cost	Rp
Salaries	2.17	18,211,400	0.94	7,884,779
Tantiem and bonus	1.11	9,334,552	0.50	3,334,741
Total	3.28	27,545,952	1.44	11,219,520

The Company considers the members of the Boards of Commissioners and Directors as its key management personnel.

Because of the nature of related party relationships, it is possible that the terms and conditions of the above transactions are not the same as those that would result from transactions with non-related parties.

The Company provides a post-employment benefit plan and a post-employment healthcare benefit plan for employees through Dana Pensiun Antam and Yayasan Kesehatan Pensiunan Antam ("Yakespen Antam"). The total payments made by the Company related to these plans is as follows:

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Contributions paid to:				
Dana Pensiun Antam	28,733,040	114,196,812	5,139,882	4,994,601
Yakespen Antam	1,527,726	77,197,072	152,489,746	161,379,832
	<u>30,260,766</u>	<u>191,393,884</u>	<u>157,629,628</u>	<u>166,374,433</u>

The nature of transactions and relationships with related parties is as follows:

Related parties	Relationship	Nature of transactions
Dana Pensiun Antam	Provider of the Company's pension benefit plan	Pension and other plan services
Yakespen Antam	Provider of the Company's post-retirement healthcare benefit	Post-retirement and healthcare benefit plan services
Boards of Commissioners and Directors	Key management personnel	Salaries, tantiem and bonus
Koperasi Karyawan dan Pensiunan PT Antam Tbk	Employees' and retirees' cooperative	Raw material purchases and non-permanent labor
PT Adhi Karya (Persero) Tbk	Entity related with the Government of Indonesia	Construction services
PT Bank Mandiri (Persero) Tbk	Entity related with the Government of Indonesia	Cash in bank and time deposits and guarantee for fuel purchases from PT Pertamina (Persero) and customer of precious metal

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29. RELATED PARTIES INFORMATION (continued)

Related parties	Relationship	Nature of transactions
PT Bank Negara Indonesia (Persero) Tbk	Entity related with the Government of Indonesia	Cash in bank and time deposits and customer of precious metal
PT Bank Rakyat Indonesia (Persero) Tbk	Entity related with the Government of Indonesia	Cash in bank and time deposits and guarantee for employees' loan facility, customer of precious metal
PT Bank Tabungan Negara (Persero) Tbk	Entity related with the Government of Indonesia	Time deposits
PT Barata Indonesia (Persero)	Entity related with the Government of Indonesia	Purchases of goods and services for production activities
PT Dahana (Persero)	Entity related with the Government of Indonesia	Purchases of goods for production activities
PT Pelindo II (Persero)	Entity related with the Government of Indonesia	Transportation service of nickel
PT Djakarta Lloyd (Persero)	Entity related with the Government of Indonesia	Transportation service of nickel
PT Garuda Indonesia (Persero) Tbk	Entity related with the Government of Indonesia	Customer of precious metal
PT Badan Klarifikasi Indonesia (Persero)	Entity related with the Government of Indonesia	Customer of precious metal
PT Minerina Bhakti	Entity related with the Government of Indonesia	Mining contractor services
PT Minerina Cipta Guna	Entity related with the Government of Indonesia	Mining contractor services
PT Pegadaian (Persero)	Entity related with the Government of Indonesia	Customer of precious metal
PT Krakatau Steel (Persero)	Entity related with the Government of Indonesia	Customer of precious metal
PT Pupuk Sriwidjaja	Entity related with the Government of Indonesia	Customer of precious metal
PT Perusahaan Gas Negara (Persero)	Entity related with the Government of Indonesia	Customer of precious metal
PT Pertamina (Persero)	Entity related with the Government of Indonesia	Purchases of goods and services for production activities, customer of precious metal
PT Perusahaan Perdagangan Indonesia (Persero)	Entity related with the Government of Indonesia	Purchases of goods for production activities
PT Nindya Karya (Persero)	Entity related with the Government of Indonesia	Purchases of goods for production activities
PT Wijaya Karya (Persero)	Entity related with the Government of Indonesia	Purchases of goods for production activities
PT Bank Syariah Mandiri Tbk	Entity related with the Government of Indonesia	Cash in bank and time deposits and customer of precious metal
PT Jasa Marga (Persero) Tbk	Entity related with the Government of Indonesia	Customer of precious metal
PT Reksa Griya Antam	A major investee of Dana Pensiun Antam	Rental of office space, maintenance and cleaning services
PT Nusa Halmahera Minerals	An associate of the Company	Customer of precious metal
PT Meratus Jaya Iron & Steel	An associate of the Company	Interest bearing loan to related party
PT Indonesia Chemical Alumina	A jointly controlled entity by the Company	Customer of bauxite
PT Menara Antam Sejahtera	An associate of the Company	Rental service for office
PT Bukit Asam (Persero) Tbk	Entity related with the Government of Indonesia	Customer of precious metal
PT Surveyor Indonesia Tbk	Entity related with the Government of Indonesia	Purchases of goods for production activities
PT Telekomunikasi Indonesia Tbk	Entity related with the Government of Indonesia	Purchases of goods for production activities
PT Semen Indonesia (Persero)	Entity related with the Government of Indonesia	Customer of precious metal

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30. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
(Loss)/profit attributable to the owners of the parent	(395,993,432)	(671,144,683)	(743,529,137)	532,797,012	3,009,756,761
Weighted-average number of shares outstanding during the period/year	<u>9,534,667</u>	<u>9,534,582</u>	<u>9,534,667</u>	<u>9,534,582</u>	<u>9,530,251</u>
Basic and diluted (loss)/earnings per share (full amount)	<u>(42)</u>	<u>(70)</u>	<u>(78)</u>	<u>56</u>	<u>316</u>

There is no dilution to the basic earnings per share as at June 30, 2015, 2014 and December 31, 2014, 2013 and 2012.

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Weighted-average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	9,534,667	9,538,460	9,534,667	9,538,460	9,534,129
Treasury stock	-	(3,878)	-	(3,878)	(3,878)
Net	<u>9,534,667</u>	<u>9,534,582</u>	<u>9,534,667</u>	<u>9,534,582</u>	<u>9,530,251</u>

* As restated, refer to Note 4

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31. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

	June 30, 2015		December 31, 2014		December 31, 2013		December 31, 2012	
	Foreign currencies (Full amount)	Rupiah equivalent	Foreign currencies (Full amount)	Rupiah equivalent	Foreign currencies (Full amount)	Rupiah equivalent	Foreign currencies (Full amount)	Rupiah equivalent
Assets								
Cash and cash equivalents	113,285,142	1,510,317,507	138,666,833	1,725,015,399	157,647,647	1,921,567,173	224,048,427	2,166,548,289
US Dollar	506,215	5,172,374	597,936	6,109,899	802,805	8,731,305	1,741,799	17,461,538
Australian Dollar	3,917,509	426,842	13,709,787	1,429,233	7,076,371	822,062	5,893,820	659,931
Japanese Yen	69,626	180,120	61,795	125,630	-	-	-	-
Chinese Renminbi	113,925,900	1,518,860,102	85,817,947	1,067,575,256	95,435,361	-	178,030,308	1,721,553,081
US Dollar	4,283,303	57,104,992	638,458	7,942,417	3,932,236	47,930,025	966,675	9,347,747
Trade receivables								
Restricted cash								
US Dollar								
Total assets		<u>3,092,061,937</u>		<u>2,808,197,834</u>		<u>3,142,312,179</u>		<u>3,915,570,586</u>
Liabilities								
Trade payables	14,106,030	188,061,588	30,901,031	384,408,825	1,849,929	22,548,787	889,495	8,601,414
US Dollar	70,081,813	7,635,939	52,312,377	5,453,518	62,647,353	7,277,743	251,576	28,169
Japanese Yen	249,547	3,723,229	39,395	596,160	263,443	4,431,645	9,580	122,721
European Euro	13,172	276,217	13,172	255,147	13,172	264,714	13,172	205,206
British Pound Sterling	24,243	247,707	4,743	48,464	8,153	88,668	11,407	114,355
Australian Dollar	1,892	18,717	1,892	17,824	3,422	32,951	1,628	12,873
Singapore Dollar	2,239,204	29,853,066	2,003,796	24,927,226	3,462,839	42,208,543	8,342,136	80,668,451
US Dollar								
Accrued expenses								
Advance from the customer	453,094,778	6,040,659,580	401,169,778	4,990,552,038	309,244,768	3,769,384,477	19,609,057	189,619,579
US Dollar	14,400,000	191,980,800	15,000,000	186,600,000	15,000,000	182,835,000	170,000,000	1,643,900,000
Other non-current liabilities								
Total liabilities		<u>6,462,456,843</u>		<u>5,592,859,222</u>		<u>4,029,072,528</u>		<u>1,923,272,768</u>
Net assets/(liabilities)		<u>(3,370,394,906)</u>		<u>(2,784,661,388)</u>		<u>(886,760,349)</u>		<u>1,992,252,818</u>

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar.

If assets and liabilities in foreign currencies as at June 30, 2015 had been translated using the closing rates as at the date of this report, the total net foreign currencies liabilities of the Group would increase by approximately Rp51,498,385.

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32. OPERATING SEGMENT INFORMATION

The management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business operations from both the business type and geographical perspective. The Group's business segments can be identified as two major business operations, consisting of (a) nickel and (b) gold and refinery. All transactions between segments have been eliminated.

Information concerning the segments for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 are as follows:

	June 30, 2015				
	Nickel	Gold and refinery	Others	Head Office	Total
Sales	1,923,101,732	5,777,334,674	148,578,583	-	7,849,014,989
Outcome					
Operating profit/(loss)	23,021,313	433,506,086	(114,878,709)	(238,305,225)	103,343,465
Finance income	178,399	1,509,867	3,317,541	17,677,742	22,683,549
Finance costs	-	(10,516,582)	(651,186)	(106,504,454)	(117,672,222)
Income tax benefit, net	-	-	-	46,434,011	46,434,011
Other (expenses)/income, net	(45,939,968)	19,037,493	(11,169,342)	(412,710,891)	(450,782,708)
(Loss)/profit for the period	(22,740,256)	443,536,864	(123,381,696)	(693,408,817)	(395,993,905)
Other information					
Segment assets	4,163,533,095	3,171,228,135	2,020,881,077	13,194,948,962	22,550,591,269
Segment liabilities	465,571,543	270,155,939	146,547,273	10,092,893,403	10,975,168,158
Capital expenditures	28,875,881	149,095,641	32,669,273	405,200,629	615,841,424
Depreciation and amortisation	161,652,802	189,415,133	24,833,130	2,698,348	378,599,413
	June 30, 2014*				
	Nickel	Gold and refinery	Others	Head Office	Total
Sales	1,827,922,216	2,073,993,720	84,801,494	-	3,986,717,430
Outcome					
Operating profit/(loss)	23,826,068	151,137,065	(117,845,366)	(244,448,962)	(187,331,195)
Finance income	189,658	1,259,743	1,854,795	27,353,928	30,658,124
Finance costs	-	(1,070,150)	(426,715)	(63,021,310)	(64,518,175)
Income tax benefit, net	-	-	-	48,317,232	48,317,232
Other (expenses)/income, net	(115,414,405)	(19,489,755)	(56,124,648)	(307,241,188)	(498,269,996)
(Loss)/profit for the period	(91,398,679)	131,836,903	(172,541,934)	(539,040,300)	(671,144,010)
Other information					
Segment assets	4,168,660,692	2,533,990,871	1,924,832,798	12,265,036,849	20,892,521,210
Segment liabilities	433,925,188	271,062,755	163,224,800	8,457,174,875	9,325,387,618
Capital expenditures	42,847,752	164,121,503	101,488,486	793,608,191	1,102,065,932
Depreciation and amortisation	163,630,633	129,013,541	19,668,544	2,175,117	314,487,835

* As restated, refer to Note 4

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 5/98

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32. OPERATING SEGMENT INFORMATION (continued)

Information concerning the segments for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 are as follows (continued) :

	December 31, 2014*				
	Nickel	Gold and refinery	Others	Head Office	Total
Sales	4,064,994,468	5,146,859,511	208,776,954	-	9,420,630,933
Outcome					
Operating profit (loss)	569,910,280	96,648,334	(292,427,741)	(511,193,597)	(137,062,724)
Finance income	349,942	3,667,193	5,701,310	58,946,111	68,664,556
Finance costs	-	(4,119,937)	(1,808,676)	(120,623,519)	(126,552,132)
Income tax benefit, net	-	-	-	47,262,966	47,262,966
Other (expenses)/income, net	(92,150,593)	55,427,862	(53,250,972)	(505,868,556)	(595,842,259)
Profit/(loss) for the year	478,109,629	151,623,452	(341,786,079)	(1,031,476,595)	(743,529,593)
Other information					
Segment assets	4,135,962,875	2,776,032,570	1,981,761,851	13,110,326,384	22,004,083,680
Segment liabilities	342,790,293	259,691,248	127,944,516	9,223,740,734	9,954,166,791
Capital expenditures	79,081,892	56,462,801	454,633,547	2,155,179,548	2,745,357,788
Depreciation and amortisation	328,162,701	420,227,910	46,325,975	4,292,133	799,008,719

	December 31, 2013*				
	Nickel	Gold and refinery	Others	Head Office	Total
Sales	6,126,338,733	5,020,191,358	151,791,415	-	11,298,321,506
Outcome					
Operating profit (loss)	1,095,846,696	723,304,362	(309,188,334)	(925,127,170)	584,835,554
Finance income	578,416	3,144,028	5,786,944	75,806,993	85,316,381
Finance costs	-	(1,956,620)	(384,697)	(58,318,728)	(60,660,045)
Income tax benefit, net	-	-	-	501,926,804	501,926,804
Other (expenses)/income, net	109,535,647	46,415,472	(295,974)	(734,273,573)	(578,618,428)
Profit/(loss) for the year	1,205,960,759	770,907,242	(304,082,061)	(1,139,985,674)	532,800,266
Other information					
Segment assets	5,267,574,767	2,400,979,838	1,806,849,951	12,556,739,334	22,032,143,890
Segment liabilities	640,370,102	258,370,471	207,985,764	8,633,009,519	9,739,735,856
Capital expenditures	485,119,187	460,091,412	609,349,145	1,196,787,876	2,751,347,620
Depreciation and amortisation	390,197,469	371,396,196	33,680,372	3,553,092	798,827,129

* As restated, refer to Note 4

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32. OPERATING SEGMENT INFORMATION (continued)

Information concerning the segments for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 are as follows (continued) :

	December 31, 2012*				
	Nickel	Gold and refinery	Others	Head Office	Total
Sales	6,236,731,459	3,957,874,045	255,280,008	-	10,449,885,512
Outcome					
Operating profit (loss)	1,036,493,491	647,361,993	(201,929,265)	(563,873,124)	918,053,095
Finance income	512,707	2,244,852	11,491,402	151,820,196	166,069,157
Finance costs	-	-	(628,402)	(233,872,418)	(234,500,820)
Income tax expense, net	-	-	-	(907,926,590)	(907,926,590)
Other (expenses)/income, net	(102,572,563)	60,442,463	3,937,934	3,106,254,834	3,068,062,668
Profit/(loss) for the year	934,433,635	710,049,308	(187,128,331)	1,552,402,898	3,009,757,510
Other information					
Segment assets	4,962,184,608	2,106,191,653	1,302,664,695	11,337,499,990	19,708,540,946
Segment liabilities	687,732,796	362,544,972	118,848,445	6,052,345,887	7,221,472,100
Capital expenditures	696,393,360	364,295,589	505,814,202	728,471,436	2,294,974,587
Depreciation and amortisation	307,366,806	311,046,692	23,340,755	4,025,511	645,779,764

The information for the geographical segment for the six-months periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 are as follows:

	Nickel	Gold and refinery	Others	Total
June 30, 2015 (6 months)				
Sales:				
Export	1,923,101,732	4,206,901,099	-	6,130,002,831
Local	-	1,570,433,575	148,578,583	1,719,012,158
Total	1,923,101,732	5,777,334,674	148,578,583	7,849,014,989
June 30, 2014 (6 months)				
Sales:				
Export	1,827,922,216	1,036,589,792	42,149,492	2,906,661,500
Local	-	1,037,403,928	42,652,002	1,080,055,930
Total	1,827,922,216	2,073,993,720	84,801,494	3,986,717,430
December 31, 2014 (12 months)				
Sales:				
Export	4,064,994,468	2,590,984,640	41,877,957	6,697,857,065
Local	-	2,555,874,871	166,898,997	2,722,773,868
Total	4,064,994,468	5,146,859,511	208,776,954	9,420,630,933
December 31, 2013 (12 months)				
Sales:				
Export	6,126,338,733	1,066,538,640	103,130,816	7,296,008,189
Local	-	3,953,652,718	48,660,599	4,002,313,317
Total	6,126,338,733	5,020,191,358	151,791,415	11,298,321,506
December 31, 2012 (12 months)				
Sales:				
Export	6,236,731,459	1,024,789,151	154,455,026	7,415,975,636
Local	-	2,933,084,894	100,824,982	3,033,909,876
Total	6,236,731,459	3,957,874,045	255,280,008	10,449,885,512

* As restated, refer to Note 4

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Financial Obligations under Various Mining Business Permits

As a mining license holder, the Group is obligated to pay concession fees per hectare of Mining Business Permits explored, developed and extracted to the State Office Funds. The amount of concession fees is based on the type of mineral and the level of production.

b. Environmental Matters

The operations of the Group have been, and may in the future be, affected from time to time by changes in environmental regulations. The Group's policy is to comply with all applicable regulations issued by the Government of the Republic of Indonesia, by applying technically proven and economically feasible measures.

The Group have recognised a provision for estimated environmental and reclamation costs (Note 21).

c. The Company's Ownership in Strategic Partnerships Mining Entities

The Company formed strategic partnerships and has ownership interests in several mining entities without any cash contributions ("free carried"), as follows:

	<u>Percentage of ownership (%)</u>	<u>Status as at June 30, 2015</u>
PT Sorikmas Mining	25	Exploration
PT Galuh Cempaka	20	Production*
PT Dairi Prima Minerals	20	Construction
PT Gorontalo Minerals	20	Development
PT Sumbawa Timur Mining	20	Exploration
PT Pelsart Tambang Kencana	15	Exploration
PT Weda Bay Nickel	10	Construction

* Production phase is suspended due to reassessment of the value of reserves.

The Company will only contribute funds for the operations of the above companies in accordance with the Company's ownership interest if they have entered the production stage.

Those mining entities hold a Contract of Work ("CoW") with the Government of the Republic of Indonesia.

d. Agreement for Feasibility Study and/or Establishment of Strategic Partnerships Mining Entity to Undertake Exploration, Evaluation and Development Work

The Company has entered into a joint venture agreement with Herald Mining Group ("HMG") to undertake exploration, evaluation and development work in relation to Mining Business Permits held by an affiliate of HMG, covering the following areas located in North Sumatra:

<u>Mining Business Permits number</u>	<u>Location</u>	<u>Percentage of ownership(%)</u>
KW99JLP005	Kendit	20
KW98APP035	Parongil	20

Based on the Decision Letter No. 039/40.00/OJG/2002 on April 2002 by the Director General of Geology and Mineral Resources regarding the extension of the CoW area during the exploration stage of PT Dairi Prima Minerals, another affiliate of HMG, both mining rights in Kendit and Parongil were merged with those of PT Dairi Prima Minerals.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

e. Sales Agreements

Group has various commitments to sell ferronickel and gold to various third party customers at specified agreed quantities based on the agreements signed by the Group with those customers. Generally, selling price agreed with customers is based on international indices (for example nickel and precious metal price according to LME), as adjusted with certain factors. The selling price adjustments vary between customers, which depend on factors like the specification of requested product, handling cost, freight differential, terms of payment, etc. Beside commitment with consumers, the Company also have commitment with Glencore, who acts as sales agent. The products will be periodically delivered for periods ranging from one month to three years.

f. Alumina Project and Joint Venture Agreement

Joint Venture Agreement

On March 31, 2006, the Company entered into a Joint Venture Agreement ("JVA") with Showa Denko K.K. ("SDK"), Straits Trading Amalgamated Resources Private Limited ("STAR") and Marubeni Corporation ("Marubeni") to form ICA, a foreign investment limited liability company ("JVCO"). The JVCO shall exploit and mine bauxite and process and sell the product which is known as chemical grade alumina and other products as may be mutually agreed upon by the Parties in the future. On February 26, 2007, the Company and the Parties established ICA (Note 1c).

As acknowledged and agreed upon by the shareholders, as of the date of the JVA, the estimated total Project Cost was approximately US\$257,000,000. The JVA contained a time limit up to December 31, 2007 for ICA to meet certain conditions. Among others, the Project Cost cannot be more than US\$450,000,000, to obtain the lenders' agreement to fund the Project Cost and enter into all Ancillary Agreements.

As at December 31, 2007, ICA failed to comply with several condition in JVA. Among others, ICA has not yet entered into a loan agreement for project funding and the Engineering, Procurement and Construction ("EPC") agreement. As result of these conditions, STAR and Marubeni withdrew their equities on ICA's share capital on August 12, 2008 and July 30, 2010, respectively. On August 31, 2010, JVA was amended and restated. Now, the parties of ICA only consist of the Company with 80% interest and SDK with 20% interest.

As of June 30, 2015, ICA has not obtained some of the required Ancillary Agreements. However, ICA has obtained statement letters from the Company and SDK that they will not dispose of their equity investment or liquidate ICA.

The construction of ICA's chemical grade alumina plant has been completed in 2014. As at June 30, 2015, ICA is currently in the pre-production phase of its commercial operation.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

f. Alumina Project and Joint Venture Agreement (continued)

EPC Agreement

• **Supply Contract**

On August 31, 2010, ICA entered into a Supply Contract with Tsukishima Kikai Co. Ltd. ("Tsukishima"), as a contractor, whereby the contractor is committed to providing engineering, designing, procurement and related services to deliver all items of machinery, facilities, equipment and materials to the ICA amounting to US\$1,230,000, EUR8,991,000 and JPY6,575,985,000.

The Supply Contract has been amended subsequently with several change orders. Those change orders resulted addition in contract amount to become US\$3,735,956, JPY 690,026,000 and EUR 10,350,880.

• **Installation Contract**

On August 31, 2010, ICA entered into an Installation Contract with the Contractors, which consist of PT Wijaya Karya (Persero) Tbk ("Wika"), Tsukishima, and PT Nusantara Energi Abadi ("Nusea"), (together as "Consortium WTN"), whereby the Consortium committed to providing engineering, designing, procurement and related services to deliver all items of machinery, facilities, equipment and materials to ICA for a total contract price of US\$226,196,000.

The Installation Contract has been amended subsequently with several change orders. Those change orders resulted addition in contract amount to become US\$239,633,318.

As at June 30, 2015, total project costs capitalised by ICA from Supply Contract and Installation Contract amounted to US\$350 million.

Common Terms Agreement ("CTA")

On June 13, 2011, ICA entered into a CTA with JBIC for JBIC Loan Facility and Mizuho Ltd and Sumitomo Mitsui Trust Bank Ltd. ("Sumitomo Ltd") for a Commercial Loan Facility. The total amount of JBIC Loan Facility and Commercial Loan Facility amounting to JPY15,795,000,000 and JPY10,530,000,000, respectively. ICA is required to repay all loan facilities commencing on December 15, 2014 up to December 15, 2020. The Company and SDK provided a guarantee for repayment of ICA's loan. As at June 30, 2015, ICA has made a full drawdown from these loan facilities and the outstanding loans from these loans amount to JPY24,132,127,500.

As at June 30, 2015, ICA has complied with loan covenants, except for the Debt Service Coverage Ratio. ICA has received a waiver letter from the lender on July 1, 2015 which stated that ICA has to comply with the Debt Service Coverage Ratio covenant by November 30, 2015. As at June 30, 2015, ICA received a support letter from the Company and SDK which stated that the Company and SDK committed to provide financial support to ICA in fulfilling all of ICA's obligations for at least twelve months after August 14, 2015.

On September 30, 2011, ICA entered into a Pledge of Shares Agreement with the Company and PT Bank Mizuho Indonesia ("BMI"), whereby the Company agreed to, among others, pledge all of its shares in ICA for the interest of BMI, for and on behalf of the Finance Parties, as security for the full payment of the Secured Obligations.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

f. Alumina Project and Joint Venture Agreement (continued)

Agreement Regarding Entrustment of Guarantee Commitment

On June 13, 2011, the Company, SDK and Japan Oil, Gas, and Metal National Corporation ("JOGMEC") entered into a Guarantee Agreement, whereby JOGMEC agreed to guarantee the payment of 80% of loan from the Commercial Loan Facility. As a result of the JOGMEC guarantee, the Company and SDK as a guarantor has to, among others:

- (i) Make sure that the Guarantee Agreement does not breach all applicable laws and regulations including environmental regulations;
- (ii) Guarantee not to amend, terminate, cancel and suspend the Offtake Agreement, the Sale and Purchase Agreement for Washed Bauxite and the Manufacturing, Technology and Technical and Operational Agreement;
- (iii) Maintain the credit rating and financial ratios required.

Sales and Purchase Agreement for Washed Bauxite

On December 1, 2010, ICA entered into a Sale and Purchase Agreement with the Company, whereby the Company agreed to sell Washed Bauxite ("WBX") exclusively to the ICA from its mining site in quantities equal to at least 37.8 million wet metric tonne ("WMT") of WBX at such times and in such quantities as requested by ICA in accordance with a relevant work program and budget. During the six-month period ended June 30, 2015, ICA has purchased 100,804 WMT (June 30, 2014: 28,937 WMT) of WBX from the Company amounting to US\$2,721,708 (June 30, 2014: US\$781,299)

Offtake Agreement

On December 1, 2010, ICA entered into an Offtake Agreement with the Company and SDK, whereby the Company will distribute Commodity Grade Alumina product to the entire world excluding Japan with quantity of 25,000 metric tonne per quarter and SDK will distribute Speciality Grade Alumina product to entire world and Commodity Grade Alumina product to Japan in the quantity of 50,000 metric tonne. During the six-month period ended June 30, 2015, ICA has sold alumina products through the Company amounting to US\$227,100

g. Forestry Regulation

On March 13, 2014, the Ministry of Forestry issued Ministerial Regulation No. P.16/Menhut-II/2014. Pursuant to this regulation, a company may be given a forestry permit to use a forest area for non-forestry activities (e.g., commercial activities), subject to a number of preconditions, for a period of five years (extendable). One of the most significant preconditions under this regulation, depending on the location and the purpose of the activities to be conducted in the forest area, is for a company to be required to provide compensation land or be obliged to pay Non-Tax State Revenue ("PNBP").

As of June 30, 2015, the Group have implemented the requirement of this regulation and the management believes that this regulation will have no significant impact on the Group's operations.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

h. Stainless Steel Plant Agreement

In June 2008, the Company participated in the establishment of MJIS with a share ownership of 34%. MJIS will build and operate a stainless steel plant.

In June 2013, MJIS has entered into the operation stage. As at June 30, 2015, the operation of MJIS is temporarily shut down, due to MJIS decision to re-evaluate target market of stainless steel sales in order to achieve optimal profitability.

i. PT Bank Rakyat Indonesia (Persero) Tbk Cooperative Agreement

On June 5, 2008, the Company entered into an Employees' Loan Facility Agreement with PT Bank Rakyat Indonesia (Persero) Tbk ("BRI").

Based on this agreement, the Company agreed to open the escrow account in BRI with an initial deposit of Rp135,000,000, which will be subsequently adjusted to equal the remaining balance of the loan and interest installments.

As at December 31, 2013 and 2012, the deposit placed in the escrow account amounted to Rp49,867,037 and Rp62,942,841. As at October 31, 2014, this agreement has ended and is no longer extended.

j. Legal Issues Related to Mining Business Permits

Based on the Decision Letter ("SK") No. 153 Year 2008 dated March 17, 2008 of the Head of the District of North Konawe, the area of the Company's Exploitation Mining Authorisation for nickel mining at Tapunopaka and Bahubulu Island in Southeast Sulawesi was reduced from 6,213 hectares, which included Tapunopaka and Bahubulu, to 5,000 hectares only in Bahubulu. Based on this reduction, the Company estimated a loss in potential revenues from nickel ore of about 83.2 million tons (unaudited).

Based on the Legal Opinion from Soemadipradja & Taher Law Office dated August 11, 2008, regarding the withdrawal of the Mining Authorisation in Tapunopaka and Bahubulu Island, management believes that the Decision Letter of the Head of the District of North Konawe is against the prevailing law and, accordingly, the Company still has the right to conduct mining activities in those areas.

Since the issuance of this Decision Letter by the Head of the District of North Konawe, the Company has dealt with several legal proceedings related to this case, from the Kendari State Administrative Court up until the Supreme Court.

On August 15, 2013, the Company and the Head of the District of North Konawe signed the Deed of Settlement Agreement whereby both parties agreed to settle their disputes over this case. With the signing of this Deed of Settlement, both parties also agreed to solve dispute issues related to Mining Authorisation of Production in Tapunopaka and Bahubulu.

On August 26, 2013, the Head of the District of North Konawe issued Decision Letter No. 376 year 2013. With the issuance of this Decision Letter, the Company can continue its nickel mining activities in Tapunopaka and Bahubulu Island.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

j. Legal Issues Related to Mining Business Permits (continued)

Besides the dispute over the nickel mining areas at Tapunopaka and Bahubulu Island, the Company also has another disputed case with the Head of the District of North Konawe regarding the Decision Letter No. 86 Year 2012 issued by the Head of the District of North Konawe to revoke the Mining Authorisation of Production for the Mandiodo mining sub-district.

The Company has filed a suit against the Decision Letter No. 86 year 2012 of the Head of the District of North Konawe to Kendari State Administrative Court. In October 2013, the Kendari State Administrative Court decided in favour of the Company and decided to cancel the Decision Letter No. 86 year 2012 issued by the Head of the District of North Konawe.

The Head of the District of North Konawe appealed this decision to the Supreme Court. On July, 17 2014, the Supreme Court rejected the Head of the District of North Konawe's appeal based on Decision Letter No. 225K/TUN/2014.

On December 8, 2014, the Head of the District of North Konawe issued SK No. 644 year 2014. With this SK, the Head of the District asked the Company to complete the relevant documents of its mining permit and temporarily revoke the Company's Mining Business Permits in Tapunopaka.

On January 9, 2015, the Company applied for a request for the reactivation of its IUP in Tapunopaka and submitted the requested documents. In February 2015, the Director General of Minerals and Coal issued "14th Announcement of IUP Reconciliation (Regional Evaluation)". With this announcement, the Company's Mining Business Permit in Tapunopaka has been declared active again.

k. Mining Law

On January 12, 2009, the Government of the Republic of Indonesia issued a Mining Law containing certain provisions relating to the obligation to supply the domestic markets, limitations in the mining exploration area and production activities, and the requirement to build processing and refinery facilities within five years or up to 2014.

On February 1, 2010, the Government of the Republic of Indonesia issued the Government Regulation ("GR") No. 22 Year 2010 regarding Mining Areas ("GR No. 22") and GR No. 23 Year 2010, as amended by GR No. 1 Year 2014, regarding the Implementation of Coal and Mineral Mining Operations ("GR No. 1").

GR No. 22 regulates provisions concerning the boundary, area, and mechanism for determining the mine area, assignment procedures for investigation, research and data processing.

GR No. 23 provides classifications surrounding the procedures to obtain new IUP. GR No. 23 also requires mining rights to be converted into an IUP within three months of the issuing of GR No. 23. However, the details of the procedures still need to be specified.

GR No. 1 regulates further provisions concerning the preferential treatment of minerals and/or coal for domestic purposes; procedures for granting the IUP, Special Mining Authorisation ("IUPK") and People's Mining Right ("IPR"); implementation of community development and empowerment; the procedures for reporting the results of exploration and production operations and the share divestment of IUP holder and IUPK holder whose shares are owned by foreign shareholders.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

k. Mining Law (continued)

On July 5, 2010, the Government of the Republic of Indonesia issued GR No. 55 Year 2010 regarding the Guidance and Supervision of Mineral and Coal Mining Business ("GR No. 55"). On December 20, 2010, the Government of the Republic of Indonesia issued GR No. 78 Year 2010 regarding reclamation and post-mining ("GR No. 78").

