

mineIndonesia 2004*

review of trends in the
Indonesian mining industry

december 2004



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PricewaterhouseCoopers is very grateful for the support of all the respondents without whose assistance this report could not have been completed. We would also like to thank the Indonesian Mining Association for its encouragement and co-operation in making this survey a success.

This report is based on a survey of data provided by several respondents, which has not been verified by PricewaterhouseCoopers or the Indonesian Mining Association. PricewaterhouseCoopers and the Indonesian Mining Association accept no liability (including liability in negligence) and take no responsibility for any loss or damage which a user of this publication or any third party may suffer or incur as a result of reliance on this publication.

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Cover: With an eye toward the future, PT Freeport Indonesia works in partnership with the local people and the government to foster sustainable education, health and economic development initiatives.



**MINISTER OF ENERGY AND MINERAL RESOURCES
REPUBLIC OF INDONESIA**

MINISTER OF ENERGY AND MINERAL RESOURCES

It is a great pleasure for me to introduce, once again, the sixth edition PricewaterhouseCoopers report on trends in the Indonesian mining industry. PricewaterhouseCoopers and IMA are well known to government, business and investors for their commitment to the Indonesian mining industry and their desire to see the continuation of a strong and vibrant mining industry in Indonesia.

The Indonesian mining industry continues to be an important part of the country's economic development and growth in Indonesia. In addition to the substantial direct impact on economic development and growth, there is an even larger indirect flow of benefits. The Government of Indonesia remains committed to the mining sector and encourages all private investment, both foreign and domestic, to continue their support of the Indonesian mining industry.

A number of uncertainties continue to affect the level of new investment in the industry-regional autonomy, delay in finalization of the new mining law and overlapping with forestry regulations. The government is working towards removing these uncertainties. I have an expectation that with the removal of these obstacles and the continuing improvement in metal prices, the Indonesian mining industry will again show positive growth and become an increasing contributor to the economic development of Indonesia.

I must congratulate PricewaterhouseCoopers, IMA and the participating mining companies on their valuable contributions.

Jakarta, 27 January 2005
Minister of Energy and Mineral Resources

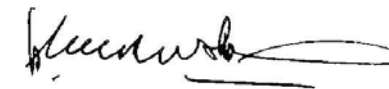
Purnomo Yusgiantoro

Jakarta, 27 January 2005

It is a great pleasure for me to present the sixth annual PricewaterhouseCoopers report on trends in the Indonesian mining industry. On behalf of IMA and the mining industry, I congratulate PricewaterhouseCoopers and thank them for their continued commitment and support to the industry.

The mining industry is important to Indonesia. It is a substantial provider of export earnings, economic activity and employment, and supports regional development.

IMA continues to work with its members, the government and other parties towards achieving the best regulatory environment to promote further exploration investment in mining.



B.N. Wahyu
Chairman
Indonesian Mining Association



Executive summary



Stronger minerals prices have driven profits higher in 2003. However, the Indonesian mining sector continues to face difficult investment conditions and business challenges, which have a dramatic negative impact on the level of exploration and investment spending.

Greenfields exploration is at dangerously low levels

Despite Indonesia's high prospectivity, spending on greenfields exploration remains low. Furthermore no new Contracts of Work (CoW) have been issued for several years following the first draft of the proposed 8th generation CoW.

This is a significant concern for the long-term success of the industry (and the flow on benefits to Indonesia) as it depends on exploration, discovery and development of new deposits. The success rate of exploration to discovery of economic deposits and the lengthy process from discovery to production (at least 10 years) means that there will not be significant new mine development in Indonesia for several years, apart from a few existing discovered but undeveloped deposits.

Indonesia's share of global exploration spending is now less than 1%. This share of spending does not reflect Indonesia's mineral prospectivity, but rather explorers' views on investment conditions and certainty relative to other countries. In fact, mining companies rate Indonesia as a highly prospective country for its mineral potential.

(see pages 17 to 18)

Investment spending remains low

Investment on new mines and capacity expansions, as well as replacement capital, is now a fraction of the level of previous years. From 1996 to 1999, annual spending on development and fixed assets averaged more than US\$1,500 million. The spending in the last three years represents around 20% of the previous level and mainly represents replacement capital.

There were no substantial new mines under development in 2003. The only expansion project of note in 2003 was Antam's FeNi III nickel project.

This low level of investment spending also reflects perceptions of Indonesia's investment conditions. A few large mineral deposits remain undeveloped at a time of high mineral prices because of unresolved issues impacting investment decisions and the ability to obtain financing. Existing Indonesian mines are also relatively more profitable than in other countries.

(see page 19)

Indonesia is rated poorly for its investment conditions

Mining companies perceive Indonesia's investment conditions to be poor relative to other countries. In a survey undertaken by the Fraser Institute^{iv}, Indonesia ranked second last (after The Philippines) for its investment conditions. However, Indonesia ranked fourth in the world for its mineral prospectivity.

Substantial increases in exploration and development of new mines will only be achieved when investment conditions improve.

(see pages 20 to 21)

Seven priorities to improving investment conditions are:

- restoring long-term certainty in the Contract of Work (CoW) system, including tax stability (locking in tax conditions for the CoW term)
- improving the competitiveness of the taxation and royalty system relative to other prospective countries, including restoring VAT refunds for gold and coal producers
- resolving conflicts between CoW terms and forestry regulations, without imposing additional financial or other burdens onto the mining companies
- reduce illegal mining
- minimise potential for 'over regulation' in proposed changes to regulations affecting mining, including regulatory duplication between central and regional governments
- ensure fairness in divestment of foreign interests and mine closures
- improving certainty of legal interpretation of CoWs and regulations.

The average profitability of Indonesian mines is relatively high

The Indonesian mining sector is relatively more profitable than mines in other countries. The return on shareholders' funds (ROSF) for Indonesian mines was 18.5% in 2003. Over the last ten years, this return has averaged 13.2%.

The ROSF for the global top 30 mining companies was 10.5%ⁱ in 2003. In Australia, the ROSF for the mining industry was 7.4%ⁱⁱ in 2003 and 6.9%ⁱⁱ on average for the last 10 years.

The higher profitability is in part due to higher gearing in Indonesian mining companies as debt financing has been an important source of funding for the sector.

It should be stressed that the profitability of Indonesian mines is extremely variable and the average is distorted by a few very large (and profitable) mines and companies with relatively low levels of shareholder funds because of their stage of operations. The net profit of individual companies ranged from small losses to over US\$450 million. The return on shareholders' funds for individual companies ranged from slightly negative to over 28% (the highest return was due to unique circumstances).

(see page 12)

The total tax rate levied on mining companies was 48.1%

The government receives a high proportion of the return from mining. Total direct and indirect taxes on companies (including income tax and royalties) was US\$849 million, representing a total company tax rate of around 48.1%. This excludes input VAT, which some gold and coal producers may be unable to claim for refund due to changes to the VAT law commencing 2001.

1st generation coal companies incur a 13.5% sales based royalty and a high income tax rate of 45%. This translates to a total company tax rate of around 58%¹ at current coal prices even before other taxes are considered. At lower coal prices, the rate increases further. This tax and royalty rate is far greater than Indonesia's main competitors in the Asia Pacific thermal coal market - 69% higher than Australia (New South Wales), 65% higher than China and 80% higher than South Africa. There is a growing concern that this total tax burden restricts the amount of coal that these companies can economically mine.

(see page 13)

(1) Based on FOB coal price of US\$45 per tonne and assumed unit profit before royalty and income tax of US\$25 per tonne.

The indirect benefits from mining activity are much higher than the direct benefits

The total measured monetary benefits to Indonesia which is captured by the survey is significantly lower than the total monetary benefits. This is because it does not include the indirect multiplier effect that the mining industry direct contribution has on other economic activity. Two recent studies by the University of Indonesia^{vi} on the economic impact of two of Indonesia's larger mining operations demonstrate this multiplier effect on employment and economic activity.

(see pages 27 to 28)

Outlook

It is currently difficult to be optimistic about the future of Indonesia's mining industry after several years of poor investment conditions resulting in a lack of exploration and mining investment. Only five of the top 30 global listed mining companies have current operations in Indonesia and even fewer have ongoing exploration programmes.

However, Indonesia continues to be recognised by mining companies as being highly prospective and the profitability of current mines is higher than other countries. Mining companies would be willing to increase their exploration activities if the investment conditions are improved.

With the right investment climate appropriately addressing the seven priorities mentioned earlier, it is possible to forecast a significantly larger mining industry in a decade - along with the substantial direct and multiplied indirect benefits to Indonesia.

If positive changes are not made to mining investment conditions, then the mining industry will be smaller in 15 years time as reserves are depleted and not replaced. The impact of this will be felt particularly in the less developed regions of Indonesia.

There is a clear case for improving the mining investment conditions to benefit the mining industry, the government and Indonesia as a whole.



Highlights for 2003



- Despite high prospectivity, Greenfields exploration activity remains at critically low levels - no new CoWs issued in the last six years
- Indonesia's share of global exploration spending is less than 1%
- Investment in new mines and production capacity increases remains very low
- Investment conditions remain poor. Some progress on forestry regulation overlap, but issue not yet fully resolved. Proposed new mining law and other regulations do not improve investment conditions

- Increases in minerals prices have driven profitability higher
- Revenue increased by 18% and aggregate net profit by 25%
- The return on shareholders' funds was 18.5%, compared to 15.6% in 2002 and 13.2% on average for the last 10 years
- The profitability of Indonesian mines compares favourably with other countries

- Mine production of coal and nickel increased
- Production of copper and tin was lower
- Gold production remained at around 2002 levels
- Bumi Resources is now the world's third largest exporter of thermal coal with the acquisition of KPC, with expansion plans providing it an opportunity to be number one

- The government revenue from mining increased to US\$1,085 million
- The total company tax rate (including royalties) was 48.1%.

	2002	2003	Year-on-year movement
	US\$ million	US\$ million	
Revenue	5,177	6,091	↑ 18%
EBITDA	1,955	2,349	↑ 20%
Net profit	734	917	↑ 25%
Government revenue	922	1,085	↑ 18%
Total assets at year end	9,871	10,615	↑ 8%
Borrowings at year end	3,426	2,962	↓ 14%

Key ratios	2002	2003	10 year average
EBITDA Margin Indonesia	37.8%	38.6%	37.8%
Top 30 companies - global ⁱ	23.2%	26.3%	n/a
Australia ⁱⁱ	31.7%	28.0%	n/a
Net profit margin Indonesia	14.2%	15.1%	14.2%
Top 30 companies - global ⁱ	6.3%	10.4%	n/a
Australia ⁱⁱ	7.2%	6.9%	6.2%
Return on shareholders' funds Indonesia	15.6%	18.5%	13.2%
Top 30 companies - global ⁱ	6.7%	10.5%	n/a
Australia ⁱⁱ	7.9%	7.4%	6.9%
Debt to equity ratio Indonesia	88.4%	66.1%	158.2%
Top 30 companies - global ⁱ	44.5%	39.6%	n/a
Australia ⁱⁱ	35.8%	28.8%	38.6%