As of June 30, 2015, the management is closely monitoring the progress of implementing regulations for the Mining Law and is in the process of analysing the impact, if any, of the Mining Law on the Company once these regulations are issued.

l. Feni Haltim Project

On December 14, 2011, FHT entered into a contract with PT Adhi Karya (Persero) Tbk, a related party, for the construction of port and jetty for the Feni Haltim project which includes a Solid Jetty, LCT Jetty and Liquid Jetty with a contract value of Rp241,450,000. The contract is valid from December 14, 2011 to October 8, 2012 and was extended until July 31, 2013. As at June 30, 2015, the percentage of completion of the project had reached 100%. However, the operation of the port is still waiting for the completion of other infrastructure facilities.

On May 21, 2012, FHT entered into a contract with Nindya Karya - Perkasa Joint Operation ("Nindya") for EPC workshop construction and office package 5B with a contract value of Rp59,691,500. The contract is valid from May 21, 2012 to March 31, 2014, but as of March 26, 2014, a termination deed has been made due to inability of Nindya to complete the contract. FHT penalised Nindya for the termination with an amount of Rp2,984,575.

As of June 30, 2015, FHT and Nindya have different views regarding the completion of project and, therefore, have not yet reached a conclusion. FHT is still continuing discussions with Nindya.

m. Ministerial Regulation No. 17/2010

On September 23, 2010, Regulation No. 17 Year 2010 of the Ministry of Energy and Mineral Resources of the Republic of Indonesia ("PerMen ESDM") was issued. Pursuant to this regulation, all IUP/IUPK holders are obliged to refer to prescribed benchmark prices in their sale of minerals (or coal), whether the sales are being made to domestic users or for export, including to affiliates.

Furthermore, as an ongoing obligation under the regulation, pricing in term contracts must be adjusted every twelve months. As the Company's selling price formula is in line with the PerMen ESDM (LME qualifies as an "international market"), the Company does not believe that any adjustment will be necessary to the Company's long-term sales agreements under either provision. However, the regulation does not omit the Company's long-term sales contracts from the regulation scope.

Benchmark prices will be determined pursuant to market mechanisms or in accordance with prices generally applicable in the international market. Benchmark prices for metal minerals will be established by the Director General on a monthly basis. The regulation requires that the benchmark prices be used as a reference for sales.

The benchmark prices will be on a "free on board" basis. In calculating the sales price of minerals, the holder of the IUP Production Operation must follow the benchmark prices plus or minus the cost adjustment as approved by the Director General. The formula for the benchmark prices will be regulated in the Director General regulation, which is yet to be issued.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

m. Ministerial Regulation No. 17/2010 (continued)

The cost adjustments set out in the regulation include adjustments pertaining to barging cost, surveyor cost, transshipment cost, treatment cost, refinery cost, metal payable and/or insurance cost. The reference to "metal payable" refers to the price which the customer will pay on the contained metal of the product; it recognises the international market price practice for nickel intermediate products (i.e., a percentage of LME price).

n. Regulations on Domestic Value-Added Minerals

On February 6, 2012, Ministry of Energy and Mineral Resources ("MoEMR") issued Regulation No. 7 of 2012 ("PerMen No. 7/2012") on Increase in Value-add From Minerals through Mineral Processing and Refining. This regulation is an implementation regulation of GR No. 23.

Pursuant to GR No. 23/2010 and PerMen No. 7/2012, certain metal minerals, including nickel and gold, are regarded as mining commodities, the value of which can be increased through processing and/or refining activities. As such, nickel must be processed and/or refined within the country in accordance with the minimum threshold provided in PerMen No. 7/2012.

PerMen No. 7/2012 also regulates the prohibition for mining companies to export mineral ores since May 6, 2012 and for holders of operation and production mining rights who are already in the production stage before the effective date of PerMen No. 7/2012 to make adjustments regarding the minimum plan of processing and refinery.

On May 11, 2012, Regulation No. 11 Year 2012 ("PerMen No.11/2012") was issued by the MoEMR to amend PerMen No. 7/2012. Under this PerMen No.11/2012, IUP and IUPK holders may export ore/raw materials after obtaining a recommendation from the MoEMR, subject to certain requirements being fulfilled, and will be subject to Export Duty based on Export Benchmark Prices.

The Government of the Republic of Indonesia also issued a number of export duty regulations consisting of, among others, the Minister of Trade of the Republic of Indonesia Regulation No. 29/M-DAG/PER/5/2012 dated May 7, 2012 on Mineral Export Regulation, the Minister of Trade of the Republic of Indonesia Regulation No. 33/M-DAG/PER/5/2012 dated May 28, 2012 on Procedures to Stipulate Benchmark Prices of Mining Products which are Subject to Export Duty, the Minister of Trade of the Republic of Indonesia Regulation No. 34/M-DAG/PER/5/2012 dated May 28, 2012 on Stipulation of Benchmark Prices of Mining Products which are Subject to Export Duty, the Director General of Minerals and Coal Regulation No. 574.K/30/DJB/2012 dated May 11, 2012 on Procedures and Requirements for Mining Product Export Recommendation, and the Minister of Finance of the Republic of Indonesia Regulation No. 75/PMK.011/2012 dated May 16, 2012 on Stipulation of Export Products which are Subject to Export Duty and Tariff.

In accordance with the regulations mentioned above, the export of nickel and bauxite ore commodities of the Company during 2012 and 2013 was executed after the export approval letters have been obtained from the Minister of Trade of the Republic of Indonesia based on the recommendation provided by the Director General of Minerals and Coal.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

n. Regulations on Domestic Value-Added Minerals (continued)

On August 6, 2013, MoEMR issued Regulation No. 20 of 2013 ("PerMen No. 20/2013"). This regulation reinforces the Government decision to ban the export of minerals which were not processed according to the minimum requirements under PerMen No. 20/2013.

On January 11, 2014, the Government issued GR No. 1/2014 as a second amendment to GR No. 23/2010. To implement GR No. 1/2014, on the same date, MoEMR issued Regulation No. 1 of 2014 ("PerMen No. 1/2014") to replace PerMen No. 7/2014 and PerMen No. 20/2013. Based on PerMen No 1/2014, unprocessed gold, nickel and bauxite are included in the category of minerals that cannot be exported starting from January 12, 2014.

In line with the regulations disclosed above, there have been no export sales of nickel ores since January 12, 2014.

On January 13, 2014, the Ministry of Trade issued Decree No. 04/M-DAG/PER/1/2014 regarding Export Stipulation of Processed and Refined Mining Products ("Decree No. 04/2014"). Decree No. 04/2014, which among other things stipulates that processed and refined mining products exporters including ferronickel, alumina, and gold should obtain recognition as RE ("Registered Exporter") of Mining Products. Based on the letter of the Ministry of Trade of the Republic of Indonesia No 4/DAGLU/ET-PPHPP/2/2014 dated February 18, 2014 regarding Recognition As a Registered Exporter of Mining Products Processing and Refining Results ("ET-PPHPP"), the Company has obtained approval to export mining products of gold, silver, ferronickel, and chemical grade alumina.

o. Mine Reclamation and Mine Closure

On December 20, 2010, the Government of the Republic of Indonesia issued PP No. 78 which deals with reclamation and post-mining activities for both IUP Exploration and IUP Production Operation holders. This regulation updates PerMen No. 18/2008. An IUP Exploration holder must, among other requirements, include a reclamation plan in its exploration work plan and budget and provide a reclamation guarantee in the form of a time deposit placed at a state-owned bank.

On February 28, 2014, MOEMR issued Ministerial Regulation No.07/2014 ("PerMen 07/2014") regarding mine reclamation and post-mining activities for mineral and coal mining companies. As at the effective date of this regulation, PerMen No.18/2008 regarding the mine reclamation and mine closure was revoked and no longer valid.

PerMen No.07/2014 stated that a company is required to provide mine reclamation and post-mining guarantees which may be in the form of a time deposit, bank guarantee or accounting reserve, all of which have a duration corresponding to the reclamation schedule.

An IUP Production Operation holder must, among other requirements, (1) prepare a five-year reclamation plan; (2) prepare a post-mining plan; (3) provide a reclamation guarantee that may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee or an accounting reserve (if eligible); (4) provide a post-mine guarantee in the form of a time deposit at a state-owned bank.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

o. Mine Reclamation and Mine Closure (continued)

Ministerial Regulation No. 7/2014 stipulates that an IUP-Operation Production holder is required to provide a reclamation guarantee which may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee, or an accounting reserve (if eligible). Reclamation guarantee in the form of an accounting reserve can be provided by a mining company if the following criteria are met:

- Registered on Indonesia Stock Exchange and has placed more than 40% from total owned stock;
- Has an issued share capital of not less than US\$50,000,000 as stated in the notarial deed and/or authorised by the notary.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mine activities.

In connection to this matter, the Company has taken, or will take, the following actions:

- a. For mining reclamation, the Company has established an accounting reserve. The Directorate of General Mining, through its letter No. 1187-1191/87.01/DJP/1998 dated June 5, 1998, has accepted the establishment of the accounting reserve.
- b. For mine closures, the Company has corresponded with the MoEMR on several occasions for discussion of a revised mine closure plan.

Based on this regulation, the Company is no longer eligible to provide a reclamation guarantee in the form of an accounting reserve. As at June 30, 2015, the Company has not yet placed a reclamation guarantee in the form of a joint account or time deposit placed at a state-owned bank nor a bank guarantee, as required by Ministerial Regulation No. 7/2014.

p. Acquiring Interest in NHM

On December 20, 2012, the Company acquired 7.5% additional interest in PT NHM, increasing the total interest acquired to 25%. Based on the Conditional Sale and Purchase Agreement, the Company has to pay for the additional interest acquired with a total cost of US\$130,000,000 and additional payment of US\$30,000,000 (contingent purchase price) subject to a further 1 million ounces (unaudited) of additional gold resources (indicated and/or measured) being defined up to December 31, 2017, based on the JORC report issued by an independent consultant.

As at December 31, 2013, the Company has reassessed the probability of additional gold resources in NHM performed by the Competent Person. Based on the assessment, there is at least a potential 500,000 ounces (unaudited) of additional gold resources in NHM concession areas. Based on such estimate, the Company has recognised a contingent purchase price amounting to US\$15,000,000 or equivalent to Rp182,835,000, which was recorded as other non-current liabilities in the consolidated statement of financial position.

On March 30, 2015, as stated by Newcrest Singapore Holdings Pte., Ltd the potential of additional gold resources in NHM concession area as at December 31, 2014 was 480,000 ounces (unaudited). The Company recognised the decline in the contingent liability so that as at June 30, 2015, the recorded contingent liability became US\$14,400,000 or equivalent to Rp191,980,800.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

p. Acquiring Interest in NHM (continued)

On July 30, 2015, the Company has reassessed the probability of additional gold resources (measured and/or indicated) in NHM's concession area by considering cut-off grade factors and concluded that potential additional gold resources in concession area of NHM is 430,000 ounces (unaudited) of indicated gold resources. Up to the date of these consolidated financial statements, the Company is having discussions with Newcrest Singapore Holding Pte., Ltd regarding the estimation to be used as a basis determining the contingent purchase price.

q. Pomalaa Ferronickel Plant Expansion Project ("P3FP")

The Company has entered into several agreements related to P3FP project to increase the efficiency of the ferronickel plant with the following details:

On January 17, 2012, the Company and Wika entered into an agreement for the latter to procure and install a belt conveyor with a contract value of US\$13,500,000. The agreement is valid until April 17, 2013. The extension of the contract was not accepted and the Commercial Operation Date ("COD") remained effective on April 17, 2013. Because of that, fines due to late completion of work started to occur based on the contract (six weeks after COD). As at June 30, 2015, the construction of related asset has been substantially completed, however the belt conveyor has not been yet handed over from contractors since there are several unfinished components.

On March 26, 2012, the Company and PT Adhi Karya (Persero) Tbk entered into an agreement for the latter to procure and install a jetty and facilities with a contract value of US\$32,874,083. The agreement is valid until June 26, 2013. The Company and PT Adhi Karya (Persero) Tbk have agreed on a contract extension which is valid until August 15, 2013. As at December 31, 2013, PT Adhi Karya (Persero) Tbk has not completed the project and the Company did not approve the second amendment to the contract so the target date was still August 15, 2013. Because of that, the Company has the right to impose fines due to late completion of work and started occur based on contract (six weeks after target date). As at June 30, 2015, the construction of related asset has been substantially completed, however the jetty and its facility has not been yet handed over from contractors since there are several unfinished components.

On March 28, 2012, the Company and Wika entered into an agreement for the latter to procure and install Refining-3 with a contract value of US\$35,475,000. The agreement was valid until January 28, 2014. The extension of the contract was not accepted and COD remained effective on January 28, 2014. Because of that, fines due to late completion of the work started to occur based on the contract (six weeks after COD). The construction phase was completed on October 31, 2014.

On December 10, 2012, the Company and Sumitomo Corporation entered into an agreement related to the construction of the Pomalaa coal-fired power plant with total contract values of US\$57,275,290, JPY3,439,137,022 and Rp412,748,103.

On May 17, 2013, the Company and Sumitomo Corporation entered into a Notice to Proceed to start construction of the Coal Fired Power Plant which is expected to be completed on or before the date falling 25 months and 28 months after the date of the Notice to Proceed for Unit 1 and Unit 2, respectively. On April 15, 2013, the Company and Sumitomo Corporation signed a first amendment of the agreement to amend the provisions on the standby letter of credit stated under the contract signed on December 10, 2012. Construction in progress as of June 30, 2015 was 83.46%.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

q. P3FP (continued)

On February 6, 2013, the Company entered into a Construction of Ore Preparation Line-4 for P3FP Project Agreement with the Unincorporated Consortium of Kawasaki Heavy Industries, Ltd. and Wika with an aggregate contract value of US\$66,899,880 and JPY2,914,808,200. Construction of Ore Preparation Line-4 is expected to be completed on July 31, 2015. On June 28, 2013, the Company and the Unincorporated Consortium of Kawasaki Heavy Industries, Ltd. and Wika signed an amendment to the contract, in order to change the project name from "Modernisation-Optimisation of Pomalaa Ferronickel Smelters Project" to "Proyek Perluasan Pabrik Feronikel Pomalaa". Construction in progress as of June 30, 2015 was 95.26%.

The Company started a new construction of the Oxygen Plant-5 project in 2013. The Company entered into contracts with Daesung Industrial Gases Co, Ltd. on December 11, 2013 with a contract value of US\$11,000,000 (equal to Rp132,055,000). Construction in progress as at June 30, 2015 was 98.50%.

r. Investment Loan Facility Agreement between MAS and BRI

On November 27, 2012, MAS, an associate, entered into an investment loan facility agreement with BRI. The loan from the facility will be due in ten years.

Based on the investment loan agreement, BRI agreed to provide MAS a loan facility with a maximum amount of Rp130,439,000 and with a fixed annual interest rate of 8.88% for two years. The proceeds of the loan will be utilised for the construction of the Antam Building.

In relation to this agreement, the Company has agreed to provide corporate guarantee for the loan and the total corporate guarantee provided by the Company represents 75% of the total loan or equivalent to Rp97,829,250. As of June 30, 2015, MAS has made the drawdown from the facility amounting to Rp125,000,000.

s. Legal Case with Dian Nickel Mining

On September 18, 2012, PT Dian Nikel Mining ("DNM"), a sub-contractor of PT Minerina Bhakti ("MB"), a related party, filed a suit to MB as Defendant I and the Company as Defendant II. The lawsuit was filed in the District Court of South Jakarta ("PNJS").

On November 14, 2013, PNJS issued its decision that partially approved DNM's lawsuit that required MB and the Company to pay a compensation of Rp127,647,699 and US\$120,073.

The legal effort undertaken by the Company was to appeal the decision to PNJS on November 26, 2013. On August 18, 2014, the High Court DKI Jakarta confirmed the decision No. 317/PDI.G/2012/PN.JAK.SEL with its decision No. 412/PDI/2014/PT.DKI.

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33. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

s. Legal Case with Dian Nickel Mining (continued)

As result of that decision, the Company has filed an appeal on December 5, 2014 and sent the memorandum of the appeal to the Supreme Court on December 19, 2014. As at June 30, 2015, the Supreme Court has not yet issued a decision on the appeal. Management believes that there is no legal basis for the lawsuit by DNM, since there is no business relationship between the Company and DNM. This view is supported by the legal opinion issued by Imran Nating & Partners based on its report dated February 20, 2014. Therefore, there was no provision recorded by the Company as at June 30, 2015, in respect of this case.

t. Legal Case with Minerina Bhakti

On June 16, 2015, MB, a related party of the Company, filed a suit against the Company alleging that MB has incurred losses due to the suspension of the Company's mining business activities in Mornopo, East Halmahera. MB sued for indemnification of a total of Rp384,036,389 and US\$120,073. The lawsuit was filed in the PNJS and was registered as No.376/PDT.G/2015/PN.JKT.SEL.

As at June 30, 2015, there was no provision recorded by the Company in respect of this case because the case is at an early stage in legal proceeding. Furthermore, management believes that the Company is in the strong position to win this lawsuit because the Company has compensated MB with another mining project in Gee island following the suspension of mining activities in Mornopo. This view is supported by legal opinion issued by Hariandi & Partners in its report dated at August 7, 2015.

34. FINANCIAL ASSETS AND LIABILITIES

The information given below relates to the Company's financial assets and liabilities by category:

	Total	Loans and receivables	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value
June 30, 2015				
Financial assets				
Cash and cash equivalents	2,034,694,298	2,034,694,298	-	-
Trade receivables	1,525,391,669	1,525,391,669	-	-
Other receivables	27,676,896	27,676,896	-	-
Restricted cash	64,564,819	64,564,819	-	-
Non-trade related parties receivable	41,030,678	41,030,678	-	-
Guarantee deposits	24,220,814	24,220,814	-	-
Total financial Assets	3,717,579,174	3,717,579,174	-	-
Financial liabilities				
Trade payables	523,434,089	-	523,434,089	-
Accrued expenses	163,926,647	-	163,926,647	-
Short-term bank loans	2,715,730,400	-	2,715,730,400	-
Short-term employee benefit liabilities	50,087,806	-	50,087,806	-
Other payables	60,234,309	-	60,234,309	-
Bonds payables	2,994,625,475	-	2,994,625,475	-
Investment loans	3,363,643,748	-	3,363,643,748	-
Other non-current liabilities	196,360,527	-	-	196,360,527
Total financial liabilities	10,068,043,001	-	9,871,682,474	196,360,527

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34. FINANCIAL ASSETS AND LIABILITIES (continued)

	<u>Total</u>	<u>Loans and receivables</u>	<u>Financial liabilities measured at amortised cost</u>	<u>Financial liabilities measured at fair value</u>
December 31, 2014				
Financial assets				
Cash and cash equivalents	2,618,910,283	2,618,910,283	-	-
Trade receivables	1,067,620,272	1,067,620,272	-	-
Other receivables	31,318,032	31,318,032	-	-
Restricted cash	11,428,559	11,428,559	-	-
Non-trade related parties receivable	37,027,697	37,027,697	-	-
Guarantee deposits	23,081,501	23,081,501	-	-
Total financial Assets	3,789,386,344	3,789,386,344	-	-
Financial liabilities				
Trade payables	687,476,255	-	687,476,255	-
Accrued expenses	161,623,654	-	161,623,654	-
Short-term bank loan	2,528,041,360	-	2,528,041,360	-
Short-term employee benefit liabilities	19,893,619	-	19,893,619	-
Other payables	55,679,758	-	55,679,758	-
Bonds payables	2,994,237,464	-	2,994,237,464	-
Investment loan	2,492,889,242	-	2,492,889,242	-
Other non-current liabilities	188,849,838	-	-	188,849,838
Total financial liabilities	9,128,691,190	-	8,939,841,352	188,849,838
December 31, 2013				
Financial assets				
Cash and cash equivalents	2,792,737,848	2,792,737,848	-	-
Trade receivables	1,152,686,688	1,152,686,688	-	-
Other receivables	37,004,847	37,004,847	-	-
Restricted cash	100,997,036	100,997,036	-	-
Non-trade related parties receivable	33,732,183	33,732,183	-	-
Guarantee deposits	23,645,879	23,645,879	-	-
Total financial Assets	4,140,804,481	4,140,804,481	-	-
Financial liabilities				
Trade payables	547,080,010	-	547,080,010	-
Accrued expenses	331,623,859	-	331,623,859	-
Short-term bank loan	2,469,800,000	-	2,469,800,000	-
Short-term employee benefit liabilities	41,599,372	-	41,599,372	-
Other payables	71,908,862	-	71,908,862	-
Bonds payables	2,993,510,374	-	2,993,510,374	-
Investment loan	1,322,160,389	-	1,322,160,389	-
Other non-current liabilities	191,414,019	-	-	191,414,019
Total financial liabilities	7,969,096,885	-	7,777,682,866	191,414,019
December 31, 2012				
Financial assets				
Cash and cash equivalents	3,868,574,769	3,868,574,769	-	-
Trade receivables	1,722,426,366	1,722,426,366	-	-
Other receivables	124,491,614	124,491,614	-	-
Restricted cash	74,878,179	74,878,179	-	-
Guarantee deposits	12,737,653	12,737,653	-	-
Total financial Assets	5,803,108,581	5,803,108,581	-	-
Financial liabilities				
Trade payables	416,953,452	-	416,953,452	-
Accrued expenses	414,007,012	-	414,007,012	-
Short-term bank loan	1,663,900,000	-	1,663,900,000	-
Short-term employee benefit liabilities	123,170,868	-	123,170,868	-
Other payables	37,756,594	-	37,756,594	-
Bonds payables	2,992,843,970	-	2,992,843,970	-
Other non-current liabilities	3,053,301	-	-	3,053,301
Total financial liabilities	5,651,685,197	-	5,648,631,896	3,053,301

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35. NON-CASH TRANSACTION

Non-cash transactions are as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Property, plant, and equipment from increase of trade payables	248,901,531	222,488,047	455,467,565	64,386,012	-
Capitalisation of borrowing cost to property, plant and equipment, mining properties and exploration assets	139,041,120	126,514,075	281,303,289	264,632,311	39,475,591
Increase of investment in associates through increase in payables	-	-	-	1,250,000	-
Distribution of treasury stock for employee bonus	-	-	(3,777,511)	-	-
Difference in foreign currency translation in consolidation	-	94,099	-	-	(4,091,142)

36. FINANCIAL RISK MANAGEMENT

The Group's activities expose them to a variety of financial risks, including the effects of changes in commodity prices and foreign currency exchange rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise unforeseen effects on the financial performance of the Group.

Having realised the risks, the Company is proactive in its attempt to improve the Company's risk management. In 2003, the Company formed the Risk Management Committee under the Board of Commissioners which is responsible for supporting the supervisory function of the Board of Commissioners, reviewing the risk management framework in order to align it with the Company's objectives and ensuring the effectiveness of risk management implementation performance.

In 2006, the Company integrated its risk management strategies and established the Task Force Enterprise Risk Management ("ERM") that is directly responsible to the Board of Directors.

a. Commodity Price Risks

There was a significant volatility in 2015 in commodity prices for nickel, gold and coal. The volatility was caused by weak demand due to the global economic crisis and the increasing level of world commodity reserves. Although the Group has diversified customers and does not depend on a specific market or country, due to the dominance of nickel and gold product portfolio on other products, the Group's revenue can still be significantly affected by the volatility in commodity prices.

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36. FINANCIAL RISK MANAGEMENT (continued)

a. **Commodity Price Risks** (continued)

Other than natural hedging through the increase of non-nickel and non-gold portfolio portions (bauxite and coal), it is also possible for the Group to mitigate commodity price risks through hedging transactions with the main goal of protecting their budgeted income. Yet some hedging positions may cause the Group to lose the chance to obtain even higher profits when prices rise.

The Group believes that the best way to handle the risk of commodity price decrease is by decreasing the production cost. The Group has a commitment to convert their main fuel source from Industrial Diesel Oil and Marine Fuel Oil to a cheaper fuel source, such as natural gas, coal or hydro power.

As at June 30, 2015, the Group's trade receivables from ferronickel sales are directly linked to LME price index. If the LME nickel price weakens or strengthens by 5% compared to the price as of June 30, 2015 (assuming all other variables remain unchanged), the post-tax loss of the Group for the six-month period ended June 30, 2015 will decrease or increase by approximately Rp47,240,622 (December 31, 2014: Rp24,258,947, December 31, 2013: Rp24,508,860, December 31, 2012: Rp40,000,000).

b. **Foreign Exchange and Interest Rate Risks**

The Group's revenue and cash position are mostly in United States Dollar ("USD") while most of the Group's operating expenses are in Indonesian Rupiah. In addition, the Group also has significant borrowings in USD original currency. Thus, the Group suffers from the negative effect of the Indonesian Rupiah weakening against the United States Dollar.

If the Rupiah weakens or strengthens by 5% compared to United States Dollar on June 30, 2015 (assuming all other variables remain unchanged), the profit before tax of the Group for the six-month period ended June 30, 2015 will decrease or increase approximately by Rp168,584,670 (December 31, 2014: Rp139,232,848, December 31, 2013: Rp31,701,810, December 31, 2012: Rp99,612,641), mainly as a result of foreign exchange gains or losses on translation of the United States Dollar denominated net assets (liabilities) as at the reporting date.

The Group is exposed to interest rate risks through the impact of rate changes on interest-bearing liabilities. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift.

If loan interest rates increase or decrease by 0.1% compared to the loan interest rate on June 30, 2015 (assuming all other variables remain unchanged), the profit before tax of the Group for the six-month period ended June 30, 2015 will decrease or increase, respectively, by approximately Rp7,678,292 (December 31, 2014: Rp47,481,311, December 31, 2013: Rp422,236, December 31, 2012: Rp410,975).

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36. FINANCIAL RISK MANAGEMENT (continued)

b. Foreign Exchange and Interest Rate Risks (continued)

Interest rate risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period of the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		June 30, 2015			
		Less than one year	More than one year	Debt issuance cost	Total
Floating rate					
Investment loan		(199,980,000)	(649,935,000)	3,729,035	(846,185,965)
		December 31, 2014			
		Less than one year	More than one year	Debt issuance cost	Total
Floating rate					
Investment loan		(163,275,000)	(699,750,000)	4,499,207	(858,525,793)
		December 31, 2013			
		Less than 1 year	More than 1 year	Debt issuance cost	Total
Floating rate					
Investment loan		(68,563,125)	(845,611,875)	6,625,498	(907,549,502)

c. Credit Risk

Credit risk is the risk that the Group will incur a loss arising from their customers' or third parties' failure to fulfill their contractual obligations. There are no significant concentrations of credit risk. The Group manages and controls this credit risk by setting limits on the amount of risk they are willing to accept for individual customers and by monitoring exposures in relation to such limits.

The Group is confident in their ability to continue to control and maintain minimal exposure to credit risk, since the Group has clear policies on the selection of customers, legally binding agreements in place for mineral commodity sales transactions and historically low levels of bad debts. The Group's general policy for mineral commodity sales to new and existing customers is to select customers in a strong financial condition and with a good reputation.

The maximum exposure to credit risk for the Group is equal to the carrying value of the financial assets as shown in the consolidated statement of financial position.

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36. FINANCIAL RISK MANAGEMENT (continued)

c. Credit Risk (continued)

The credit quality of financial assets that are neither overdue nor impaired can be assessed with reference to external credit ratings.

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Trade receivable				
Counter-parties with an external credit rating (Standard and Poors)				
A+	-	-	137,319,107	131,479,234
BBB	-	-	4,952,139	20,306,712
	<u>-</u>	<u>-</u>	<u>142,271,246</u>	<u>151,785,946</u>
Counter-parties with an external credit rating (Pefindo)				
AAA	-	-	192,240	192,240
Counter-parties with an external credit rating (Moody's)				
Baa3	121,179,055	86,269,001	-	-
Baa2	510,811,713	428,299,178	-	-
Ba1	340,431,841	312,420,380	-	432,957,791
Ba3	-	65,738,395	-	-
	<u>972,422,609</u>	<u>892,726,954</u>	<u>-</u>	<u>432,957,791</u>
Counter-parties with an external credit rating (Fitch)				
A	-	-	125,741	125,741
Counter-parties without an external credit rating	<u>552,969,060</u>	<u>174,893,318</u>	<u>1,010,097,461</u>	<u>1,137,364,648</u>
Trade receivables, net	<u>1,525,391,669</u>	<u>1,067,620,272</u>	<u>1,152,686,688</u>	<u>1,722,426,366</u>
Cash in banks				
Counter-parties with an external credit rating (Moody's)				
A1	31,189,563	-	-	119,158
A3	-	106,929,128	120,387,196	107,031,015
Aa2	4,641,592	12,694,373	-	-
Aa3	-	-	-	153,465
Baa1	-	40,397,567	74,710,100	42,033,681
Baa3	86,370,508	15,806,077	623,637	-
	<u>122,201,663</u>	<u>175,827,145</u>	<u>195,720,933</u>	<u>149,337,319</u>
Counter-parties with an external credit rating (Pefindo)				
idAAA	1,060,729,986	871,921,475	893,995,343	1,209,126,607
idAA+	435,654	-	153,376,849	134,296,267
idAA-	14,338,626	11,694,849	-	-
idA+	32,818	8,515	268,021	1,001,738
	<u>1,075,537,084</u>	<u>883,624,839</u>	<u>1,047,640,213</u>	<u>1,344,424,612</u>
Total cash in banks	<u>1,197,738,747</u>	<u>1,059,451,984</u>	<u>1,243,361,146</u>	<u>1,493,761,931</u>

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36. FINANCIAL RISK MANAGEMENT (continued)

c. Credit Risk (continued)

	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Short-term time deposits				
Counter-parties with an external credit rating (Pefindo)				
idAAA	421,961,321	1,205,198,972	1,176,980,850	1,547,093,413
idAA+	-	-	256,740,000	557,500,000
idAA	280,640,000	104,349,867	106,094,848	268,825,566
idAA-	133,320,000	248,800,000	-	-
idA+	-	500,000	8,150,000	-
Total short-term time deposits	835,921,321	1,558,848,839	1,547,965,698	2,373,418,979
Restricted cash				
Counter-parties with an external credit rating (Pefindo)				
idAAA	62,005,298	8,909,519	98,522,710	72,467,307
Counter-parties without external credit rating	2,559,521	2,519,040	2,474,326	2,410,872
	64,564,819	11,428,559	100,997,036	74,878,179

d. Liquidity Risk

Prudent liquidity risk management includes managing the profile of borrowing maturities and funding sources, maintaining sufficient cash and marketable securities and the ability to close out market positions. The Group's ability to fund their borrowing requirements is managed by maintaining diversified funding sources with adequately committed funding lines from high-quality lenders. The Group is exposed to liquidity risk on account of their bonds and capital loans for their projects.

The contractual due date of financial liabilities such as trade payables, accrued liabilities, other payables and short-term bank loans are less than one year, except for financial liabilities such as bonds payable and investment loans. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual maturities of financial liabilities (undiscounted)					
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
June 30, 2015						
Trade payables	282,287,180	241,146,909	-	-	-	523,434,089
Accrued expenses	163,926,647	-	-	-	-	163,926,647
Short-term employee benefits liability	50,087,806	-	-	-	-	50,087,806
Other payables	60,234,309	-	-	-	-	60,234,309
Short-term bank loan	2,672,664,214	50,674,619	-	-	-	2,723,338,833
Bonds payable	66,356,250	199,068,750	265,425,000	2,107,696,875	2,377,156,250	5,015,703,125
Investment loan	31,733,147	376,036,753	554,505,325	1,352,733,153	1,846,029,038	4,161,037,416
Other non-current liabilities	-	-	-	196,360,526	-	196,360,526
Total liabilities	3,327,289,553	866,927,031	819,930,325	3,656,790,554	4,223,185,288	12,894,122,751

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36. FINANCIAL RISK MANAGEMENT (continued)

d. Liquidity Risk (continued)

	Contractual maturities of financial liabilities (undiscounted)					Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
December 31, 2014						
Trade payables	606,742,256	80,733,999	-	-	-	687,476,255
Accrued expenses	161,623,654	-	-	-	-	161,623,654
Short-term employee benefits liability	19,893,619	-	-	-	-	19,893,619
Other payables	55,679,758	-	-	-	-	55,679,758
Short-term bank loan	1,267,661,500	1,272,609,983	-	-	-	2,540,271,483
Bonds payable	66,356,250	199,068,750	265,425,000	1,617,759,375	2,494,636,458	4,643,245,833
Investment loan	25,902,447	318,874,190	415,947,612	1,209,581,034	1,287,305,552	3,257,610,835
Other non-current liabilities	-	-	-	188,849,838	-	188,849,838
Total liabilities	2,203,859,484	1,871,286,922	681,372,612	3,016,190,247	3,781,942,010	11,554,651,275
December 31, 2013						
Trade payables	547,080,010	-	-	-	-	547,080,010
Accrued expenses	331,623,859	-	-	-	-	331,623,859
Short-term employee benefits liability	41,559,372	-	-	-	-	41,559,372
Other payables	71,908,862	-	-	-	-	71,908,862
Short-term bank loan	12,153,752	2,477,810,657	-	-	-	2,489,964,409
Bonds payable	66,356,250	199,068,750	265,425,000	1,693,134,375	2,668,372,917	4,892,357,292
Investment loan	4,867,758	132,168,956	254,069,752	924,257,117	159,076,103	1,474,439,686
Other non-current liabilities	-	-	-	191,414,019	-	191,414,019
Total liabilities	1,075,549,863	2,809,048,363	519,494,752	2,808,805,511	2,827,449,020	10,040,347,509
	Contractual maturities of financial liabilities (undiscounted)					Total
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
December 31, 2012						
Trade payables	416,953,452	-	-	-	-	416,953,452
Accrued expenses	414,007,012	-	-	-	-	414,007,012
Short-term employee benefits liability	123,170,868	-	-	-	-	123,170,868
Other payables	37,756,594	-	-	-	-	37,756,594
Short-term bank loan	969,939,680	708,575,656	-	-	-	1,678,515,336
Bonds payable	66,517,466	199,573,957	266,152,089	798,878,296	1,887,599,677	3,218,721,485
Other non-current liabilities	-	-	-	3,053,301	-	3,053,301
Total liabilities	2,028,345,072	908,149,613	266,152,089	801,931,597	1,887,599,677	5,892,178,048

e. Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust their capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other entities in the industry, the Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as debt divided by total capital. Debt is calculated as total liabilities as shown in the consolidated statements of financial position. Total capital is equity as shown in the consolidated statements of financial position.