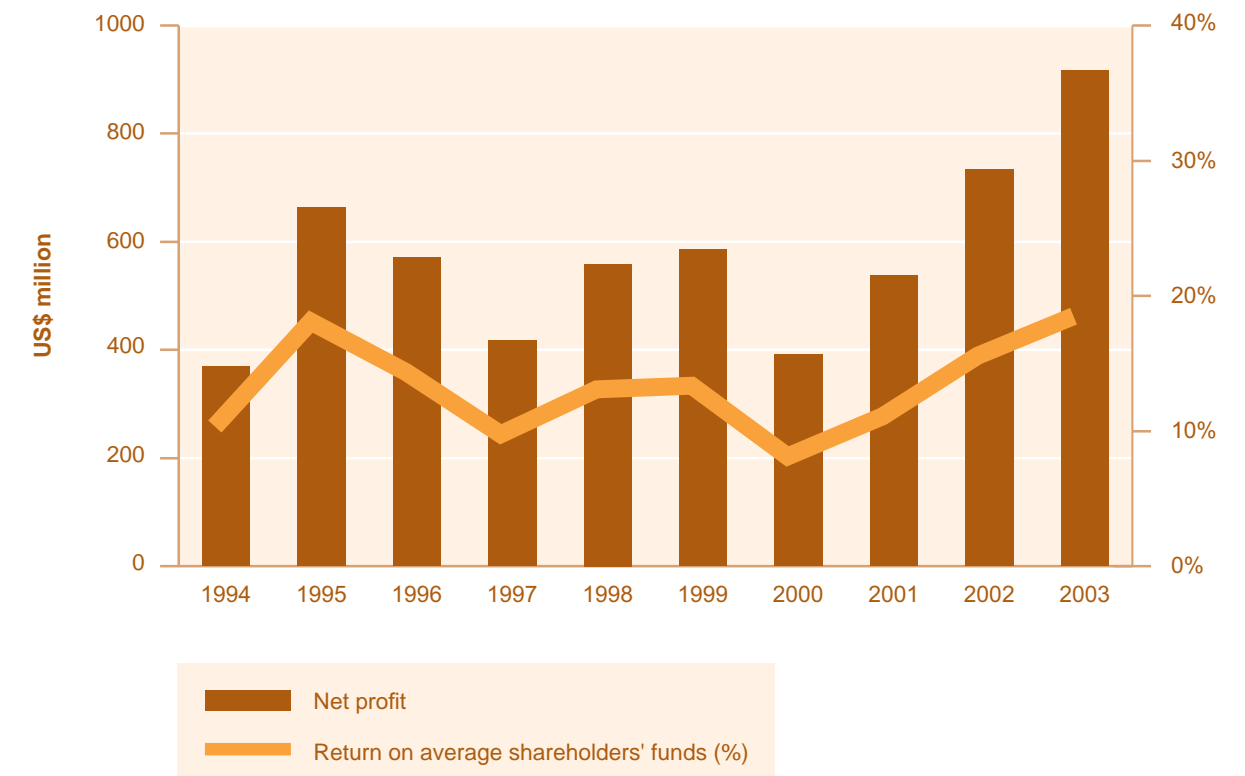
(n/a = not available)

Financial performance

Stronger mineral prices improve financial profitability

The significant increase in profitability over the last two years is mainly the result of increases in mineral prices, and lower interest and financing costs due to substantial debt repayments over the last three years.

Net profit and rates of return



Aggregate profit & loss

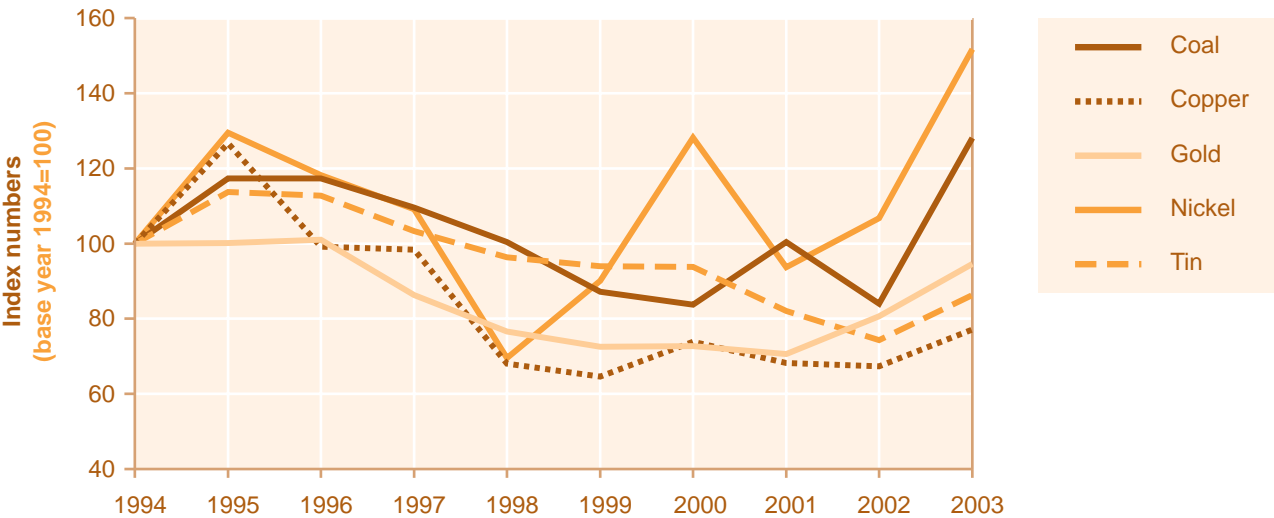
	2002	2003	Year-on-year movement
	US\$ million	US\$ million	
Net sales revenue	5,177	6,091	↑ 18%
Cash operating expenses	3,222	3,742	↑ 16%
EBITDA	1,955	2,349	↑ 20%
Amortisation and depreciation	632	749	↑ 19%
Profit before interest and tax	1,323	1,599	↑ 21%
Interest	213	177	↓ 17%
Profit before tax	1,110	1,422	↑ 28%
Income tax	377	505	↑ 34%
Net profit	734	917	↑ 25%

The average prices of all major minerals increased in 2003, and except for tin, hit their highest levels for the past five years.

Thermal coal prices increased substantially in 2003, however the benefit of this will mainly be seen in 2004 and 2005 because of previously agreed annual prices on contracts.

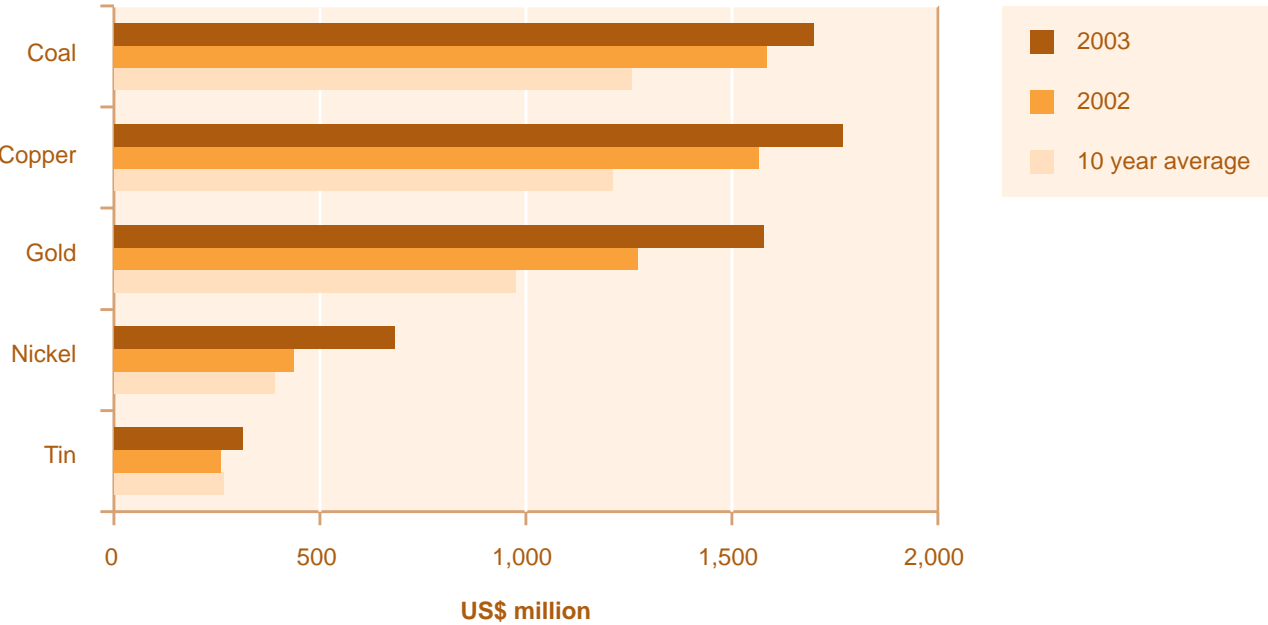
High prices continue in 2004 and will underpin strong performance in 2004 and 2005.

Mineral prices



(Source: LME average annual prices and Japan-Australia benchmark coal price)

Sales revenue for major minerals



Production continues an upward trend

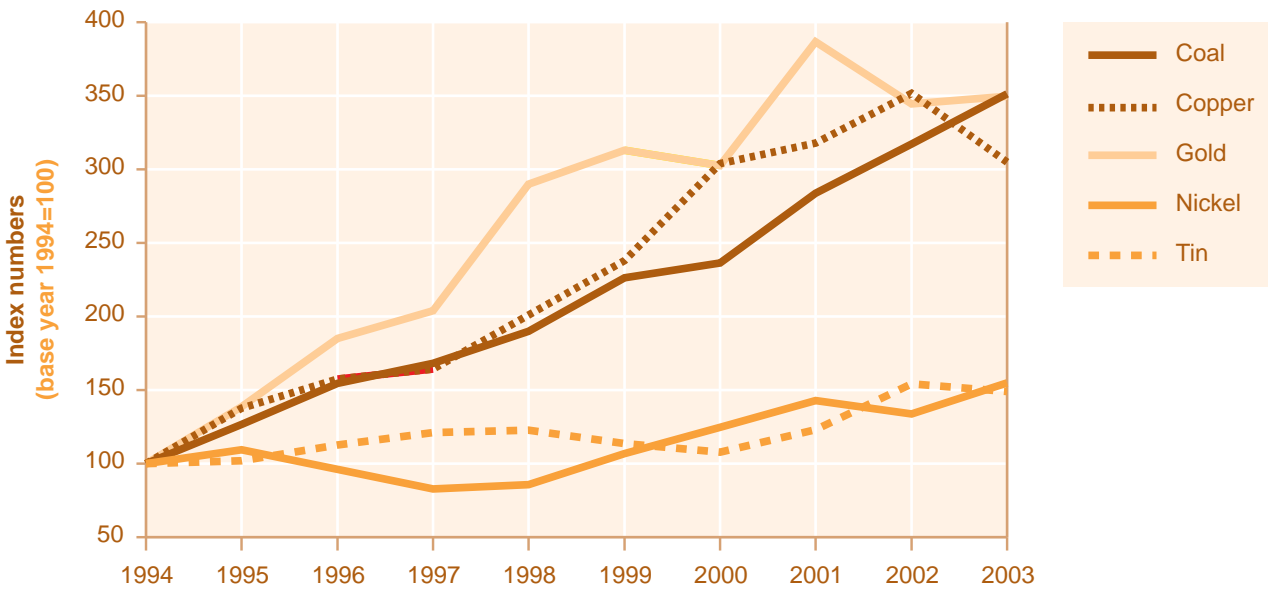
Production increases have been driven by an increase in production from existing mines not new mines.

Very strong coal prices in 2004 has driven considerable activity by most producers to rapidly expand production. Indonesia is the second largest exporter of thermal coal after Australia. China and South Africa are third and fourth, respectively.

The copper production decrease was largely attributable to the Grasberg open pit slippage (however gold production was largely unaffected). Whilst some smaller scale gold mines are being developed in 2004/2005 the production from these mines is not expected to replace the fall in production from the Minahasa (2004) and Kelian (2005) mine closures.

Nickel production has continued to increase, mainly through plant optimisation and higher production at PT Inco. Antam's FeNi III project will increase nickel production in the future. PT Inco has also announced plans to increase production to meet stronger global demand for nickel.