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36. FINANCIAL RISK MANAGEMENT (continued)

e. Capital Risk Management (continued)

During the six-month period ended June 30, 2015, and the years ended December 31, 2014, 2013 and 2012 the Group still maintained their strategy, that is a maximum debt-to-equity ratio not exceeding 2:1.

The debt-to-equity ratios as at June 30, 2015, December 31, 2014, 2013 and 2012 are as follows:

	June 30, 2015	December 31, 2014*	December 31, 2013*	December 31, 2012*
Total Liabilities	10,975,168,158	9,954,166,791	9,739,735,856	7,221,472,100
Total Equity	11,575,423,111	12,049,916,889	12,292,408,034	12,487,068,846
Debt-to-equity ratio	0.95:1	0.83:1	0.79:1	0.58:1

f. Fair Value Hierarchy

The Group uses the following hierarchy of valuation techniques in determining the fair value of financial liabilities:

- Level 1: quoted prices (unadjusted) in active markets for identical liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of June 30, 2015, December 31, 2014 and 2013, the Group have liability in respect of contingent considerations from the acquisition of investments in NHM. These considerations are measured at fair value using the level 3 valuation technique.

37. FINANCE COSTS AND FINANCE INCOME

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
Finance costs:					
Interest expenses of short-term loans	(30,991,983)	(37,922,918)	(35,884,325)	(40,658,336)	(7,940,622)
Interest expenses of long-term loans	(92,140,803)	(20,041,208)	(105,819,005)	(18,392,625)	-
Interest expenses of bonds payable	(133,100,512)	(133,068,124)	(266,152,090)	(266,241,395)	(266,035,789)
	(256,233,298)	(191,032,250)	(407,855,420)	(325,292,356)	(273,976,411)
Less : amount capitalised on qualifying assets	138,561,076	126,514,075	281,303,289	264,632,311	39,475,591
Net finance costs	(117,672,222)	(64,518,175)	(126,552,131)	(60,660,045)	(234,500,820)
Finance income:					
Interest income on cash in banks	22,683,549	30,658,124	68,664,556	85,316,381	166,069,157
Interest income on short-term bank deposits					

* As restated, refer to Note 4

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38. OTHER (LOSSES)/GAINS, NET

This account consists of other (losses)/gains from the following:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
(Loss)/gain on price adjustment	(114,314,347)	(73,780,388)	(75,600,628)	62,603,060	(107,979,149)
(Loss)/gain on foreign exchange, net	(205,063,070)	(36,749,746)	(118,186,826)	18,247,528	176,306,896
(Impairment)/recovery of warehouse inventory	(128,240)	(42,914,128)	36,443,479	(61,996,177)	(7,446,432)
Impairment of despatch receivables	-	-	-	(67,872,184)	-
Custom penalty	-	-	-	(47,858,789)	-
Demurrage expense	-	-	-	(41,476,687)	-
Recovery of impairment loss on property, plant and equipment, mining properties and exploration evaluation assets	-	-	-	-	35,236,606
Others	32,113,985	(33,877,660)	(67,945,476)	(76,420,200)	(2,596,328)
Others (losses)/gains, net	(287,391,672)	(187,321,922)	(225,289,451)	(214,773,449)	93,521,593

39. EVENTS AFTER THE REPORTING PERIOD

- a. On July 2, 2015, the Company made a drawdown of the credit facility from PT Bank Central Asia Tbk amounting to US\$100,000,000, which will fall due on October 2, 2015 with an interest rate of 1.75% per annum.

On September 28, 2015, the credit facility period was extended to January 2, 2016 effective starting October 2, 2015.

- b. On July 15, 2015, there was damage of furnace-2 transformer in ferronickel II plant, which results in lower ferronickel production capacity by the Group. As at the date of these consolidated financial statements, the Company is in the process of filing insurance claims of industrial all risk, machinery breakdown and business interruption to cover the damage to the equipment and all other impacts from this incident.
- c. On July 24, 2015, the Company's Finance Director, Aloysius Kiik Ro, was appointed as Deputy of Restructuring and Business Development of the Ministry of State-owned Enterprises of Republic of Indonesia. Following the appointment, Aloysius Kiik Ro submitted his resignation as the Company's Director on July 27, 2015.

Based on Internal Memo No. 34/D/7512/2015, the Company decided and appointed Johan N. B. Nababan acting as Finance Director since July 28, 2015 until next AGMS.

- d. On August 4, 2015, the Company entered into an amendment of working capital loan credit facility agreement with BRI to extend the credit facility period to July 15, 2016.

On August 5, 2015, the Company also made a drawdown of the credit facility from BRI amounting to US\$100,000,000 at a 1.75% interest rate per annum. The loan drawdown period is valid until November 5, 2015.

- e. On September 22, 2015 and September 25, 2015, the Company received tax refunds amounting to Rp94,623,168 and Rp133,635,523, respectively, in relation with the 2013 VAT overpayments.

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40. REISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS

In relation with the Limited Public Offering to the shareholders of the Company in the framework of an Issuance of Preemptive Rights, the Group has reissued the consolidated financial statements as at and for the six-month periods ended June 30, 2015 and 2014, and as at and for the years ended December 31, 2014, 2013 and 2012 which were previously issued on August 14, 2015 and September 18, 2015, in order to conform with the relevant disclosure requirements of capital market regulation. The amendments are as follows:

- a. Additional disclosure regarding the note reference for each relevant cash flows and disclosure changes relating to restricted cash in the consolidated statements of cash flows.
- b. Disclosure changes in Note 1b regarding the Group's ownership interest in subsidiaries.
- c. Additional disclosure in Note 1c regarding contractual agreement in the Joint Venture Agreement between the Company, Showa Denko and ICA.
- d. Additional disclosure in Note 2l regarding the definition of trade payables which include payables to suppliers arising from the acquisition of property, plant and equipment.
- e. Disclosure changes in Note 13 regarding exploration and evaluation assets in Obi Island which are presented at net amount.
- f. Additional disclosure in Note 17c regarding the consistency of taxable income/(fiscal loss) in the consolidated financial statements with the annual tax return submitted to DGT.
- g. Additional disclosure in Note 18f regarding credit facility agreement between the Company and PT Bank UOB Indonesia.
- h. Additional disclosure in Note 19 regarding change in bonds rating.
- i. Disclosure changes in Notes 33c and 33d which replaced the term "Joint Venture Mining Entities" to become "Strategic Partnerships Mining Entities".
- j. Additional subsequent events disclosures in Note 39a regarding the extension of working capital loan credit facility and valid period of loan from BCA and in Note 39e regarding tax refunds from the 2013 VAT overpayments.
- k. Additional disclosure in Note 42 regarding non-controlling interests.
- l. Additional disclosure regarding the Company's stand-alone financial statements in Note 43 and as supplementary information of the consolidated financial statements.

The Company's Board of Directors has approved the reissuance of the consolidated financial statements as at and for the six-month periods ended June 30, 2015 and 2014, and as at and for the years ended 31 December 2014, 2013 and 2012. There are no material changes between the previously issued consolidated financial statements and the reissued consolidated financial statements, except as described above.

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41. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS ("FAS") AND AUSTRALIAN FAS

The consolidated financial statements are prepared based on Indonesian FAS which, to some extent, differ from those in Australia ("Australian FAS"). Effective from January 1, 2005, the Australian accounting practice has been implementing Australian FAS. Significant differences between Indonesian FAS and Australian FAS are explained as follows:

- a) Indonesian FAS do not allow amortisation of land-rights, with several exceptions under certain circumstances. These certain circumstances relate to the impairment of quality of land, temporary use of land in remote areas and the management's assessment that it is unlikely to obtain the renewal of the land rights.

Under Australian FAS, land rights are assessed if the risks and rewards incidental to the ownership of the land are substantially transferred by the lessor to the lessee and would be classified as a capital lease. Australian FAS require land rights that are valid only for certain periods, although they could be extended, to be amortised over the lease term of the land rights.

- b) From January 1, 2011, there is no difference between Indonesian and Australian FAS in relation to the below. Prior to January 1, 2011, Indonesian FAS allowed goodwill amortisation and the recognition of negative goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the fair value on non-monetary assets should be reduced proportionately until the difference is eliminated. If it is not possible to completely eliminate the difference by reducing the fair value of non-monetary assets, the remaining difference is recognised as a negative goodwill and treated as deferred income and amortised over a certain period. From January 1, 2011, Indonesian FAS no longer permit amortisation of goodwill and require negative goodwill from prior business combinations to be derecognised by making an adjustment to the opening retained earnings as at January 1, 2011.

Based on Australian FAS, AASB 1031 "Materiality" and AASB Interpretation 21 "Levies" are mandatory to be applied starting from January 1, 2014. These standards do not have a material impact on the consolidated financial statements of the Group prepared under Australian FAS.

The following tables set forth a reconciliation of consolidated statements of the financial position as at June 30, 2015, December 31, 2014, 2013 and 2012 and consolidated statements of the profit or loss and other comprehensive income for the six-month periods ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012 in each case between Indonesian FAS and Australian FAS consolidated financial statements.

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 5/124

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**
(Expressed in thousands of Rupiah, unless otherwise stated)

41. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS (“FAS”) AND AUSTRALIAN FAS (continued)

	June 30, 2015			December 31, 2014*			December 31, 2013*			December 31, 2012*		
	IFAS	Reconciliation	Australian Accounting Standard	FAS	Reconciliation	Australian Accounting Standard	IFAS	Reconciliation	Australian Accounting Standard	FAS	Reconciliation	Australian Accounting Standard
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	2,034,694,298	-	2,034,694,298	2,618,910,293	-	2,618,910,293	2,792,737,848	-	2,792,737,848	3,868,574,769	-	3,868,574,769
Trade receivables, net	1,465,523,397	-	1,465,523,397	1,456,094,640	-	1,456,094,640	1,152,939,707	-	1,152,939,707	1,721,897,385	-	1,721,897,385
Prepaid expenses	25,520,281	-	25,520,281	31,126,432	-	31,126,432	37,004,817	-	37,004,817	459,381	-	459,381
Other receivables, net	27,676,886	-	27,676,886	31,318,032	-	31,318,032	37,004,817	-	37,004,817	124,491,614	-	124,491,614
Inventories, net	1,877,762,517	-	1,877,762,517	1,761,886,223	-	1,761,886,223	2,445,933,902	-	2,445,933,902	1,449,967,933	-	1,449,967,933
Prepaid taxes	-	-	-	-	-	-	3,192,273	-	3,192,273	-	-	-
Corporate income taxes	-	-	-	-	-	-	552,409,443	-	552,409,443	328,114,469	-	328,114,469
Other taxes	841,502,568	-	841,502,568	712,394,310	-	712,394,310	65,165,737	-	65,165,737	50,519,253	-	50,519,253
Prepaid expenses	23,520,281	-	23,520,281	72,758,669	-	72,758,669	31,596,937	-	31,596,937	10,112,086	-	10,112,086
Other current assets	253,636,881	-	253,636,881	1,626,147	-	1,626,147	-	-	-	-	-	-
Total current assets	6,595,388,910	-	6,595,388,910	6,343,109,936	-	6,343,109,936	7,089,437,173	-	7,089,437,173	7,646,851,196	-	7,646,851,196
NON-CURRENT ASSETS												
Restricted cash	64,564,819	-	64,564,819	11,428,559	-	11,428,559	100,997,036	-	100,997,036	74,878,179	-	74,878,179
Non-trade related party receivable	11,150,697	-	11,150,697	2,877,777	-	2,877,777	3,892,536	-	3,892,536	3,956,042,901	-	3,956,042,901
Investment in a joint venture	2,543,050,675	-	2,543,050,675	2,897,177,597	-	2,897,177,597	1,350,639,204	-	1,350,639,204	1,154,405,032	-	1,154,405,032
Property, plant and equipment, net	1,703,804,045	-	1,703,804,045	1,438,385,425	-	1,438,385,425	6,700,155,560	194,544,073	6,894,699,633	4,863,448,270	187,205,023	4,890,664,293
Goodwill	8,892,508,364	-	8,892,508,364	8,699,660,101	-	8,699,660,101	8,445,354,242	-	8,445,354,242	8,895,948,584	-	8,895,948,584
Investment in subsidiaries	717,437,528	-	717,437,528	818,007,250	-	818,007,250	709,712,614	-	709,712,614	754,404,102	-	754,404,102
Exploration and evaluation assets	38,184,880	-	38,184,880	39,365,897	-	39,365,897	40,396,184	-	40,396,184	31,597,451	-	31,597,451
Deferred charges	-	-	-	-	-	-	722,498,125	-	722,498,125	47,865,790	-	47,865,790
Prepaid taxes	295,424,797	-	295,424,797	467,572,268	-	467,572,268	179,941,213	-	179,941,213	428,317,812	-	428,317,812
Other taxes	-	-	-	-	-	-	11,591,026	-	11,591,026	186,373,972	11,591,026	186,994,998
Goodwill	114,589,788	-	114,589,788	133,051,462	-	133,051,462	86,667,793	-	86,667,793	16,541,065,456	-	16,541,065,456
Other non-current assets	300,334,335	-	300,334,335	88,724,264	-	88,724,264	72,238,703	-	72,238,703	62,921,927	-	62,921,927
Total non-current assets	15,981,202,359	-	15,981,202,359	15,901,536,303	-	15,901,536,303	14,951,706,171	-	14,951,706,171	12,051,698,750	-	12,051,698,750
TOTAL ASSETS	22,556,591,269	-	22,556,591,269	22,244,646,245	-	22,244,646,245	22,032,143,890	-	22,032,143,890	19,708,549,946	-	19,708,549,946
LIABILITIES AND SHAREHOLDERS' EQUITY												
CURRENT LIABILITIES												
Trade payable	189,140,182	-	189,140,182	448,854,416	-	448,854,416	471,822,225	-	471,822,225	378,228,386	-	378,228,386
Related parties	334,293,927	-	334,293,927	238,821,839	-	238,821,839	75,257,785	-	75,257,785	38,723,086	-	38,723,086
Accrued expenses	163,926,647	-	163,926,647	161,623,654	-	161,623,654	331,623,859	-	331,623,859	414,007,012	-	414,007,012
Investment in subsidiaries	50,087,806	-	50,087,806	19,893,619	-	19,893,619	41,596,372	-	41,596,372	123,170,866	-	123,170,866
Trade payable	-	-	-	-	-	-	-	-	-	-	-	-
Corporate income taxes	1,137,009	-	1,137,009	623,574	-	623,574	31,361,705	-	31,361,705	51,494,108	-	51,494,108
Other taxes	82,960,421	-	82,960,421	119,546,098	-	119,546,098	148,236,123	-	148,236,123	88,513,757	-	88,513,757
Accounts payable	2,715,736,400	-	2,715,736,400	2,528,041,360	-	2,528,041,360	2,469,800,000	-	2,469,800,000	1,853,900,000	-	1,853,900,000
Short-term bank loans	265,306,800	-	265,306,800	224,231,000	-	224,231,000	98,426,175	-	98,426,175	145,690,795	-	145,690,795
Investment loan-current portion	-	-	-	-	-	-	-	-	-	-	-	-
Investment loan-non-current portion	-	-	-	-	-	-	-	-	-	-	-	-
Other payables	60,234,369	(4,448,723)	55,785,646	55,785,646	(4,448,723)	51,336,923	71,938,862	(4,448,723)	67,485,585	37,256,584	(4,448,723)	33,036,861
Total current liabilities	3,936,208,062	(4,448,723)	3,931,759,339	3,895,917,319	(4,448,723)	3,891,468,596	3,855,511,633	(4,448,723)	3,886,960,316	3,041,408,158	(4,448,723)	3,036,959,435

*As restated, refer to Note 4

**PERUSAHAAN PERSEROAN (PERSERO)
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Schedule 5/125

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Rupiah, unless otherwise stated)**

41. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS (“FAS”) AND AUSTRALIAN FAS (continued)

	June 30, 2015			December 31, 2014*			December 31, 2013*			December 31, 2012*		
	IFAS	Reconciliation	Australian Accounting Standard	IFAS	Reconciliation	Australian Accounting Standard	IFAS	Reconciliation	Australian Accounting Standard	IFAS	Reconciliation	Australian Accounting Standard
NON-CURRENT LIABILITIES												
Bonds payable	2,994,625,475	-	2,994,625,475	2,994,237,464	-	2,994,237,464	2,993,510,374	-	2,993,510,374	2,992,843,970	-	2,992,843,970
Provision for current maturities	3,245,656,884	-	3,245,656,884	3,245,656,884	-	3,245,656,884	3,245,656,884	-	3,245,656,884	3,245,656,884	-	3,245,656,884
Provision for environmental and reclamation costs net of current maturities	234,000,292	-	234,000,292	220,243,642	-	220,243,642	239,345,603	-	239,345,603	205,728,522	-	205,728,522
Pension and other post-retirement obligations	515,636,884	-	515,636,884	419,260,286	-	419,260,286	1,236,220,113	-	1,236,220,113	797,164,624	-	797,164,624
Deferred tax liabilities	196,360,527	-	196,360,527	188,849,839	-	188,849,839	191,414,019	-	191,414,019	181,275,505	-	181,275,505
Other non-current liabilities	-	-	-	-	-	-	-	-	-	3,033,301	-	3,033,301
Total non-current liabilities	7,038,960,086	-	7,038,960,086	6,091,249,472	-	6,091,249,472	5,684,224,223	-	5,684,224,223	4,180,065,942	-	4,180,065,942
TOTAL LIABILITIES	-10,975,163,158	(4,448,723)	-10,970,714,435	-9,954,165,791	(4,448,723)	-9,949,717,068	-8,739,735,856	(4,448,723)	-8,735,286,133	-7,221,472,100	92,754,061	-7,314,236,161
SHAREHOLDERS' EQUITY												
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT												
Share capital	953,845,975	-	953,845,975	953,845,975	-	953,845,975	953,845,975	-	953,845,975	953,845,975	-	953,845,975
Reserves	29,817,600	-	29,817,600	29,817,600	-	29,817,600	29,704,906	-	29,704,906	8,370,273	-	8,370,273
Other equity components	55,096,808	-	55,096,808	55,102,023	-	55,102,023	54,994,778	-	54,994,778	103,200,270	-	103,200,270
Difference in foreign currency translation	-	-	-	-	-	-	-	-	-	21,334,633	-	21,334,633
Reserves arising from restructuring transaction of entities under common control	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	11,613,209,777	-	11,613,209,777	11,613,209,777	-	11,613,209,777	11,295,503,087	-	11,295,503,087	8,751,355,353	-	8,751,355,353
Appropriated	(1,075,572,734)	-	(1,075,572,734)	(602,094,644)	-	(602,094,644)	(38,289,819)	-	(38,289,819)	2,652,377,493	-	2,652,377,493
Unappropriated	-	-	-	-	-	-	(6,377,311)	-	(6,377,311)	237,574,770	-	237,574,770
Treasury stock	-	-	-	-	-	-	-	-	-	-	-	-
Total equity attributable to owners of the parent	11,576,397,426	-	11,576,397,426	12,049,890,731	-	12,049,890,731	12,292,392,420	-	12,292,392,420	12,487,046,486	-	12,487,046,486
Non-controlling interests	25,695	-	25,695	26,136	-	26,136	26,614	-	26,614	22,360	-	22,360
TOTAL SHAREHOLDERS' EQUITY	11,576,423,111	-	11,576,423,111	12,049,916,867	-	12,049,916,867	12,319,009,034	-	12,319,009,034	12,487,068,846	-	12,487,068,846
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-22,556,561,269	-240,412,330	-22,791,003,599	-22,004,082,658	-240,412,330	-22,244,494,988	-22,039,143,890	-240,412,330	-22,279,556,220	-19,708,540,946	330,326,831	-20,039,224,115

* As restated, refer to Note 4

PERUSAHAAN PERSEROAN (PERSERO)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
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(Expressed in thousands of Rupiah, unless otherwise stated)

41. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS (“FAS”) AND AUSTRALIAN FAS (continued)

	June 30, 2015			June 30, 2014*			December 31, 2014*			December 31, 2013*			December 31, 2012*		
	FAS	Reconciliation	Australian Accounting Standard	IFAS	Reconciliation	Australian Accounting Standard	IFAS	Reconciliation	Australian Accounting Standard	IFAS	Reconciliation	Australian Accounting Standard	IFAS	Reconciliation	Australian Accounting Standard
SALES	7,849,014,989	-	7,849,014,989	3,985,717,430	-	9,420,630,933	11,298,321,506	-	11,298,321,506	10,449,885,512	-	10,449,885,512	-	-	-
COST OF GOODS SOLD	7,320,945,645	66,916	7,321,012,561	3,743,153,079	139,820	8,627,269,773	8,611,868,573	-	8,611,868,573	8,413,609,229	1,726,172	8,415,335,401	-	1,724,462	8,415,335,401
GROSS PROFIT	528,069,344	(66,916)	528,002,428	245,703,971	(139,820)	245,964,351	793,361,100	(779,240)	793,081,920	1,689,454,933	(1,765,172)	2,034,551,821	-	(1,724,462)	2,034,551,821
OPERATING EXPENSES	361,754,136	133,396	361,887,532	367,439,871	133,396	367,573,267	765,683,715	266,791	765,940,506	843,919,129	246,791	843,919,129	160,279	843,919,129	843,919,129
Selling and marketing	73,021,743	-	73,021,743	70,382,195	-	70,382,195	146,728,939	10,907,042	160,907,042	179,213,327	-	179,213,327	-	179,213,327	179,213,327
Total operating expense	424,726,872	133,396	424,860,275	437,822,066	133,396	437,955,462	903,423,864	266,791	903,690,673	1,101,619,327	246,791	1,101,619,327	1,118,223,185	160,279	1,118,383,407
OPERATING PROFIT/LOSS	93,345,465	(200,312)	93,145,153	(187,331,189)	(273,015)	(187,604,411)	(137,607,720)	(946,031)	(137,607,720)	584,835,854	(2,031,953)	582,803,901	918,053,095	(1,884,741)	916,168,347
OTHER (EXPENSES)/INCOME	(163,391,026)	-	(163,391,026)	(310,948,074)	-	(310,948,074)	(231,884,089)	-	(231,884,089)	(11,552,744)	-	(11,552,744)	115,089,172	-	115,089,172
Share of (loss)/profit of associates	(19,061,676)	-	(19,061,676)	(45,285,751)	-	(45,285,751)	(184,958,460)	-	(184,958,460)	(85,316,381)	-	(85,316,381)	2,486,065,157	-	2,486,065,157
Impairment of investment in associates and goodwill	22,683,549	-	22,683,549	30,658,124	-	30,658,124	66,664,556	-	66,664,556	85,316,381	-	85,316,381	2,486,065,157	-	2,486,065,157
Finance income	-	-	-	-	-	-	-	-	-	-	-	-	375,434,214	-	375,434,214
Dividend income	(117,672,222)	-	(117,672,222)	(64,518,175)	-	(64,518,175)	(126,552,132)	-	(126,552,132)	(89,689,043)	-	(89,689,043)	(234,500,820)	-	(234,500,820)
Finance costs	(268,328,895)	-	(268,328,895)	(141,032,171)	-	(141,032,171)	(178,899,700)	-	(178,899,700)	(200,340,680)	-	(200,340,680)	93,521,593	-	93,521,593
Other (losses)/gain, net	(545,771,381)	-	(545,771,381)	(532,130,047)	-	(532,130,047)	(653,729,835)	-	(653,729,835)	(553,962,092)	-	(553,962,092)	2,899,631,005	-	2,899,631,005
(LOSS)/INCOME BEFORE INCOME TAX	(442,427,916)	(200,312)	(442,628,228)	(719,461,249)	(273,015)	(719,734,264)	(30,873,462)	(546,031)	(719,338,290)	30,873,462	(2,031,953)	28,841,509	3,917,064,100	(1,884,741)	3,915,179,359
INCOME TAX BENEFIT/(EXPENSES)	46,434,011	50,078	46,484,089	46,317,232	66,254	46,383,486	47,267,906	136,601	50,192,804	501,926,804	507,891	502,434,795	(807,926,590)	471,185	(807,455,405)
(LOSS)/INCOME FOR THE PERIOD/YEAR	(395,993,905)	(150,234)	(396,144,139)	(671,144,010)	(206,762)	(671,346,772)	(743,529,593)	(409,433)	(670,933,116)	532,800,266	(1,523,972)	531,276,294	3,009,157,510	(1,413,556)	3,008,343,954
OTHER COMPREHENSIVE (LOSS)/INCOME	(78,494,658)	-	(78,494,658)	38,012,895	-	38,012,895	589,678,424	-	588,678,424	(278,685,185)	-	(278,685,185)	(59,970,010)	-	(59,970,010)
Remeasurement of pension and other items that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Items that may be subsequently reclassified to profit or loss	(5,215)	-	(5,215)	94,099	-	94,099	107,245	-	107,245	191,354	-	191,354	(4,091,142)	-	(4,091,142)
Currency translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR	(474,483,770)	(150,234)	(474,644,019)	(633,037,019)	(206,762)	(633,241,779)	(153,743,924)	(409,433)	(632,843,447)	254,306,405	(1,523,972)	252,762,463	2,945,086,358	(1,413,556)	2,944,262,802
(LOSS)/INCOME FOR THE PERIOD/YEAR	(395,993,432)	(150,234)	(396,143,666)	(671,144,683)	(206,762)	(671,346,445)	(743,530,137)	(409,433)	(670,933,660)	532,797,012	(1,523,972)	531,273,040	3,009,756,761	(1,413,556)	3,008,343,205
Owners of the parent	(473)	-	(473)	673	-	673	544	-	544	3,254	-	3,254	746	-	746
Non-controlling interests	(395,993,905)	(150,234)	(396,144,139)	(671,144,010)	(206,762)	(671,346,772)	(743,529,593)	(409,433)	(670,933,116)	532,800,266	(1,523,972)	531,276,294	3,009,157,510	(1,413,556)	3,008,343,954
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR	(474,493,305)	(150,234)	(474,643,539)	(633,037,689)	(206,762)	(633,242,451)	(153,744,488)	(409,433)	(632,844,091)	254,303,181	(1,523,972)	252,770,209	2,945,095,609	(1,413,556)	2,944,262,053
Owners of the parent	(473)	-	(473)	673	-	673	544	-	544	3,254	-	3,254	746	-	746
Non-controlling interests	(474,493,778)	(150,234)	(474,644,012)	(633,037,015)	(206,762)	(633,241,779)	(153,745,924)	(409,433)	(632,843,447)	254,306,405	(1,523,972)	252,762,463	2,945,096,358	(1,413,556)	2,944,262,802
BASIC (LOSS)/EARNINGS PER SHARE OF THE PARENT (full amount)	(42)	-	(42)	(70)	-	(70)	(73)	-	(73)	56	-	56	316	-	316

* As restated, refer to Note 4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Rupiah, unless otherwise stated)

42. NON-CONTROLLING INTERESTS

The balances of non-controlling interests as at June 30, 2015, December 31, 2014, 2013 and 2012 represent non-controlling shareholder's share of ARI's equity which is owned by PT Minerina Bhakti.

43. SUPPLEMENTARY INFORMATION

The supplementary information on schedule 6/1 to schedule 6/5 represents financial information of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (parent company only) as at and for the six-month periods ended June 30, 2015 and 2014, and as at and for the years ended December 31, 2014, 2013 and 2012, which presents the Company's investments in subsidiaries under cost method, as opposed to the consolidation method and investments in associates and joint ventures under cost method, as opposed to the equity method.