Production



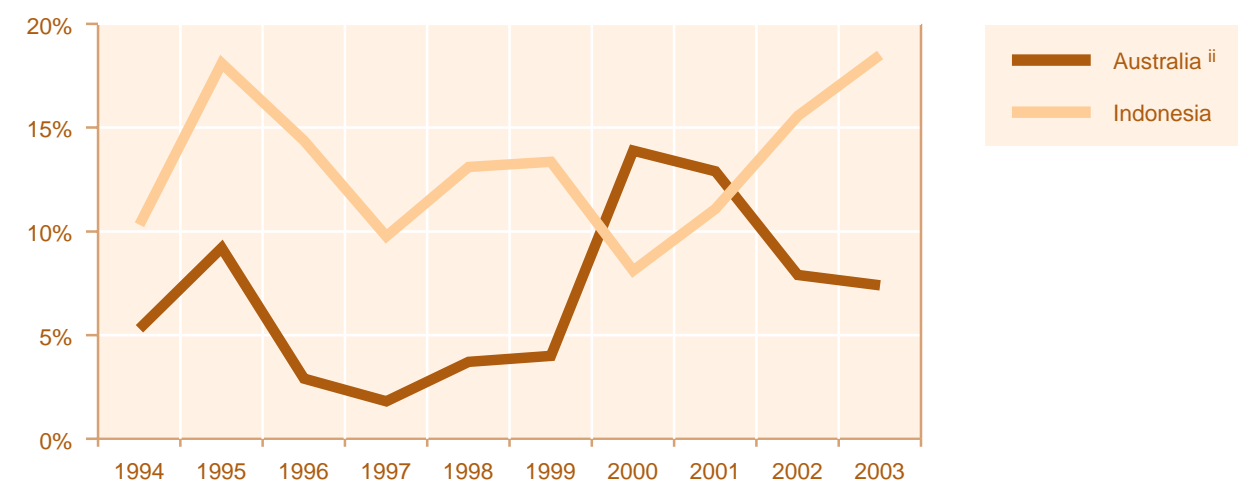
Profitability of Indonesian mines is higher than the global average

The average profitability of Indonesian mines is relatively high compared to other countries. However this profitability is extremely variable and is distorted by a few large (and profitable) mines and companies with relatively low shareholders' funds. The relatively high gearing of Indonesian mines is also a factor in the high profitability ratio. The net profit of individual companies ranged from small losses to over US\$450 million. The return on shareholders' funds for individual companies ranged from slightly negative to over 28%.

Key profitability ratios	2002	2003	10 year average
EBITDA Margin Indonesia	37.8%	38.6%	37.8%
Top 30 companies - global ⁱ	23.2%	26.3%	n/a
Australia ⁱⁱ	31.7%	28.0%	n/a
Net profit margin Indonesia	14.2%	15.1%	14.2%
Top 30 companies - global ⁱ	6.3%	10.4%	n/a
Australia ⁱⁱ	7.2%	6.9%	6.2%
Return on capital employed Indonesia	7.6%	8.9%	7.1%
Top 30 companies - global ⁱ	4.7%	7.6%	n/a
Australia ⁱⁱ	2.9%	2.7%	3.1%
Return on shareholders' funds Indonesia	15.6%	18.5%	13.2%
Top 30 companies - global ⁱ	6.7%	10.5%	n/a
Australia ⁱⁱ	7.9%	7.4%	6.9%
Debt to equity ratio Indonesia	88.4%	66.1%	158.2%
Top 30 companies - global ⁱ	44.5%	39.6%	n/a
Australia ⁱⁱ	35.8%	28.8%	38.6%

(n/a = not available)

Indonesia vs Australia return on shareholders' funds

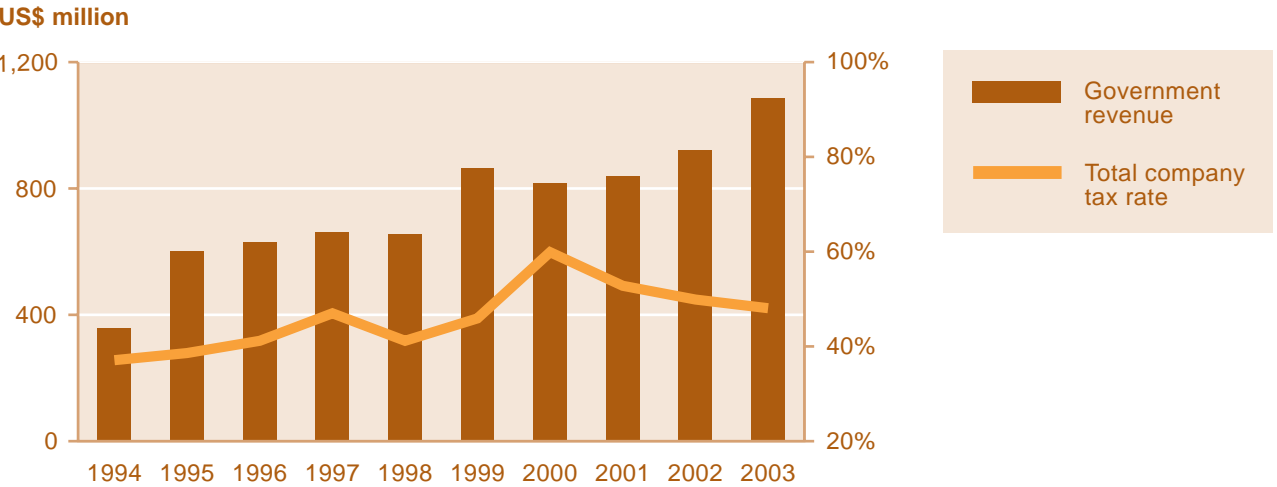


The Government has benefited from the improved profitability of the industry

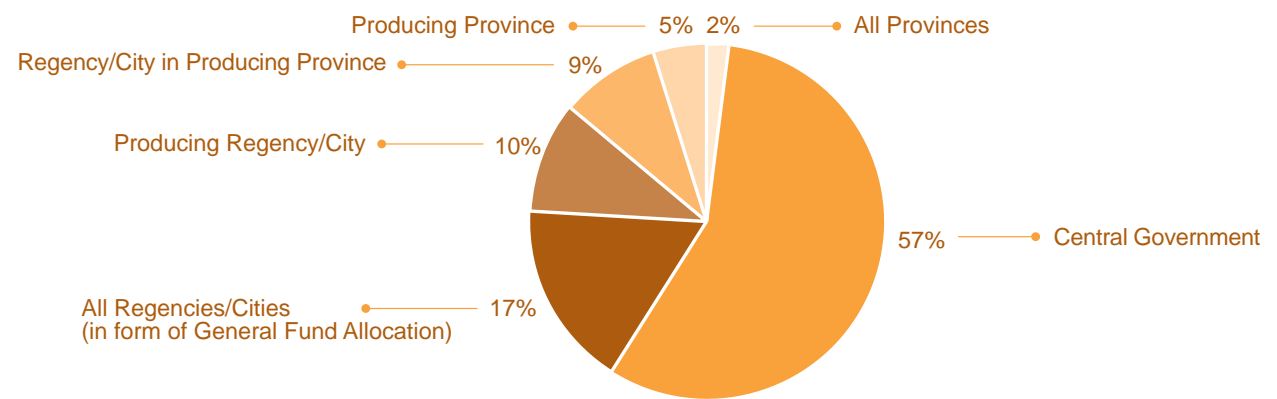
The increase in total government (central, provincial and regional) revenue in 2003 was US\$163 million.

The total company tax rate (including royalties) for 2003 was 48.1%, down slightly from 49.9% in 2002.

Government share of gross mining returns



Government share allocation ^{vii}



Government revenue

US\$ million	2002	2003	Year-on-year movement
Income tax expense	377	505	↑ 34%
Mineral and coal royalties	255	286	↑ 12%
Total direct taxes	632	791	↑ 25%
Total indirect taxes	98	58	↓ 41%
Total tax expense on companies	730	849	↑ 16%
Total taxes levied on others	167	161	↓ 3%
Total taxes	897	1,010	↑ 13%
Input VAT	25	76	
Total Government revenue			
- US\$ millions	922	1,086	↑ 18%
- Rp billions	8,587	9,306	↑ 8%

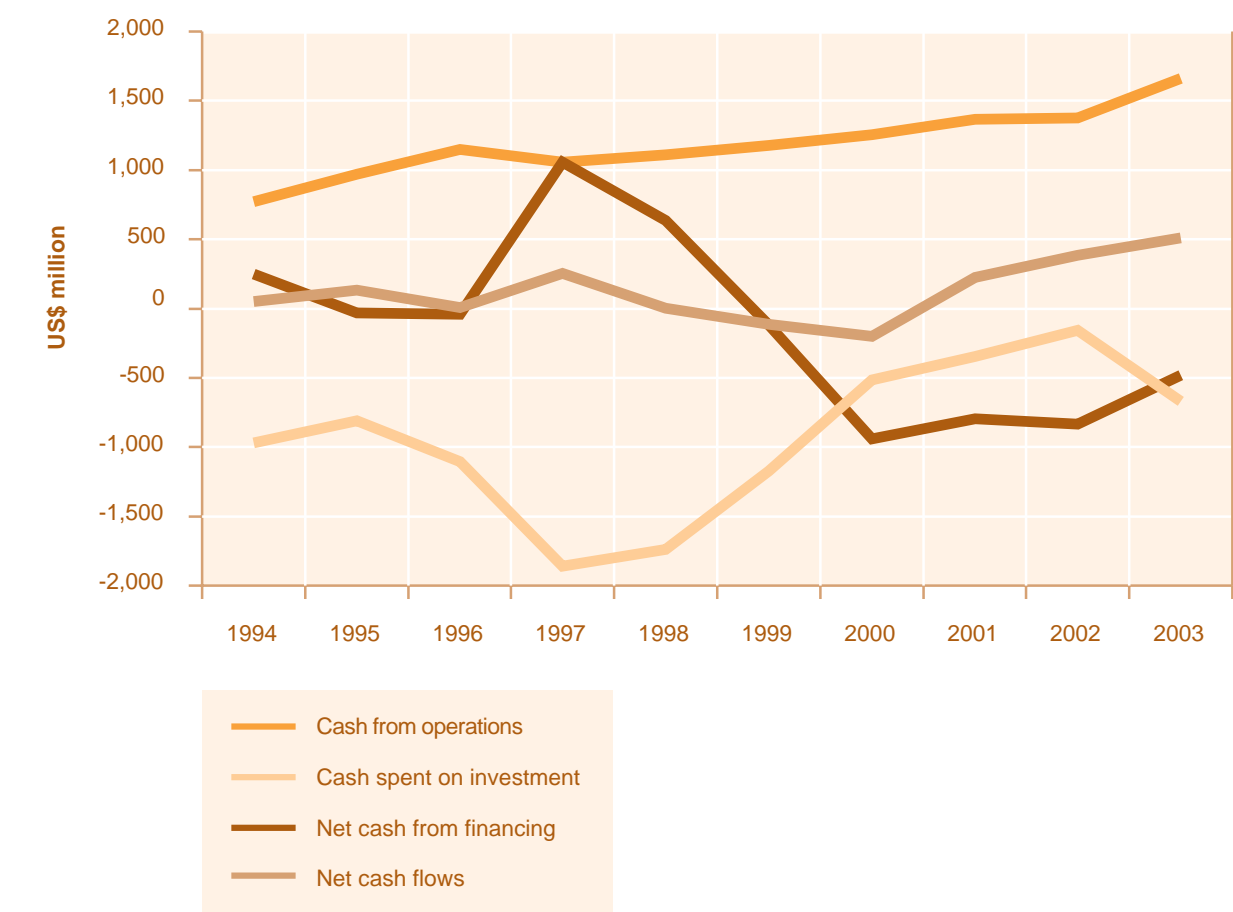
Cash flows reflect higher mineral prices and low investment

Cash flow from operations mainly increased due to higher mineral prices compared to previous years.

Net cash from financing continues the recent trend reflecting substantial repayments of debt and low investment. There has been an overall outflow of approximately US\$480 million but it is noteworthy that this is net of Bumi Resources raising US\$0.5 billion, mainly for its acquisition of KPC, and Antam’s bond issue of approximately US\$0.2 billion for its FeNi III expansion.

Cash spent on investment is still at low levels compared to that achieved in the mid nineties. This spending is mainly replacement or sustaining capital expenditure rather than spending on new mines and capacity expansions.

Aggregate cash flows



Aggregate cash flows

US\$ million	2002	2003	Year-on-year movement
Cash from operation	1,378	1,663	↑ 21%
Net cash from financing	(835)	(483)	↓ 42%
Cash spent on investment	(157)	(668)	↑ 326%
Net cash flows	386	511	↑ 33%

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Investment



Greenfields exploration is at dangerously low levels

Exploration activity in Indonesia remains at critically low levels. Spending on greenfields exploration over the past few years is less than 20% of the level achieved in 1995-1997 and is less than 1% of global expenditure.

Greenfields exploration expenditure in Indonesia

	US\$ million
Average 1995-1997	40
Average 1998-2000	19
Average 2001-2003	7

There has been no new Contract of Work (CoW) issued for several years. This is because the proposed CoW terms in the latest draft CoW generation are not favoured by mining companies.

It should also be noted that the reported exploration expenditure includes indirect and administrative costs of exploration companies as well as field costs. The amount spent on pure exploration activities, therefore, is even lower. However, the reported totals exclude the spending of a few explorers with advanced projects which did not participate in the survey.

The low level of exploration activity is a significant cause for concern as the long-term success of the industry (and the flow on benefits to Indonesia) depends on continued exploration, discovery and development of new deposits. The success rate of exploration to the discovery of economic deposits and the lengthy process from discovery to production (at least 10 years) means that there will not be significant mine development in Indonesia for several years, apart from the few existing known undeveloped deposits.

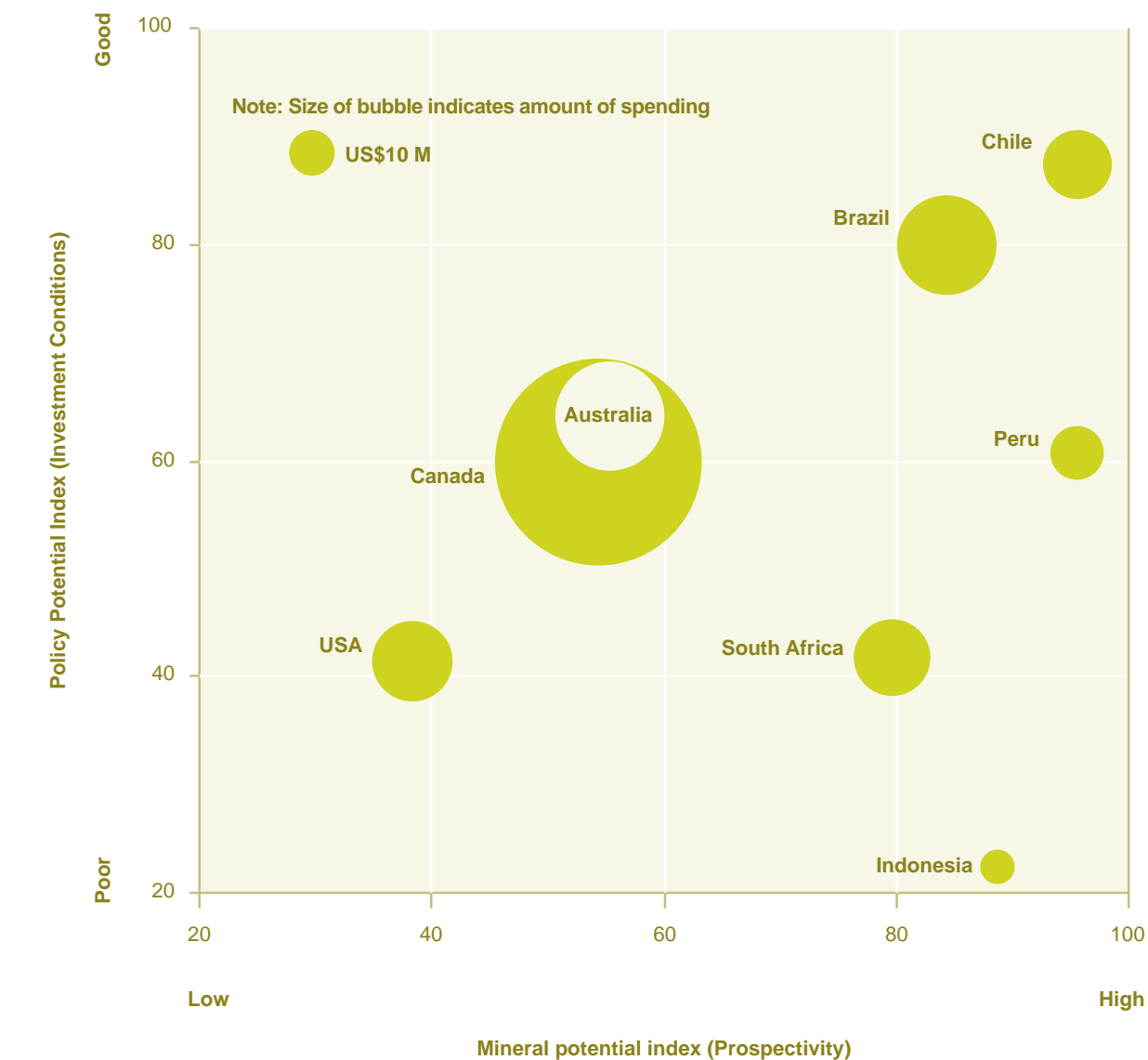
Global exploration spending has increased substantially following improvements in both minerals prices and investor appetite for exploration exposure. This has not translated into similar increases in exploration activity in Indonesia because mining companies perceive Indonesia's investment conditions to be poor relative to other countries.

Greenfields exploration spending

US\$ million	2002	2003	Year-on-year movement
In Indonesia	7	7	↓ 1%
Globally ⁱⁱⁱ	2,050	2,190	↑ 7%
Indonesia's share of global spending	<1%	<1%	

Indonesia's mineral prospectivity (or exploration potential) remains a positive aspect and mining companies rate Indonesia as one of the top five countries in the world for its mineral potential ^{iv}. However, this does not guarantee exploration activity as can be seen from the low spending in recent years. The low level of exploration expenditure will continue until mining companies are satisfied that the investment conditions have improved.

Exploration conditions and spending by country



(Source: Fraser Institue ^{iv})

The largest 30 global listed mining companies spent around US\$1.2 billion ⁱ on exploration in 2003. Indonesia's share of this was around 1%.

Investment on mine development and fixed assets remains low

Investment in new mine development and increases in production capacity is also at very low levels.

From 1996 to 1999, spending on development and fixed assets averaged more than US\$1,500 million per year. The average over the last three years is around 20% of this level at just over US\$300 million.

Development and fixed asset spending

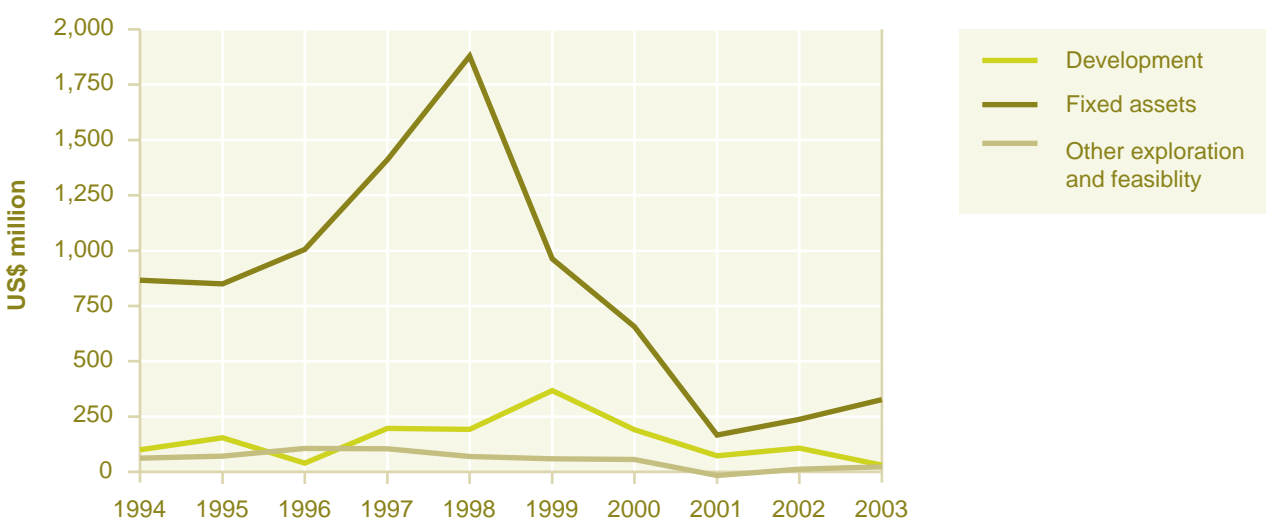
US\$ million	Average 1996 - 1999	Average 2001 - 2003	Year-on-year movement
Development	199	70	↓ 65%
Fixed assets	1,315	243	↓ 82%
Total investment on fixed assets and development	1,514	313	↓ 79%

Indonesia's three largest mines represented 62% of the total spending on fixed assets in 2003. This was almost entirely spent on replacement capital expenditure rather than expansion.

There have been no significant new mines developed for several years. The only significant expansionary activity during 2003 was Antam's FeNi III nickel expansion. In addition, a few small gold mines are being developed.

Indonesia's two largest gold mining companies will exhaust reserves and close during 2004 and early 2005. There are no significant gold mines being developed in their place.

Investment



Indonesia has a few large mineral deposits which have not been developed due to unresolved regulatory issues impacting investment decisions and the ability to obtain financing. This is despite the recent period of strong minerals prices.

Investment conditions rated poorly by mining companies

Mining companies have given Indonesia a poor report card for its mineral policies, based on the 2003/2004 survey undertaken by the Fraser Institute (the Fraser Survey). ^{iv}

The Fraser Survey was drawn from the views of 159 mining and exploration companies worldwide. It measures the mineral potential (prospectivity) and policy potential (investment conditions) of significant mining countries.

Indonesia scores very positively for its prospectivity, with a score of 91 (out of a maximum of 100) and a country ranking of 4th. Only Russia, Peru and Chile rank higher in the mineral potential index.

However, Indonesia ranks very low for its investment conditions - scoring 23 (out of a maximum of 100) on the policy potential index ^v and ranking second last, marginally ahead of The Philippines.

Deterrents to investment

The three main individual factors contributing to Indonesia's poor policy potential rating were:

Factor	% of respondents who consider factor to be a strong deterrent to investment in Indonesia	Comments
Political stability	90%	Only Zimbabwe (97%) scored worse
Regulatory uncertainty	66%	Worst score
Regulatory duplication	53%	Only India (66%) and The Philippines (69%) scored worse

(Source: Fraser Institute ^{iv})

There were three other areas where Indonesia ranked in the lowest quartile of countries covered by the survey:

Factor	% of respondents who consider factor to be a strong deterrent to investment in Indonesia	Ranking
Uncertainty concerning native land claims	22%	5 th lowest rank
Uncertainty concerning which areas will be protected as wilderness or parks	13%	2 nd lowest rank
Infrastructure	24%	4 th lowest rank

(Source: Fraser Institute ^{iv})

Interestingly, taxation issues did not factor in the top six issues impacting exploration investment. Taxation issues are rated by many Indonesian mining executives as having a strong negative impact on exploration and investment (although not through the Fraser Survey).

A less competitive taxation regime compared to other similarly prospective countries has the effect of reducing Indonesia's exploration and investment spending allocation from global budgets.