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 6/1

**SUPPLEMENTARY INFORMATION OF
PARENT COMPANY ONLY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)**

	June 30, 2015	December 31, 2014*	December 31, 2013*	December 31, 2012*
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1,856,711,280	2,411,730,517	2,618,332,535	3,557,755,387
Trade receivables, net				
Third parties	1,412,494,628	1,015,070,681	1,182,219,367	1,738,602,638
Related parties	66,868,402	21,525,432	317,981	458,981
Other receivables, net	42,140,651	42,720,247	52,077,845	133,173,818
Inventories, net	1,794,892,790	1,691,750,690	2,350,619,477	1,392,416,392
Prepaid taxes - other taxes	836,613,054	707,090,795	544,441,626	321,775,865
Prepaid expenses	24,932,487	66,193,882	59,000,322	43,756,326
Other current assets	<u>218,824,540</u>	<u>67,596,040</u>	<u>20,477,705</u>	<u>66,225,900</u>
Total current assets	<u>6,253,477,832</u>	<u>6,023,678,284</u>	<u>6,827,486,858</u>	<u>7,254,165,307</u>
NON-CURRENT ASSETS				
Restricted cash	57,575,206	8,909,519	98,522,709	72,467,307
Non-trade related party receivable	347,738,386	324,670,879	297,461,380	227,259,808
Investments in subsidiaries	1,953,889,563	1,921,215,796	1,599,330,086	1,151,433,033
Investments in associates	1,477,190,587	1,477,140,587	1,477,113,087	1,473,363,087
Investment in a joint venture	1,397,989,872	1,112,542,631	1,112,542,631	1,112,542,631
Property, plant and equipment, net	7,395,096,333	7,130,878,586	5,178,071,262	3,743,600,983
Mining properties, net	732,100,256	739,655,235	727,819,692	512,879,128
Exploration and evaluation assets	534,064,789	504,789,740	492,655,833	573,418,773
Deferred charges	38,184,880	39,363,182	39,101,631	30,272,323
Prepaid taxes				
Corporate income taxes	305,827,618	502,223,593	762,152,417	467,105,807
Deferred tax assets	452,436,459	388,032,843	557,118,118	439,726,397
Other non-current assets	<u>59,949,545</u>	<u>56,876,277</u>	<u>43,722,981</u>	<u>36,452,140</u>
Total non-current assets	<u>14,752,043,494</u>	<u>14,206,298,868</u>	<u>12,385,631,827</u>	<u>9,840,521,417</u>
TOTAL ASSETS	<u>21,005,521,326</u>	<u>20,229,977,152</u>	<u>19,213,118,685</u>	<u>17,094,686,724</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade payables				
Third parties	148,158,248	394,319,141	402,538,097	323,774,609
Related parties	302,662,149	233,088,613	60,773,227	23,345,117
Accrued expenses	154,247,907	152,361,850	292,315,772	366,075,689
Short-term employee benefit liabilities	49,493,569	19,776,555	41,569,350	115,600,084
Taxes payable - other taxes	81,426,420	113,447,053	176,233,031	146,619,727
Advances from customers	44,380,388	36,972,526	71,292,729	180,771,529
Short-term bank loans	2,666,400,000	2,488,000,000	2,437,800,000	1,643,900,000
Current maturities of investment loans	265,306,800	224,231,000	98,426,175	-
Current maturities of provision				
for environmental and reclamation costs	18,441,304	19,260,587	30,337,362	45,990,788
Other payables	<u>51,778,801</u>	<u>44,031,314</u>	<u>64,711,347</u>	<u>36,638,111</u>
Total current liabilities	<u>3,782,295,586</u>	<u>3,725,488,639</u>	<u>3,675,997,090</u>	<u>2,882,715,654</u>
NON-CURRENT LIABILITIES				
Bonds payable	2,994,625,475	2,994,237,464	2,993,510,374	2,992,843,970
Investment loans, net of current maturities	3,098,336,948	2,268,658,242	1,223,734,214	-
Provision for environmental and reclamation costs, net of current maturities	208,726,549	195,779,388	223,154,338	190,935,762
Pension and other post-retirement obligations	494,676,705	392,907,501	1,213,260,072	781,405,088
Other non-current liabilities	<u>195,735,548</u>	<u>186,690,633</u>	<u>186,308,444</u>	<u>2,780,018</u>
Total non-current liabilities	<u>6,992,101,225</u>	<u>6,038,273,228</u>	<u>5,839,967,442</u>	<u>3,967,964,838</u>
TOTAL LIABILITIES	<u>10,774,396,811</u>	<u>9,763,761,867</u>	<u>9,515,964,532</u>	<u>6,850,680,492</u>
SHAREHOLDERS' EQUITY				
Share capital				
Authorised capital - 1 preferred series A Dwiwarna share and 37,999,999,999 series B ordinary shares; Issued and fully paid capital - 1 preferred series A Dwiwarna share and 9,538,459,749 series B ordinary shares with par value of Rp100 (full amount) per share	953,845,975	953,845,975	953,845,975	953,845,975
Additional paid-in capital, net	23,155,900	23,155,900	23,043,206	8,370,273
Other equity components:				
Difference arising from restructuring transaction of entities under common control	-	-	-	14,672,933
Retained earnings:				
Appropriated	11,547,778,686	11,547,778,686	11,230,071,996	8,685,924,261
Unappropriated	(2,293,656,046)	(2,058,565,276)	(2,506,429,513)	584,570,301
Treasury stock	<u>-</u>	<u>-</u>	<u>(3,377,511)</u>	<u>(3,377,511)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>10,231,124,515</u>	<u>10,466,215,285</u>	<u>9,697,154,153</u>	<u>10,244,006,232</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>21,005,521,326</u>	<u>20,229,977,152</u>	<u>19,213,118,685</u>	<u>17,094,686,724</u>

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 6/2

**SUPPLEMENTARY INFORMATION OF
PARENT COMPANY ONLY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)**

	June 30, 2015 (6 months)	June 30, 2014* (6 months)	December 31, 2014* (12 months)	December 31, 2013* (12 months)	December 31, 2012* (12 months)
SALES	7,737,032,728	3,911,130,342	9,233,740,846	11,217,105,960	10,237,737,292
COST OF GOODS SOLD	<u>7,194,724,280</u>	<u>3,700,449,695</u>	<u>8,353,371,246</u>	<u>9,622,631,347</u>	<u>8,478,712,017</u>
GROSS PROFIT	<u>542,308,448</u>	<u>210,680,647</u>	<u>880,369,600</u>	<u>1,594,474,613</u>	<u>1,759,025,275</u>
OPERATING EXPENSES					
General and administrative	311,995,641	312,188,742	675,640,330	831,148,036	831,693,308
Selling and marketing	<u>73,021,743</u>	<u>73,915,936</u>	<u>146,675,527</u>	<u>160,877,672</u>	<u>155,459,496</u>
Total operating expenses	<u>385,017,384</u>	<u>386,104,678</u>	<u>822,315,857</u>	<u>992,025,708</u>	<u>987,152,804</u>
OPERATING PROFIT/(LOSS)	<u>157,291,064</u>	<u>(175,424,031)</u>	<u>58,053,743</u>	<u>602,448,905</u>	<u>771,872,471</u>
OTHER(EXPENSES)/INCOME					
Finance income	18,472,577	28,114,369	60,524,592	78,822,889	154,135,535
Dividend income	-	176,630,410	437,105,649	-	383,103,797
Finance costs	(106,504,454)	(63,021,310)	(120,623,519)	(58,318,728)	(233,872,419)
Contingent consideration from investment	-	-	-	(182,835,000)	-
Other (losses)/gains, net	<u>(261,446,152)</u>	<u>(150,814,534)</u>	<u>(169,791,446)</u>	<u>(185,520,489)</u>	<u>113,526,879</u>
Other (expenses)/income, net	<u>(349,478,029)</u>	<u>(9,091,065)</u>	<u>207,215,276</u>	<u>(347,851,328)</u>	<u>416,893,792</u>
(LOSS)/PROFIT BEFORE INCOME TAX	<u>(192,186,965)</u>	<u>(184,515,096)</u>	<u>265,269,019</u>	<u>254,597,577</u>	<u>1,188,766,263</u>
Income tax benefit/(expense)	37,576,760	71,587,890	2,860,910	(73,797,224)	(303,148,077)
(LOSS)/PROFIT FOR THE PERIOD/YEAR	<u>(154,610,205)</u>	<u>(112,927,206)</u>	<u>268,129,929</u>	<u>180,800,353</u>	<u>885,618,186</u>
OTHER COMPREHENSIVE (LOSS)/INCOME					
Items that will not be reclassified to profit or loss:					
- Remeasurement of pension and other retirement obligations	(107,307,420)	50,683,860	786,237,898	(371,580,247)	(79,960,014)
- Tax effect - Remeasurement of pension and other retirement obligations	<u>26,826,855</u>	<u>(12,670,965)</u>	<u>(196,559,474)</u>	<u>92,895,062</u>	<u>19,990,004</u>
	<u>(80,480,565)</u>	<u>38,012,895</u>	<u>589,678,424</u>	<u>(278,685,185)</u>	<u>(59,970,010)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR	<u>(235,090,770)</u>	<u>(74,914,311)</u>	<u>857,808,353</u>	<u>(97,884,832)</u>	<u>825,648,176</u>

PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES

**SUPPLEMENTARY INFORMATION OF
PARENT COMPANY ONLY
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)**

	Issued and fully paid share capital	Additional paid-in capital, net	Difference arising from restructuring transaction of entities under common control	Retained earnings			Treasury stock	Total equity
				Appropriated	Unappropriated			
Balance as at January 1, 2014 (as previously reported)	953,845,975	23,043,206	-	11,230,071,996	(2,005,350,015)		(3,377,511)	10,198,233,651
Effect of changes in accounting policy	-	-	-	-	(501,079,498)		-	(501,079,498)
Balance as at January 1, 2014*	953,845,975	23,043,206	-	11,230,071,996	(2,506,429,513)		(3,377,511)	9,697,154,153
Appropriation for general reserve	-	-	-	317,706,690	(317,706,690)		-	-
Distribution of dividends	-	-	-	-	(92,237,426)		-	(92,237,426)
Loss for the period*	-	-	-	-	(112,927,206)		-	(112,927,206)
Other comprehensive income, net of tax: Remeasurements of pension and other retirement obligations*	-	-	-	-	38,012,895		-	38,012,895
Balance as at June 30, 2014	953,845,975	23,043,206	-	11,547,778,686	(2,991,287,940)		(3,377,511)	9,530,002,416
Balance as at January 1, 2015 (as previously reported)	953,845,975	23,155,900	-	11,547,778,686	(2,178,920,898)		-	10,345,859,663
Effect of changes in accounting policy	-	-	-	-	120,355,622		-	120,355,622
Balance as at January 1, 2015*	953,845,975	23,155,900	-	11,547,778,686	(2,058,565,276)		-	10,466,215,285
Loss for the period	-	-	-	-	(154,610,205)		-	(154,610,205)
Other comprehensive income, net of tax: Remeasurements of pension and other retirement obligations*	-	-	-	-	(80,480,565)		-	(80,480,565)
Balance as at June 30, 2015	953,845,975	23,155,900	-	11,547,778,686	(2,293,656,046)		-	10,231,124,515

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

Schedule 6/4

**SUPPLEMENTARY INFORMATION OF
PARENT COMPANY ONLY
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)**

	Issued and fully paid share capital	Additional paid-in capital, net	Difference arising from restructuring transaction of entities under common control	Retained earnings			Treasury stock	Total equity
				Appropriated	Unappropriated			
Balance as at January 1, 2012 (as previously reported)	953,845,975	2,526,309	14,672,933	7,702,700,591	1,988,730,653		(13,435,143)	10,649,041,318
Effect of changes in accounting policy	-	-	-	-	(301,918,979)		-	(301,918,979)
Balance as at January 1, 2012*	953,845,975	2,526,309	14,672,933	7,702,700,591	1,686,811,674		(13,435,143)	10,347,122,339
Appropriation for general reserve	-	-	-	983,223,670	(983,223,670)		-	-
Distribution of dividends	-	-	-	-	(867,550,297)		-	(867,550,297)
Distribution of treasury stock for employees bonus	-	5,843,964	-	-	-		10,057,632	15,901,596
Allocation for partnership and community development program	-	-	-	-	(77,115,582)		-	(77,115,582)
Profit for the year*	-	-	-	-	885,618,186		-	885,618,186
Other comprehensive loss, net of tax: Remeasurements of pension and other retirement obligations*	-	-	-	-	(59,970,010)		-	(59,970,010)
Balance as at December 31, 2012*	953,845,975	8,370,273	14,672,933	8,685,924,261	584,570,301		(3,377,511)	10,244,006,232
Adjustment in relation to implementation of SFAS No. 38 (revised 2012)	-	14,672,933	(14,672,933)	-	-		-	-
Appropriation for general reserve	-	-	-	2,544,147,735	(2,544,147,735)		-	-
Distribution of dividends	-	-	-	-	(448,967,247)		-	(448,967,247)
Profit for the year*	-	-	-	-	180,800,353		-	180,800,353
Other comprehensive loss, net of tax: Remeasurements of pension and other retirement obligations*	-	-	-	-	(278,685,185)		-	(278,685,185)
Balance as at December 31, 2013*	953,845,975	23,043,206	-	11,230,071,996	(2,506,429,513)		(3,377,511)	9,697,154,153
Appropriation for general reserve	-	-	-	317,706,690	(317,706,690)		-	-
Distribution of dividends	-	-	-	-	(92,237,426)		-	(92,237,426)
Distribution of treasury stock for employees bonus	-	112,694	-	-	-		3,377,511	3,490,205
Loss for the year*	-	-	-	-	268,129,929		-	268,129,929
Other comprehensive loss, net of tax: Remeasurements of pension and other retirement obligations*	-	-	-	-	589,678,424		-	589,678,424
Balance as at December 31, 2014*	953,845,975	23,155,900	-	11,547,778,686	(2,058,565,276)		-	10,466,215,285

**PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES**

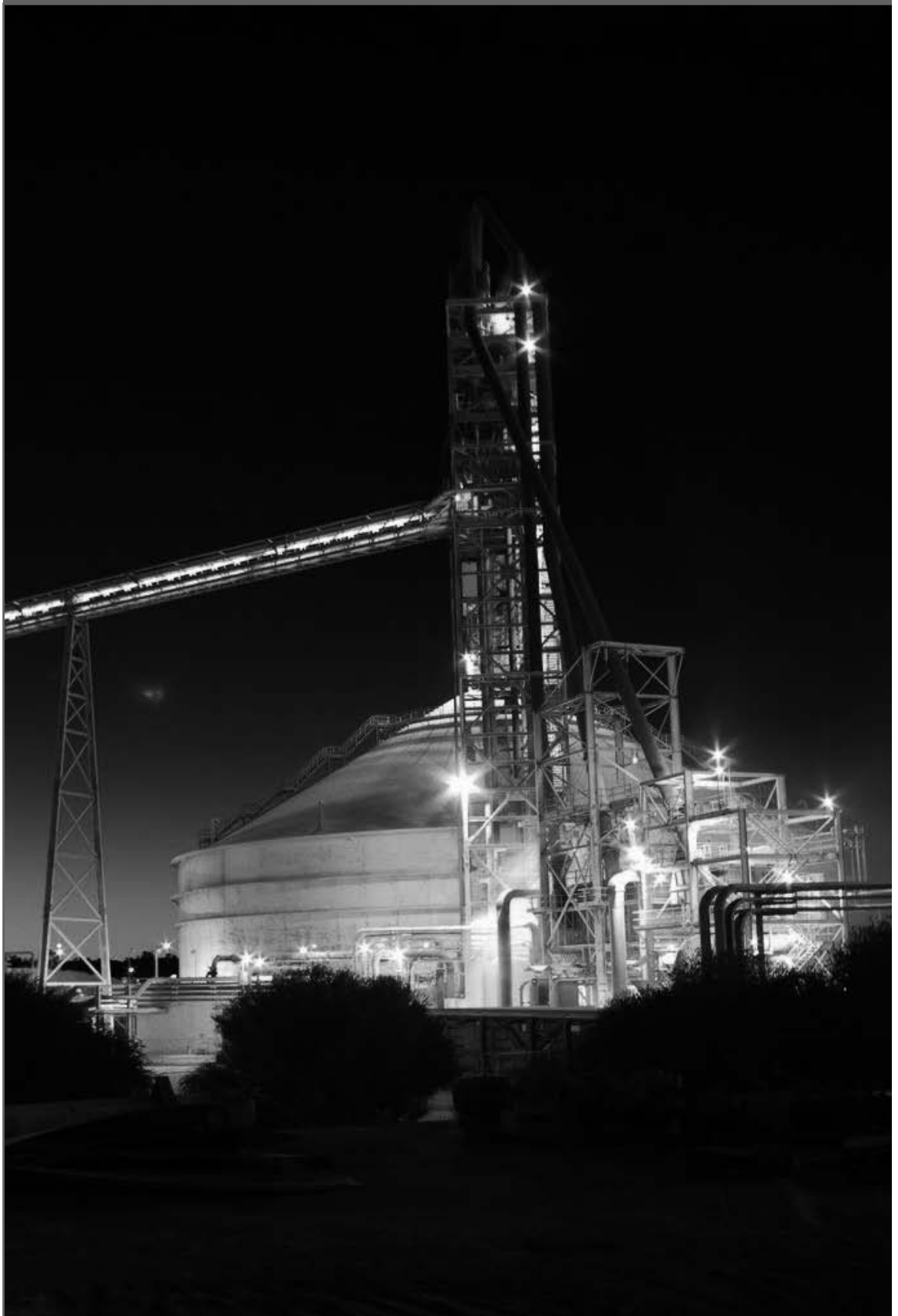
Schedule 6/5

**SUPPLEMENTARY INFORMATION OF
PARENT COMPANY ONLY
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Expressed in thousands of Rupiah, unless otherwise stated)**

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	6,997,552,269	4,072,154,462	8,579,919,466	11,317,144,272	9,165,285,737
Cash receipts from interest income	20,299,279	27,898,837	63,628,947	80,509,408	163,827,602
Payments to suppliers	(7,540,923,622)	(3,387,025,848)	(7,445,680,769)	(9,713,936,978)	(5,356,525,017)
Payments to commissioners, directors and employees	(344,815,975)	(411,207,633)	(844,368,006)	(835,682,950)	(2,287,780,801)
Payments of tax	(100,202,804)	(93,441,252)	(183,755,624)	(461,637,804)	(894,903,802)
Cash receipt from tax restitution	266,321,558	628,321,455	625,334,499	50,603,342	189,578,001
Payments of interest	(221,872,394)	(173,713,271)	(367,158,466)	(314,424,173)	(252,516,802)
Other receipts/(payments), net	130,545,319	(49,064,598)	(53,583,801)	(41,480,028)	167,517,903
Net cash flows (used in)/provided from operating activities	(793,096,370)	613,922,152	374,336,246	81,095,089	894,482,821
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend income	-	176,630,410	437,105,650	69,034,671	323,221,931
Acquisitions of property, plant and equipment	(200,132,372)	(654,167,596)	(1,714,524,100)	(1,796,033,490)	(1,712,336,613)
Acquisition of investment in subsidiaries	(30,801,160)	(179,082,685)	(312,488,429)	(446,585,362)	(662,969,167)
Acquisition of investment in associates	(50,000)	-	(27,500)	(2,500,000)	(1,258,300,788)
Disbursements for deferred charges	(3,050,347)	(1,288,660)	(7,906,955)	-	-
Disbursements for exploration and evaluation assets	(22,111,987)	(493,294)	(2,397,467)	(106,503,414)	(10,097,278)
Investment to joint venture	(285,447,241)	-	-	-	-
Loan to associates	-	-	-	(33,732,176)	-
Disbursements for mining properties	(443,568)	(19,074,418)	(34,969,802)	(100,802,507)	(281,299,305)
Net cash flows used in investing activities	(542,036,675)	(677,476,243)	(1,635,208,603)	(2,417,122,278)	(3,601,781,220)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank loans	3,325,304,240	1,163,559,288	4,307,213,965	4,605,337,058	1,627,070,467
Payment of dividend	-	(92,237,426)	(92,237,426)	(448,967,247)	(867,550,297)
Payment of allocation for partnership and community development program	-	-	-	-	(77,115,582)
Repayment of bank loans	(2,671,791,350)	(1,185,454,790)	(3,278,302,398)	(3,281,114,176)	-
Net cash flows provided from/ (used in) financing activities	653,512,890	(114,132,928)	936,674,141	875,255,635	682,404,588
NET DECREASE IN CASH AND CASH EQUIVALENTS	(681,620,155)	(177,687,019)	(324,198,216)	(1,460,771,554)	(2,024,893,811)
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	126,600,918	(23,524,179)	117,596,198	521,348,702	138,661,702
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	2,411,730,517	2,618,332,535	2,618,332,535	3,557,755,387	5,443,987,496
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	1,856,711,280	2,417,121,337	2,411,730,517	2,618,332,535	3,557,755,387

APPENDIX A: AME INDUSTRY REPORT

AME Consulting Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and all references thereto, in the form and context in which they appear in this Prospectus, and to the inclusion of the this report as an annex hereto.





7 September 2015

Johan Nababan
Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk
Gedung Aneka Tambang
Jl. Letjen TB Simatupang No. 1 Lingkar Selatan
Tanjung Barat Jakarta 12530
Indonesia

Dear Mr Nababan,

RE: Independent Market Study

Thank you for the opportunity to provide an independent market study on the nickel, gold and alumina industries (the "Report"). We understand that the Report will be used for the purposes of a Rights Issue by Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk ("ANTAM") or (the "Company"), where the Report will be used for inclusion, in whole or in part, within an offering document and relevant marketing material (including presentations) for this purpose.

Production and Cost Analysis

Available data varies greatly between operations and projects. Much information is not reliable due to language difficulties, the confidential nature of the information, the inability to estimate the reliability of AME's sources and general lack of data. Consequently, much information has to be estimated and the quality, accuracy and completeness of the resulting cost comparisons will reflect this and cannot be guaranteed. Furthermore, forecast costs embody a number of significant assumptions with respect to exchange rates and other technical variables. Because of these factors, direct comparability between individual projects may be limited and, as such, our supply and cost estimates must be treated with caution and cannot be relied upon.

Supply/Demand Analysis

In addition, AME has supplied tables of historical data and estimated future supply, demand and market trends by compiling, interpreting and analysing engineering, supply, economic, statistical and technical information from many third-party sources. Such company and country statistics usually contain inconsistencies and utilises sampling data techniques and, thus, should not be relied upon.

Data Accuracy

AME has prepared this Report using information from its in-house database as well as a wide range of public domain and industry data sources for which assessment cannot be made in regard to accuracy. This is because AME does not have access to confidential company information to verify our data quality. Therefore, reliance can only be provided where we have data of sufficient quality that is acceptable to an international commercial court.

Forward-Looking Statements

Statements in this document may contain forward-looking information identified by words such as 'estimates', 'intends', 'expects', 'believes', 'may' and 'will' and include, without limitation, statements regarding companies' plans of business operations, supply levels and costs, potential contractual arrangements and the delivery of equipment, receipt of working capital, anticipated revenues, mineral reserve and mineral resource estimates, and projected expenditures. There can be no assurance that such statements will prove to be accurate—actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include, among others, changes to metal prices, risks inherent in the mining industry, changes in the economic environment, financing risks, labour risks, uncertainty of mineral

AME Consulting Limited
342 Kent Street
Sydney, NSW, AUSTRALIA

www.amegroup.com
T: +61 2 9262 2264
F: +61 2 9262 2587

LONDON

HONG KONG

NEW YORK

SYDNEY



reserves and resource estimates, equipment and supply risks, regulatory risks and environmental concerns. Caution is needed and no reliance on forward-looking information can be made. Except as otherwise required by applicable securities statutes or regulation, AME expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Third-Party Sources

AME's research is undertaken through both primary and secondary research from various sources. Primary sources include contact with market participants and industry experts, such as producers, steelmakers and industry consultants and associations. Secondary research involves desktop research of government departments and statistics, trade data, industry journals, company reports, public domain information, and data from the AME proprietary research database. AME makes attempts to obtain information from multiple sources to cross-reference and ensure consistency. Information and data collected has been analysed, assessed and reasonably validated using the in-house techniques of AME.

Best wishes,

AME Consulting Limited



AME Consulting Limited
342 Kent Street
Sydney, NSW, AUSTRALIA

www.amegroup.com
T: +61 2 9262 2264
F: +61 2 9262 2587

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1 Introduction

AME Consulting Limited ("AME") has been engaged to provide an independent market study (the "Report") on the nickel, gold and alumina industries. The Report will be used for the purposes of a Rights Issue by Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk ("ANTAM" or the "Company").

ANTAM is a mineral commodity producer primarily engaged in the exploration, mining, processing and marketing of ferronickel, gold, silver, bauxite and coal. The Company's mineral assets and processing facilities are located in Indonesia. ANTAM's nickel ore mines are located at Pomalaa, Tanjung Buli and Pakal Island. Pomalaa is located in Southeast Sulawesi, while Tanjung Buli and Pakal Island are located in North Maluku. Nickel ore produced by the Company is understood to be primarily used as feed for its ferronickel plants at Pomalaa, which has an annual production capacity of approximately 20ktpa. Nickel production capacity at Pomalaa is planned to increase to around 30ktpa through the Pomalaa Ferronickel Plant Expansion Project, which is scheduled to commission in the near term. In addition the Company is currently developing a new ferronickel smelter, under the East Halmahera Ferronickel project, which has a planned nickel production capacity of 40ktpa.

The Company also owns two underground gold-silver mines at Pongkor and Cibaliung, which are located in West Java and Banten, respectively and produce dore bullion that is then refined into fine gold and fine silver at the Company's precious metals refinery, Logam Mulia in Jakarta. The refinery, which has a stated annual production capacity of 60t and 250t of gold and silver respectively, also processes some third-party material. Aside from the Pongkor and Cibaliung operations, ANTAM owns a 25% ownership stake in the Gosowong mine in Indonesia. The remaining share of the Gosowong mine is owned by Newcrest Mining.

In 2015, ANTAM commissioned the Tayan Chemical Grade Alumina ("CGA") refinery project which has a capacity to produce 300ktpa of CGA when at full capacity. The refinery will use bauxite mined from the Company's Tayan bauxite mine, which is located next to the site, according to the Company. The Company also produces coal from its mine in Sarolangun through its subsidiary PT Indonesia Coal Resources.

2 Nickel

2.1 Material Analysis

Background

In its pure state, nickel is white to dull-silver in colour with a slight metallic lustre. It is ductile and malleable, and readily conducts heat and electricity. The similarities between the chemical and physical properties of nickel and iron are no surprise given their close proximity on the periodic table. However, iron is not nearly as resistant to corrosion as nickel, which is not corroded by water, alkalis, ether or chlorine, making it extremely valuable to modern industry.

Its ductility and malleability, resistance to corrosion and relatively high strength at elevated temperatures were properties that made nickel useful in the construction of radio valves and cathode-ray tubes. More recently, nickel has been used extensively in conjunction with manganese and silica for vehicle spark plug electrodes. Currently, nickel is used predominantly as a component in the production of stainless steel in order to enhance its properties, such as making it non-magnetic and increasing the strength of the alloy. Nickel is currently believed to be the most efficient element in making stainless steels non-magnetic.

Refined Nickel

Although the stainless steel industry consumes substantial quantities of nickel in the form of oxide and ferronickel alloys, most of the nickel supplied for other industrial uses is in a pure metallic form. The most common form of refined nickel is electrolytic cathode. To meet the contract specification for London Metal Exchange ("LME") branding, refined nickel must be a minimum of 99.80% purity and be in the form of full plate cathode, cut cathode, pellets or briquettes. Other metallic forms of refined nickel include shot, ingot and rondelle.

Ferronickel

Ferronickel is an alloy comprising mainly of iron and nickel, and the nickel content can range from 2% to 30%. Demand for ferronickel products has developed primarily through the demand for nickel alloy steels, including stainless steel. The production of ferronickel basically involves the reduction of the ore in a blast furnace, kiln or electric furnace. As many ores used in the generation of ferronickel are derived from iron-rich laterites, a high-temperature reduction process is required to attain the high fusion temperatures of the silicates invariably associated with laterite ores. Electric furnaces are capable of providing high, localised and readily controlled operating temperatures and so are commonly used in ferronickel production.

Nickel Pig Iron ('NPI')

- Nickel pig iron is a ferronickel with lower nickel grade, but higher iron content than other ferronickel products. The nickel content in these ferronickel products can vary widely, however generally products with nickel contents below 10% are generally described as NPI. Increases in stainless steel capacity in China from 2000 onwards led to tight high grade saprolite ore supply in 2005. This prompted the processing of lower grade nickel laterites to produce a feedstock for stainless mills. The high iron content of these ores is also attractive to mills with the associated credit partially offsetting the cost of production.
- In China, nickel pig iron is generally produced from imported laterite ores. Currently the main exporting country to China is the Philippines. Previously Indonesia was also a key nickel ore exporting country to China however exports stopped after the country implemented an export ban on nickel ores in 2014.
- The low nickel grades in the NPI produced (generally below 5%) largely limited its use to 200-series stainless steels. Later, growing demand for this lower-priced product initiated further production through electric furnaces, resulting in material grades closer to traditional ferronickel standards (10-25% Ni) and suitable for producing 300 series stainless steel.

2.2 World Geology and Resources

Reserves and Resources

According to the United States Geological Survey (“USGS”), there is approximately 130,000 kilotons (“kt”) of identified nickel resources in the world. The USGS measures reserves in contained metal content rather than tonnes of ore.

Table 1 below shows USGS’ estimates of nickel reserves by country in 2014. According to the USGS, Australia, New Caledonia and Brazil hold the largest nickel reserves in the world.

Table 1: Estimated Nickel Reserves by Country, 2014 (contained metal)

Country	Contained Nickel Reserves (kt)
Australia	19,000
New Caledonia	12,000
Brazil	9,100
Russia	7,900
Cuba	5,500
Indonesia	4,500
South Africa	3,700
Philippines	3,100
China	3,000
Other Countries	13,190
Total	80,990

Source: USGS

According to the USGS, Indonesia holds the sixth largest nickel reserves in the world, of approximately 4,500kt. Aside from possessing large known reserves of nickel, Indonesia is also rich in mineral reserves of copper, gold, coal, tin and bauxite, based on information from the USGS.

Occurrence of Nickel

Natural economic occurrences of nickel can be described in terms of two broad geological categories: sulphide deposits and laterite deposits. Although nickel-bearing sedimentary deposits (e.g. Kupferschiefer, Europe) have been discovered, none is of economic significance.

Natural economic occurrences of nickel can be grouped into two geological categories: sulphide and laterite deposits.

- Sulphide – Sulphide deposits are typically mined by underground methods and are relatively rare, with deposits mostly found in Canada, Russia and Australia. Nickel sulphide deposits are generally highly productive, bearing copper and cobalt, and sometimes gold, silver and recoverable platinumoids.
- Laterite – Nickel-bearing laterites are found in the upper sections of deposits and mined by open-pit methods. These deposits tend to be located in tropical regions. Nickel laterites are surficial, zoned, weathering mantles developed almost exclusively over ultramafic bedrock. There are two sub-types of lateritic nickel ore, limonite and saprolite. These ores are from different zones within the laterite profile and have different mineralogy and grade characteristics, and as a result, are processed through different routes.

Nickel Laterites

The grades of nickel laterites range from around 0.5% to 3.0% and may have cobalt present as a by-product. Nickel sulphides in comparison have a higher range in grade and more variability in the economics of extraction – mainly due to the higher relative commercial importance of by-products. Historically, nickel has been commercially extracted at grades of around 1% in the presence of by-products such as copper and cobalt.

Nickel laterites are surficial, zoned, weathering mantles developed almost exclusively over ultramafic bedrock. There are two chemical sub-types of lateritic nickel ore, broadly classified as saprolitic and limonitic (or silicate and oxide). These ore types are from different zones within the laterite profile and have different mineralogy and grade characteristics and as such are processed differently.

Therefore, nickel laterite ores are generally classified into two types – Saprolites and Limonites. Although both ores types are lateritic, there are differences in the average grades as well as processing technologies applicable. Of commercially produced laterites, Saprolites tends to have higher grades and are processed through pyrometallurgical processes into ferronickel products. Limonites are usually lower in grade than saprolites (although there are exceptions) and are typically processed through either hydrometallurgical processes (such as the Caron and HPAL processes) or into Nickel Pig Iron in China.

Saprolite is typically always smelted into ferronickel or nickel matte, using similar processes. The ore is crushed and/or dried, and then fed through a kiln, where it is dried further and partially roasted (some reduction of nickel and iron to a more reduced form of the metals). This is also sometimes called calcining. If matte is the final product, the hot calcine is required to be sprayed with sulphur. The calcine is then fed into a smelter, where electrodes are used to heat and melt it. Large volumes of slag are produced which is tapped periodically. The material remaining in the furnace is either crude ferronickel or matte (if sulphur was added earlier). The crude ferronickel/matte is then further refined to remove the last of the unwanted elements, before being cast to a solid product.

Mining for limonite is invariably open pit. Limonite ores can have moisture content as high as ~35% in the more wet tropical areas. Depending on the processing technique, limonite ore may or may not need to be crushed. Processing technologies applicable for limonite ores include:

- Acid Leach - In high-pressure acid leach (HPAL) processes, the ore is delivered into the autoclaves with water and acid, and the valuable minerals are leached out. The liquid produced is called pregnant liquor or pregnant liquor solution (PLS). The valuable elements are present in the solution as a sulphide, and this is then usually precipitated out as a solid. This material can then be refined further to nickel and cobalt metal using a similar set of refining techniques used for sulphide ores.

In heap leaching processes, the ore is sometimes agglomerated to aid in acid percolation. The ore is heaped in piles and sprayed continuously with acid. The valuable elements are dissolved and a similar PLS is produced. From this stage onwards, comparable processes are used as in HPAL to produce nickel.
- Caron Process - The Caron process is known to be used only in two plants globally (Yabulu in Australia and Tocantins in Brazil). It is essentially a roasting and then leaching process which still uses one of the typical refining processes for the final step to nickel metal.
- Pyrometallurgical treatment of limonite ores - In 2005/06 Chinese stainless steel mills started sourcing low grade laterite ores, predominantly limonites, resembling a low grade iron ore to be pyrometallurgically treated. The resulting product was termed 'nickel pig iron' due to its low nickel but high iron content.

2.3 Nickel Demand

The primary first use of nickel is as an alloying agent in many stainless steels, which is estimated to represent over 60% of global nickel usage. Scrap nickel, followed by ferronickel and NPI are understood to be the preferred feedstocks for stainless steel mills. Refined nickel is preferred for electroplating, used in the automotive industry and suitable for decorative, corrosion-proofing or engineering applications. However, this is easily subject to substitution and therefore more sensitive to nickel prices.

Nickel-based super alloys are high performance metals typically manufactured to exact specifications and can range from around 25-60% nickel content. The typical use of this material in the aerospace industry means that demand for high-nickel alloys can be cyclical due to its link with aircraft build rates. Nickel applications in superalloys are estimated to account for around 12% of nickel demand.

Electroplating accounts for approximately 10% of the consumption of primary nickel globally, and it is used in a wide variety of end use sectors. Nickel electroplating is a surface finishing process that is done for a variety of reasons: decorative, engineering, or electroforming applications.

Nickel's appearance and physical properties means it has popular applications across the construction, transportation and consumer durable sectors. Applications in the construction sector include lifts, escalators, bridges, and buildings as well as stainless steel fittings and fixtures. In the transportation sector, applications of nickel include as an alloying ingredient in car frames and rechargeable batteries in automobiles, as well as specialty applications such as turbine blades in aircraft. Within the consumer durables sector, nickel is used to make medical equipment, household appliances and electronic products.