Significant exploration potential, provided investment conditions are improved

Respondents to the Fraser Survey also rated each country's mineral potential in two ways:

- 1) based on existing regulations and land use restrictions, and
- 2) assuming no regulations or land restrictions, and industry 'best practice' standards.

The difference in results for Indonesia was quite significant:

	Based on existing regulations and land use restrictions	Assuming no regulations or land restrictions and industry best practice standards
Indonesia's country rating for mineral policy	55%	97%
Country ranking	13 th (out of 19)	5 th

(Source: Fraser Institute ^{iv})

This highlights the potential for a significant increase in exploration activity in Indonesia under the right investment conditions.

Priorities to improving investment conditions

Substantial increases in exploration and developing new mines will only be achieved when investment conditions improve.

Seven priorities to improving investment conditions are:
<ul style="list-style-type: none">restoring long-term certainty in the Contract of Work (CoW) system, including tax stability (locking in tax conditions for the CoW term)
<ul style="list-style-type: none">improving the competitiveness of the taxation and royalty system relative to other prospective countries, including restoring VAT refunds for gold and coal producers
<ul style="list-style-type: none">resolving conflicts between CoW terms and forestry regulations, without imposing additional financial or other burdens onto the mining companies
<ul style="list-style-type: none">reduce illegal mining
<ul style="list-style-type: none">minimise potential for 'over regulation' in proposed changes to regulations affecting mining, including regulatory duplication between central and regional governments
<ul style="list-style-type: none">ensure fairness in divestment of foreign interests and mine closures
<ul style="list-style-type: none">improving certainty of legal interpretation of CoWs and regulations.

Financial position

The overall industry balance sheet remains sound

Key balance sheet ratios improved in 2003 except for the current ratio. The total funds employed has remained relatively stable during the past five years while total borrowings show a constant decrease due to repayments. The level of investment in fixed assets, and exploration and development (deferred) assets has been relatively insignificant over the past three years.

Aggregate balance sheet

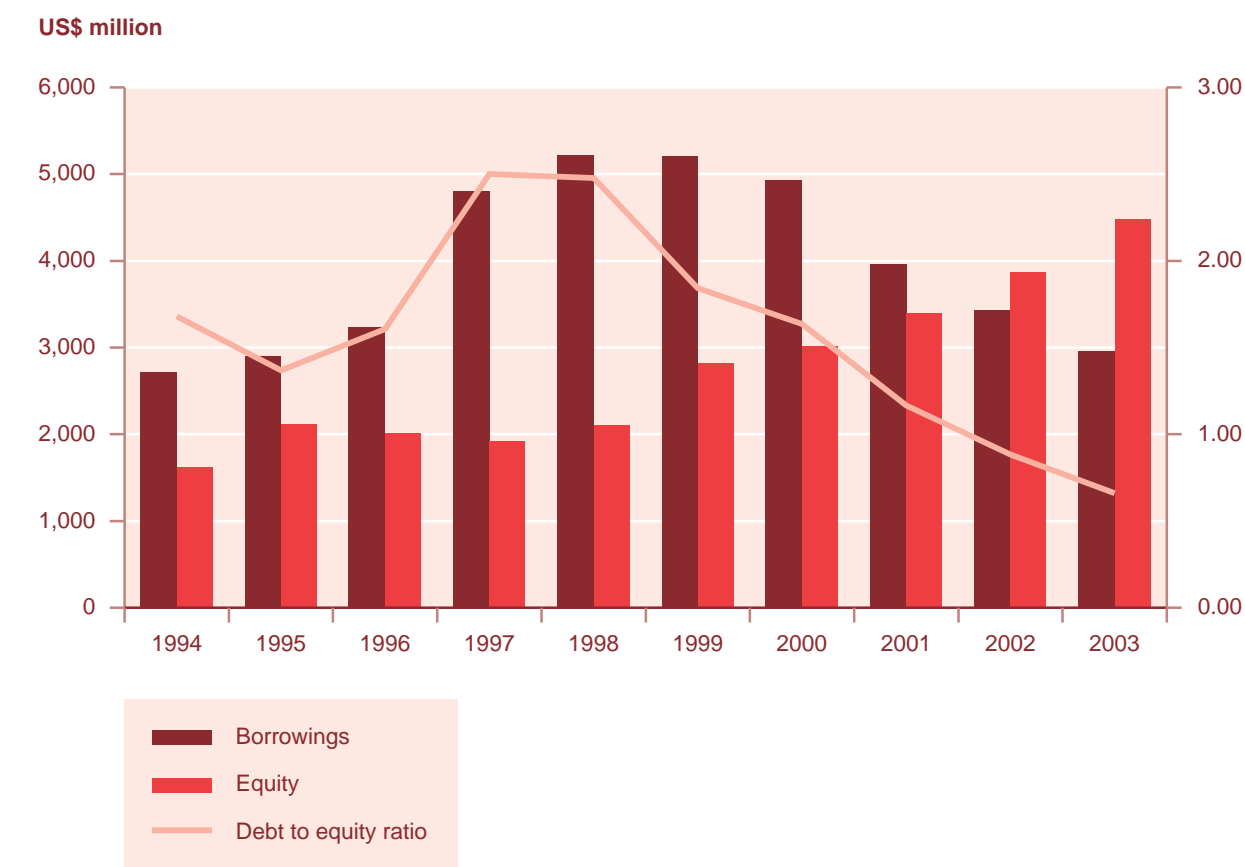
US\$ millions	2002	2003	Year-on-year movement
Current assets	2,168	2,541	↑ 17%
Fixed assets	6,253	6,133	↓ 2%
Exploration and development	802	792	↓ 1%
Other assets	648	1,149	↑ 77%
Total assets	9,871	10,615	↑ 8%
Current liabilities	1,675	2,243	↑ 34%
Provision/reserve for restoration and mine closure	125	170	↑ 36%
Other liabilities	770	758	↓ 2%
Total liabilities (excl. borrowings)	2,571	3,171	↑ 23%
Shareholders' funds	3,874	4,482	↑ 16%
Borrowings	3,426	2,962	↓ 14%
Total funds employed	7,301	7,444	↑ 2%
Total equity and liabilities	9,871	10,615	↑ 8%

Debt levels fall further

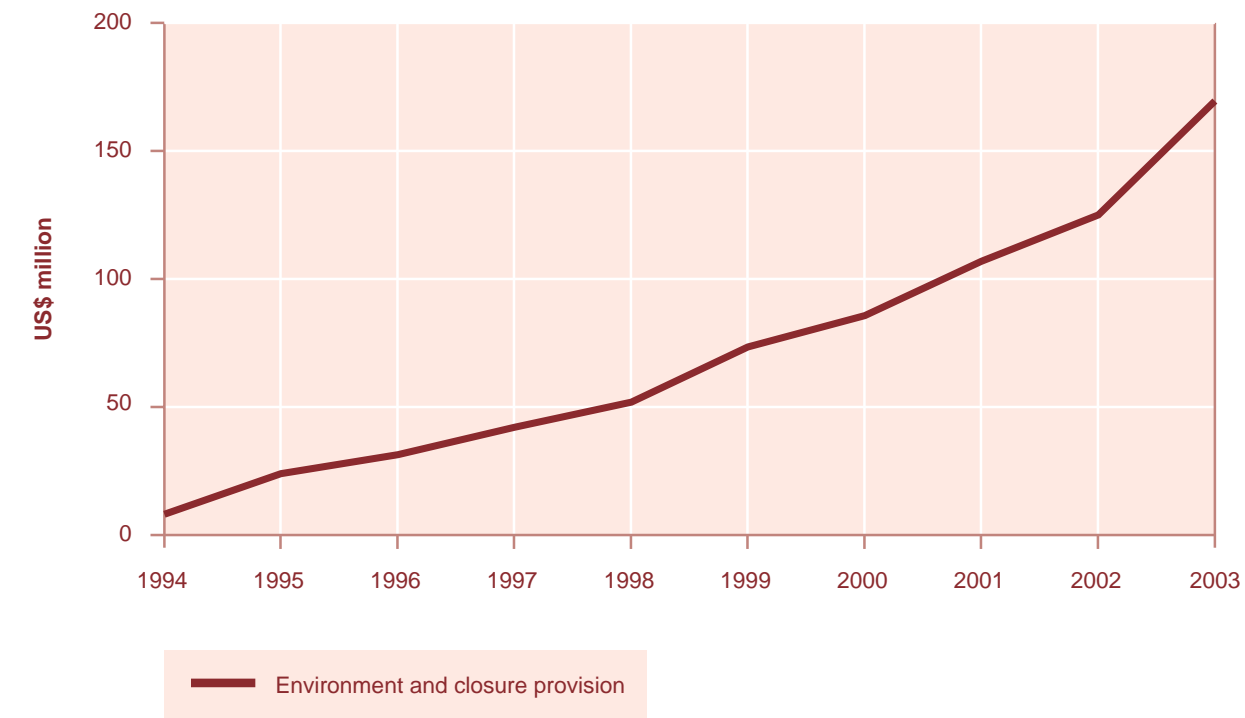
The trends highlighted in the table below reflect the repayment of debt by operating mines (profitability of which, in general, is improving) and the low level of new investment in the Indonesian mining industry in the past few years. Against this trend, Bumi Resources raised additional borrowings of around US\$0.5 billion (mainly relating to financing its acquisition of KPC) and Antam issued US\$0.2 billion in bonds to finance its FeNi III project.

A significant level of related party debt has been repaid and at the end of 2003 third party borrowing represented 68% of total borrowings.

Equity & borrowings



Mine closure provisions continue to grow



leadership*
insight*
perspective*






Contribution to the Indonesian economy

The mining industry benefits Indonesia in many ways. One of the most significant benefits has been the development of many regions of Indonesia, which otherwise would not have occurred. This report attempts to capture the direct monetary impact on the Indonesian economy, however, it must be recognised that this measured impact does not include the indirect multiplier effect that the mining industry contribution has on other economic activity. This multiplier effect is significant.

A simple example to illustrate the multiplier effect is as follows: An Indonesian is employed by a mining company in Kalimantan and earns Rp20 million per month. Of this salary, Rp4 million is paid to the government in taxes, Rp12 million is spent on purchases for him and his family and Rp4 million is deposited into a bank account. Round one of the indirect effect is therefore the indirect benefit received by the government, suppliers and distributors and the banking sectors. Round two would be the indirect benefit flowing from the government spending, suppliers and distributors (for example salaries to employees and other purchases), and from the funds the bank lends out to other parties. These indirect benefits are repeated (multiplied) many times over. The total impact from the mining industry on the Indonesian economy is therefore in the order of several times the direct measured impact.




Two recent studies by the University of Indonesia^{vi} on the economic impact of two of Indonesia's larger mining operations (Kaltim Prima Coal and Freeport Indonesia) demonstrate this multiplier effect on employment and economic activity. The studies indicate that, Kaltim Prima Coal and Freeport Indonesia, have output multipliers of 1.9 times and 1.6 times revenue from mineral sales in those areas, respectively, while the number of indirect jobs created as a result of mining activity was around 12 times and 37 times the direct employment, respectively.

Employment multiplier

DIRECT IMPACT	INDIRECT IMPACT	
	KPC	Freeport
<div></div> <div>for every 1 employee</div>	<div></div> <div>an additional 12 employees</div>	<div></div> <div>an additional 37 employees</div>

(source: University of Indonesia^{vi})

Output multiplier

DIRECT IMPACT	INDIRECT IMPACT	
	KPC	Freeport
<div></div> <div>for every Rp1 billion of sales revenue</div>	<div></div> <div>Rp1.9 billion total benefits to Indonesian economy</div>	<div></div> <div>Rp1.6 billion total benefits to Indonesian economy</div>

(source: University of Indonesia^{vi})

Contribution

The measured impacts on the Indonesian economy which are covered by this report include salaries and benefits received by Indonesian employees, purchases from domestic suppliers, taxes and other revenues of the central, provincial and regional governments, dividends received by Indonesian shareholders and interest received by Indonesian banks.

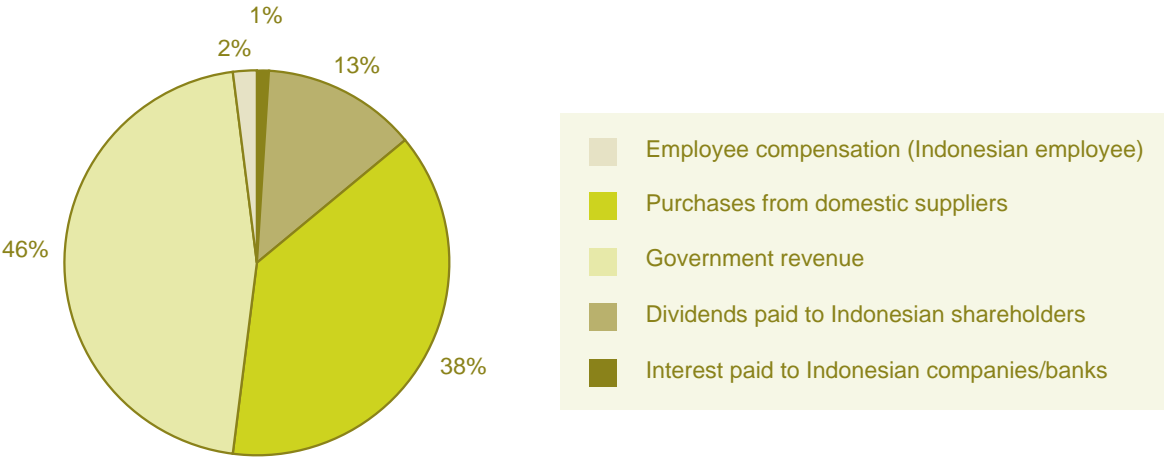
Respondents of this year survey reported an 11% increase in total contribution to the Indonesian economy. The figures reported do not include the indirect multiplier effect that this contribution has on other economic activity in Indonesia.

The mining industry contribution to GDP represents the contribution to Indonesia's GDP by the whole of the Indonesian mining industry. In 2003, the total Indonesian mining industry contribution to GDP increased by 10% to almost Rp48 billion, which is slightly below the growth percentage of Indonesia's overall GDP of 11%. The Indonesian mining industry contributed approximately 2.7% to total Indonesia GDP in 2003, but it should be noted that the mining industry represents a large component of the gross regional domestic product of several provinces, including Papua, Bangka-Belitung, West Nusa Tenggara and East Kalimantan.

Direct contribution to the Indonesian economy

	2002	2003	Year-on-year movement
Rp billion			
Employee compensation (Indonesian employees)	1,489	2,475	↑ 66%
Purchases from domestic suppliers	6,627	7,153	↑ 8%
Government revenue	8,587	9,306	↑ 8%
Dividends paid to Indonesian shareholders	411	329	↓ 20%
Interest paid to Indonesian companies/banks	472	282	↓ 40%
Total contribution	17,586	19,545	↑ 11%
Mining industry contribution to GDP ^{viii}	43,480	47,615	↑ 10%
US\$ million			
Total contribution to Indonesian exports ^{viii}	6,786	7,588	↑ 12%
Export revenues of survey respondents	4,253	4,340	↑ 2%

Direct contribution by type (2003)



building trust*
enhancing value*
improving performance*

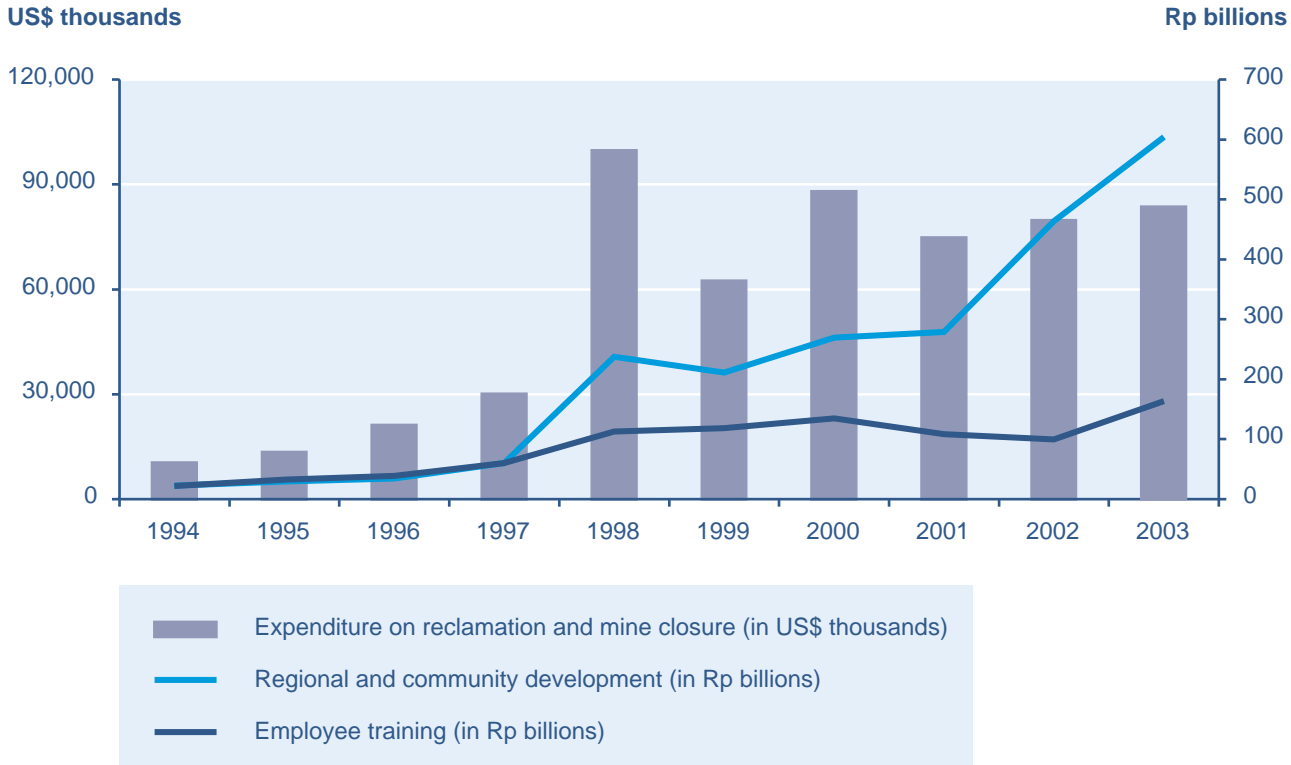


Expenditures of public interest



Total spending on regional and community development, and contributions to charities and not for profit foundations has increased significantly in the past decade, particularly in the last two years. Over the last five years respondents have spent more than Rp2.1 trillion on these activities. This increase has in part been affected by the levels of profitability reported in the industry.

Expenditures of public interest



Expenditures of public interest

	2002	2003	Year-on-year movement
Rp billions			
Employee training	100	164	↑ 64
Regional and community development	464	604	↑ 30
Charitable donations and contributions to not-for-profit foundations	68	59	↓ 14
US\$ thousands			
Research and development	236	1,046	↑ 342
Expenditure on reclamation, mine closure and environmental control	79,763	83,607	↑ 5
Net increase in accumulated provision/ reserve for reclamation and mine closure	17,971	44,592	↑ 148
Accumulated provision/reserve for reclamation and mine closure	124,919	169,511	↑ 36

Employment

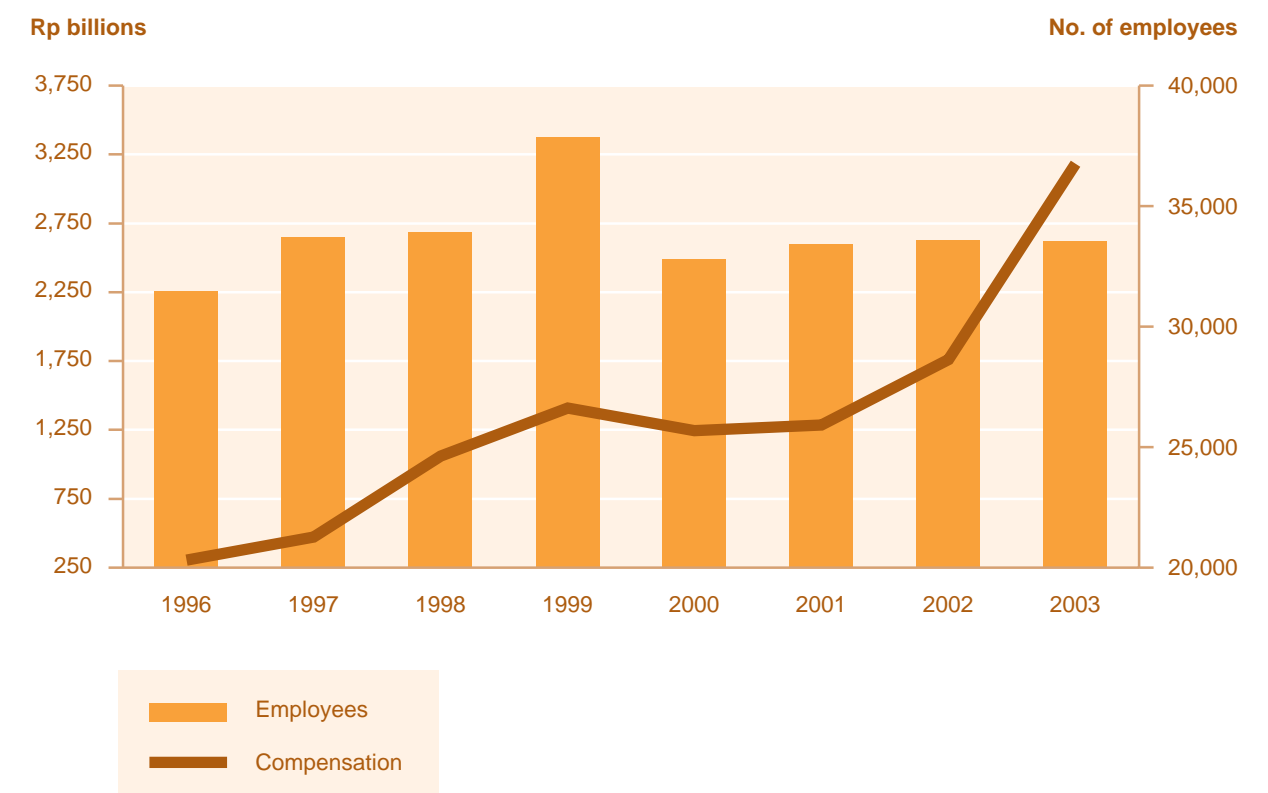
The number of individuals directly employed by survey respondents remains relatively stable compared to that of the previous year. Continuing the trend of the past few years, the number of expatriate employees reduced.

Gross workforce compensation increased sharply in 2003, but this was mainly due to certain large respondents starting to provide workforce compensation data for 2003.

The number of employees includes those persons under employment contracts who were directly supervised by the company. It does not include the many individuals whose employment indirectly relates to the mining industry through contractors and suppliers.

Please note that not all respondents provided complete workforce compensation data. Of those who did, some only provided employment numbers. For example, workforce compensation data in 2003 and 2002 represented 62% and 53% of total employees respectively.

Employees and compensation



	2002	2003	Year-on-year movement
Indonesian employees	33,102	33,112	0%
Expatriates employees	501	447	↓ 11%
Total direct employees	33,603	33,559	0%
Gross workforce compensation (Rp billions)	1,759	3,183	↑ 81%



Survey background and details

The purpose of this annual survey is to inform the public and private sectors in Indonesia and abroad about the nature of Indonesia's mining industry, and the contribution made by the industry to the economic and social fabric of Indonesia.