Finished nickel products are, by convention, typically divided into Class 1 or refined forms (with a nickel content of 99% or more) and Class 2 or charge products (with lower nickel purity and includes ferronickel and NPI).

Stainless steel

Stainless steel is used widely in infrastructure and equipment within the construction sector, however, is not used as commonly in the structure of buildings as ordinary steels. Lifts, building facades and sinks are key examples of equipment made of stainless steel.

The stainless steel market is cyclical and has regularly recorded double digit growth and decline on an annual basis. In times of economic weakness the high upfront cost of the material (dependent in part to its relative nickel content) tends to overshadow its advantageous life cycle cost.

As nickel use in stainless steel represents approximately 60% of the demand for primary nickel, higher demand for nickel-bearing (austenitic) stainless steels is the main driver of demand for primary nickel.

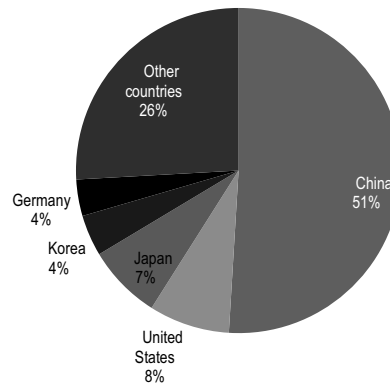
The preference for higher quality, austenitic stainless steels is a result of uses for the products in critical applications.

- Austenitic stainless steels contain nickel (and in some cases manganese) as well as chromium. These steels have good corrosion resistance and formability, and are non-magnetic. In certain environments, however, they are prone to stress corrosion cracking. Austenitic grade stainless steels typically contain more than 7% nickel; most of the major grades (300 series) contain between 8-14% nickel and are thus the most important group in terms of nickel consumption. Some austenitic grades (200 series) substitute nickel with manganese, which is a less effective austenite-former but a cheaper alternative to nickel. The nickel content in 200-series stainless steels typically range from 1-6% nickel and can contain as much as 16% manganese.
- Ferritic stainless steels are straight chromium alloys that cannot be hardened by heat treatment. They are magnetic, and have good ductility and resistance to oxidation and corrosion. They are the simplest form of stainless steels, have high corrosion resistance, but are also brittle. Ferritic grades (400 series) in general contain 0.5-0.7% nickel, but chromium is commonly in the 13% - 17% range.

2.3.1 Overview and Trends

On a country level, China is estimated to be the largest consuming country of finished nickel, accounting for more than half of global demand in 2014. Other major nickel consuming countries are the United States (the “US”) (8% of estimated global demand in 2014), Japan (7%), Korea and Germany (4% each).

Figure 1: Estimated Finished Nickel Demand by Country, 2014



Source: AME, International Nickel Study Group (“INSG”)

Since 2009, global finished nickel demand is estimated to have increased from approximately 1,240kt to 1,880kt in 2014, representing a compounded annual growth rate (“CAGR”) of around 8.6%. Strong growth in annual demand was largely driven by significant increases in nickel consumption in China, where estimated demand more than doubled from approximately 445kt in 2009 to 955kt in 2014. Over this period, China increased its share of global finished nickel demand from an estimated 36% in 2009 to around 51% by 2014, making the country the single largest market for finished nickel.

Strong growth in finished nickel demand in China was largely driven by significant growth in the country’s stainless steel sector over the period 2009-2014. Stainless steel production is estimated to be one of the most significant drivers for ferronickel demand as this finished nickel product is mostly used for this purpose.

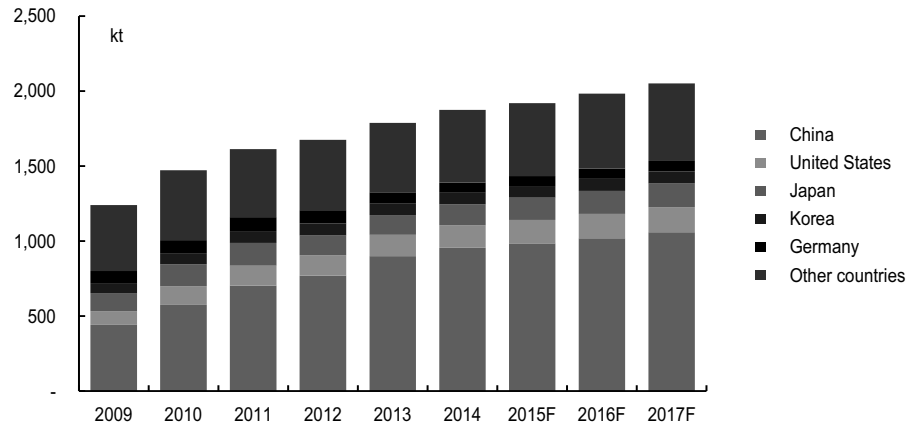
- Whereas finished nickel demand increased by a CAGR of around 16.7%, Chinese stainless steel production grew by an estimated CAGR of 19.8% over this period. By 2014, China’s stainless steel sector accounted for more than half of global stainless steel production, according to the International Stainless Steel Forum (“ISSF”).
- In 2014, 300-series stainless steel products accounted for approximately 50% of Chinese stainless steel production, according to the Stainless Steel Council of China Special Steel Enterprises Association (“CSSC”). Whereas 200 and 400 series accounted for approximately 29% and 21%, respectively.

In the US, finished nickel demand is estimated to have increased by a CAGR of approximately 10.8% from 90kt in 2009 to around 150kt in 2014. This was driven by growth in US stainless steel production, which grew by a CAGR of around 8.1% over this period. On the other hand finished nickel demand grew at a lower rate in Japan and South Korea from 2009-2014, by an estimated CAGR of 2.8%.

From a global perspective, the split between the production of various major categories of stainless steels had changed over the period 2009-2014. While the change in the proportion of 300-series stainless steels produced globally was relatively marginal over this period, from 57% of total stainless steel production in 2009 to around 55% in 2014, the share of 200-series stainless steels increased from 13% to around 19%. This trend was largely driven by significant growth in 200-series stainless steel in China, where this category accounts for approximately 29% of total domestic production.

2.3.2 Demand Outlook

Figure 2: Estimated Finished Nickel Demand by Key Country, 2009-2017



Source: AME, INSG

Going forward, finished nickel and ferronickel demand growth is expected to continue to be driven by growth in stainless steel demand. However, growth rates over the period 2014-2017 are not expected to return to rates seen in recent years as growth will be occurring over a significantly higher base and as growth in the Chinese construction sector slows.

Global finished nickel demand growth is forecast to ease for a second year in 2015, to 2.4% , after having slowed from 6.8% in 2013 to 4.9% in 2014 (to around 1,880kt). Demand growth is then projected to gain some momentum in 2016, to grow by a forecast 3.3%.

- In China, growth in stainless steel production slowed over the course of 2014 as the growth in the construction sector eased, and grew by 0.7% year on year in the first six months of 2015. Anti-dumping measures imposed by the EU in March 2015 on imports of stainless steel from China are also likely to be having an impact. The short-term outlook for stainless steel demand in China remains subdued and it is estimated that China's finished nickel demand will grow by 3% in 2015 as a whole, down from 6.2% growth in 2014.
- In its latest quarterly assessment, from July, the IMF kept its forecast for world real GDP growth at 3.3% in 2015, while slightly raising the forecast for 2016 to 3.8%. Global economic activity is, therefore, still seen picking up gradually in 2015 from an estimated 3.4% in 2014, before a larger pick-up in 2016. There is expected to be a corresponding pick-up in estimated global finished nickel demand growth in 2016 to 3.3% from 2.4% in 2015.

Nickel is considered a 'late cycle' commodity as it is typically found in higher value goods which displace lower quality goods as incomes increase.

- Growing economies have been using more nickel in their transition towards developed economies. Per capita consumption of nickel in China is estimated to have climbed from around 0.3kg per capita in 2009 to 0.7kg per capita in 2014, and it is expected to continue to grow albeit at a slower pace to approximately 0.8kg per capita over the medium term (3 to 5 years). Over time, the economy will mature and the model of growth is expected to rely increasingly on domestic consumption instead of asset investment and exports. Nevertheless, although China is unlikely to repeat double-digit demand growth in the future, we still expect solid demand in the medium term from household spending on cars and consumer goods. The expanding middle class in emerging Asia (excluding China) is also expected to support demand for construction and automobiles.

- From a technological perspective, the outlook for nickel demand appears to be stable. There has been no significant advancement in end-use technology to pose a commercially viable substitution threat to finished nickel demand. That said, there remains a significant substitution risk for the use of nickel-metal hydride (NiMH) batteries in electric and hybrid vehicles. Due to its high cost, high self-discharge rate and heat generation, NiMH has been increasingly replaced by lithium-ion batteries.

2.4 Nickel Supply

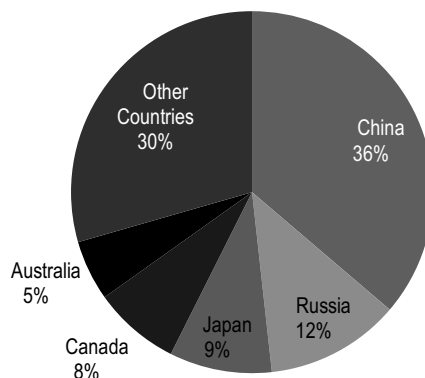
When considering nickel supply, AME considers both mined nickel production and finished nickel production. Under AME's adopted classifications, mined nickel is the nickel content contained in nickel and copper-nickel concentrates from the sulphide processing route plus nickel contained in lateritic ores which are then processed into ferronickel or through hydrometallurgical processes into Class 1 nickel.

AME classifies finished nickel as products from smelters and refineries which are in a form that is ready for use by nickel consumers. This includes refined nickel (>99% nickel content) and charged nickel, which are products with a nickel content of less than 99%.

2.4.1 Finished Nickel Supply

Global finished nickel production increased from an estimated 1,275kt in 2009 to 1,940kt in 2014, representing a CAGR of 8.8%, in line with growth in finished nickel demand over the same period. China was the largest producer of finished nickel in 2014, accounting for an estimated 36% of global finished nickel production. Other major finished nickel producing countries include Russia (which accounted for an estimated 12% of global production), Japan (9%), Canada (8%) and Australia (5%).

Figure 3: Estimated Finished Nickel Production by Country, 2014



Source: AME, International Nickel Study Group ("INSG")

Similar to demand, growth in global finished nickel supply was largely driven by substantial increases in production from China over the period 2009-2014. From around 250kt in 2009, Chinese finished nickel production increased at a CAGR of around 23% to reach approximately 700kt in 2014, overtaking Russia to be the largest finished nickel producing country.

- This extraordinary increase in Chinese finished nickel production over the period 2009-2014 was largely driven by substantial increases in ferronickel and NPI production capacity in the country. From an estimated 85kt in 2009, Chinese ferronickel and NPI production is estimated to have increased to around 480kt in 2014. There were also increases in Class 1 nickel production over this period, from around 160kt in 2009 to 220kt in 2014.

- The rapid build-up in ferronickel and NPI production capacity in China is believed to have been driven by a combination of strong domestic nickel demand from the country's large stainless steel sector, relatively high nickel prices, ample raw material supply and a relative lack of technical risk in ferronickel production.

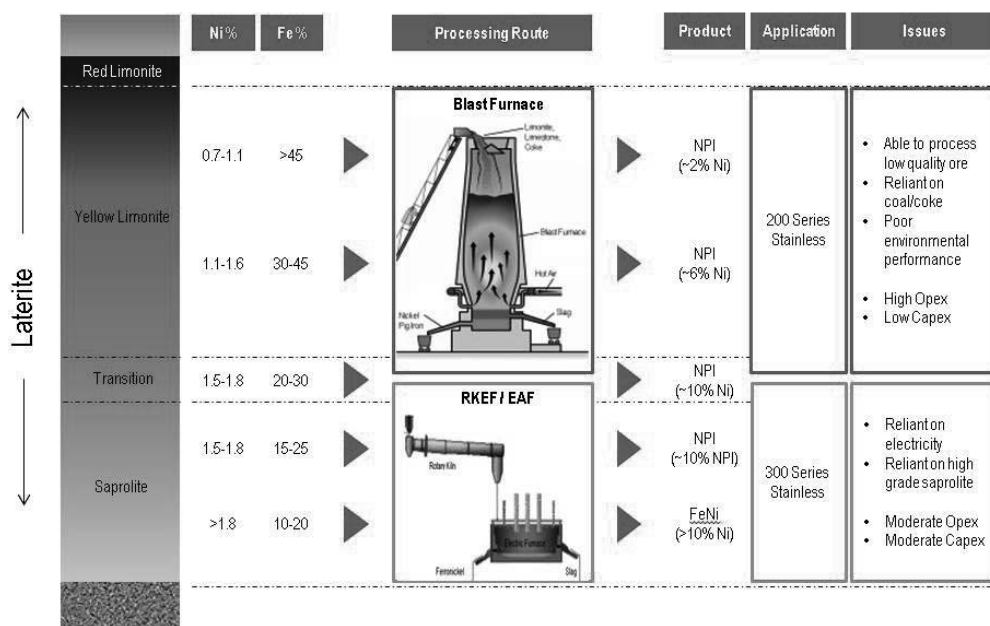
On the other hand, production from other key supply regions including Russia, Japan, Canada and Australia remained at similar levels over the period 2009-2014.

There was a significant change on the supply side of nickel when in January 2014, Indonesia implemented a ban on all exports of nickel ore from the country. This measure was implemented to encourage value-adding for its resources through investment in downstream processing facilities. Prior to the ban Indonesia was the largest mined nickel producer in the world, primarily supplying the Chinese ferronickel/NPI sector with saprolite laterite ore. Another key supplier to China is the Philippines, which supplies lower nickel grade limonite laterite ore.

As a result of the ban, the removal of Indonesian nickel ore exports from 2014 had posed a significant supply risk to Chinese RKEF ferronickel smelters, as there were no alternative suppliers of similarly high-grade saprolite ore that could sufficiently replace the large volumes of ore that Indonesia exported. Despite this, Chinese RKEF ferronickel smelters in China continued to produce throughout 2014 through drawing down on substantial stockpiles of Indonesian ore that were accumulated prior to the export ban. However, Indonesian ore stockpiles in China are understood to be depleting, with potential implications for future Chinese finished nickel supply.

An overview of pyrometallurgical processing routes for laterite ores is shown in Figure 4 below. Given the economics of ferronickel production, producers with RKEF and EAF facilities (which represents the a largest category of ferronickel capacity in China) typically require relatively high grade nickel laterite ore (generally found in saprolitic ore and less common with limonite ore) as feed in order to be feasible.

Figure 4: Simplified Laterite Pyrometallurgical Processing Overview



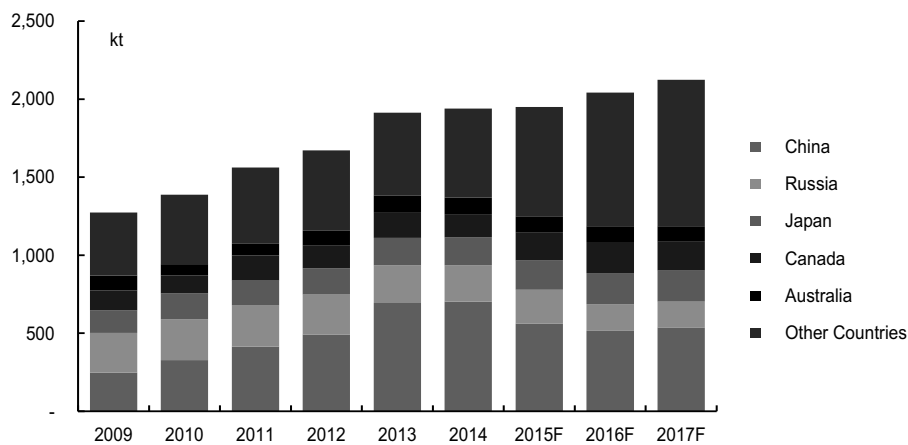
Source: AME

2.4.2 Finished Nickel Supply Outlook

After increasing by approximately 1.4% in 2014, global finished nickel supply is estimated to grow by 0.6% in 2015 to 1,950kt, picking up growth of around 4.7% and 4.0% in 2016 and 2017, respectively. The outlook for finished nickel supply over the near term is expected to be primarily shaped by the ramping up of recently commissioned nickel operations and estimated declines in Chinese finished nickel production.

- Large-scaled greenfield projects that were recently commissioned are expected to contribute to significant increases in finished nickel supply as they ramp-up to full production capacity. Examples include Anglo American's 41ktpa Barro Alto smelter, Vale's 53ktpa Onca Puma smelter, Glencore's 60ktpa Koniombo operation, Sherritt's 60ktpa Ambatovy and MCC's 31ktpa Ramu operations.

Figure 5: Estimated Finished Nickel Production by Key Country, 2009-2017



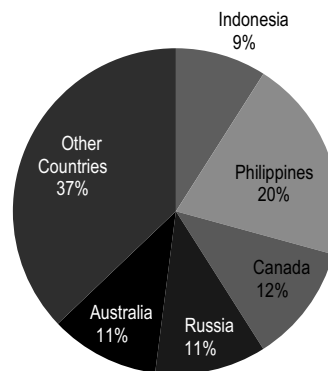
Source: AME, INSG

- On the other hand, Chinese finished nickel production is forecast to fall by 20% to 560kt in 2015, due to a combination of slower domestic demand growth, and laterite ore supply limitations, with increasing reliance on Philippine ore supply (which is typically of a lower nickel grade). Lower nickel grade ores generally result in higher operating costs on a per nickel unit basis (relative to higher grade ores) as larger volumes of material are required to be processed in order to obtain the same amount of nickel in the final product.
- Chinese finished nickel production is forecast to continue to decline in 2016, with supply estimated to fall by a further 8% to reach 515kt before increasing to around 540kt in 2017. Declines in Chinese finished nickel production over the period 2015-17 is estimated to be largely driven by declines in Chinese ferronickel/NPI production, which is expected to fall from 480kt in 2014 to around 260kt in 2017.
- On the other hand, Indonesian finished nickel supply is expected to increase significantly over the next five years as a result of the development of multiple smelter operations following the implementation of Indonesia's nickel ore export ban. Large-scaled projects include the recently commissioned SMI smelter operation which is understood to have an initial production capacity of 30ktpa, and planned to increase to 90ktpa by 2018. A further 27ktpa of production capacity is expected to be added at ANTAM's East Halmahera Ferronickel project, which is currently under construction.

2.4.3 Mined Nickel Supply

Global mined nickel production grew by an estimated CAGR of approximately 8.0% from around 1,385kt in 2009 to 2,030kt in 2014. The Philippines is the largest mined nickel producing country in the world, accounting for an estimated 20% of global supply in 2014. Canada (which accounted for 12% of estimated global production in 2014), Russia (11%) and Australia (11%) are also key mined nickel producing countries. Mined nickel produced from the Philippines and Indonesia are largely in the form of nickel laterite ores, as opposed to sulphide ores typically produced in Canada and Russia. Australia, on the other hand, produces both laterite and sulphide nickel ores.

Figure 6: Estimated Mined Nickel Production by Country, 2014

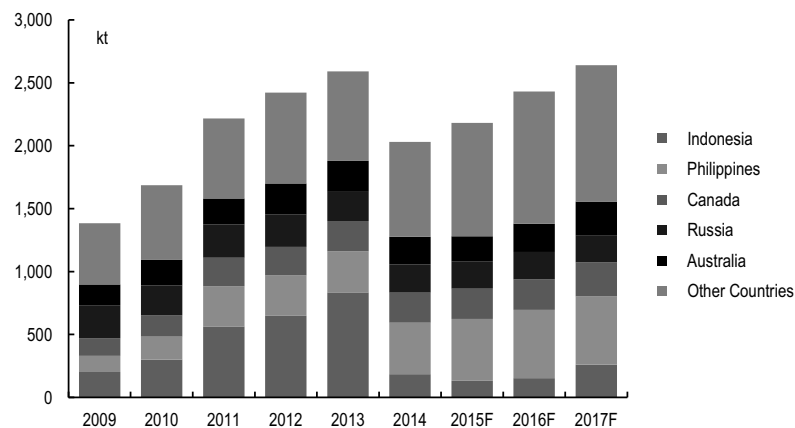


Source: AME, INSG

Prior to 2014, Indonesia was the largest producer of mined nickel in the world, having surpassed Russia in 2011.

- Indonesian mined nickel production increased from an estimated 200kt in 2009 to a peak of around 835kt in 2013, before declining to around 180kt in 2014. The increase in production over 2009-2013 was largely due to increasing demand from the rapidly growing Chinese ferronickel/NPI sector, which required significant quantities of imported nickel ore given relatively modest ore production volumes domestically.
- After the implementation of the nickel ore export ban in Indonesia, Philippines became the largest mined nickel producing country. From an estimated 125kt produced in 2009, mined nickel production in the Philippines increased by a CAGR of around 26.5% to 410kt in 2014.

Figure 7: Estimated Mined Nickel Production by Key Country, 2009-2017



Source: AME, INSG

2.4.4 Mined Nickel Supply Outlook

For the full year of 2015, global mined nickel supply is forecast to be around 2.2Mt, up 7.4% from 2014. It is estimated to increase by a further 11.4% and 8.6% in 2016 and 2017, respectively. The increase in mined nickel supply is expected to come from both existing supply sources and the commissioning of new mining projects.

- In 2015, additional supply entering the market is expected to include the ramp-up of mining by Sulawesi Mining to feed the SMI smelter in Indonesia, and the forecast recommissioning of the Black Swan operation by Poseidon. Further additions are expected to come from the ramp-up of exiting integrated operations including Sherritt's Ambatovy project in Madagascar, Lundin's Eagle project in the US, and Vale's Onca-Puma project in Brazil.
- The Indonesian ore ban is still driving changes in the supply outlook, with Indonesian miners awaiting the construction of new processing facilities, and production in the Philippines attempting to ramp up to meet China's laterite ore supply deficit. Development of smelting facilities in Indonesia is expected to see a renewed surge of mined supply, with the first new plants coming into production in 2015 including the 30ktpa SMI smelter and the 48ktpa North Konawe smelter.
- Significant new production in 2016 is expected from First Quantum Mineral's Enterprise Nickel project in Zambia, which is expected to commence operations late in the year, and add 38ktpa of mined nickel capacity. A further 27ktpa of capacity is forecast to come from operations currently placed in care and maintenance restarting operations as nickel prices recover, including the Avebury and Lake Johnston projects in Australia. Meanwhile Sirius Resources' 26ktpa Nova-Bollinger project in Australia is scheduled to commission in 2017.

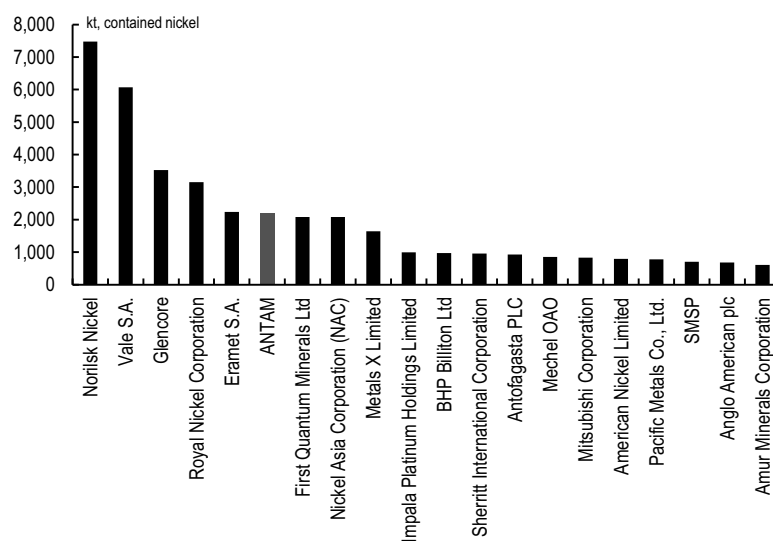
The largest risk to new mined nickel projects is that adjacent smelter capacity is not delivered on time; or a slower than expected supply response from the Philippines. A major risk to mined supply in the medium term could be the implementation of a Philippine ore export ban, which would further isolate Chinese NPI production capacity from ore supply.

2.5 Benchmarking Analysis

2.5.1 Nickel Reserves

As at 31 December 2014, ANTAM had total nickel reserves of 95.6Mt grading 2.0% nickel, containing approximately 2.2Mt of nickel. Its nickel reserves are spread across its Pomalaa, Pakal Island, Tanjung Buli, Mornopo and Sangaji assets in Indonesia.

Figure 8: Estimated Nickel Reserves by Company



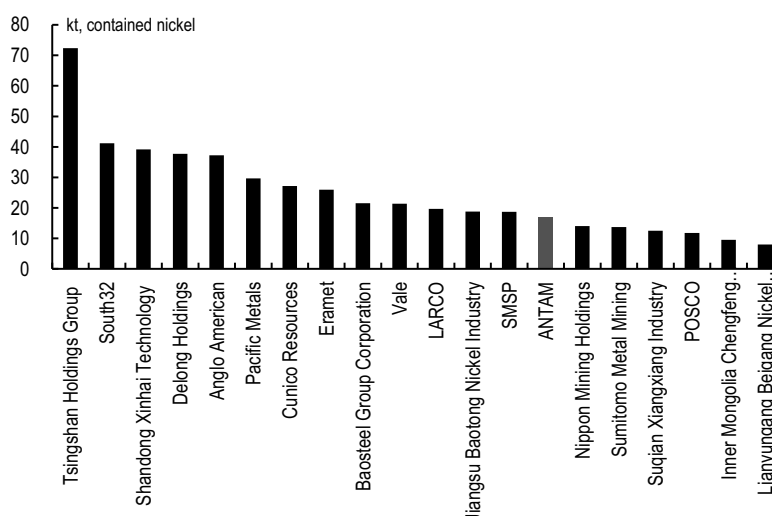
Source: Company Reports

Based on company reports, ANTAM is estimated to hold the sixth-largest nickel reserves in the world, on a contained nickel basis. The company that holds the largest nickel reserves is Norilsk Nickel, whose mining assets are predominantly in Russia. ANTAM's level of nickel reserves are at similar levels to that of Eramet, which mines nickel predominantly from New Caledonia. Reserve figures used for Figure 8 above were based on the latest publically available information from company reports as at the date of this report (7 September, 2015).

2.5.2 Ferronickel Production

In 2014, ANTAM produced approximately 16.9kt of nickel in ferronickel from its smelters in Pomalaa. Based on company reports and estimations, the Company is estimated to be the 14th largest ferronickel producer in the world based on 2014 contained nickel production.

Figure 9: Estimated Ferronickel Production by Company, 2014



Source: Company Reports, AME

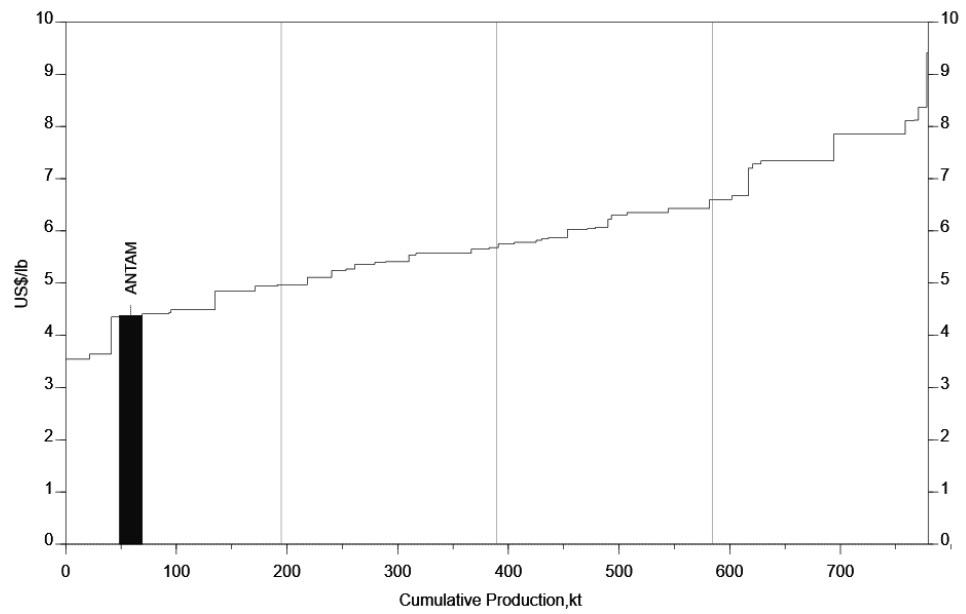
The largest ferronickel producer (on a contained nickel basis) in 2014 is estimated to be Tsingshan Holdings Group, which owns smelting assets in China and Indonesia (the SMI smelter). This is followed by South32, which owns the Cerro Matoso smelter in Colombia. The third largest ferronickel producer in 2014 is estimated to be Shandong Xinhai Technology, which has smelting assets in China.

ANTAM's ferronickel production capacity is scheduled to increase significantly within the next five years, through the commissioning of the Pomalaa Ferronickel Plant Expansion project and the East Halmahera Ferronickel project. At full capacity, these projects are expected by the Company to enable a nickel production capacity of 70ktpa, which will likely make the Company one of the largest ferronickel producers globally.

2.5.3 Ferronickel Cash Costs

In the first half of 2014, ANTAM's cash costs for ferronickel production were approximately US\$4.38/lb of nickel, according to the Company. When benchmarked against estimated 2015 ferronickel industry cash costs, the Company is estimated to be favourably positioned in the first quartile of the cost curve. In terms of the production of ferronickel, ANTAM is considered to be one of the lowest cost producers in the world, likely due to the favourable factors of having captive power supply and captive nickel ore supply (with relatively-high nickel grades). With LME nickel prices averaging US\$6.23/lb over the first half of 2015, this indicates that the Company's ferronickel division is operating with positive cash margins on a unit nickel basis.

Figure 10: Estimated Ferronickel Cash Cost Curve, 2015E (nominal terms)



Source: AME

3 Gold

3.1 Material Analysis

Gold is a well-known precious metal that has a chemical symbol of Au. It is bright yellow in colour, and exists in solid form under standard room conditions. It is malleable, ductile and an effective conductor of heat and electricity.

As one of the least reactive chemical elements, gold metal often exists in native state or free element form, as grains or nuggets in rocks, quartz veins and alluvial deposits. It can also be found as a solid solution naturally alloyed with elements such as silver or with other metals such as copper and palladium.

Although typically unreactive, gold can dissolve in aqua regia (nitro-hydrochloric acid) and alkaline solutions of cyanide. It can also be dissolved in mercury however it is not soluble in nitric acid (that can dissolve silver and base metals). This property gives rise to the acid test that is used to confirm the presence of gold in the materials. Geographically, gold is widely distributed across various regions, and is mainly extracted for jewellery, industrial fabrication and investment purposes.

There are several ways of mining gold on a large scale. Vein hosted and stratigraphic gold deposits are mined mainly by underground methods, although since the mid-1970s open-pit mining has been used for many deposits where lower grades and cheaper mining methods dictate economics. Shallow disseminated deposits, especially in the south-western US are also mined by open pit methods.

Various processing routes exist for gold, the choice of which also depends on grade and mineralogy. The cyanidation process, either used directly or after pre-treatment as dictated by the nature of the ore, is the most widely used treatment method of all types of ore. After cyanidation, gold is recovered from the aurocyanide solution by adsorption on activated carbon or by precipitation on zinc dust (the Merrill–Crowe process). Gold is also recovered as a by-product of base metals, uranium and silver mines.

Gold is commonly refined by the Miller process of chlorination or by electrolysis (the Wohlwill process); chlorination produces gold bullion 996 to 997 fine (denoting 996 to 997 parts per thousand or 99.6% to 99.7% purity of gold) while the Wohlwill process produces 999.5 to 999.9 fine bullion.

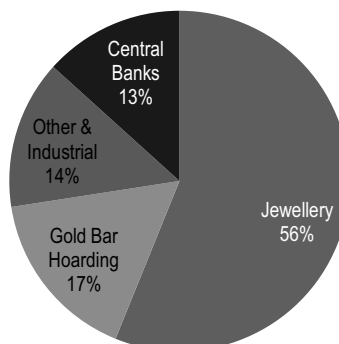
3.2 Demand

3.2.1 Overview and Trends

The major use of gold has been in the making of jewellery and coinage. It is unaffected by air, moisture and most corrosive reagents, and is therefore suitable for use in jewellery and coins and as a protective coating on other more reactive metals. It is estimated that the jewellery sector accounted for approximately 56% of global demand in 2014, followed by gold bar hoarding (17% of demand), 'Industrial and Other' uses (14%) and central bank purchases (13%).