This is the sixth year the survey has been published and unless otherwise indicated, the data presented in this report is on a calendar year basis.

Survey sample and execution

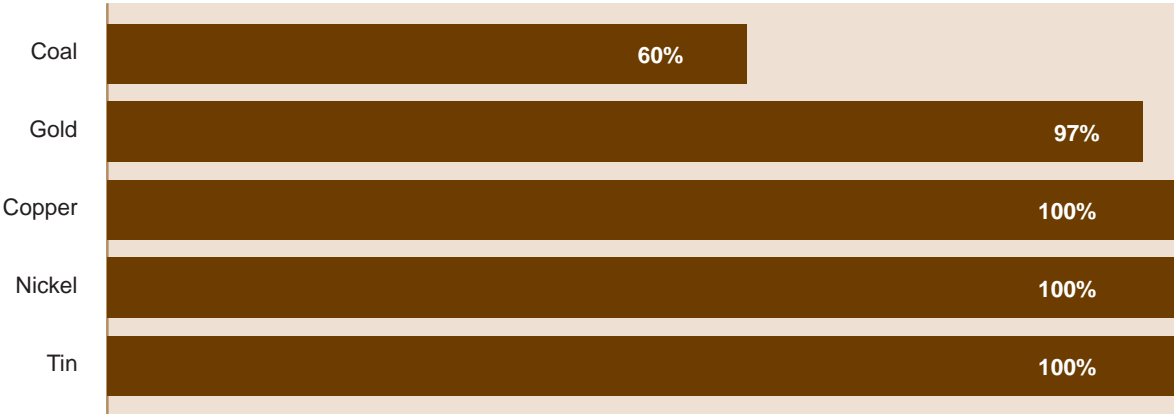
The report is based on the results of a confidential, comprehensive survey questionnaire circulated by PricewaterhouseCoopers to 33 producing companies and over 35 exploration companies that were involved with exploration projects in Indonesia during the period 1999 to 2003. Several exploration companies no longer contribute to the survey because they are now inactive. Survey responses have been reviewed, to the extent possible, for reasonableness and consistency, however, they have not been verified. This information was occasionally supplemented by publicly available reports.

Coverage

The survey results for this year covers the activities of 14 (18 in 2002) producing companies and 15 (16 in 2002) exploration companies. Virtually all geographic areas of Indonesia are represented in the survey, and all major minerals are covered including coal, gold, copper, nickel, and tin. Industrial minerals (aggregates, for example), steel production and oil and gas are not included in the survey.

The survey participants represent a significant proportion of Indonesia's mineral production. The survey coverage of Indonesia's 2003 production of major minerals is shown in the chart below:

Survey coverage



Although the data in this report is representative of the industry, not all exploration and producing companies participated in the survey, in particular coal producing companies. The data, therefore, does not offer a complete portrait of the industry. However, a substantial portion of the country's major producing mines are represented in the survey. The data collected by the survey can be used to draw supportable conclusions about how the industry's stakeholders (communities, employees, government, creditors, shareholders and suppliers) benefit from the industry, and to make credible observations about investment and spending trends in the industry. PricewaterhouseCoopers intends to continue conducting this survey and publishing this report annually.

The survey does not cover informal production - production by parties outside the official CoW/KP system.



Survey participants



Producing companies	Generation	Principal minerals	Location	1999	2000	2001	2002	2003
Adaro Indonesia	1st	coal	South Kalimantan	•	•	•	•	•
Allied Indo Coal	1st	coal	West Sumatera		•			
Aneka Tambang (Antam)	n/a	bauxite, gold & nickel	Sulawesi, Halmahera, Java, Bintan Is.	•	•	•	•	•
Arutmin Indonesia	1st	coal	South Kalimantan	•	•	•	•	•
Bahari Cakrawala Sebuk	2nd	coal	South Kalimantan			•	•	
Berau Coal	1st	coal	East Kalimantan	•	•	•	•	
BHP Kendilo Coal Indonesia	1st	coal	South Kalimantan	•	•		•	•
Bukit Baiduri Enterprise	n/a	coal	East Kalimantan			•		
Freeport Indonesia	5th	copper & gold	Papua	•	•	•	•	•
Indominco Mandiri	1st	coal	East Kalimantan	•	•	•	•	•
International Nickel Indonesia (PT. Inco)	2nd	nickel	Sulawesi	•	•	•	•	•
Kaltim Prima Coal (KPC)	1st	coal	East Kalimantan	•	•	•	•	•
Kelian Equatorial Mining	4th	gold	East Kalimantan	•	•	•	•	•
Kidco Jaya Agung	1st	coal	South Kalimantan		•			
Koba Tin	2nd	tin	Bangka	•	•	•	•	•
Lanna Harita Indonesia	3rd	coal	East Kalimantan				•	
Newmont Minahasa Raya	4th	gold	Sulawesi	•	•			
Newmont Nusa Tenggara	4th	copper & gold	Sumbawa	•	•	•	•	•
Nusa Halmahera Minerals	6th	gold & silver	North Maluku		•	•	•	
Rio Tinto Indonesia	5th	copper & gold	Papua	•	•	•	•	•
Tambang Batubara Bukit Asam	n/a	coal	Sumatera	•	•	•	•	•
Timah	n/a	tin	Bangka	•	•	•	•	•

Exploration companies	Generation	Target minerals	Location	1999	2000	2001	2002	2003
BHP Billiton Exploration Group	3rd	coal	Central and East Kalimantan		•	•	•	•
Bukit Tiang Minerals	6th	gold	West Kalimantan	•	•	•		
Citra Palu Minerals	6th	gold	Central Sulawesi	•	•	•		
Cyprus Amax Indonesia	n/a	gold	Papua			•	•	•
Danum Bukit Minerals	6th	gold	Kalimantan	•	•	•		
Danum Kelian Minerals	6th	gold	Kalimantan	•	•	•		
Gag Nickel	7th	nickel	Gag Island, Papua				•	
Gorontalo Minerals	7th	copper, gold & silver	North Sulawesi		•	•		
Harita Persada Jaya Tambang	n/a	coal	Sumatera	•	•	•		
Horas Nauli	6th	copper & gold	North Sumatera		•	•		
Ingold Antares	5th	base metals	Papua	•	•			
Ingold Maluku Satu	7th	base metals	Central Maluku	•	•	•		
Ingold Sumatra Satu	7th	base metals	Jambi	•	•	•		
Kalimantan Surya Kencana	6th	gold & base metals	Central Kalimantan	•	•			
Kalsika Indonesia	7th	gold	Kalimantan	•	•			
Kutaraja Tembaga Raya	6th	copper & gold	Nangroe Aceh Darussalam	•	•	•	•	•
Mandar Uli Minerals	7th	gold	South & Southeast Sulawesi	•	•	•		
Meratus Sumber Mas	4th	gold	South Kalimantan				•	
Mitra Sumbawa Minerals	6th	gold	West Nusa Tenggara	•	•	•		
Normandy	6th & 7th	gold	North Sumatra & Papua	•	•			
Ocean Resources	6th	diamond, gold & mineral sand	Kalimantan, Sulawesi & Papua		•	•		
Placer Dome	6th	gold	Kalimantan, East Java & Sulawesi	•	•	•		•
Puncak Baru Jayatama	5th & 6th	gold	Central Sulawesi, Nangroe Aceh Darussalam & Bengkulu	•	•	•		
Rikit Alas Minerals	6th	gold	Nangroe Aceh Darussalam	•	•	•		
Rio Tinto IRJA	5th	copper & gold	Papua	•	•	•	•	•
Santan Batubara	3rd	coal	East Kalimantan			•		
Sorikmas Mining	7th	gold, copper, lead mollybdenam & zinc	North Sumatera	•	•	•	•	•
Scorpion Sampanahan Mining	7th	gold	South Kalimantan				•	•
Sumbawa Timur Mining	7th	copper & gold	West Nusa Tenggara			•	•	•
Weda Bay Nickel	7th	nickel	Halmahera		•			



10 year summary

Financial performance

Major Mineral Prices

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Coal	US\$/t	34.35	40.30	40.30	37.65	34.50	29.95	28.75	34.50	28.85	44.00
Copper	US\$/lb	1.05	1.33	1.04	1.03	0.71	0.68	0.78	0.72	0.71	0.81
Gold	US\$/oz	384.00	384.40	387.80	331.30	294.00	278.60	279.10	271.00	309.80	363.30
Nickel	US\$/lb	2.88	3.73	3.40	3.14	2.00	2.59	3.69	2.70	3.07	4.37
Tin	US\$/lb	2.48	2.82	2.80	2.56	2.39	2.33	2.33	2.03	1.84	2.14

(LME average annual prices and Japan - Australia benchmark coal price Source: AME mineral economics)

Mineral Production

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Indonesia Coal ^{xi}	'000 t	32,593	41,316	50,346	54,822	61,931	73,777	77,040	92,540	103,372	114,491
Copper	M lb	710	978	1,119	1,167	1,427	1,690	2,157	2,258	2,497	2,165
Gold	'000 oz	1,256	1,741	2,326	2,559	3,641	3,929	3,802	4,856	4,326	4,389
Nickel	M lb	113	123	108	93	96	120	141	161	151	174
Tin	'000 t	44	45	49	53	54	50	47	54	67	65

Aggregate profit and loss

US\$ millions	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Net sales revenue	2,325	3,344	3,582	3,665	3,540	3,841	4,811	5,010	5,177	6,091
Cash operating expenses	1,506	1,990	2,281	2,524	2,096	2,148	2,978	3,241	3,222	3,742
EBITDA	820	1,354	1,301	1,140	1,444	1,693	1,834	1,768	1,955	2,349
Amortisation and depreciation	228	281	322	358	455	517	805	602	632	749
Profit before interest and tax	592	1,073	979	782	989	1,176	1,029	1,167	1,323	1,599
Interest	70	101	97	109	129	251	371	273	213	177
Profit before tax	522	972	882	673	860	925	658	893	1,110	1,422
Tax	153	309	310	257	302	340	267	356	377	505
Net profit	369	663	571	417	559	585	391	538	734	917

Profitability - Return on average shareholders’ funds (%)

US\$ millions	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Indonesia	10.3%	18.1%	14.4%	9.8%	13.1%	13.3%	8.1%	11.1%	15.6%	18.5%
Australia ⁱⁱ	5.3%	9.2%	2.9%	1.8%	3.7%	4.0%	13.9%	12.9%	7.9%	7.4%

Aggregate cash flow

US\$ millions	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Cash from operation	769	971	1,151	1,057	1,108	1,179	1,255	1,367	1,378	1,663
Net cash from financing	250	(30)	(41)	1,059	634	(118)	(942)	(797)	(835)	(483)
Cash spent on investment	(968)	(810)	(1,103)	(1,861)	(1,739)	(1,174)	(515)	(346)	(157)	(668)
Net cash flows	51	131	7	255	3	(113)	(202)	224	386	511

Taxes and government revenue

US\$ millions	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Income tax expense	153	309	310	257	302	340	267	356	377	505
Mineral and coal royalties	42	79	57	78	65	117	144	176	255	286
Total direct taxes	195	388	368	334	367	457	411	532	632	791
Total indirect taxes	23	29	33	35	24	40	173	68	98	58
Total tax expense on companies	218	417	401	369	391	497	584	601	730	849
Total taxes levied to others	95	106	125	162	132	182	135	163	167	161
Total taxes	312	522	526	532	523	679	719	764	896	1,010
Total Government revenue										
- US\$ millions	358	601	629	659	655	864	817	837	922	1,085
- Rp billions	775	1,351	1,473	1,900	6,588	6,798	6,863	8,569	8,587	9,306

Investment

US\$ millions	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Greenfields exploration spending	7	16	54	51	27	18	11	7	7	7
Other exploration and feasibility	63	71	107	104	69	60	56	31	12	22
Development	99	155	40	197	192	367	191	73	107	31
Fixed assets	866	849	1,006	1,410	1,879	963	657	167	237	326
Total investment	1,034	1,091	1,206	1,762	2,168	1,408	915	278	363	386

Financial Position

US\$ millions	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Current assets	1,044	1,325	1,452	1,516	1,495	1,644	1,822	1,649	2,168	2,541
Fixed assets	3,746	3,809	4,440	5,867	6,754	7,144	7,067	6,614	6,253	6,133
Exploration and development	337	823	817	1,008	1,116	1,230	969	678	802	792
Other assets	121	184	238	277	253	313	252	546	648	1,149
Total assets	5,248	6,141	6,947	8,667	9,619	10,331	10,110	9,487	9,871	10,615
Current liabilities	574	739	1,218	1,070	953	1,136	1,626	1,419	1,675	2,243
Provision/reserve for restoration and mine closure	8	24	31	42	52	73	86	107	125	170
Other liabilities	330	362	443	835	1,286	1,093	446	613	770	758
Total liabilities (excl. borrowings)	913	1,125	1,692	1,947	2,291	2,302	2,157	2,139	2,571	3,171
Equity	1,618	2,119	2,016	1,920	2,107	2,824	3,017	3,392	3,874	4,482
Borrowings	2,718	2,898	3,239	4,800	5,221	5,205	4,935	3,956	3,426	2,962
Total funds employed	4,336	5,016	5,255	6,720	7,328	8,029	7,952	7,348	7,301	7,444
Total equity and liabilities	5,248	6,141	6,947	8,667	9,619	10,331	10,110	9,487	9,871	10,615

Contribution to Indonesian economy

Rp billions	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Employee compensation (excl. expatriates)	187	213	248	290	545	846	1,080	1,074	1,489	2,475
Purchases from domestic suppliers	723	906	1,321	1,523	3,253	3,688	4,790	4,304	6,627	7,153
Government revenue	775	1,351	1,473	1,900	6,588	6,798	6,863	8,569	8,587	9,306
Dividends paid to Indonesian shareholders	70	101	141	177	203	298	647	338	411	329
Interest paid to Indonesian companies/banks	55	230	140	266	875	294	259	264	473	281
Total contribution	1,810	2,802	3,324	4,157	11,463	11,924	13,641	14,549	17,586	19,545

Expenditures of Public Interest

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Rp billions										
Employee training	22	33	39	60	113	119	135	108	100	164
Regional and community development	23	29	35	60	238	211	270	279	464	604
Charitable donations and contributions to not-for-profit foundations	11	8	9	10	41	44	80	40	68	59
US\$ thousand										
Research and development	266	1,402	1,428	1,705	1,330	1,336	749	252	236	1,046
Expenditure on reclamation, mine closure and environmental control	10,444	13,477	21,189	30,050	99,688	62,426	87,950	74,766	79,763	83,607
Net increase in accumulated provision/ reserve for reclamation and mine closure	8,056	15,905	7,402	10,719	9,863	21,503	12,260	21,240	17,971	44,592

Employment

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Indonesian employees	22,760	21,839	30,859	33,063	33,215	36,887	32,189	32,909	33,102	33,112
Expatriates employees	298	323	630	673	716	990	598	532	501	447
Total direct employees	23,058	22,162	31,489	33,736	33,931	37,877	32,787	33,441	33,603	33,559
Gross workforce compensation (Rp billions)	nm	nm	nm	nm	1,058	1,409	1,246	1,287	1,759	3,183

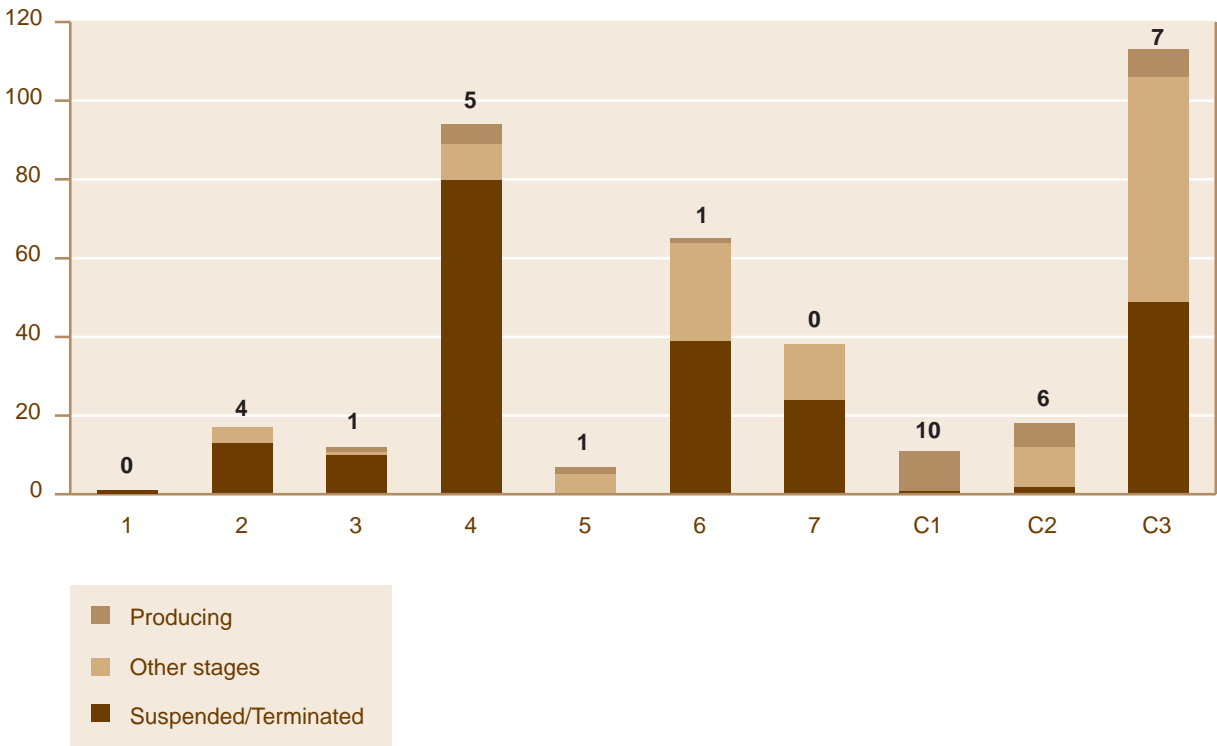
(nm = not meaningful due to incomplete responses)



Contracts of Work and coal agreements

Contracts of Work and coal agreements

Mining Contracts of Work and coal agreements by generation and status
(No. of producing contracts shown)



Contracts of Work by generation and status

	1st	2nd	3rd	4th	5th	6th	7th	Total
Producing	-	4	1	5	1	1	-	12
Other stages	-	-	1	9	5	25	14	54
Suspended/Terminated	1	13	10	80	2	39	24	169
Total	1	17	12	94	8	65	38	235

Coal Contracts and Agreements by generation and status

	C1	C2	C3	Total
Producing	10	6	7	23
Other stages	-	10	57	67
Suspended/Terminated	1	2	49	52
Total	11	18	113	142

Source: Directorate General of Mineral and Coal Enterprise



Glossary and endnotes

Glossary

Current ratio	Current assets
	Current liabilities
Debt to equity ratio	Borrowings at year end
	Shareholders' equity at year end
EBITDA	Earnings before interest, tax, depreciation and amortisation. A measure of financial performance that is close to the underlying cash earning stream of the company before servicing the asset base.
EBITDA margin	EBITDA
	Total revenues
Net profit margin	Net profit
	Total revenues
Net sales revenue	Net sales revenue is revenues net of freight, insurance, agent commissions and other direct costs relating to shipments. Net sales revenue is not net of royalties.
Return on capital employed	Net profit
	Property plant and equipment plus current assets minus current liabilities. (Average of opening and closing balances)
Return on shareholders' funds	Net profit
	Shareholders' equity and shareholders' borrowings (Average of opening and closing balances)
Total company tax rate	Total tax expense on companies (including royalties)
	Profit before income tax, royalties and indirect taxes.
Unit measures	
t/Mt/wmt	Metric tonnes/ million tonnes/wet metric tonnes
lb/Mlb	Pounds/ million pounds
oz	Troy ounces

Endnotes

- i From "mine* review of global trends in the mining industry" May 2004 undertaken by PricewaterhouseCoopers.
- ii From "Minerals Industry Survey Report 2004" undertaken by PricewaterhouseCoopers for the Minerals Council of Australia.
- iii From research undertaken by Metals Economics Group (www.metalseconomics.com), 2004.
- iv From Fraser Institute's Annual Survey of Mining Companies 2003/2004 (www.fraserinstitute.ca), 2004.
- v The Fraser Institute policy potential index measures "the effects on exploration of government policies including uncertainty concerning the administration, interpretation, and enforcement of existing regulations, environmental regulations, regulatory duplication and inconsistencies, taxation, uncertainty concerning native land claims and protected areas, infrastructure, socioeconomic agreements, political stability, labour issues, and geological database".
- vi Economic Impact Analysis of Kaltim Prima Coal (2002) and Freeport Indonesia (2003) undertaken by Institute for Economic and Social Research Faculty of Economics - University of Indonesia.
- vii Government revenue allocation 2003 (before Special Funds Allocation) (Based on Law 33/2004).
- viii From Badan Pusat Statistik - Indonesia
- ix From Data Statistik Bank Indonesia (www.bi.go.id)
- x Some producing respondent companies use the average stripping ratio method of accounting for overburden removal costs. Operating profits reported by these respondents have been adjusted to reflect the actual stripping by cost method.
- xi The coal production figures represent total Indonesian production and were obtained from the Directorate General of Mineral and Coal Enterprise.

PricewaterhouseCoopers

PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services for public and private clients. More than 120,000 people in 139 countries connect their thinking, experience and solutions to build trust and enhance value for clients and their stakeholders.

"PricewaterhouseCoopers" refers to the network of members firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

PricewaterhouseCoopers is the leading adviser to the mining industry, working with more explorers, producers, and related service providers, than any other professional services firm to ensure we meet the challenges of the mining industry into the future.

Our strength in serving the international and Indonesian mining industry comes from our skills, our experience, and our seamless global network of dedicated professional who focus their time on understanding the industry and working on solutions to mining industry issues.

Our commitment to the mining industry is unmatched and demonstrated by our active participation in industry associations around the world and our thought leadership on the issues affecting the industry. Through our involvement with the Indonesian Mining Association and Indonesian mining companies, we help shape the future of the industry.

We are proud of our strength in the mining industry. This means we are the most committed firm to achieving mining client's needs and actively participate in the industry in all countries in which mining occurs. We work closely with our mining clients, offering the benefits of our experience, to help achieve their goals.

Indonesian Mining Association

IMA is a non-governmental, non-political, and non-for-profit national mining organisation, established in Jakarta on 29 May 1975.

Membership is open to both organisations and individuals actively participating in the Indonesian mining industry.

The association serves as a link between Government and the mining industry; organising lectures, seminars and training activities for the members; organising periodic conferences on mining in Indonesia; publishes proceedings and mining information; and represents the Indonesian mining industry at national and international meetings.

IMA is a founding member for the Asean Federation of Mining Associations (AFMA) and currently provides the secretariat for the Federation. The aims and objectives of IMA are to support the Government in its policies to encourage the mining industry development, and to disseminate non-confidential and non-proprietary information to promote the exploration, mining, beneficiation and metallurgical aspects in Indonesia through:

- a. fostering mining development;
- b. facilitating professional and business exchange of know-how and experience of experts active in the industry;
- c. cooperation with similar organisation all over the world in promoting mining business and technology.

The association has 102 company members.

Your worlds



Our people*

*connectedthinking

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