Gold bar hoarding represents demand for physical gold in bar form, while 'Industrial and Other' uses represent gold used in industrial applications such as bonding wire and catalytic converters in the electronics and automotive sectors, and also the consumption of gold in the production of coins and medals. Gold investment represents the net inflow of investment funds into gold through exchange traded funds and similar products, inclusive of demand of over-the-counter gold investment products. For definitions for the various gold demand categories, please refer to the *Appendix*.

Figure 11: Estimated Gold Demand by Category, 2014



Source: AME

Amongst other applications, gold is also used in electronics, pollution control, and medical and dental applications. Demand from these applications are categorised under 'Industrial and Other' uses.

Electronics - The combination of gold's resistance to corrosion, malleability, as well as high thermal and electrical conductivity make it suitable for use in telecommunications, information technology and other high performance, safety-critical applications. As a result of the growth of these sectors, assuming there are no material changes in technology to replace gold, annual consumption of gold in electronics is estimated to increase over the long term.

Catalysts - Gold's use as a catalyst in industrial applications is becoming more common. Catalysts are used to accelerate the rate of a chemical reaction without itself being consumed by the reaction. Precious metals catalysts, such as gold and platinum, are used to convert exhaust pollutants (carbon monoxide, hydrocarbons, nitrogen oxides) from vehicle engines into less harmful carbon dioxide, nitrogen and water vapour. Vinyl acetate monomer (VAM) is used in emulsion-based paints, wood-glue and wallpaper paste. The inclusion of gold in the catalyst increases the yield of VAM compared with palladium alone.

Biomedical - Gold is used in a number of surgical applications due to its desirable biological properties. Its high degree of resistance to bacterial colonisation makes it the material of choice for implants that are at risk of infection (e.g. inner ear). Its excellent biocompatibility allows use as wires for pacemakers and gold-plated stents to support weak blood vessels, whilst minimising reactive changes in the surrounding tissue. Visualisation under x-rays also assists in accurate placement.

Dental - The advantages of gold and its alloys for dental applications are its biocompatibility, malleability and resistance to corrosion. In modern dentistry the main application of gold is in alloys with platinum, palladium or silver plus copper and zinc. Gold alloys used in dental work are proven to be durable and long-lasting and gold has excellent biocompatibility (it is non-toxic), so allergic reactions to a gold-based dental implant are extremely rare. These alloys are used for inlays, crowns and bridges. However, gold is less commonly used in dental work these days in favour of modern synthetic materials.

Global gold demand

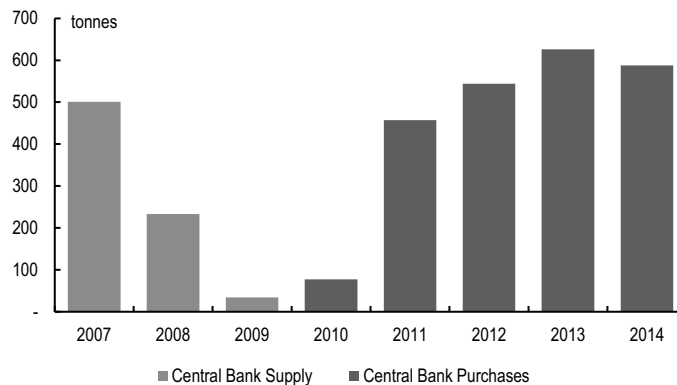
Global gold demand declined by an estimated 20% from 5,420t in 2013 to around 4,320t in 2014, its first decline in eight years.

- The decline in global demand in 2014 was largely driven by declines in consumer demand from China and India, which fell by approximately 26% and 17% year on year, respectively. Gold consumer demand is described as the amount of gold purchased by individuals, which is the total of jewellery demand, gold bar hoarding demand, and demand for gold coins.

- The decline in consumer demand from the world's two largest gold consuming countries in 2014 was largely expected, following the significant increase in consumer demand in 2013 when Chinese and Indian consumer demand increased by approximately 63% and 18% year on year, respectively. The surge in 2013 demand was largely incentivised by the sharp decline in gold prices over the year, where spot prices dropped from approximately US\$1,700/oz to US\$1,200/oz.

Traditionally, the use of gold in jewellery has been the main driver of gold demand, accounting for over 40% of global gold demand over the last five years. The jewellery sector accounted for approximately 56% of estimated global gold demand in 2014, an increase from 42% seen in 2009. The increasing share of demand accounted by the jewellery sector over this period can largely be attributed to significant increases in Chinese and Indian demand, despite their declines in demand in 2014. This was supported by strong economic growth in both countries, which contributed to general increases in income levels.

Figure 12: Central Bank Gold Supply vs Purchases, 2007-2014



Source: AME

Central bank purchases accounted for approximately 13% of global gold demand in 2014. This represents the fifth consecutive year of net purchases by central banks since 2010. Loose monetary policy in the US through its quantitative easing ("QE") programmes and low interest rates following the global financial crisis strengthened the appeal of gold as a safe-haven asset and as tool for risk diversification. Central banks, which had been net suppliers of gold, increasingly purchased gold as a tool to diversify risk and eventually the sector collectively became a net purchaser of gold in 2010.

"Other and Industrial" uses of gold accounted for approximately 15% of global gold demand in 2014. Under AME's demand classifications, this sector includes gold used in industrial applications such as bonding wire and catalytic converters in the electronics and automotive sectors, and also the consumption of gold in the production of coins and medals. Relative to other sectors, gold demand from this sector has been relatively stable, ranging annually from approximately 600-800t over the last decade.

3.2.2 Demand Outlook

Global gold demand is estimated to increase by 0.8% and 1.4% in 2015 and 2016 respectively, following the estimated 20.3% decline in 2014. This forecast is based on the expectation of an eventual rise in interest rates in the US, following the termination of its QE programme in October 2014. Along with an anticipated stronger US Dollar, this may impact gold as a safe-haven asset as gold is often used as a hedge against deflation risks. This may reduce demand for gold in terms of both physical gold bar hoarding and central bank purchases. However, AME expects gold demand to be supported by growing jewellery demand from China and India over the period 2015-2017.

The Chinese economy is expected to mature and this is likely to affect Chinese gold demand growth in the long term. A smaller share of personal wealth in China is expected to be held in gold as financial markets mature and investment options increase. Other emerging markets are not expected to shape gold demand like China has. India is expected to remain a significant gold consumer with its high jewellery demand, while Turkey and Russia are expected to become important gold consumers through higher jewellery demand.

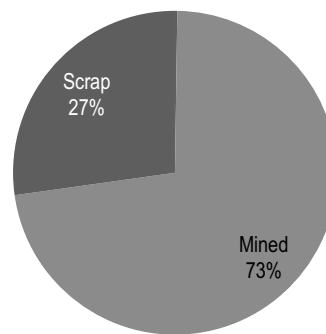
Substitution threats for gold are different to other metals. The scarcity of gold makes it 'precious' and desirable for jewellery. This is unlikely to change, although substitution with non-precious metals and such metals as platinum are impacting gold demand in developed jewellery markets. Gold also faces a medium-term substitution risk from its role as an investment asset and store of value. Considering gradual improvements in global economic conditions, equity investments may become a more attractive option in the medium- to long-term. The usage of gold in industrial applications is also facing competition in some areas such as the dental sector and in its use for bonding wire, with more affordable alternatives becoming available in the forms of copper and aluminium substitute for wiring and cobalt and nickel base alloys being used by the dental industry.

3.3 Supply

3.3.1 Overview and Trends

Under AME's supply classifications, gold supply consists of four broad categories: mined supply, scrap supply (or recycled gold), supply from central banks and implied divestment – which refers to gold supply derived from the net change in supply from Exchange Traded Funds (ETFs), Over-the-Counter (OTC) investment and similar financial transactions. For definitions of AME's supply classifications, please refer to the *Appendix*.

Figure 13: Estimated Gold Supply by Category, 2014

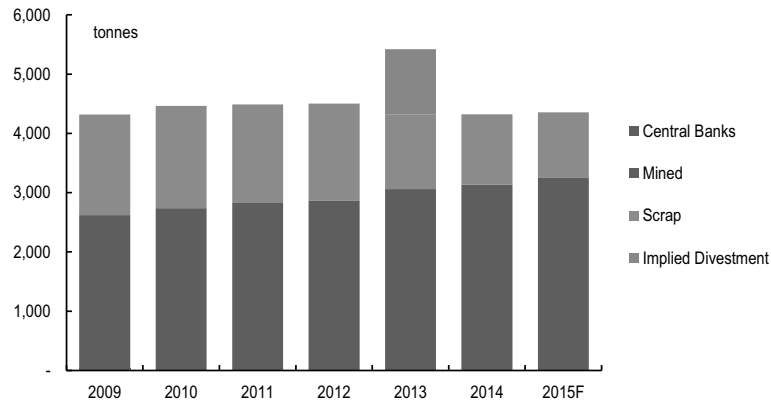


Source: AME

Mined and scrap supply accounted for approximately 73% and 27% respectively of total global gold supply in 2014. Total gold supply declined by approximately 15% in 2014, largely due to a significant amount of implied divestment in 2013, which led to 2013 gold supply increasing to levels higher than normal.

Over the period 2009 to 2014, global mined gold supply increased at a CAGR of approximately 3.9%. Production from most of the major producing countries had increased over the period except for South Africa, which was previously overtaken by China as the world's largest gold producing country in 2007. Since then, supply from the two countries have gone in opposite directions, with China continuing to achieve record-high production whereas gold production in South Africa is suffering from decline.

Figure 14: Estimated Gold Supply by Category, 2009-2015



Source: AME, World Gold Council

Over the period 2006 to 2012, increasing gold prices incentivised more gold to be recycled and enter the supply chain. The increase in average annual gold prices from around US\$970/oz in 2006 to about US\$1,670/oz in 2012 corresponded with an increase in annual scrap supply, which increased from approximately 1,130t in 2006 to 1,635t in 2012. The subsequent decline in gold prices after 2012 had then led to scrap supply declining to approximately 1,180t in 2014.

Scrap gold supply has been broadly in decline over the past five years with the share of scrap supply declining from approximately 39% in 2009 to around 26% in 2014. Similar to mined supply, scrap supply is largely incentivised by the underlying gold price. An approximately 25% decline in average annual gold prices from 2012 to 2014 corresponded with an estimated 28% decline in scrap supply over the period.

Prior to 2010, central banks had traditionally been a source of gold supply. However following the deterioration of economic conditions after the global financial crisis in 2008, there was an increasing trend for central banks to purchase gold as a means of managing risk, leading to the sector as a whole becoming a net seller from 2010. However, in the longer term, central banks are expected to eventually return to being net sellers of gold as financial markets and economic conditions stabilise.

3.3.2 Global Gold Reserves

Global gold reserves were estimated by the USGS to be approximately 55.4kt in 2014. This represents a reserve cover (the ratio of reserves to annual mined gold production) of approximately 18 years.

Table 2: Estimated Gold Reserves by Country, 2014

Country	Estimated Gold Reserves (kt)
Australia	9.8
South Africa	6
Russia	5
Chile	3.9
US	3
Indonesia	3
Other Countries	24.7
World	55.4

Source: USGS

Compared with 2009, global identified gold reserves have increased by approximately 15%. This may be attributable to relatively higher gold prices over the period which may have led to gold deposits previously considered to be uneconomic to

become economically viable. In addition, gold exploration activity is estimated to have been encouraged by the period of relatively higher gold prices.

The economics of gold deposits and gold projects depend on mining and extraction costs relative to the gold price. Intuitively, this means that as gold prices increase, more deposits become economically viable to exploit. Meanwhile over the last hundred years, improvements in mining and processing technology have expanded the reserve base substantially through increased cost efficiency across the industry.

According to USGS, Australia is geographically home to the largest identified gold reserves in the world, accounting for approximately 18% of the global total. After Australia, South Africa and Russia are amongst the countries with the richest gold reserves, hosting reserves of around 6kt and 5kt, respectively.

Indonesia hosts the 5th largest gold reserves in the world and is the largest amongst countries in Southeast Asia, with reserves of around 3kt. With production of approximately 65t of gold in 2014, Indonesia has a reserve cover of approximately 45 years.

3.3.3 Supply Outlook

Global mined gold supply grew by an estimated 2.5% in 2014. In 2015 and 2016, mined gold supply is forecast to increase by 3.6% and 4.0% respectively. In 2017 it is forecast to grow by a further 3.1% to reach approximately 3,480t.

New projects form an integral part of the gold supply chain. Mined gold supply growth over the period 2015-2017 is expected to largely be driven by the commissioning of new gold mines as older mines are exhausted.

Despite the decline in gold prices in recent years, a significant number of gold projects are scheduled to commission over the period 2015-2017. Due to the generally long lead time from exploration to production, many new mining projects expected to commission over this period have had capital committed at a time when gold prices were higher. It is estimated that around 3,540koz of new annual mined gold production capacity will commission in 2015. In 2016, it is estimated that a further 5,250koz of new annual mined gold production capacity will commission. Key projects include the large 550kozpa Éléonore and 525kozpa Cerro Negro projects owned by Goldcorp, the 460kozpa Asanko project owned by Asanko Gold, and the 350kozpa Aurora project owned by Guyana Goldfields.

There are two main obstacles to supply growth for the gold mining industry. The declining trend in average gold ore grades necessitates the general requirement for larger-scale mines to produce the same amount of gold. This in turn increases both capital costs and unit operating costs. Higher capital costs are required to construct a larger-scale mine and support infrastructure, while lower grades necessitate higher throughput in mining and processing to recover the same amount of gold, pushing up unit operating costs.

Gold supply is also susceptible to rising labour costs and at times labour disputes. In the case of South Africa, labour disputes had previously materially affected gold production. Companies previously affected by labour unrest in South Africa include Gold Fields, AngloGold Ashanti and Harmony Gold. Economic growth in developing countries such as China may also push up labour costs, making operations capital-intensive instead of labour-intensive.

Meanwhile central banks are not expected to become net sellers of gold over the period 2015-2017. Meanwhile declining gold prices have contributed to a declining trend in scrap gold supply in recent years. This is expected to continue over the near term.

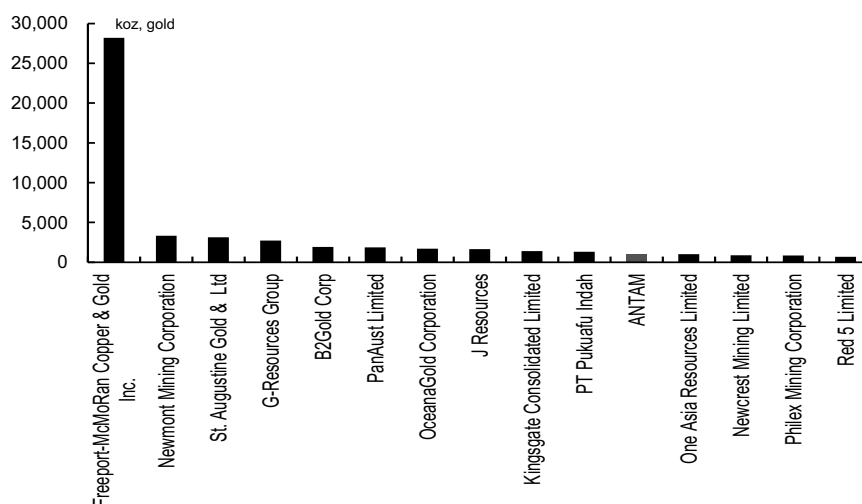
3.4 Gold Benchmarking Analysis

3.4.1 Gold Reserves

As at 31 December 2014, gold reserves at ANTAM's Pongkor asset were 2.12Mt grading 5.1g/t of gold, and at its Cibaliung asset gold reserves were 2.23Mt grading 6.0g/t of gold, according to company reports. In addition, the Company owns a 25% stake in PT Nusa Halmahera Minerals (remaining 75% is owned by Newcrest Mining), which operates the Gosowong mine in North Maluku. According to company reports, at Gosowong reserves were 3.0Mt grading 12g/t of gold, as at 31 December 2014. In total, ANTAM's equitable gold reserves on a contained metal basis were approximately 1,070koz.

When benchmarked against gold companies that operate in the South East Asia ("SEA") region, ANTAM is estimated to hold the 11th largest gold reserves. This analysis only considers gold projects located in SEA and is on a contained gold metal basis.

Figure 15: Estimated Gold Reserves by Company



Source: Company Reports

Note: This only includes Reserves for projects located in SEA

Freeport McMoran Copper & Gold is estimated to hold the largest gold reserves in the SEA region, primarily through its ownership of the Grasberg mine in Indonesia, which contains one of the largest recoverable copper and gold reserves in the world. This is followed by Newmont Mining, that has gold reserves in SEA from its stake in the large Batu Hijau copper-gold mine in Indonesia, and St. Augustine Gold, through its stake in the Kingking project in the Philippines. It is noteworthy that the average gold grade of reserves at Batu Hijau and Kingking, at approximately 0.30g/t and 0.38g/t respectively, are relatively low when compared to that held by ANTAM.

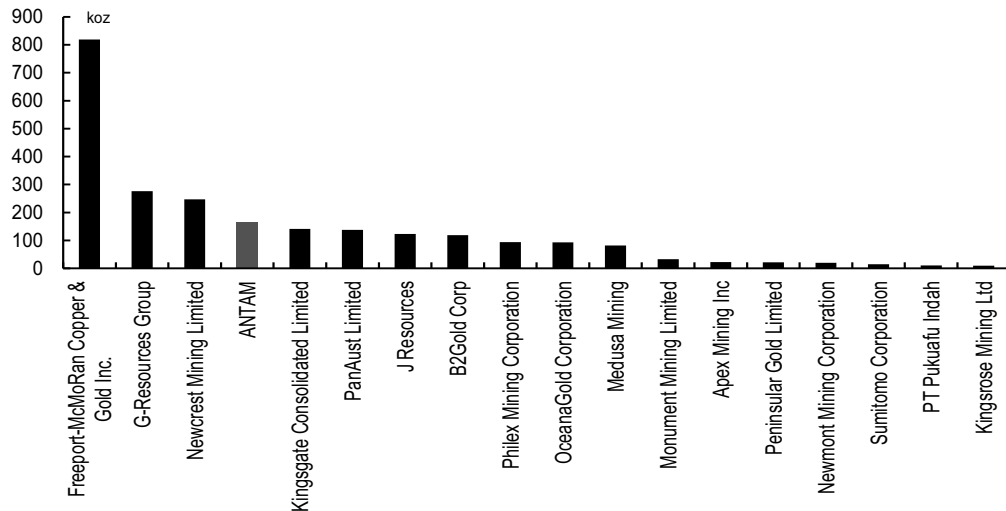
3.4.2 Gold Production

ANTAM produced approximately 75koz of gold from its Pongkor and Cibaliung mines in 2014. Along with its stake in the Gosowong gold mine, ANTAM's attributable gold production in 2014 was around 157koz, based on company reports.

When benchmarked against gold companies that operated in the SEA region, ANTAM is estimated to be the 4th largest gold producer in the region. The largest gold producer in SEA is Freeport McMoRan Copper & Gold, through its ownership in the Grasberg copper-gold mine in Indonesia. This is followed by G-Resources group, which owns the Martabe gold mine in Indonesia, and Newcrest Mining, through its ownership stake in the Gosowong mine in Indonesia.

Meanwhile, other key producers in the SEA region include Kingsgate Consolidated, which owns the Chatree gold mine in Thailand, and PanAust, through its ownership in the Phu Kham and Ban Houayxai mines in Laos.

Figure 16: Estimated Gold Production by Company, 2014



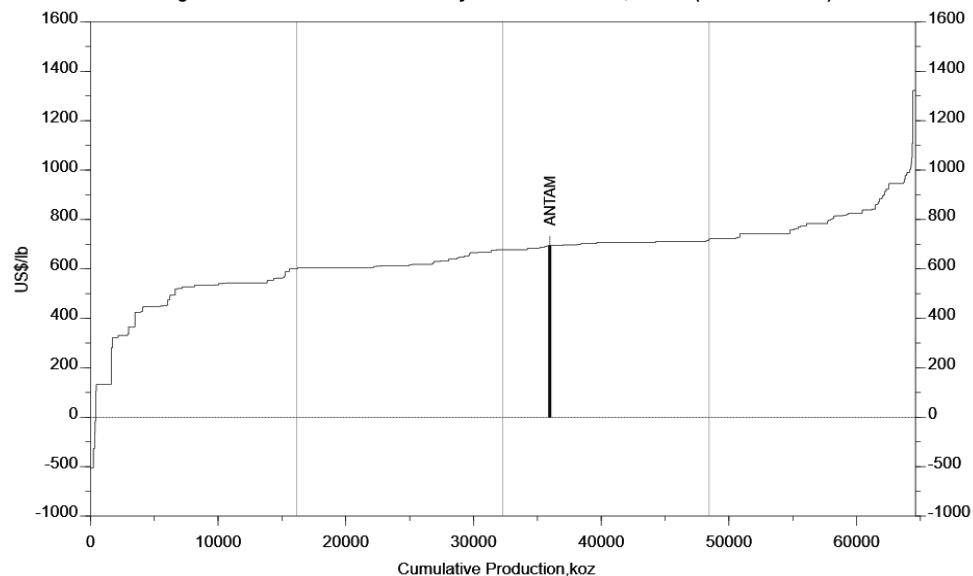
Source: Company Reports, AME
Note: This only includes production for projects located in SEA

3.4.3 Gold Cash Costs

In the first half of 2015, ANTAM's company-wide gold cash costs were approximately US\$694/oz, according to the Company. This represents cash costs for gold production at the Company's Pongkor and Cibaliung mines.

When benchmarked on an estimated 2015 global gold industry cash cost curve, ANTAM is estimated to be positioned in the third quartile of industry cash costs.

Figure 17: Estimated Gold Industry Cash Cost Curve, 2015E (nominal terms)



Source: Company Reports, ANTAM, AME

4 Alumina

4.1 Overview

Alumina Refining

Aluminium production involves two independent processes for conversion from naturally occurring aluminium oxide ores to the extracted metal. The first stage is the refining of ore (bauxite) to alumina (aluminium oxide, Al_2O_3). The second stage is the reduction process of pure alumina to aluminium metal. The common route to alumina production in the first stage is the refining of bauxite by using the Bayer process.

Main Types of Alumina

The main types of alumina produced from the refining of bauxite are alumina hydrate (also referred to as alumina trihydrate, hydrated alumina, or aluminium hydroxide), calcined alumina, fused alumina and tabular alumina. Alumina hydrate consists of approximately 65% Al_2O_3 and is the first useable product obtained from the Bayer process.

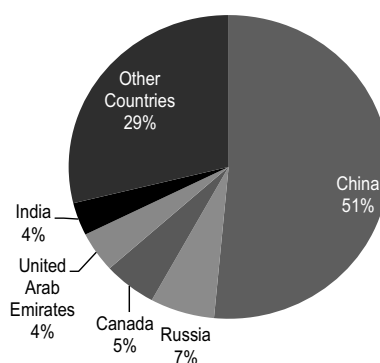
Calcined alumina, the major product, normally has greater than 99% Al_2O_3 content, although 'activated alumina' contains around 93% Al_2O_3 plus 6% chemically combined water. The calcined alumina is generally noted as Smelter Grade Alumina (SGA), or Metallurgical Grade alumina (MG) and is used as the supply to aluminium smelters. European plants have traditionally produced the fine-grained, highly calcined floury alumina but, in response to environmental pressures, plants were modified or redesigned to produce the sandy type, which has lower chemical impurities and is non-dusting. The shift to sandy alumina accelerated with the development of dry scrubber systems using the pot feed alumina as absorbents for the fluorides in the pot gas effluent in smelters. Special calcined alumina is produced by varying their chemical and physical properties. Fused alumina (also referred to as fused aluminium oxide or synthetic or artificial corundum), for use by the abrasives industry, is produced from calcined alumina in an electric furnace. Tabular alumina is 99.5% pure Al_2O_3 and is produced by heating alumina hydrate to temperatures slightly below the fusion point of alumina to convert it to the corundum state in extremely hard and dense tablet-like crystals for use in refractories.

4.2 Demand

4.2.1 Overview and Trends

The largest alumina-consuming country in 2014 was China, which accounted for an estimated 51% of global demand. This is followed by Russia (7% of estimated 2014 global demand), Canada (5%), United Arab Emirates ("UAE") and India (4% each). Given alumina's main use as a feedstock to aluminium smelting, its demand is directly linked to aluminium supply. As such, the largest alumina-consuming countries are typically also the largest aluminium-producing countries.

Figure 18: Estimated Alumina Demand by Key Countries, 2014



Source: AME

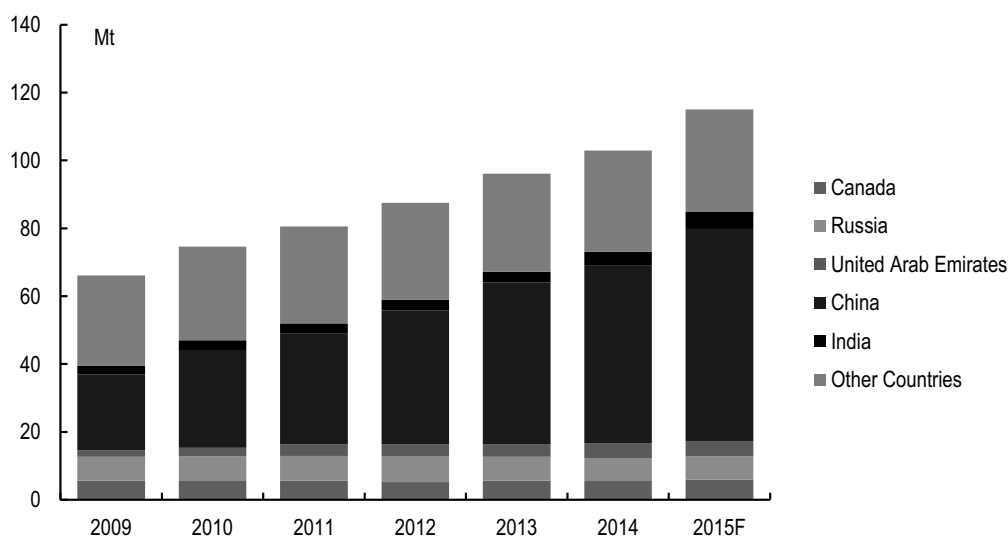
From a demand perspective, the structure of global alumina consumption has changed substantially since 2005. While China, Russia, and Canada were also the three largest alumina-consuming countries in 2005, its shares of global demand were very different, estimated at 25%, 12%, and 9%, respectively. Meanwhile the US and Australia were also key demand countries, accounting for an estimated 8% and 6% of global alumina demand, respectively.

The single largest driver for the differences in production shares between the largest alumina-consuming countries in 2005 and 2014 was the extraordinary growth in Chinese aluminium smelting capacity over this period, which led to an increase in alumina demand of more than 250%. Other countries, including Russia and Canada, recorded little growth in alumina demand over this period, while some countries such as the US and Australia experienced declines in alumina demand, as a result of aluminium capacity curtailment.

Over the period 2009-2014, global alumina demand grew by an estimated CAGR of approximately 9.6% from 65.1Mt to 102.8Mt. Of the incremental global alumina demand of approximately 37.7Mt over this period, approximately 31.1Mt (or 83%) was accounted by increasing Chinese demand.

- Aluminium production in China is estimated to have grown from approximately 13.1Mt in 2009 to 27.6Mt in 2014, representing an increase of more than 110%. Since 2005, AME estimates more than 35 new aluminium smelters were commissioned.
- Aside from China, incremental growth in global alumina demand was also driven by growth in the Middle East. In particular, this was from the commissioning of several large aluminium smelters including Emirates Aluminium's (EMAL) smelter in UAE, Ma'aden's smelter in Saudi Arabia and the Qatalum smelter in Qatar.

Figure 19: Estimated Alumina Demand by Key Countries, 2009-2015



Source: AME

4.2.2 Demand outlook

Alumina demand is linked to aluminium supply, which is expected to increase by 10% in 2015 and 14% in 2016, outpacing estimated aluminium demand growth. This is expected to impact alumina short-term demand growth due to the new aluminium supply start-ups requiring alumina, versus planned closures.

In 2015 and 2016, alumina demand is estimated to increase by approximately 15% and 16%, respectively. In 2017, alumina demand is estimated to increase by a further 7% to reach approximately 147.8Mt. Strong demand over the period 2015-2017

is estimated to be due to the ramping-up of recently commissioned aluminium smelter projects and the commissioning of new projects. .

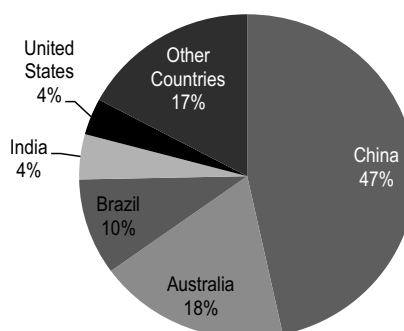
- While growth in Chinese alumina demand is estimated to be lower over the period 2014-2017 compared to 2009-2014, China is still estimated to be a key driver of future growth. Chinese alumina demand is estimated to grow at a CAGR of 14.4% from 52.5Mt in 2014 to 78.6Mt in 2017 as a result of new smelter development and ramp-ups.
- Overall, more than 7Mtpa of aluminium smelting capacity is scheduled to commence production in 2015, including projects within China. The new smelter pipeline for 2015 equates to about 14Mtpa of incremental alumina consumption once these projects reach full capacity. However, it is noted that there are expected to be risks associated with the realisation of full production capacity for some aluminium smelters as aluminium supply growth is forecast to outpace demand growth over the near term.
- India, with its large population and development growth potential, is expected to contribute to growth in global alumina demand. From just 1.7Mt in 2005, annual Indian alumina demand is estimated to have increased to approximately 3.9Mt in 2014 and subsequently increase to around 7.8Mt by 2017. However, there are risks to this forecast materialising, including the significant power requirements (and therefore associated capital spend) for aluminium smelter development. In addition there has been increasing consideration from Indian companies in developing aluminium smelters abroad, with an example being Nalco's joint venture in Iran. That said, Hindalco is planning to construct a greenfield aluminium smelter in Sonahatu, India and targets 360ktpa of aluminium production capacity.

4.3 Supply

4.3.1 Overview and Trends

In 2014, the largest producer of alumina was China, which accounted for approximately 47% of global production of 110.4Mt. This was followed by Australia (18% of estimated 2014 production), Brazil (10%), India and the US (4% each). Together, these five countries accounted more than 80% of global production in 2014.

Figure 20: Estimated Alumina Supply by Key Countries, 2014



Source: AME

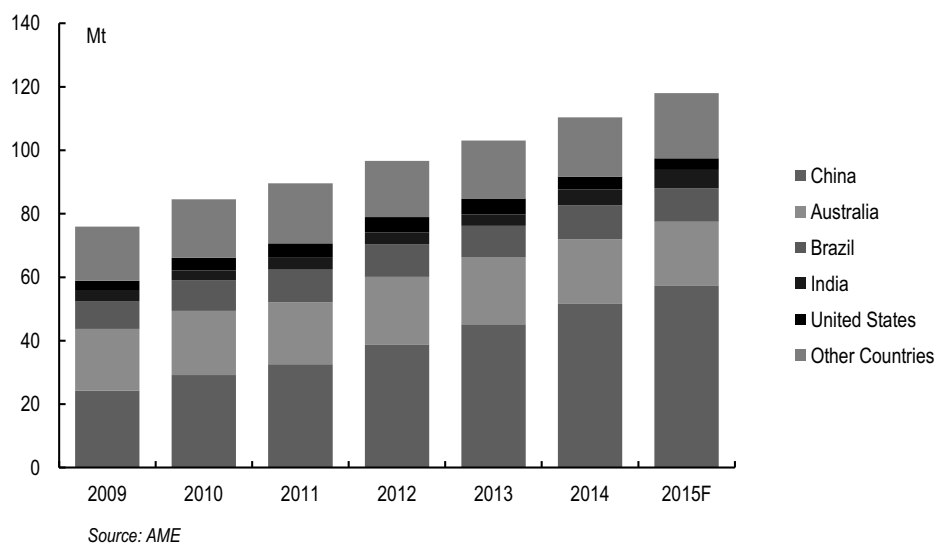
The supply landscape for alumina has changed over the last decade, with China overtaking Australia to become the largest alumina producing country, accounting for almost half of global supply. China's six-fold increase in alumina production over the period 2005-2014 from 8.6Mt to 51.6Mt largely corresponded with the country's increasing requirements as a result of equally significant growth in domestic aluminium smelting capacity. On the other hand, this growth was not replicated in other key alumina producing countries including Australia, Brazil and the US. As a result, their respective shares of global production had declined over this period.

Alumina supply increased by an estimated CAGR of 7.8% from approximately 76.0Mt in 2009 to 110.4Mt in 2014. The largest driver for global alumina growth over this period was the rapid expansion of alumina refining capacity within China. Chinese refining production increased at a CAGR of 16% over the five years to 2014, amassing significantly levels of refining capacity.

- In contrast, over the period 2009-2014, Australian alumina supply only grew by an estimated 1.1% from 19.4Mt to 20.4Mt. Alumina supply in India and the US on the other hand, increased at a CAGR of 7.4% and 6.6% over this period, respectively. Growth in Indian supply was largely due to the commissioning of the Lanjigarh and Utkal operations.

4.3.2 Supply outlook

Figure 21: Estimated Alumina Supply by Key Countries, 2009-2015



After increasing by an estimated 7.1% in 2014, global alumina supply is expected to increase by a further 7% in 2015, and subsequently by 16.6% in 2016.

- The pipeline of new alumina projects in 2015 is centred predominantly in China with a tracked project total of 5.1Mtpa of alumina production capacity. Project developments within China are at risk from energy price sensitivity if they process domestic ores (which requires more energy to process), or traded bauxite pricing and availability if they rely on imported bauxites. Outside of China, there is the 1Mtpa Well Harvest alumina refinery project and the 650ktpa refinery at Nhan Co in Vietnam, which appears to be on target to commission in 2015. In addition, depending on the commitment to development in India, production could potentially begin at the 1.5Mtpa AAL refinery in India, if bauxite leases and permitting are expedited.
- In 2016, company-scheduled refinery capacity starts equate to around 12Mtpa in alumina production capacity based on project pipelines. However, the delivery of these projects could be at risk as timelines may be delayed due to political and approval issues. The 2Mtpa Lanjigarh refinery in India is targeting commissioning in 2016.
- 2017 may be a significant year for alumina supply with the Emirates Global Aluminium 2Mtpa Shaheen refinery expected to commence, a potential start of at least one further refinery in SEA, and the additional start of any delayed projects from 2015 and 2016. Bauxite developments with integrated refineries that are both economically and politically favourable are expected to be favoured, leading to worsening competitiveness for stand-alone refineries that have high logistics or processing costs.

Appendix

Definitions

Demand Terminology

Central Bank Net Purchases

Central Bank Net Sales is derived from the difference between gross gold sales and gross gold purchases by central banks and other official institutions.

Consumer Demand

This represents the amount of gold purchased by individuals, which is the total of Jewellery demand, Physical Gold Bar Hoarding demand and demand for official and medals/imitations coin.

Gold Investment

This represents the net inflow of investment funds into gold through Exchange Traded Funds ("ETF") and similar products, inclusive of demand for similar over-the-counter ("OTC") gold investment products. ETF's gained popularity due to their perceived flexibility in the type of exposure to gold that the investor could attain through the purchase of a specific type of ETF, be it the spot price or an underlying portfolio of gold stocks.

Industrial and other

This includes the consumption of gold in the production of official coins and medals/imitation coins plus gold demand from the technology sector. Demand from the technology sector includes gold used in the fabrication of dental, medical, industrial, electronics, decorative and other technological applications.

Jewellery

Jewellery demand is equal to fabrication adjusted for jewellery imports/exports, and changes in overall gold stock levels by manufacturers. Fabrication is the manufacturing or processing of gold bullion into a semi-finished or finished product.

Physical Gold Bar Hoarding

This represents the demand for physical gold in bar form.

Producer De-hedging

This represents the impact on the physical gold price of gold derivative positions (options, forwards, and gold loans) being unwound due to producer sentiment or banking syndicate lending requirements.

Supply Terminology

Central Bank Net Sales

Central Bank Net Sales is derived from the difference between gross gold sales and gross gold purchases by central banks and other official institutions.

Gold Divestment

This represents the net outflow of investment funds into gold through Exchange Traded Funds ("ETF") and similar products, inclusive of supply from Over-The-Counter ("OTC") gold transactions.

Mined Supply

This represents gold output from all mines.

Scrap Supply

This represents gold sourced from already fabricated products which have been processed back into physical gold in bar form.

AME Cash Cost Definitions

AME cash costs are defined as the sum of 'Onsite' and 'Offsite' costs, net of by-product credits.

Onsite Costs

At 'mining sites' (i.e. where mining processes occur), onsite costs pertain to the production costs borne by the miner to extract and process mined material for sale, whether into a concentrate or finished metal.

- In the AME costing model, onsite costs are comprised of process costs and an allocated administrative and support cost.
- Process costs pertain to the site operations which extract and/or beneficiate raw mined output.
- In addition, an administrative cost is included. This is either reported from the company or deduced from the company accounts

Offsite costs

In the AME cost model, the offsite costs are the costs associated with bringing product to market which occur 'beyond the mine gate'. The costs include:

- Realisation costs (for gold and base metals i.e. Treatment and Refining Charges)
- Royalties
- Transport costs
- Input feed costs

Offsite costs allow the comparison of mines which otherwise have different characteristics and in other instances would be difficult to compare.

Offsite costs account for differences in locations product quality and royalty regimes (in the case of mining operations).

Realisation costs

Base and precious metals mines producing concentrate are subject to realisation charges in the form of Treatment and refining charges (TC/RC).

- TC are levied per tonne of concentrate produced.
- The AME costing model applies annual benchmark treatment charges.
- RCs do not apply to zinc, lead or molybdenum. Where they do apply, they are only applicable to payable metal.

Royalties

- Under the AME cash cost definition, royalties are included for sites where mining (or extractive) processes occur.
- AME applies the reported royalty paid by producers where available, or alternatively estimates the royalty levied based upon the prevailing royalty regime where the mines are located.
- Corporate income taxes, as well as extractive industry profit based taxes and export duties fall outside of the royalty definition
- Royalties are calculated for each country, or for each state or province in a country where royalty regimes differ between these regions.
- Royalties are generally levied on an ad valorem basis, i.e. as a fraction of the sales price. Some jurisdictions allow companies to deduct port and/or land freight charges from the sales price, calculating royalties on the difference.
- Where applicable profit based taxes which are levied instead of a royalty have been included.
- Income tax has been excluded in royalty calculation but is calculated for the purposes of NPV calculations.



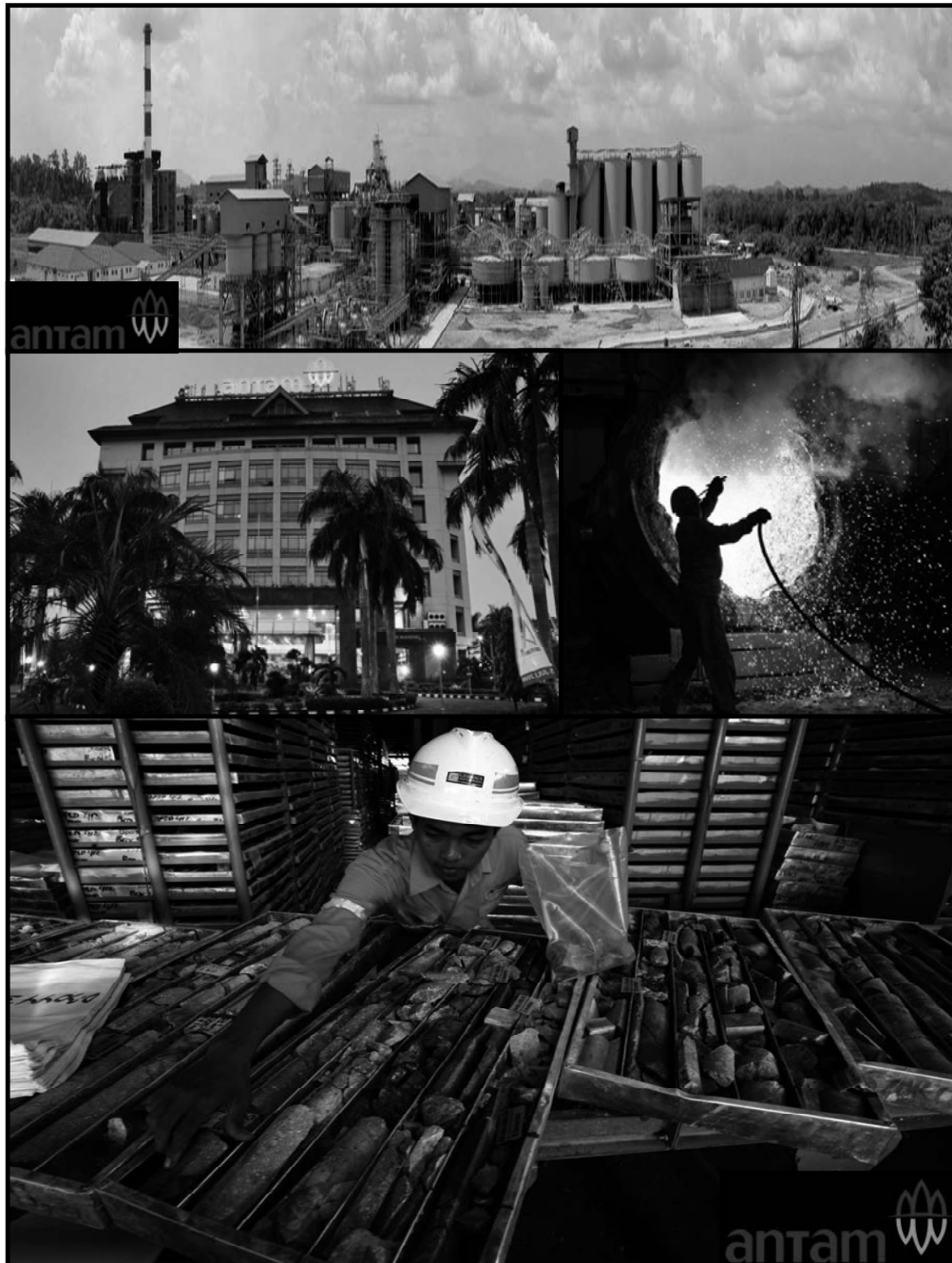
Transport costs

- The cost of transporting material to the point of export (or overland to the next processing stage) is included as an offsite cost. In the limited number of cases where transport and port facilities are owned and operated by the individual mining companies concerned, 'cash costs' of operating infrastructure are used.

By-product credits

- Under AME's default cash cost definitions, the revenue from the sale of by-products produced from a site reduces the cost of producing a unit of output. In some cases the revenue from the sale of the by-products could be more than the total site production and processing costs resulting in cash costs being shown as negatives. The by-product costing method is used for all mines included in the assessment.

APPENDIX B: ANTAM'S RESERVES AND RESOURCES REPORT



UPDATE OF
MINERAL RESOURCES & ORE RESERVES
PT. Antam (Persero) Tbk
As at December, 31th 2014

FOREWORD
STATEMENT OF MINERAL RESOURCES AND ORE RESERVES
AS AT DECEMBER, 31th 2014

This report is the update of the mineral resources and ore reserves as at December 31th, 2014 of PT Antam (Persero) Tbk. The information lists in this statement relates to the Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr. Trenggono Sutioso, who is a member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr. Trenggono Sutioso is a full time employee of PT Antam (Persero) Tbk.

Mr. Trenggono Sutioso has sufficient experiences 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 2012 Edition of The Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC Code). He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

PT. Antam (Persero) Tbk is a long established mining company producing various mineral entities. This report focuses on the Mineral Resources and Ore Reserves, which owned by PT. Antam (Persero) Tbk and its subsidiaries. They are supporting the company mining production as well as its advanced projects. Other Mineral Resources and Ore Reserves that subjected to joint venture agreements as well as subject to early stage of exploration projects are excluded from this report. All of Mineral Resources and Ore Reserves are located in Indonesia that have received legal mining license from Indonesian Government.

The Mineral Resources and Ore Reserves are reported in accordance with the Joint Ore Reserve Committee (JORC) Code 2012. PT. Antam (Persero) Tbk has improved this report to JORC Code 2012 since 2014.

All tonnage information has been rounded to reflect the relative uncertainty in the estimate. Resources are stated as additional to the reserves reported. Commodity prices and exchange rates used to estimate the economic viability of Ore Reserves are based on long term forecasts applied at the estimation.

Signed by,
Competent Person


Trenggono Sutioso

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NICKEL

The majority of the Mineral Resources and Ore Reserves estimate are prepared in accordance with Joint Ore Reserve Committee (JORC) Code of 2012 version using geostatistical and/or conventional methods, plus economic and mining parameters appropriate to each project.

Figure 1, 2, & 3 and Table 1 reflected the validity of Nickel Mining Permit of PT. Antam (Persero) Tbk as at December, 31th 2014.

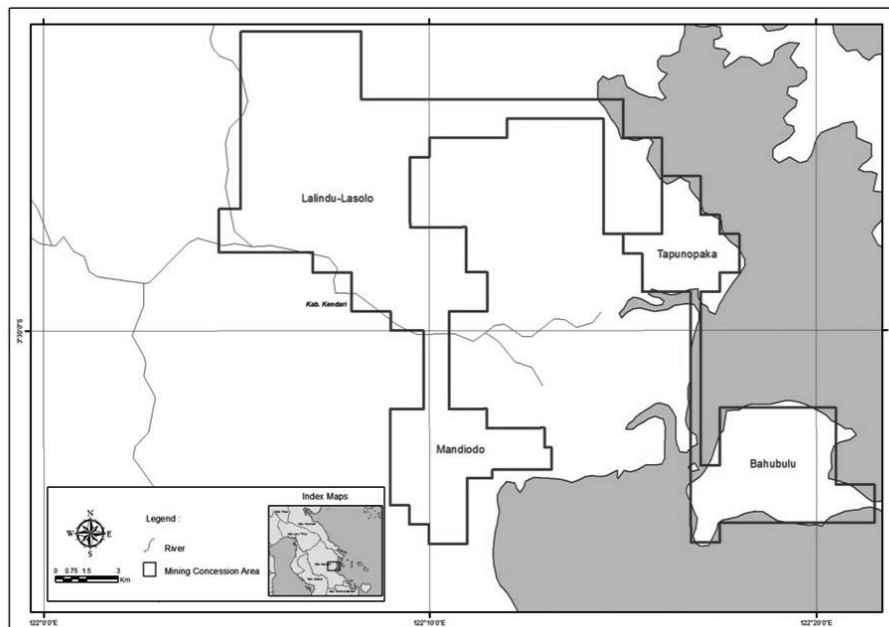


Figure 1 Map of Lalindu-Lasolo, Mandiodo, Tapunopaka and Bahubulu mining area in North Konawe Regency, South East Sulawesi Province

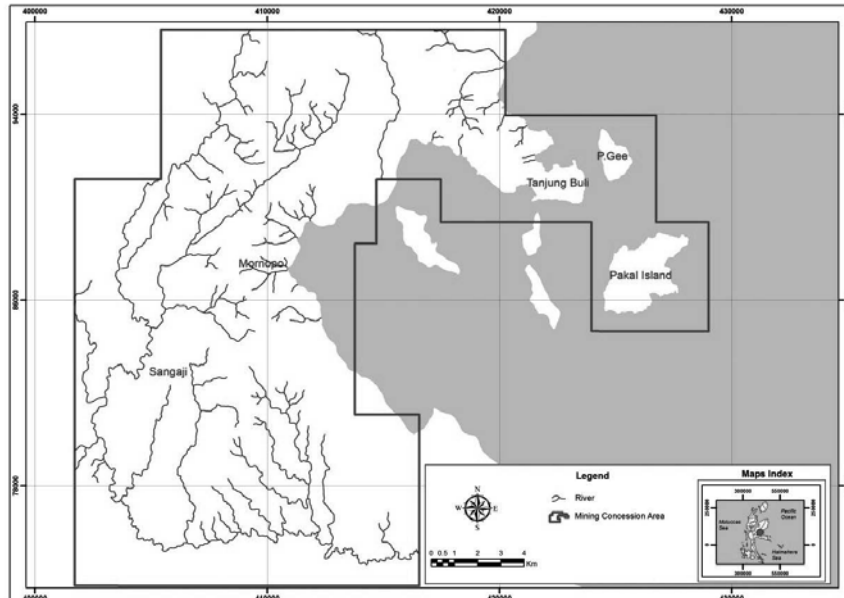


Figure 2 Map of Sangaji, Mornopo, Tanjung Buli, and Pakal Island mining area in East Halmahera Regency, North Maluku Province

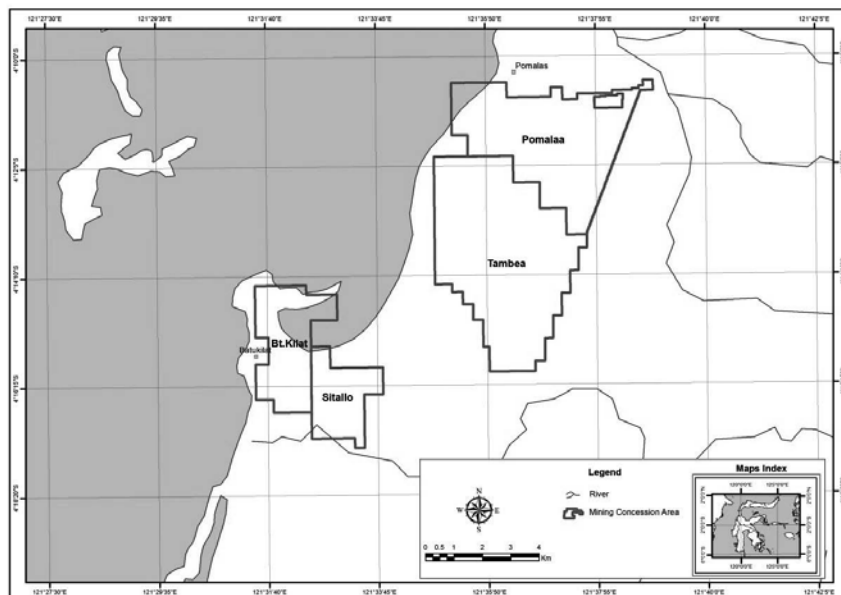


Figure 3 Map of Pomalaa mining area in Kolaka, South East Sulawesi Province

The North Konawe Regent publishes Mining Permit to other companies that overlapping to PT Antam (Persero) Tbk Mining licenses areas (Point 1 in the table 1, Lalindu-Lasolo & Mandiodo) and unilaterally cancels and pull out Mining licenses in North Konawe Regency by contempt of Rules. The company still through the litigation process to the State Administration Court.

The Mining Permit for Lasolo Area (Point 2 in table 1, Tapunopaka & Bahubulu), North Konawe Regent, has been certified as Clean & Clear after litigation process. Currently, ANTAM is being re-activate this Mining permit in order to operate normally.

The Mining Permit in Sitallo and Tambea (point 6 & 7 in the table 1) has been extended the period of validity. ANTAM has obtained the New Mining Permit before the expired date.

Table 1 List of Nickel Mining Permit.

No.	Mining Permit Numbers	Location	Name of Concession Area	Area Coverage (Ha)	Validity Period	
					Start	End
1	158 Tahun 2010 (KW 10 APR OP 005)	North Konawe, South East Sulawesi	Asera and Molawe	16,920	29-Apr-2010	29-Apr-2030
2	15 Tahun 2010 (KW 99 STP 057.a)	North Konawe, South East Sulawesi	Lasolo	6,213	11-Jan-2010	27-Jan-2028
3	188.45/540-170/2011 (KW97PP0443)	East Halmahera, North Maluku	Buli Serani	39,040	27-Oct-2011	27-Oct-2040
4	198 Tahun 2010 (WSPM 016)	Kolaka, South East Sulawesi	Pomalaa	1,954	25-Jun-2010	25-Jun-2020
5	199 Tahun 2010 (WSPM 017)	Kolaka, South East Sulawesi	Bt.Kilat	878.2	25-Jun-2010	25-Jun-2020
6	188.45/100/2014 (KW.WSPM.015)	Kolaka, South East Sulawesi	Sitallo	584.3	14-Mar-2014	14-Mar-2024
7	188.45/099/2014 (KW.WSPM.014)	Kolaka, South East Sulawesi	Tambea	2,712	14-Mar-2014	14-Mar-2024

The information in this report relating to mineral resources and ore reserves estimate are based on information compiled by Mr. Romzi Rio Wibawa, Mr. M.Riyan Kamil, Mr. Febri E. Prihasto, Mr. Yudi Agus, Mr. Arya Arditya and being verified by Mr. Trenggono Sutioso who have experiences for lateritic nickel exploration. Mineral resources and ore reserves of Nickel laterite as at December, 31th 2014 is shown in table 2, 3, & 4, all stated in Million of tonnes.

Table 2 Nickel saprolite reserves as at December, 31th 2014.

Location	Prospect	Cut of Grade	Million of Tonnes (wmt)	Million of Tonnes (dmt)	Ni (%)	Fe (%)	SiO ₂ (%)	Mgo (%)
Proved Ore Reserves								
East Halmahera	Tanjung Buli	Ni≥1.8% & Fe<25%	7.3	4.7	2.17	13.13	43.11	25.74
	Pakal Island	Ni≥1.8% & Fe<25%	10.2	6.6	2.39	15.35	40.29	21.48
Kolaka	Pomalaa	Ni≥1.8%	3.1	2.3	2.13	16.31	39.61	18.94
Total Proved Reserves			20.6	13.6	2.27	14.75	41.15	22.52
Probable Ore Reserves								
East Halmahera	Tanjung Buli	Ni≥1.8% & Fe<25%	1.0	0.5	2.2	13.1	38.2	17.3
	Pakal Island	Ni≥1.8% & Fe<25%	0.5	0.5	2.3	15.3	40.7	23.2
	Mornopo	Ni≥1.8% & Fe<25%	18.5	12.5	2.2	11.8	44.8	26.6
	Sangaji	Ni≥1.55%	92.0	67.5	1.9	12.2	40.7	27.2
Kolaka	Pomalaa	Ni≥1.8%	1.0	1.0	2.0	14.2	40.6	20.9
Total Probable Reserves			113.0	82.0	2.0	12.2	41.3	26.9
Total Reserves			133.6	95.6	2.0	12.6	41.3	26.3

The following tables contain details of other mineralization that have a reasonable prospect of being economically extracted in the future but not yet classified as Proven or Probable Reserves. This material is defined as Mineral Resources under the JORC Code. Estimates of such material are mainly based on geological information with only preliminary consideration of mining, economic and other factors. Pomalaa prospect which is reported in the resources & reserves table was resulted from 2014 exploration program that consist of Pomalaa, Bt.Kilat, Sitallo, and Tambea Concession Areas (*see table 1*).

Table 3. Nickel saprolite resources as at December, 31th 2014.

Location	Prospect	Cut of Grade	Million of Tonnes (wmt)	Million of Tonnes (dmt)	Ni (%)	Fe (%)	SiO ₂ (%)	Mgo (%)
Measured Mineral Resources								
East Halmahera	Sangaji	Ni ≥1.55%	6.0	3.9	2.12	12.28	39.01	26.12
North Konawe	Tapunopaka	Ni ≥1.8% & Fe <25%	5.3	3.4	2.25	15.77	36.27	17.48
	Mandiodo	Ni ≥1.8% & Fe <25%	4.9	3.2	2.12	16.02	37.59	20.31
	Bahubulu	Ni ≥1.8% & Fe <25%	4.7	3.1	2.34	14.39	38.71	14.42
Kolaka	Pomalaa	Ni ≥ 1.8%	0.2	0.1	2.17	12.51	42.2	22.36
Sub Total Measured Resources			21.1	13.7	2.20	14.50	37.95	19.94
Indicated Mineral Resources								
East Halmahera	Pakal Island	Ni ≥1.8% & Fe <25%	4.5	3.0	2.7	13.7	36.5	22.2
	Sangaji	Ni ≥1.55%	11.5	7.5	2.2	12.2	41.2	23.7
North Konawe	Tapunopaka	Ni ≥1.8% & Fe <25%	0.5	0.3	2.1	17.0	35.0	17.6
	Mandiodo	Ni ≥1.8% & Fe <25%	3.0	2.0	2.1	15.4	39.3	20.0
	Bahubulu	Ni ≥1.8% & Fe <25%	9.5	6.0	2.3	15.7	37.3	17.2
	Lalindu & Lasolo	Ni ≥1.8% & Fe <25%	8.5	5.5	2.2	15.4	38.2	20.2
Kolaka	Pomalaa	Ni ≥ 1.8%	0.5	0.5	2.1	12.3	42.3	23.6
Sub Total Indicated Resources			38.0	24.8	2.3	14.3	38.8	20.8
Inferred Mineral Resources								
East Halmahera	Sangaji	Ni ≥1.55%	51	42	2	13	41	27.5
Kolaka	Pomalaa	Ni ≥ 1.8%	1	1	2	11.5	43	22.5
Sub Total Inferred Resources			52.0	43.0	2.0	13.0	41.0	27.4
Total Saprolite Resources			111.1	81.5	2.1	13.6	39.8	24.1

Table 4 Nickel limonite resources as at December, 31th 2014.

Area	Deposit	Cut of Grade	Million of Tonnes (wmt)	Million of Tonnes (dmt)	Ni (%)	Fe (%)	SiO ₂ (%)	Mgo (%)
Measured Mineral Resources								
East Halmahera	Tanjung Buli	Ni≥1.2% & Fe≥25%	7.8	5.0	1.58	39.06	14.78	4.82
	Pakal Island	Ni≥1.2% & Fe≥25%	20.8	13.5	1.68	40.56	9.68	2.56
	Mornopo	Ni≥1.2% & Fe≥25%	9.8	6.3	1.53	40.67	14.83	3.75
	Sangaji	Ni≥1% & Ni<1.55%	35.0	22.7	1.21	40.73	14.16	2.35
North Konawe	Tapunopaka	Ni≥1.2% & Fe≥25%	27.8	18.0	1.52	41.03	10.47	3.34
	Mandiodo	Ni≥1.2% & Fe≥25%	28.2	18.3	1.49	41.01	11.25	3.99
	Bahubulu	Ni≥1.2% & Fe≥25%	5.3	3.4	1.49	31.08	14.8	8.56
Kolaka	Pomalaa	Ni ≥ 1.2%	2.4	1.6	1.42	30.89	26.31	6.04
Sub Total Measured Resources			137.1	88.8	1.46	40.18	12.46	3.46
Indicated Mineral Resources								
East Halmahera	Tanjung Buli	Ni≥1.2% & Fe≥25%	1.0	0.5	1.4	41.1	10.7	4.2
	Pakal Island	Ni≥1.2% & Fe≥25%	0.5	0.3	1.5	39.7	11.8	3.2
	Mornopo	Ni≥1.2% & Fe≥25%	2.5	1.5	1.5	37.5	16.4	4.8
	Sangaji	Ni≥1% & Ni<1.55%	78.0	50.5	1.2	41.8	12.5	2.5
North Konawe	Tapunopaka	Ni≥1.2% & Fe≥25%	9.5	6.0	1.6	40.2	10.7	4.9
	Mandiodo	Ni≥1.2% & Fe≥25%	19.5	13.0	1.5	39.1	12.5	4.9
	Bahubulu	Ni≥1.2% & Fe≥25%	20.5	13.5	1.5	31.3	21.2	8.9
	Lalindu & Lasolo	Ni≥1.2% & Fe≥25%	41.0	26.5	1.5	38.3	13.7	4.5
Kolaka	Pomalaa	Ni ≥ 1.2%	4.5	3.0	1.4	32.1	24.2	5.9
Sub Total Indicated Resources			177.0	114.8	1.4	39.0	14.1	4.2
Inferred Mineral Resources								
East Halmahera	Sangaji	Ni≥1% & Ni<1.55%	54	38	1	42	11	2.5
Kolaka	Pomalaa	Ni ≥ 1.2%	14	10	1.5	26	26	5
Sub Total Inferred Resources			68.0	48.0	1.1	38.7	14.1	3.0
Total Limonite Resources			382.1	251.6	1.4	39.4	13.5	3.7

Notes :

- The initial grid spacing of drilling is 400 m by 400 m and then reduced to 25 m by 25 m by infill drilling depends upon the geostatistical study for each area to increase the definition of the mineral resources estimation.
- Drilling program used a single tube core barrel rotary rig for lateritic nickel exploration, except Pomalaa using triple tube core barrel.
- Ore were sampled at 1 meter intervals and analyzed using XRF at company laboratory, and using external laboratory as QAQC sample check.
- The recovery of the core samples are greater than 90 % in average.
- All drill holes used for resource & reserve estimation were drilled vertically.
- Survey by ANTAM was by digital total station theodolite which corresponds well to the independent derived LiDAR topography.
- All locations are surveyed using the references of datum of WGS-84.
- All Mineral Resources Model estimated by the company's resource geologist using the polygonal method, except Sangaji and Pomalaa used kriging for mineral resources estimations.
- Resource Classification has been done by drill spacing, ore continuity, and Variography analysis. Resources are stated as additional to the reserves reported.
- All Mineral Resources processed by mining engineer to be economically mineable ore reserves. Estimation of Ore Reserves will go through the "modifying factors". In those processes had considered aspects of mining, metallurgical, economic, marketing, legal, environmental, social, and governance.

BAUXITE

The status and validity of bauxite Mining Permit area owned by PT. Antam (Persero) Tbk is shown in the figure 4 & 5 and table 5.

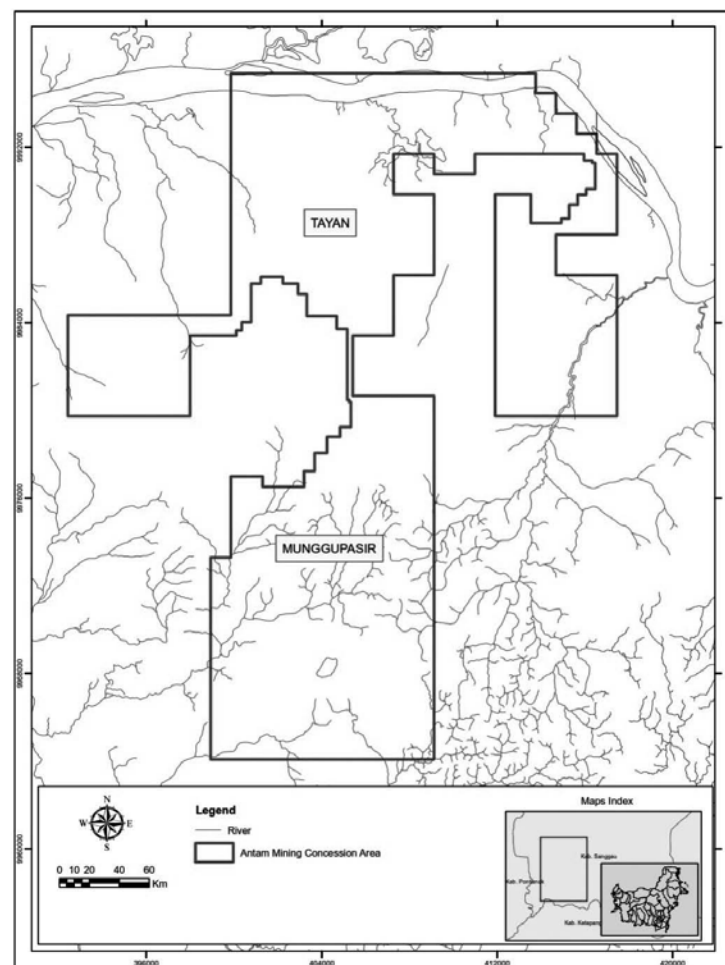


Figure 4 Map of Tayan mining area in Sanggau Regency, West Kalimantan Province.

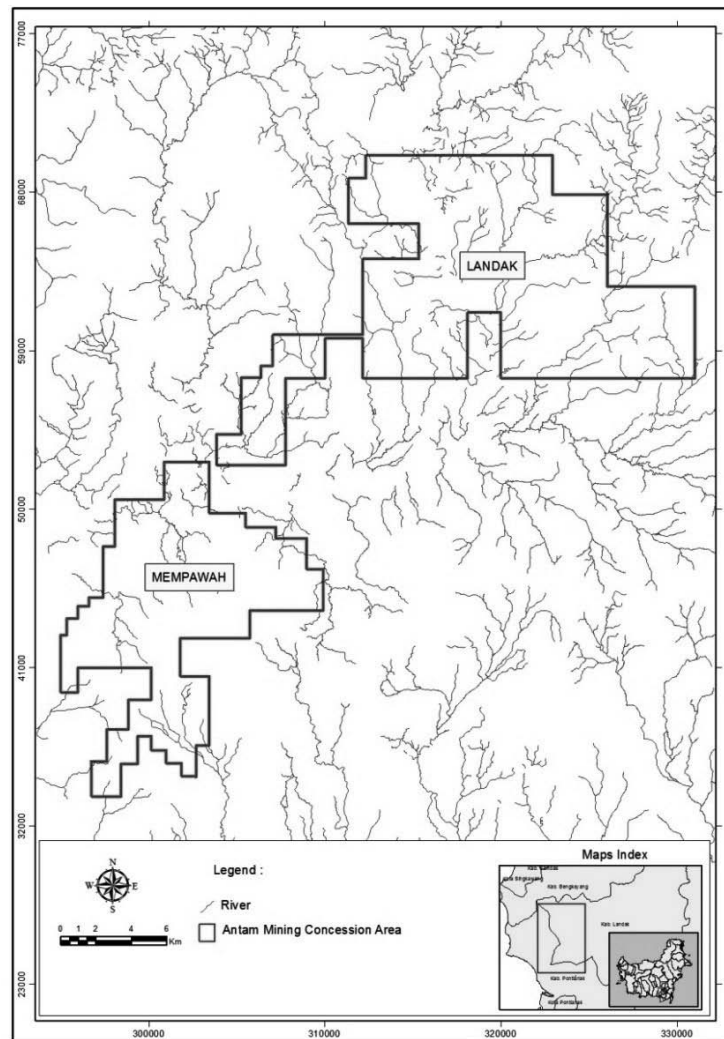


Figure 5 Map of Mempawah (Toho) and Mempawah Hulu (Landak) mining area in West Kalimantan Province.

The Mining Permit in Tayan and Mempawah Hulu (point 1 & 3 in the table 5) has been extended the period of validity. ANTAM has obtained the New Mining Permit before the expired date.

Table 5 List of bauxite Mining Permit.

No.	Mining Permit Numbers	Location	Name of Concession Area	Area Coverage (Ha)	Validity Period	
					Start	End
1	15/Distamben/2015 (KW 98PPO183)	Sanggau, West Kalimantan	Tayan	34,360	2-Jan-2015	4-Jan-2030
2	221 Tahun 2009	Pontianak, West Kalimantan	Toho/ Mempawah	12,630	15-Nov-2010	1-Jul-2028
3	544.11/330/HK-2014	Landak, West Kalimantan	Mempawah Hulu	20,710	16-Dec-2014	16-Dec-2034

The information in this report relating to mineral resources and ore reserves estimates are based on information compiled by Mr. Tulus Semedie, Mr. Herian Sudarman, Mr. Arif Hindarto and being verified by Mr. Trenggono Sutioso who have enough experiences in bauxite exploration. Mineral resources and ore reserves of Bauxite as at December, 31th 2014 are shown in table 6 & 7, all stated in Million tonnage of washed bauxite.

Table 6 Bauxite Reserves as at December, 31th 2014

Location	Prospect	Cut Of Grade	Washed Bauxite		Average Grade (%)				
			Million of Tonnes (wmt)	Million of Tonnes (dmt)	T-SiO2	R-SiO2	Al2O3	Fe2O3	TiO2
Proved Ore Reserves									
Tayan	Tayan	Al2O3≥40 & R-SiO2≤5.8	28.3	24.1	13.66	3.35	47.94	11.54	0.86
	M. Pasir	Non COG	39.7	33.7	12.05	3.25	45.72	14.83	1.07
Sub Total Proved			68	57.8	12.72	3.29	46.65	13.46	0.98
Probable Ore Reserves									
Tayan	Tayan	Al2O3≥40 & R-SiO2≤5.8	30.0	25.5	13.8	3.4	47.7	12.8	1.0
	M. Pasir	Non COG	13.5	11.5	11.4	3.3	43.2	14.5	1.1
Sub Total Probable			43.5	37.0	13.1	3.4	46.3	13.3	1.0
Total Reserve			111.5	94.8	12.9	3.3	46.5	13.4	1.0

The following tables contain details of other mineralization that have a reasonable prospect of being economically extracted in the future but not yet classified as Proven or Probable Reserves. This material is defined as Mineral Resources under the JORC Code. Mineral resources model processed to be economically mineable ore reserves. Estimation of Ore Reserves will go through the “modifying factors”. In those processes had considered aspects of mining, metallurgical, economic, marketing, legal, environmental, social, and governance.

Table 7 Bauxite Resources as at December, 31th 2014

Location	Prospects	Cut Of Grade	Washed Bauxite		Average Grade (%)				
			Million of Tonnes (wmt)	Million of Tonnes (dmt)	T-SiO2	R-SiO2	Al2O3	Fe2O3	TiO2
Measured Mineral Resources									
Tayan	Tayan	Al2O3≥40 &	2.9	2.4	12.69	2.88	48.84	12.00	0.9
	M. Pasir	Non COG	6.4	5.4	11.17	2.78	46.53	15.42	1.11
Pontianak	Toho, Mempawah	Al2O3≥38 & R-SiO2≤6	10.5	8.9	16.7	2.22	45.96	13.01	0.91
Landak	Mempawah Hulu	Al2O3≥38 & R-SiO2≤6	51.1	43.4	24.73	3.5	43.35	8.79	0.69
Total Measured Resources			70.9	60.1	21.84	3.22	44.24	10.14	0.77
Inferred Mineral Resources									
Pontianak	Toho, Mempawah	Al2O3≥38 & R-SiO2≤6	13	11	27	3	43	8	1
Landak	Mempawah Hulu	Al2O3≥38 & R-SiO2≤6	40	34	29	3.5	42.5	8	0.5
Total Inferred Resources			53	45	28.5	3.4	42.6	8.0	0.6
Total Resources			123.9	105.1	24.7	3.3	43.5	9.2	0.7

Notes

- The initial grid spacing of pitting is 400 m by 400 m and then reduced to 50 m by 50 m by infill pitting depends upon the geostatistical study for each area to increase the definition of the mineral resources estimation.
- Ore were sampled at 2 meter intervals and analyzed using XRF at company laboratory, and using external laboratory as QAQC sample check.
- The recovery of the core samples are greater than 90 % in average.
- All pits used for resource & reserve estimation were digged vertically.
- Survey by ANTAM was by digital total station theodolite which corresponds well to the independent derived LiDAR topography.
- All locations are surveyed using the references of datum of WGS-84.
- All Mineral Resources Model estimated by the company's resource geologist using the polygonal method for mineral resources estimations.
- Resource Classification has been done by pit spacing, ore continuity, and Variography analysis. Resources are stated as additional to the reserves reported and all stated as washed bauxite.
- All Mineral Resources processed by mining engineer to be economically mineable ore reserves. Estimation of Ore Reserves will go through the "modifying factors". In those processes had considered aspects of mining, metallurgical, economic, marketing, legal, environmental, social, and governance.

GOLD

The list of validity and status of PT. Antam (Persero) Tbk Mining Permit that owned by PT. Antam (Persero) Tbk is presented on the figure 6 and table 8.

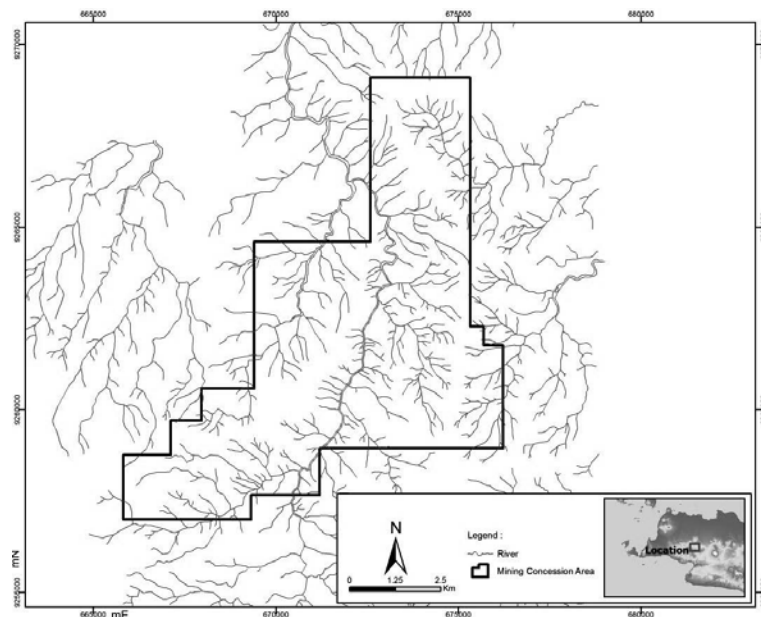


Figure 6 Map of Pongkor mining area in West Java Province.

Table 8 List of Gold Mining Permit.

No.	Mining Permit Number	Location	Name of Concession Area	Area Coverage (Ha)	Validity Period	
					Start	End
1	541.2/005/kpts/ESDM/2010	Bogor, West Java	Pongkor	6,047	9-Mar-1991	9-Mar-2021

The company Gold Resources and Gold Reserves are presented in accordance with the 2012 Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientist and Mineral Council of Australia. Gold Reserves

and Gold Resources have been estimated for potentially mineable veins within Mining Permit and limited by major geological and economical boundaries.

The Gold Reserves and Gold Resources figures in the following tables are as at December, 31th 2014. Metric units are used throughout. The figures used to calculate the company share of reserves are often more precise than the rounded numbers shown in the tables, hence small differences might result if the calculations are repeated using the tabulated figures.

The information in this report relating to mineral resources and ore reserves estimate are based on information compiled by Mr. Dwi Margianto, Mr. Halley Rionanda, Mr. Ahmad Raymond, and Mrs. Novi Rusiana Dewi and being verified by Mr. Bronto Sutopo and Trenggono Sutioso who has enough experience in gold exploration. Mineral resources and ore reserves of Gold as at December, 31th 2014 are shown in table 9 & 10, all stated in thousand ounces of contained metal.

Table 9 Gold reserves as at December, 31th 2014

Location	Reserve Classification	Million of Tonnes (dmt)	Grade		Contained Metal	
			Au (g/t)	Ag (g/t)	Au (Million oz)	Ag (Million oz)
Pongkor	Proved	1.04	5.95	75	0.20	2.52
	Probable	1.08	4.3	64	0.15	2.21
Total Reserves		2.12	5.1	70	0.35	4.73

Table 10 Gold resources as at December, 31th 2014

Location	Resource Classification	Million of Tonnes (dmt)	Grade		Contained Metal	
			Au (g/t)	Ag (g/t)	Au (Million oz)	Ag (Million oz)
Pongkor	Measured	0.53	4.67	57	0.08	0.97
	Indicated	3.13	3.3	36	0.33	3.63
	Inferred	0.17	7	83	0.04	0.44
Total Resources		3.83	4	41	0.45	5.04

Notes

- Samples were collected from drill core and pre-production samples on stops. Surveying of drill collars, outcrops and pre-production sample location is carried out using standard surveying techniques and equipment.
- The resource estimates used drill core, outcrop and pre-production samples.

- The cut of grade of Au uses 3.11 gpt for 500 meter above the sea level and 4.05 gpt for level below of 500 msal.
- Drilling program used a triple tube core barrel rotary rig for gold exploration.
- Ore were sampled at 1 meter intervals and analyzed using Fire Assay for gold and using AAS or ICP for base metal at company laboratory, and using external laboratory as QAQC sample check.
- The recovery of the core samples are greater than 90 % in average.
- Survey by ANTAM was by digital total station theodolite.
- All locations are surveyed using the references of datum of WGS-84.
- All Mineral Resources Model estimated by the company's resource geologist using Inverse Distance Squared in three dimensions of vein in consideration to genesis of vein, statistical and estimation parameter for mineral resources estimations.
- Resource Classification has been done by drill spacing, ore continuity, and Variography analysis. Resources are stated as additional to the reserves reported.
- All Mineral Resources processed by mining engineer to be economically mineable ore reserves. Estimation of Ore Reserves will go through the "modifying factors". In those processes had considered aspects of mining, metallurgical, economic, marketing, legal, environmental, social, and governance.

MINERAL RESOURCES & ORE RESERVES OF PT ANTAM (Persero) Tbk SUBSIDIARIES

1. PT. CIBALIUNG SUMBERDAYA

PT. Antam (Persero) Tbk is owner of PT. Cibaliung Sumberdaya (PT. CSD) which has gold Mining Permit in Pandeglang Regency, Banten Province. The mining area location is shown in table 11 and figure 7.

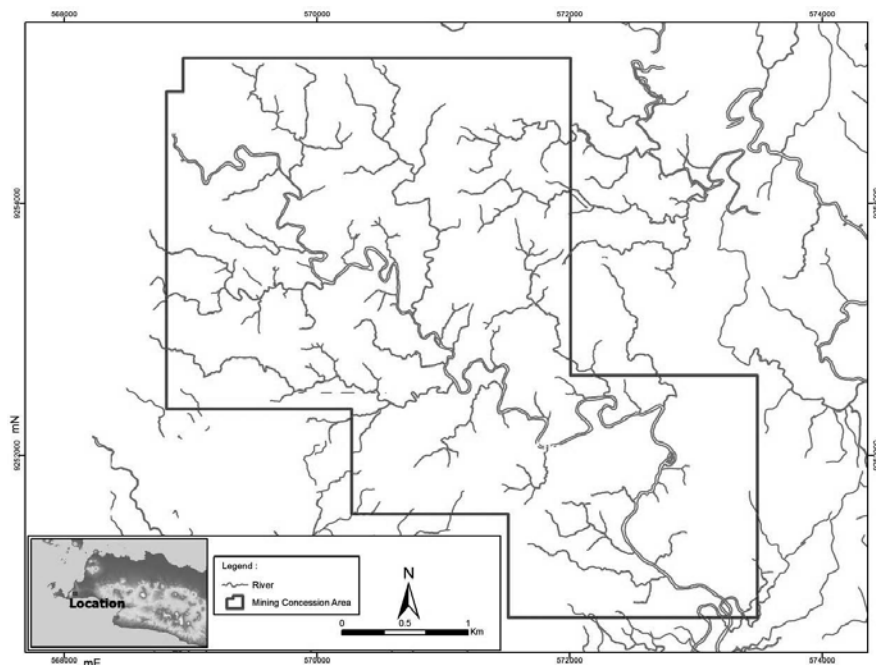


Figure 7 Map of Cibaliung mining area in Banten Province.

Table 11 Cibaliung Mining License

No.	Mining Permit Number	Location	Name of Concession Area	Area Coverage (Ha)	Validity Period	
					Start	End
1	541/118-BPPT/XI/2010 (98PP0138)	Pandeglang, Banten	Cibaliung	1,340	1-Nov-2010	28-Jul-2015

Mineral resources and ore reserves of PT. CSD as at December, 31th 2014 is shown in the table 12 & 13.

Table 12 Ore Reserves of PT. CSD as at December, 31th 2014.

Location	Reserve Classification	Million of Tonnes (dmt)	Grade		Contained Metal	
			Au (g/t)	Ag (g/t)	Au (Million oz)	Ag (Million oz)
Pongkor	Proved	1.88	5.93	51	0.36	3.07
	Probable	0.35	6.6	73	0.07	0.82
Total Reserves		2.23	6.0	54	0.43	3.89

Table 13 Mineral Resources of PT. CSD as at December, 31th 2014.

Location	Resource Classification	Million of Tonnes (dmt)	Grade		Contained Metal	
			Au (g/t)	Ag (g/t)	Au (Million oz)	Ag (Million oz)
Pongkor	Inferred	0.07	4	43	0.01	0.09

Notes:

- Cut off grade of gold uses 3 gpt regarding to forecast of gold price in 2014.
- All Mineral Resources Model estimated by the company's resource geologist using Inverse Distance Squared in three dimensions of vein in consideration to genesis of vein, statistical and estimation parameter for mineral resources estimations.
- Resource Classification has been done by drill spacing, ore continuity, and Variography analysis. Resources are stated as additional to the reserves reported.
- All Mineral Resources processed by mining engineer to be economically mineable ore reserves. Estimation of Ore Reserves will go through the "modifying factors". In those processes had considered aspects of mining, metallurgical, economic, marketing, legal, environmental, social, and governance.

2. PT. GAG NICKEL

PT Antam (Persero) Tbk owns PT. Gag Nickel which has a Contract of Work (CoW) in Gag Island, Raja Ampat Regency, West Papua Province. The location of CoW area is shown in figure 8.

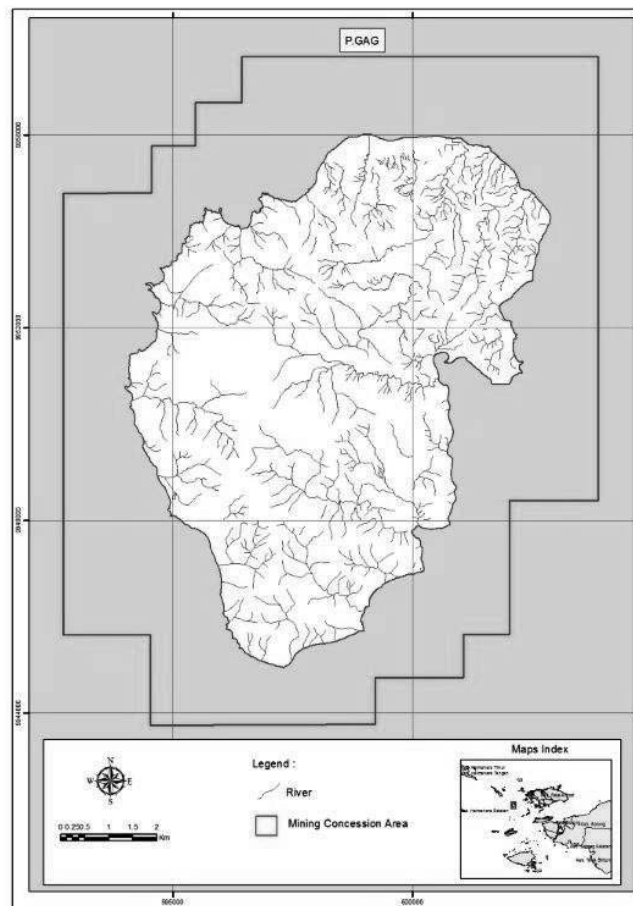


Figure 8 Map of PT Gag Nickel mining area in West Papua Province.

Table 14 PT Gag Nickel Mining License

No.	Contract of Work Number	Location	Name of Concession Area	Area Coverage (Ha)	Validity Period	
					Start	End
1	735.k/20.01/DJP/1998	Raja Ampat Island, West Papua	PT Gag Nickel	13,136	19-Jan-1998	19-Jan-2031

Mineral resources of PT. Gag Nickel as at December, 31th 2014 are shown in the table 15 and table 16 which was estimated by Golder Associates (Mr. John Horton FAusIMM) using Ordinary Kriging method.

Table 15 Saprolite resources as at December, 31th 2014.

Location	Prospect	Cut off Grade	Million of Tonnes (wmt)	Million of Tonnes (dmt)	Ni (%)	Fe (%)	SiO2 (%)	Mgo (%)
Measured Mineral Resources								
PT.GAG NICKEL	Gag Island	Ni ≥ 1.5%	45.7	32.4	1.88	14.88	38.45	22.30
Indicated Mineral Resources								
PT.GAG NICKEL	Gag Island	Ni ≥ 1.5%	11.7	8.3	1.84	14.47	39.11	22.40
Inferred Mineral Resources								
PT.GAG NICKEL	Gag Island	Ni ≥ 1.5%	130.9	93.6	1.82	16.09	39.22	22.13
Total Saprolite Resources			188.3	134.3	1.83	15.70	39.03	22.19

Table 16 Limonite resources as at December, 31th 2014.

Location	Prospect	Cut of Grade	Million of Tonnes (wmt)	Million of Tonnes (dmt)	Ni (%)	Fe (%)	SiO2 (%)	Mgo (%)
Measured Mineral Resources								
PT.GAG NICKEL	Gag Island	Ni ≥ 1.2%	34.3	21.5	1.40	41.98	10.97	1.82
Indicated Mineral Resources								
PT.GAG NICKEL	Gag Island	Ni ≥ 1.2%	8.1	5.1	1.42	40.58	10.98	1.59
Inferred Mineral Resources								
PT.GAG NICKEL	Gag Island	Ni ≥ 1.2%	128.0	80.7	1.46	39.40	11.12	1.79
Limonite Resources			170.4	107.3	1.44	39.97	11.08	1.78

Notes:

- Drilling program used a single tube core barrel rotary rig for lateritic nickel exploration, except Pomalaa using triple tube core barrel.
- Ore were sampled at 1 meter intervals and analysed using XRF at company laboratory, and using external laboratory as QAQC sample chekc.
- Saprolite and Limonite resources are define by domaining that base on lithological zone and geochemistry.
- Saprolit resource is excluded from limonite resource.
- The recovery of the core samples are greater than 90 % in average.
- All drill holes was by for resource & reserve estimation were drilled vertically.
- Survey by ANTAM was by digital total station theodolite which corresponds well to the independent derived LiDAR topography.
- All locations are surveyed using the references of datum of WGS-84.

3. PT. BORNEO EDO INTERNATIONAL, PT. MEGA CITRA UTAMA, PT DWIMITRA ENGGANG KHATULISTIWA AND PT GUNUNG KENDAIK.

PT Antam (Persero) Tbk owns PT. Borneo Edo International (PT. BEI), PT. Mega Citra Utama (PT. MCU), PT Dwimitra Enggang Khatulistiwa (PT. DEK), and PT. Gunung Kendaik (PT. GK). PT. BEI exploration area occupies in Landak Regency, while PT. MCU area lies in Sanggau Regency, West Kalimantan. PT. DEK area lies in Landak Regency whereas PT. GK exploration area occupies in Landak Regency, West Kalimantan. The current tenement area are shown in table 17 and figure 9 & 10.

Table 17 PT.BEI, PT.MCU, PT.DEK, PT.GK Mining Permit

No.	Mining Permit Numbers	Location	Name of Concession Area	Area Coverage (Ha)	Validity Period	
					Start	End
1	544.11/98/HK-2013	Landak, West Kalimantan	Menjalin (PT. BEI)	18,630	22-Apr-13	22-Apr-33
2	544.11/264/HK-2014	Landak, West Kalimantan	Sebadu (PT. BEI)	19,090	16-Sep-14	16-Sep-34
3	444 tahun 2009	Sanggau, West kalimantan	Meliau (PT. MCU)	10,000	27-Mar-08	27-Mar-28
4	544.2/213/HK-2010	Landak, West Kalimantan	Menjalin (PT. DEK)	4,900	23-Sep-10	23-Sep-16
5	544.2/283/HK-2014	Landak, West Kalimantan	Mempawah Hulu/Landak (PT GK)	15,640	13-Dec-14	25-Mei-15

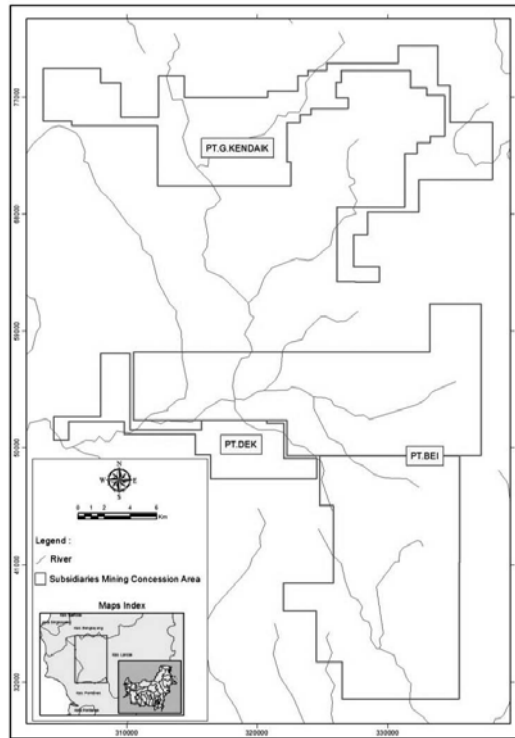


Figure 9 Map of PT.BEI, PT.MCU, PT.DEK and PT.GK mining area in West Kalimantan Province

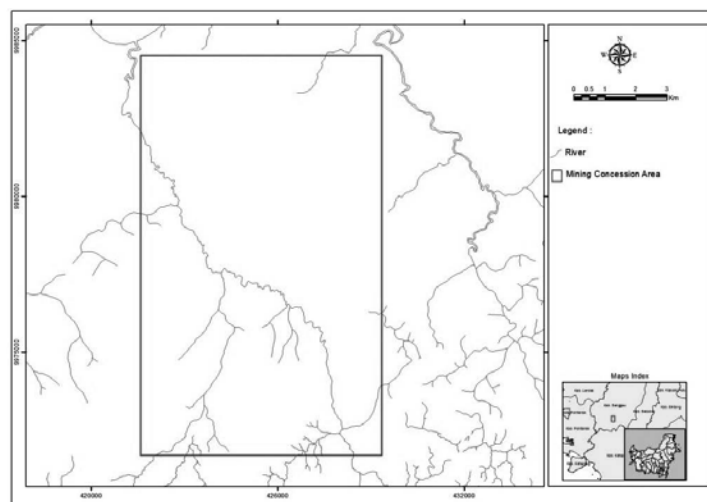


Figure 10 Map of PT. MCU mining area in West Kalimantan Province

Resources Estimation of PT.BEI, PT.MCU, PT.DEK and PT.GK have used a polygonal area of influence method to estimate the resources. The update of mineral resources of PT.BEI, PT.MCU, PT.DEK and PT.GK as at December, 31th 2014 is shown in the table 18.

Table 18 Bauxite resources of PT.BEI, PT.MCU, PT.DEK and PT.GK as at December, 31th 2014

Company	Prospects	Cut Of Grade	Washed Bauxite		Average Grade (%)				
			Million of Tonnes (wmt)	Million of Tonnes (dmt)	T-SiO2	R-SiO2	Al2O3	Fe2O3	TiO2
Measured Mineral Resources									
PT. BEI	Menjalin	Al2O3≥38 & R-SiO2≤6	16.4	13.9	22.21	3.81	43.69	9.65	0.63
	Sebadu	Al2O3≥38 & R-SiO2≤6	11.0	9.3	25.79	3.59	42.77	8.77	0.58
PT. MCU	Meliau	R-SiO2≤5.8	33.4	28.4	27.05	3.58	41.62	7	0.57
PT DEK	Sebau	Al2O3≥38 & R-SiO2≤6	1.8	1.5	21.41	3.84	44.29	10.27	0.74
Total Meas. Resources			62.6	53.1	25.40	3.65	42.44	8.10	0.59
Inferred Mineral Resources									
PT. BEI	Menjalin	Al2O3≥38 & R-SiO2≤6	93	79	22.5	4	44	9.5	0.5
	Sebadu	Al2O3≥38 & R-SiO2≤6	158	134	20.5	3.5	45	10.5	0.5
PT. MCU	Meliau	Al2O3≥38 & R-SiO2≤6	35	30	27	3	42.5	8	0.5
PT DEK	Sebau	R-SiO2≤5.5	30	25	24	4	43.5	9.5	0.5
PT GK	Purasak	Al2O3≥38 & R-SiO2≤5.3	87	74	26	4	43	9.5	0.5
Total Inferred Resources			403	342	23.0	3.7	44.0	9.8	0.5
Total Resources			465.6	395.1	25.1	3.7	42.6	8.3	0.6

Notes

- The initial grid spacing of pitting is 400 m by 400 m and then reduced to 25 m by 25 m or 50 m by 50 m by infill pitting depends upon the geostatistical study for each area to increase the definition of the mineral resources estimation.
- PT. Antam (Persero) Tbk used a polygonal area of influence method to estimate the mineral resources.
- All Mineral Resources Model estimated by the company's resource geologist using the polygonal method for mineral resources estimations.
- Resource Classification has been done by pit spacing, ore continuity, and Variography analysis. Resources are stated as additional to the reserves reported and all stated as washed bauxite.

- All Mineral Resources processed by mining engineer to be economically mineable ore reserves. Estimation of Ore Reserves will go through the “modifying factors”. In those processes had considered aspects of mining, metallurgical, economic, marketing, legal, environmental, social, and governance.

[Letterhead of Competent Person or Competent Person's employer]

Competent Person's Consent Form

Pursuant to the requirements of ASX Listing Rules 5.6, 5.22 and 5.24 and
Clause 9 of the JORC Code 2012 Edition (Written Consent Statement)

Report name

Update of Mineral Resource and Ore Reserve PT. ANTAM (Persero) Tbk as at December, 31th 2014

(Insert name or heading of Report to be publicly released) ('Report')

PT.ANTAM (Persero) Tbk

(Insert name of company releasing the Report)

Nickel, Gold, and Bauxite

(Insert name of the deposit to which the Report refers)

If there is insufficient space, complete the following sheet and sign it in the same manner as this original sheet.

February 16th 2015

(Date of Report)

Statement

I/We,

Dr.Ir.Trenggono Sutioso,M.M, M.AusIMM

(Insert full name(s))

confirm that I am the Competent Person for the Report and:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).
- I am a Competent Person as defined by the JORC Code, 2012 Edition, having five years experience that is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a Member or Fellow of *The Australasian Institute of Mining and Metallurgy* or the *Australian Institute of Geoscientists* or a 'Recognised Professional Organisation' (RPO) included in a list promulgated by ASX from time to time.
- I have reviewed the Report to which this Consent Statement applies.

I am a full time employee of

PT.ANTAM (Persero) Tbk

(Insert company name)

and have been engaged by

PT.ANTAM (Persero) Tbk

(Insert company name)

to prepare the documentation for

Updating Resource and Reserve report of Nickel, Bauxite, and Gold Commodity

(Insert deposit name)

on which the Report is based, for the period ended

February 26th 2016

(Insert date of Resource/Reserve statement)

I have disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Mineral Resources and Ore Reserves

Consent

I consent to the release of the Report and this Consent Statement by the directors of:

PT.ANTAM (Persero) Tbk

(Insert reporting company name)

February, 26th 2015

Signature of Competent Person:

Date:

Member of AusIMM

206315

Professional Membership:
(insert organisation name)

Membership Number:

Ir.Tato Miraza,M.M
CEO PT.ANTAM (Persero) Tbk. Jakarta-Indonesia

Signature of Witness:

Print Witness Name and Residence:
(eg town/suburb)

Additional deposits covered by the Report for which the Competent Person signing this form is accepting responsibility:

Additional Reports related to the deposit for which the Competent Person signing this form is accepting responsibility:

	February, 26th 2015
Signature of Competent Person:	Date:
Member of AusIMM	206315
Professional Membership: <i>(insert organisation name)</i>	Membership Number:
	Ir.Tato Miraza,M.M CEO PT.ANTAM (Persero) Tbk. Jakarta-Indonesia
Signature of Witness:	Print Witness Name and Residence: (eg town/suburb)

Registered Office of ANTAM
Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk
Gedung Aneka Tambang
Jl. Letjen TB Simatupang No. 1 Lingkar Selatan, Tanjung Barat
Jakarta 12530
Indonesia

Legal Advisers

*International legal counsel to ANTAM
as to US federal securities and New York law*

DLA Piper Singapore Pte Ltd
80 Raffles Place
#48-01 UOB Plaza 1
Singapore 048624

*Domestic legal counsel to ANTAM
as to Indonesian law*

Tumbuan & Partners
Jl. Gandaria Tengah III No. 8
Kebayoran Baru
Jakarta Selatan 12130
Indonesia

*International legal counsel to the
Selling Agents as to English, US federal
securities and New York law*

Clifford Chance Pte Ltd
12 Marina Boulevard, 25th Floor
Marina Bay Financial Centre Tower 3
Singapore 018982

*Domestic legal counsel to the
Selling Agents as to Indonesian law*

Hadiputranto Hadinoto & Partners
Tower II, 21st Floor
Sudiman Central Business District
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia

Independent Public Accountants

KAP Tanudiredja, Wibisana, Rintis & Rekan
(a member of the PricewaterhouseCoopers network of firms)
Jl. H.R. Rasuna Said Kav.X-7 No.6
Jakarta 12940
Indonesia

Share Registrar

PT Datindo Entrycom
Wisma Diners Club Annex
Jl. Jenderal Sudirman Kav. 34
Jakarta
Indonesia